

Asian Media Access, Inc.

Minneapolis, Minnesota

Financial Statements
Auditor's Report
For the Years Ended
June 30, 2008 and 2007

Carpenter Evert
Certified Public Accountants



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Carpenter Evert

Independent Auditor's Report

Board of Directors
Asian Media Access, Inc.
Minneapolis, Minnesota

We have audited the accompanying statements of financial position of Asian Media Access, Inc. as of June 30, 2008 and 2007, and the related statements of activities and changes in net assets, functional expense and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Asian Media Access, Inc. as of June 30, 2008 and 2007, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Carpenter, Evert & Associates, Ltd.
Certified Public Accountants

Minneapolis, Minnesota
January 30, 2009

EXHIBIT A

ASIAN MEDIA ACCESS, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008			2007		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue:						
Contributions (Including In-kind Contributions of \$31,101 in 2008 and \$12,341 in 2007)	\$ 71,908	\$ 183,100	\$ 255,008	\$ 42,663	\$ 398,700	\$ 441,363
Governmental Grants	295,338	-	295,338	132,613	-	132,613
Movie and Program Service Fees	5,928	-	5,928	4,135	-	4,135
Interest Income	2,430	-	2,430	10,031	-	10,031
Net Assets Released from Restrictions:						
Satisfaction of Program Restrictions	88,074	(88,074)	-	82,294	(82,294)	-
Satisfaction of Time Restrictions	21,000	(21,000)	-	-	-	-
Satisfaction of Capital Restrictions	23,784	(23,784)	-	217,023	(217,023)	-
Total Support and Revenue	508,462	50,242	558,704	488,759	99,383	588,142
Expense:						
Program Services:						
Media Production	137,145	-	137,145	86,452	-	86,452
Media Education	142,867	-	142,867	77,661	-	77,661
Film Exhibition	23,808	-	23,808	23,021	-	23,021
Media Technology	108,579	-	108,579	31,166	-	31,166
RICE	62,864	-	62,864	-	-	-
Total Program Services	475,263	-	475,263	218,300	-	218,300
Support Services:						
Management and General Fundraising	69,043	-	69,043	47,573	-	47,573
	45,715	-	45,715	27,749	-	27,749
Total Support Services	114,758	-	114,758	75,322	-	75,322
Total Expense	590,021	-	590,021	293,622	-	293,622
Change in Net Assets	(81,559)	50,242	(31,317)	195,137	99,383	294,520
Net Assets - Beginning of Year	410,452	165,701	576,153	215,315	66,318	281,633
Net Assets - End of Year	\$ 328,893	\$ 215,943	\$ 544,836	\$ 410,452	\$ 165,701	\$ 576,153

The accompanying Notes to Financial Statements are an integral part of these statements.

EXHIBIT B

ASIAN MEDIA ACCESS, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE TOTALS FOR 2007

	2008						2007				
	Program Services			Support Services			Total	Total	Total		
	Media Production	Media Education	Film Exhibition	Media Technology	RICE	Program Services	Management & General	Fund-raising	Support Services	All Services	All Services
Salaries	\$ 72,168	\$ 75,175	\$ 6,014	\$ 57,133	\$ 33,077	\$ 243,567	\$ 33,077	\$ 24,056	\$ 57,133	\$ 300,700	\$ 161,132
Payroll Taxes	6,131	6,387	511	4,855	2,811	20,695	2,811	2,044	4,855	25,550	12,241
Employee Benefits	1,449	1,511	121	1,148	665	4,894	665	483	1,148	6,042	5,332
Total Personnel Costs	79,748	83,073	6,646	63,136	36,553	269,156	36,553	26,583	63,136	332,292	178,705
Contract Services	37,201	38,751	3,100	29,451	17,052	125,555	17,051	12,400	29,451	155,006	45,066
Travel	6,500	6,771	542	5,146	2,979	21,938	2,979	2,167	5,146	27,084	11,951
Occupancy	3,985	4,150	332	3,154	1,826	13,447	1,826	1,328	3,154	16,601	10,615
Supplies	3,815	3,973	318	3,019	1,748	12,873	1,748	1,271	3,019	15,892	7,438
Movies and Production	-	-	12,379	-	-	12,379	-	-	-	12,379	11,485
Professional Fees	-	-	-	-	-	-	6,180	-	6,180	6,180	1,948
Insurance	1,230	1,281	102	974	564	4,151	564	410	974	5,125	4,349
Other Expense	1,158	1,207	97	917	531	3,910	531	386	917	4,827	6,460
Telephone	532	555	44	422	244	1,797	244	178	422	2,219	2,025
Postage and Mailing Costs	436	455	36	346	200	1,473	200	145	345	1,818	899
Printing and Reproduction	408	427	34	324	188	1,381	188	136	324	1,705	1,761
Dues and Subscriptions	243	254	20	193	112	822	112	81	193	1,015	624
Interest Expense	-	-	-	-	-	-	-	-	-	-	5,093
Meetings and Conferences	-	-	-	-	-	-	-	-	-	-	75
Depreciation	1,889	1,970	158	1,497	867	6,381	867	630	1,497	7,878	5,128
Total Expense	\$ 137,145	\$ 142,867	\$ 23,808	\$ 108,579	\$ 62,864	\$ 475,263	\$ 69,043	\$ 45,715	\$ 114,758	\$ 590,021	\$ 293,622

