

ASIAN AMERICAN FEDERATION, INC.

FINANCIAL STATEMENTS

and

INDEPENDENT AUDITOR'S REPORT

**For the Years Ended
June 30, 2010 and 2009**



ASIAN AMERICAN FEDERATION, INC.

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Asian American Federation, Inc.

We have audited the accompanying statements of financial position of Asian American Federation, Inc. as of June 30, 2010 and 2009, and the related statements of activities and changes in net assets, of functional expenses and of cash flows for the years then ended. These financial statements are the responsibility of the Federation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 audit 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 financial statements referred to above present fairly, in all material respects, the financial position of Asian American Federation, Inc. as of June 30, 2010 and 2009, and the results of its operations and changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Padilla and Company, LLP

Jamaica, New York
August 17, 2010

ASIAN AMERICAN FEDERATION, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2010 AND 2009

<u>ASSETS:</u>	<u>2010</u>	<u>2009</u>
Current assets:		
Cash and cash equivalents (Notes 2 and 3)	\$ 276,269	\$ 348,673
Receivables (Notes 2 and 4)	215,613	59,972
Prepaid expenses	11,655	11,820
Total Current Assets	<u>503,537</u>	<u>420,465</u>
Long term investments for endowment fund (Note 5)	319,960	304,023
Equipment, furniture & leasehold improvements (Notes 2 and 6)	2,927	-
Other assets - security deposits	19,527	19,527
Total Assets	<u>\$ 845,951</u>	<u>\$ 744,015</u>
 <u>LIABILITIES AND NET ASSETS:</u>		
Current liabilities:		
Accounts payable and accrued expenses (Note 7)	12,127	32,135
Due to other agencies (Note 8)	62,313	61,324
Deferred income (Note 9)	242,026	305,141
Total Liabilities	<u>316,466</u>	<u>398,600</u>
 <u>NET ASSETS:</u>		
Unrestricted	209,517	(7,900)
Temporarily restricted		
Board designated funds (Note 13)	-	50,000
Interest income on endowment fund	13,040	8,932
Permanently restricted (Note 11)		
Endowment fund	<u>306,928</u>	<u>294,383</u>
Total Net Assets	<u>529,485</u>	<u>345,415</u>
Total Liabilities and Net Assets	<u>\$ 845,951</u>	<u>\$ 744,015</u>

The accompanying notes are an integral part of the financial statements.

ASIAN AMERICAN FEDERATION, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	2010	2009
<u>Revenues , gains, and other support:</u>					
Benefit Events	\$ 659,923	\$ -	\$ -	\$ 659,923	493,731
Contributions	116,824	-	-	116,824	74,810
Contributions - Endowment (Note 11)	-	-	2,700	2,700	22,300
Grants-Corporation & Foundation	1,181,635	-	-	1,181,635	259,000
Income collected on behalf of other agencies (Note 18)	26,318	-	-	26,318	115,158
Government contract	-	315,256	-	315,256	70,000
Interest Income	975	-	-	975	3,860
Interest Income - Endowment Fund	-	4,814	-	4,814	4,201
Rent	10,203	-	-	10,203	10,416
Workplace Campaign	21,830	-	-	21,830	31,957
	<u>2,017,708</u>	<u>320,070</u>	<u>2,700</u>	<u>2,340,478</u>	<u>1,085,433</u>
Net assets released from restrictions: Satisfaction of program restrictions	315,256	(315,256)	-	-	-
	<u>2,332,964</u>	<u>4,814</u>	<u>2,700</u>	<u>2,340,478</u>	<u>1,085,433</u>
Total revenues, gains and other support					
<u>Expenses:</u>					
Program Services:					
Agency services					
Expenses incurred on behalf of other agencies	26,318	-	-	26,318	115,158
Others	230,719	-	-	230,719	213,091
Policy & Research	84,272	-	-	84,272	192,258
Civic Engagement	892,313	-	-	892,313	-
Mental Health	256,982	-	-	256,982	70,000
Philanthropy & Community Fund	352,099	-	-	352,099	263,740
Total Program Services	<u>1,842,703</u>	<u>-</u>	<u>-</u>	<u>1,842,703</u>	<u>854,247</u>
Supporting services:					
Administration and general	88,239	706	-	88,945	99,897
Fund Raising (Note 12)					
Benefit Events	137,750	-	-	137,750	162,137
Others	96,855	-	-	96,855	61,962
Total expenses	<u>2,165,547</u>	<u>706</u>	<u>-</u>	<u>2,166,253</u>	<u>1,178,243</u>
Change in net assets	<u>167,417</u>	<u>4,108</u>	<u>2,700</u>	<u>174,225</u>	<u>(92,810)</u>
Unrealized Gain (Loss) - Endowment Fund	<u>-</u>	<u>-</u>	<u>9,845</u>	<u>9,845</u>	<u>(10,831)</u>
	<u>167,417</u>	<u>4,108</u>	<u>12,545</u>	<u>184,070</u>	<u>(103,641)</u>
Net assets beginning of year	(7,900)	58,932	294,383	345,415	449,056
Release of Board Designated Funds (Note 13)	50,000	(50,000)	-	-	-
Net assets end of year	<u>\$ 209,517</u>	<u>\$ 13,040</u>	<u>\$ 306,928</u>	<u>\$ 529,485</u>	<u>\$ 345,415</u>

The accompanying notes are an integral part of the financial statements.

ASIAN AMERICAN FEDERATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
Cash Flows from Operating Activities:		
Change in net assets	\$ 184,070	\$ (103,641)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	585	366
Decrease (increase) in receivable	(155,641)	101,235
Decrease (increase) in prepaid expenses	165	867
Decrease (increase) in revolving loan fund	-	25,000
Increase (decrease) in accounts payable and accrued expenses	(20,008)	(230,293)
Increase (decrease) in due to other agencies	989	29,587
Increase (decrease) in deferred income	(63,115)	300,141
Decrease (increase) in endowment fund investments	(15,937)	(39,504)
Net cash provided by (used in) operating activities	(68,892)	83,758
Cash Flows from Investing Activities:		
Cash used in Equipment, Furniture, and Leasehold Improvements	(3,512)	-
Net cash provided by (used in) investing activities	(3,512)	-
Net increase (decrease) in cash and cash equivalents	(72,404)	(94,557)
Cash and cash equivalents at beginning of year	348,673	195,307
Cash and cash equivalents at end of year	\$ 276,269	\$ 348,673

The accompanying notes are an integral part of the financial statements.

**ASIAN AMERICAN FEDERATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

Program Services

	<u>AGENCY SERVICES</u>	<u>POLICY & RESEARCH</u>	<u>CIVIC ENGAGEMENT</u>	<u>MENTAL HEALTH</u>	<u>PHILANTHROPY</u>	<u>TOTAL</u>	<u>ADMIN. & GENERAL</u>	<u>FUND RAISING</u>	<u>2010</u>	<u>2009</u>
Personnel Services:										
Salaries	\$ 117,750	\$ 58,621	140,000	\$ 28,548	\$ 88,418	\$ 433,337	\$ 46,993	\$ 62,080	\$ 542,409	\$ 495,888
Employee Fringe Benefits	25,974	12,933	30,867	6,293	19,501	\$ 95,569	10,373	13,699	119,640	105,313
Total Personnel Services	<u>143,724</u>	<u>71,554</u>	<u>170,867</u>	<u>34,841</u>	<u>107,919</u>	<u>528,905</u>	<u>57,366</u>	<u>75,778</u>	<u>662,050</u>	<u>601,201</u>
Other Than Personnel Services (OTPS):										
Advertising	-	-	76,379	-	-	76,379	-	-	76,379	-
Agency Support (Note 10)	39,739	-	503,000	200,000	200,000	942,739	-	-	942,739	40,143
Audit	-	-	-	-	-	-	6,350	-	6,350	6,500
Award	-	-	45,000	-	-	45,000	-	-	45,000	-
Bank Charges	-	-	-	-	-	-	1,036	-	1,036	1,133
Benefit Events	-	-	-	-	-	-	-	137,750	137,750	162,137
Computer Expenses	555	-	493	123	514	1,686	164	206	2,056	1,576
Consultant Services	1,301	-	19,578	3,952	2,151	26,982	609	873	28,464	48,874
Depreciation and Amortization	111	37	120	30	187	486	59	41	586	367
Endowment Expenses	-	-	-	-	-	-	706	-	706	919
Equipment	-	-	2,530	448	580	3,558	-	-	3,558	433
Equipment Rental	1,639	373	1,046	-	1,505	4,563	468	653	5,684	6,100
Expenses incurred in behalf of other agencies (Note 18)	26,318	-	-	-	-	26,318	-	-	26,318	115,158
Insurance	-	-	-	-	-	-	4,914	-	4,914	4,904
Interest expenses	-	-	-	-	-	-	-	-	-	941
Meetings	617	-	5,906	656	3,990	11,169	77	-	11,246	4,730
Membership	1,275	-	-	-	900	2,175	-	-	2,175	2,075
Miscellaneous	500	-	-	-	18	518	801	-	1,319	1,172
Office Supplies	255	59	1,565	671	246	2,796	74	107	2,977	1,871
Outreach Material	-	-	9,556	-	-	9,556	-	-	9,556	-
Postage and Messenger Services	300	45	1,287	450	623	2,706	300	270	3,276	2,176
Printing	568	128	5,778	1,445	537	8,456	162	233	8,851	6,772
Public Relations	2,425	-	-	-	210	2,635	437	-	3,072	2,938
Publications	-	-	-	-	-	-	488	-	488	243
Rent & Utilities	32,049	10,270	37,227	12,174	23,510	115,230	12,491	16,515	144,236	137,783
Repairs & Maintenance	2,364	539	1,508	646	6,212	11,269	675	942	12,887	11,380