The accompanying Notes to Financial Statements are an integral part of this statement.

ASIAN MEDIA ACCESS, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2007

	Program Services					Support Services				Total All Services
	Media Production	Media Education	Movie Exhibition	Media Technology	Program Services	Management & General	Fund- raising	Support Services	Total Support Services	
Salaries	\$ 49,545	\$ 44,326	\$ 6,775	\$ 18,068	\$ 118,714	\$ 26,576	\$ 15,842	\$ 42,418	\$ 161,132	
Payroll Taxes	3,795	3,426	490	1,347	9,058	1,959	1,224	3,183	12,241	
Employee Benefits	1,653	1,493	213	587	3,946	853	533	1,386	5,332	
Total Personnel Costs	54,993	49,245	7,478	20,002	131,718	29,388	17,599	46,987	178,705	
Contract Services	13,970	12,618	1,803	4,957	33,348	7,211	4,507	11,718	45,066	
Travel	3,705	3,346	478	1,315	8,844	1,912	1,195	3,107	11,951	
Movies and Production	-	-	11,485	-	11,485	-	-	-	11,485	
Occupancy	3,290	2,972	425	1,168	7,855	1,698	1,062	2,760	10,615	
Supplies	2,306	2,083	298	818	5,505	1,189	744	1,933	7,438	
Other Expense	2,003	1,809	257	711	4,780	1,034	646	1,680	6,460	
Interest Expense	1,579	1,426	204	560	3,769	815	509	1,324	5,093	
Insurance	1,348	1,218	174	478	3,218	696	435	1,131	4,349	
Telephone	628	567	80	223	1,498	324	203	527	2,025	
Professional Fees	-	-	-	-	-	1,948	-	1,948	1,948	
Printing and Reproduction	546	493	70	194	1,303	282	176	458	1,761	
Postage and Mailing Costs	278	252	36	99	665	144	90	234	899	
Dues and Subscriptions	193	175	25	69	462	100	62	162	624	
Meetings and Conferences	23	21	3	8	55	12	8	20	75	
Depreciation	1,590	1,436	205	564	3,795	820	513	1,333	5,128	
Total Expense	\$ 86,452	\$ 77,661	\$ 23,021	\$ 31,166	\$ 218,300	\$ 47,573	\$ 27,749	\$ 75,322	\$ 293,622	

The accompanying Notes to Financial Statements
are an integral part of this statement.

ASIAN MEDIA ACCESS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2008 AND 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Current Assets:		
Cash	\$ 262,323	\$ 391,318
Grants Receivable	121,252	29,860
Accounts Receivable	10,422	-
Prepaid Expenses	7,235	8,348
Other Assets	101	101
Total Current Assets	<u>401,333</u>	<u>429,627</u>
Property and Equipment - Net	<u>210,582</u>	<u>188,718</u>
TOTAL ASSETS	<u><u>\$ 611,915</u></u>	<u><u>\$ 618,345</u></u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Current Liabilities:		
Accounts Payable	\$ 41,411	\$ 15,079
Accrued Salaries and Vacation	20,397	18,302
Funds Held for Others	5,271	8,811
Total Current Liabilities	<u>67,079</u>	<u>42,192</u>
Net Assets:		
Unrestricted:		
Board Designated Reserve	24,000	-
Unrestricted	304,893	410,452
Total Unrestricted	<u>328,893</u>	<u>410,452</u>
Temporarily Restricted	215,943	165,701
Total Net Assets	<u>544,836</u>	<u>576,153</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 611,915</u></u>	<u><u>\$ 618,345</u></u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