Scholarship	-	-	-	-	-	-	-	-	-	5,000
Staff Development	-	-	-	-	-	-	60	-	60	130
Telephone	2,299	524	1,628	698	2,111	7,259	657	916	8,832	7,109
Travel	232	565	7,825	412	150	9,184	829	-	10,012	1,506
Worldnet & Website	765	176	1,019	437	737	3,134	223	320	3,677	2,972
TOTAL OTPS	<u>113,313</u>	<u>12,717</u>	<u>721,446</u>	<u>222,141</u>	<u>244,180</u>	<u>1,313,797</u>	<u>31,579</u>	<u>158,827</u>	<u>1,504,204</u>	<u>577,042</u>
Total Expenses	\$ 257,037	\$ 84,272	\$ 892,313	\$ 256,982	\$ 352,099	\$ 1,842,703	\$ 88,945	\$ 234,605	\$ 2,166,253	\$ 1,178,243

The accompanying notes are an integral part of the financial statements.

ASIAN AMERICAN FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

1. ORGANIZATION AND OPERATIONS

The Asian American Federation, Inc. is a nonprofit organization incorporated in 1989 under the laws of the State of New York. The Federation is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code and has been designated as a Not-for-Profit Corporation, which is not a private foundation.

The Asian American Federation's mission is to advance the civic voice and well-being of Asian Americans. The Federation collaboratively fosters philanthropy in the community, undertake research to inform policies, and to provide support to community service organizations.

The Federation is principally engaged in helping Asian American community agencies access resources and serve as a social policy advocate in behalf of the entire community. It is substantially funded through internal fundraising activities and contributions and grants awarded by private foundations, corporations and individual donors. In fiscal year 2010, funding was also received from New York State Department of State as a grant for the New York Census Complete Count Program.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a) **Basis of Accounting**

The financial statements of the Federation have been prepared on the accrual basis and presented in conformity with generally accepted accounting principles for nonprofit organizations and accordingly reflect all significant receivables, payables, and other liabilities.

b) **Basis of Presentation**

The financial statements of the organization have been prepared on the accrual basis of accounting. The financial statements' presentation is in conformity with accounting principles generally accepted in the United States of America ("US GAAP") for not-for-profit organizations, which require the Council to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

ASIAN AMERICAN FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

c) Revenue Recognition

Contribution

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Grant Awards

Grant awards received for a specific purpose are recognized as support to the extent of the related expenses incurred in compliance with the specific restrictions. The unexpended funds are reported as deferred income.

d) Equipment, Furniture, and Leasehold Improvements

Property and equipment are recorded at cost and do not reflect changes in current market values. Assets purchased costing \$1,000 or more are capitalized. Donations of equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor restricted the donated asset to a specific purpose.

Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method.

e) Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management in accordance with grant provisions or other equitable bases.