ASIAN MEDIA ACCESS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>Increase (Decrease) in Cash</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (31,317)	\$ 294,520
Total Adjustments	<u>(67,936)</u>	<u>110,953</u>
Net Cash Provided (Used) by Operating Activities	(99,253)	405,473
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	(29,742)	(39,560)
Cash Flows from Financing Activities:		
Principal Payments on Notes Payable	<u>-</u>	<u>(168,512)</u>
Net Increase (Decrease) in Cash	(128,995)	197,401
Cash - Beginning of Period	<u>391,318</u>	<u>193,917</u>
Cash - End of Period	<u>\$ 262,323</u>	<u>\$ 391,318</u>
 <u>Supplemental Disclosure of Cash Flow Information</u>		
	<u>2008</u>	<u>2007</u>
Cash Paid For:		
Interest	<u>\$ -</u>	<u>\$ 5,093</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

ASIAN MEDIA ACCESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

1. Summary of Significant Accounting Policies

Organizational Purpose

Incorporated in August 1992, Asian Media Access, Inc. (AMA) is a comprehensive, media-based community advocacy organization. AMA is dedicated to using multi-media and technology as tools for social betterment. AMA recognizes that multi-media and technology are essential for advocacy, communication and education, in order to mobilize communities, and young people; to engage in understanding and communicating of Pan Asian issues; and to arrive at a participatory decision making process for a safe, supportive environment for all.

By effectively utilizing these different tools, AMA creates as well as presents programs that educate and enrich the communities. We believe the media arts and information technology empower all of us with critical thinking and promote good citizenship—especially important as we prepare young people to be tomorrow's leaders. Our thought-provoking media exhibitions, resourceful educational products and youth programs encourage deep reflection, challenge previous assumptions, provide solace, and allow participants to develop their own way of connection in timeless works of creation, communication and community building.

The Organization's programs are as follows:

Media Production – AMA has produced a variety of educational video and television programs. Through these productions, we bring to the communities important messages and inspiring discussion. Our past and current productions include, "*East Meets West*"; "Helping Youth Succeed"; "Compulsive Gambling Educational Video"; and various Public Education Media Campaigns.

Media Education – This division consists of after-school and summer programs offered to at risk youth, focusing on digital and multi-media technology application and production.

Film Exhibition – AMA has been a pioneer in bringing in Asian films to American audiences. Our regular exhibition programs include "Cinema with Passion"; annual "Chinese Film Showcase"; "Asian Funniest Commercials"; and "Asian Children's Film Festival".

Media Technology – Media Technology is an important factor for our community building, which includes: AMACONNECT, computer services at low cost for other non-profits; and APA ComMNet, an internet-based network to connect community agencies in Minnesota to share information on the web in diverse Asian languages.

RICE (Reaching Immigrant with Case and Education) – RICE is a social service component of AMA. This division includes Ramen Ya transitional housing, employment training, and intervention services. The Ramen Ya (Noodle House) transitional housing supports six beds for runaway and homeless girls with safe and dignified living, up to 18 months.

ASIAN MEDIA ACCESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

1. Summary of Significant Accounting Policies (continued)

Fund Accounting

In order to observe the limitation and restrictions placed on resources available to Asian Media Access, Inc., the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and restrictions. A description of the groupings is as follows:

Unrestricted Net Assets – Net assets which are neither permanently nor temporarily restricted by donor-imposed stipulations. These net assets include both board designated and undesignated amounts. Property and equipment is reported as unrestricted net assets.

Temporarily Restricted Net Assets – The part of net assets of the Organization resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions pursuant to those stipulations.

Allowance for Doubtful Accounts

No allowance for doubtful accounts has been provided as grants and accounts receivable are considered collectable.

Property and Equipment

All major expenditures for property and equipment are capitalized at cost. Depreciation is provided through the use of the straight-line method.

Contributions

Contributions are recorded when received and recognized as support in the period received. If donor-imposed restrictions accompany the contribution, the amount is recorded as temporarily or permanently restricted until the donor-imposed restrictions expire or are fulfilled. Temporarily restricted net assets are reclassified to unrestricted in the period donor-imposed restrictions expire or are fulfilled, and are reported in the Statements of Activities under the Support and Revenue Category – Net Assets Released from Restrictions.

Promises-To-Give

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

ASIAN MEDIA ACCESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

1. Summary of Significant Accounting Policies (continued)

Government Grants and Contracts

Government grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as refundable advances. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, Asian Media Access, Inc. will record such disallowance at the time the final assessment is made.

Functional Allocation of Expense

Salaries and related expenses are allocated based on job descriptions and the best estimates of management. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting service are allocated based on the best estimates of management.

Income Tax

The Organization has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 290.05. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible.

Risks and Uncertainties

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions can affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

2. Financial Instruments

Significant Concentrations of Credit Risk

Asian Media Access, Inc. provides services within the Twin Cities area. The amounts due for services provided are from individuals, or their third-party payors, substantially all of which are local residents. In addition, grants receivable are from local governments or institutions.

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

At June 30, 2008 and 2007, the Organization held funds at a local institution in excess of federally insured limits.

ASIAN MEDIA ACCESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

3. Major Sources of Support and Revenue

Major sources of support and revenue were as follows as of:

	<u>June 30,</u>	
	<u>2008</u>	<u>2007</u>
U.S. Department of Human Services	\$ 176,233	\$ 127,553
Jay & Rose Phillips Family Foundation	50,000	-
Bush Foundation	40,000	-
U.S. Department of Justice	34,248	-
City of Minneapolis	30,000	-
McFarland & Associates	25,000	-
Wells Fargo Foundation	25,000	-
McKnight Foundation	-	240,000
Women's Foundation	-	10,000

4. Property and Equipment

The Organization owned the following as of:

	<u>June 30,</u>		<u>Estimated Useful Lives</u>
	<u>2008</u>	<u>2007</u>	
Building	\$ 178,560	\$ 123,000	30 years
Land	37,000	37,000	
Furniture and Equipment	65,909	56,167	3-5 years
Vehicle	4,000	4,000	5 years
Construction in Progress	-	<u>35,560</u>	
	285,469	255,727	
Less Accumulated Depreciation	<u>74,887</u>	<u>67,009</u>	
	<u>\$ 210,582</u>	<u>\$ 188,718</u>	

Depreciation expense of \$7,878 and \$5,128 was recorded for the years ended June 30, 2008 and 2007, respectively.

5. Unrestricted Net Asset Appropriation

The Board of Directors has made the following appropriations of unrestricted net assets:

Building Improvement	\$ 14,000
Capital Reserve	<u>10,000</u>
	<u>\$ 24,000</u>

ASIAN MEDIA ACCESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

6. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of amounts for the following purposes as of:

	June 30,	
	2008	2007
Multi Media Arts Center Workshop	\$ 75,050	\$ -
Youth Programs	74,000	-
General Operations – 2008	20,000	41,000
Develop Cap Camp for Media Center	12,843	12,843
Ramen Ya – Noodle House Initiative	10,000	2,210
Speak Your Mind	10,000	-
HIV Prevention	6,550	21,193
Active Lifestyle Education	5,000	-
Youth Media Force	2,500	24,023
What About Us	-	22,000
Multi-Arts Complex	-	21,574
Standup and Participate Initiative	-	17,658
Drug Free Community 2008	-	3,200
	<u>\$ 215,943</u>	<u>\$ 165,701</u>

7. In-kind Contributions

Asian Media Access, Inc. records in-kind contributions at fair market value at date of donation. In-kind contributions included the following as of:

	June 30,	
	2008	2007
Contract Services	\$ 11,600	\$ -
Supplies	8,018	1,350
Movies and Production	7,200	7,200
Meals	4,283	3,791
	<u>\$ 31,101</u>	<u>\$ 12,341</u>

ASIAN MEDIA ACCESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

8. Cash Flow Operating Adjustments

Adjustments to reconcile Change in Net Assets to Net Cash Provided by Operating Activities were as follows as of:

	<u>June 30,</u>	
	<u>2008</u>	<u>2007</u>
Depreciation	\$ 7,878	\$ 5,128
Cash Held for Capital Expansion	-	60,000
Increases (Decreases) in Current Liabilities:		
Accounts Payable	26,332	(21,171)
Accrued Salaries and Vacation	2,095	3,637
Funds Held for Others	(3,540)	3,416
Interest Payable	-	(5,898)
Decreases (Increases) in Current Assets:		
Grant Receivable	(91,392)	-
Accounts Receivable	(10,422)	68,575
Prepaid Expenses	1,113	(2,734)
Total Adjustments	<u>\$ (67,936)</u>	<u>\$ 110,953</u>