ASIAN AMERICAN FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

f) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Federation's management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

g) Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months, excluding permanently restricted cash. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

h) Receivables

Receivables are stated at the amounts the Federation expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. There are no doubtful accounts for the fiscal years ended June 30, 2010 and 2009.

3. CASH AND CASH EQUIVALENTS

These consist of the following:

	<u>2010</u>	<u>2009</u>
Operating Account (Chase Bank)	\$ 13,506	
Regular Checking Account (Commerce Bank)	19,243	19,743
Payroll Account (Chase Bank/Commerce Bank)	496	405
High Yield Savings (Chase Bank)	222,622	295,654
Business Checking Account (Chase Bank)	<u>20,402</u>	<u>10,810</u>
Total cash and cash equivalents	<u>\$ 276,269</u>	<u>\$ 326,612</u>

ASIAN AMERICAN FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

4. RECEIVABLES

These consist of:

	2010	2009
Accounts Receivables		
Gala ticket sales, golf, auction and donations	\$ 39,300	\$ 41,852
Receivable (transit check)	-	120
Grants:		
Hispanic Federation	-	18,000
New York State Census Grant	176,263	-
Refund Receivable from 6/25/10	50	-
Total	\$ 215,613	\$ 59,972

The total amount of \$169,871 representing \$33,550 of: gala ticket sales, golf, auction and donations and \$136,271 in Government Census Grant was subsequently collected after June 30, 2010. In addition, the \$50 in refund receivable from 6/25/10 was collected and deposited on July 7, 2010.

5. INVESTMENTS

Investments at fair value comprised of the following:

	Unrestricted Regular Account	Permanently Restricted			
		Community		AAFNY	
		Endowment Fund	Endowment Fund	2010	2009
Money Funds	\$ -	\$ 78,549	\$ 61,143	\$ 139,692	\$ 77,945
Cash Balance*	-	10,150	10,150	20,300	-
Closed end Funds	-	6,242	5,459	11,701	12,151
Mutual Funds	-	52,099	51,331	103,430	82,828
Government & GSE bonds	-	-	-	-	20,000
Certificate of Deposit	-	30,000	10,000	40,000	120,000
Investment/Interest Income**	-	6,085	6,955	13,040	8,932
Capital Gain (Loss)/Accrued Interest	-	180	56	236	2,285
Unrealized Gain (Loss)					
Government & GSE bonds	-	-	-	-	76
Certificate of Deposit	-	231	95	327	556
Closed end Funds	-	(386)	(249)	(634)	(2,585)
Mutual Funds	-	(4,196)	(3,937)	(8,133)	(18,165)
Total Investments	\$ -	\$ 178,955	\$ 141,005	\$ 319,960	304,023

* As of June 30, 2010 there was a cash balance of \$10,150 in each fund which resulted from the sale of Government and GSE bonds. These cash balances were subsequently transferred to the respective Money Funds accounts.

** Temporarily restricted funds

ASIAN AMERICAN FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

6. EQUIPMENT, FURNITURE & LEASEHOLD IMPROVEMENTS

These consist of:

	<u>2010</u>	<u>2009</u>
Office Equipment	\$ 83,870	\$ 80,358
Furniture and Fixtures	13,395	13,395
Leasehold Improvements	9,532	9,532
Total	106,797	103,285
Less: Accumulated Depreciation	(103,870)	(103,285)
Net Book Value	<u>\$ 2,927</u>	<u>\$ -</u>

7. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenditures consist of the following:

	<u>2010</u>	<u>2009</u>
Padilla and Company, LLP	\$ 6,350	6,500
120 Wall Street Company LLC (Utilities)	2,460	1,403
120 Wall Street Company LLC (Rent)	-	3,991
Advertising	1,050	-
Meeting	571	-
Printing	536	-
Equipment Rental	418	-
Travel	407	-
Professional Fee-Census Project	250	-
Benefit Expenses-Direct Charge Chase Bank	85	-
Telephone	-	104
Professional fee -IT Support	-	14,000
Bank charge from Chase Bank	-	140
Agency support	-	5,997
Total	<u>\$ 12,127</u>	<u>\$ 32,135</u>

ASIAN AMERICAN FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

8. DUE TO OTHER AGENCIES

These consist of monies received but are intended for use by start-up agencies where the Company acts as fiscal conduit:

	<u>2010</u>	<u>2009</u>
Kyopo	\$ 47,114	\$ 46,630
AsiaNextGen	5,507	9,507
KAFSC	3,807	-
Chinatown YMCA	2,241	-
CACF	957	-
CCRC	-	2,500
Individual Research Grant from the Civil Liberty Public Education Fund	2,687	2,687
Total	<u>\$ 62,313</u>	<u>\$ 61,324</u>

9. DEFERRED INCOME

This balance represents grants received during the current fiscal year but intended for distribution to recipient member agencies on the succeeding fiscal year:

	<u>2010</u>	<u>2009</u>
Anonymous Grants *	\$ 192,026	\$ -
Individual Donations	45,000	49,250
The Philanthropic Collaborative-Kellogg Grant	5,000	100,535
Carnegie Corporation of New York	-	50,000
The Grace and Mercy Foundation, Inc.	-	10,000
Lion Dance - Donation to AAF	-	15,364
New York State Office of Mental Health	-	79,992
Total	<u>\$ 242,026</u>	<u>\$ 305,141</u>

* This notation for Anonymous Grants is for the special census project and general support covering the period from 1/1/2010 to 12/31/2010. The amount of \$192,026 represents grant intended for the period July 1, 2010 through December 31, 2010.

ASIAN AMERICAN FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

10. AGENCY SUPPORT

The following member agencies were the beneficiaries of support contributions:

Name of Recipient Agencies	2010	2009
Hamilton - Madison House	\$ 76,541	\$ 276
CHHAYA Community Development	73,277	202
Asian Professional Extension	50,520	647
Asian Americans for Equality	45,686	-
South Asian Council for Social Services	40,202	2,023
Brooklyn Chinese-American Association	36,714	3,121
Korean Community Services of Metropolitan New York	35,573	572
Minkwon Center for Community Action	35,204	-
Indochina Sino-American Community Center	32,753	371
Research Foundation-CUNY (Hunter College SSW)	32,000	-
Charles B. Wang Community Health Center	31,030	-
Filipino American Human Services, Inc.	30,908	4,176
Chinese-American Planning Council, Inc.	30,000	-
Council of People's Organization	30,000	-
Korean American Voters Council, Inc.	25,000	-
New York Coalition of Asian American Mental Health	25,000	-
Damayan Migrant Workers Assoc.	22,051	23
Korean American Family Service Center	21,094	3,172
Japanese American Social Services, Inc.	20,492	298
Children of China Pediatrics Foundation	20,000	-
South Asian Americans Leading Together	20,000	-
South Asian Youth Action	15,558	826
Japanese American Association of New York	15,000	-
Chinese Christian Herald Crusades	12,000	-
Sakhi for South Asian Women	10,968	-
New York Asian Women's Center	10,901	1,829
Asian & Pacific Islander Coalition on HIV/AIDS, INC.	10,595	-
Coalition for Asian American Children & Families	10,470	3,901
Asian Women's Christian Association	10,000	-
Cambodian Association of Greater Philadelphia	10,000	-
Chinese Christian Herald Crusades-Philadelphia	10,000	-
Pan American Concerned Citizen Action League, Inc.	10,000	-
Greater Chinatown Community Assn	5,484	1,046
YWCA of Queens	5,415	328

ASIAN AMERICAN FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

10. AGENCY SUPPORT (Cont'd)

<u>Name of Recipient Agencies</u>	<u>2010</u>	<u>2009</u>
Garden of Hope	\$ 5,115	\$ -
Korean American Community Center of New York	5,051	23
Asian Youth Center of New York	5,051	523
Chinese American Women's Sisterhood Society of Philadelphia	5,000	-
Chinese Club of West New York	5,000	-
Family in Touch	5,000	-
FGS Korean Community Center	5,000	-
International Institute of Buffalo	5,000	-
Korean Senior Citizens Association of Greater Philadelphia	5,000	-
National Federation of Filipino American Association (Region 1)	5,000	-
Philippine American Friendship Committee	5,000	-
The New York Immigration Coalition	5,000	-
Korean Family Counseling and Research Center	2,553	-
Chinese Progressive Association	2,552	-
Korean American League for Civic Action, Inc.	1,601	-
Asian American Legal Defense & Education Fund	1,479	1,750
Chinatown YMCA	884	-
Chinatown Manpower Project	632	1,215
Korean American Senior Citizens Society	493	-
Immigrant Social Services, Inc.	460	-
Chinese Methodist Center Corp.	401	-
China Institute in America	307	-
Flushing YMCA	272	-
Lower East Side Family Union	228	364
Homecrest Community Services	167	37
Family Health Project, Inc.	59	-
YKASEC	-	162
Various recipient agencies	-	13,258
	<u>\$ 942,739</u>	<u>\$ 40,143</u>

The agency support expenditures in fiscal year 2010 were substantially higher than the previous year because of an increase in the amounts of the Census and Elderly Asian Women Suicide Prevention grants.

ASIAN AMERICAN FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

11. PERMANENTLY RESTRICTED NET ASSETS

Since fiscal year 2007, the Federation has established an endowment fund consisting of the Community Fund and the AAFNY Endowment Fund amounting to \$178,955 and \$141,005 respectively. The total amount of the endowment fund was invested with Morgan Stanley Smith Barney (Note 5).

12. FUNDRAISING EXPENSES

For better financial statement presentation, fundraising expenses were identified and segregated from administrative expenses. Therefore, a separate column in the statement of functional expenses and a separate services line in the statement of activities were added. The fundraising expenses include the cost of the annual gala held on May 6, 2010, and May 5, 2009 for the fiscal years ended June 30, 2010 and 2009 respectively. It also includes the cost of golf activity that was held on June 21, 2010.

13. DESIGNATION OF TEMPORARILY RESTRICTED NET ASSETS

Pursuant to approval by the Board of Directors at the September 16, 2009 meeting, the \$50,000 of Board Designated Funds was reallocated to Unrestricted Funds. This was approved in order to improve cash flow.

14. LEASE COMMITMENTS

The Federation currently has a fifteen-year operating lease agreement with the Wall Street Company for its office space located at 120 Wall Street, New York.

The term expires on July 31, 2012 and the annual minimum rent is as follows:

August 01, 1997 – July 31, 2002	\$ 78,108.84
August 01, 2002 – July 31, 2007	92,106.84
August 01, 2007 – July 31, 2012	106,104.84

Rent and utilities during the year amounted to \$144,236. The scheduled rent increases over the lease term were amortized over the lease term on a straight-line basis.

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15. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Federation to concentrations of credit risk consist principally of cash account in financial institutions, which from time to time, exceed the Federal depository insurance coverage limit. The Federation maintains its cash balances at various financial institutions in New York. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000.

16. RETIREMENT PLAN

The Federation sponsors a 403 (b) pension plan for the benefit of its employees who have rendered at least one year of service. The Federation contributes 3% of participants' annual salary. The employees have the option to contribute his or her share up to a maximum of \$16,500 annually. Contributions made for the years ended June 30, 2010 and 2009 amounted to \$15,031 and \$13,916 respectively.

17. SUBSEQUENT EVENTS

No subsequent events of material nature came to our attention warranting adjustment or disclosure.

18. INCOME COLLECTED AND EXPENSES INCURRED ON BEHALF OF OTHER AGENCIES

Income collected on behalf of the other agencies represents donations received on behalf of the agencies enumerated below. These agencies are in the process of applying for a 501 (c) (3) tax exempt status. The Federation collected the donations and remitted it back to these agencies, which are the following:

Name of Agencies	2010	2009
AsiaNextGen	\$ 21,010	\$ 32,163.00
CCRC	2,500	-
Kyopo	1,766	10,325
CACF	521	-
KAFSC	346	-
Chinatown YMCA	175	-
Lion Dance	-	72,670
	<u>\$ 26,318</u>	<u>\$ 115,158</u>

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19. LINE OF CREDIT

The Federation has an existing line of credit of \$200,000 with Commerce Bank. The term is for 5 years commencing on November 9, 2006 and expiring on November 9, 2011. As of June 30, 2010, the total amount of drawdown for the line of credit was \$0.

20. FUTURE PROGRAM AUDITS

Reimbursements from grant related expenses and overhead applicable to programs conducted under the contract funded by The State of New York are subject to audit, which may result in adjustments for disallowances. The amount of the disallowance, if any, cannot be determined as of the date of this report. Therefore, no provision is made for these potential liabilities.

