

ASIAN AMERICAN FEDERATION, INC.

FINANCIAL STATEMENTS

and

INDEPENDENT AUDITOR'S REPORT

**For the Years Ended
June 30, 2009 and 2008**



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, 2009 and 2008, 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, 2009 and 2008, 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.

Jamaica, New York
August 18, 2009

Padilla and Company, LLP

ASIAN AMERICAN FEDERATION, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2009 AND 2008

<u>ASSETS:</u>	<u>2009</u>	<u>2008</u>
Current assets:		
Cash and cash equivalents (Notes 2 and 3)	\$ 348,673	\$ 264,915
Receivables (Notes 2 and 4)	59,972	161,207
Prepaid expenses	11,820	12,687
Total Current Assets	<u>420,465</u>	<u>438,809</u>
Long term investments for endowment fund (Note 5)	304,023	264,519
Cash restricted for revolving loan fund (Note 11)	-	25,000
Equipment, furniture & leasehold improvements (Notes 2 and 6)	-	366
Other assets - security deposits	19,527	19,527
Total Assets	<u><u>\$ 744,015</u></u>	<u><u>\$ 748,221</u></u>
 <u>LIABILITIES AND NET ASSETS:</u>		
Current liabilities:		
Accounts payable and accrued expenses (Note 7)	\$ 32,135	\$ 262,428
Due to other agencies (Note 8)	61,324	31,737
Deferred income (Note 9)	305,141	5,000
Total Liabilities	<u>398,600</u>	<u>299,165</u>
 <u>NET ASSETS:</u>		
Unrestricted	(7,900)	110,492
Temporarily restricted		
Board designated funds (Note 13)	50,000	50,000
Interest income on endowment fund	8,932	5,650
Permanently restricted (Note 11)		
Endowment fund	<u>294,383</u>	<u>282,914</u>
Total Net Assets	<u>345,415</u>	<u>449,056</u>
Total Liabilities and Net Assets	<u><u>\$ 744,015</u></u>	<u><u>\$ 748,221</u></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, 2009 AND 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	2009	2008
Revenues, gains, and other support:					
Benefit Events	\$ 493,731	\$ -	\$ -	\$ 493,731	\$ 628,288
Contributions	74,810	-	-	74,810	132,609
Contributions - Endowment (Note 11)	-	-	22,300	22,300	60,950
Fees	-	-	-	-	5,261
Grants-Corporation & Foundation	259,000	-	-	259,000	581,478
Income collected in behalf of other agencies (Note 18)	115,158	-	-	115,158	35,640
Government contract	-	70,000	-	70,000	-
Interest Income	3,860	-	-	3,860	2,720
Interest Income - Endowment Fund	-	4,201	-	4,201	8,004
Miscellaneous	-	-	-	-	3,081
Rent	10,416	-	-	10,416	9,462
Workplace Campaign	31,957	-	-	31,957	23,660
	<u>988,932</u>	<u>74,201</u>	<u>22,300</u>	<u>1,085,433</u>	<u>1,491,153</u>
Net assets released from restrictions:					
Satisfaction of program restrictions	70,000	(70,000)	-	-	-
Total revenues, gains and other support	<u>1,058,932</u>	<u>4,201</u>	<u>22,300</u>	<u>1,085,433</u>	<u>1,491,153</u>
Expenses:					
Program Services:					
Agency services					
Expenses incurred in behalf of other agencies	115,158	-	-	115,158	35,640
Others	213,091	-	-	213,091	192,008
Research and Special Projects	192,258	-	-	192,258	279,338
Philanthropy & Community Fund	263,740	-	-	263,740	535,979
Elderly Asian Women Suicide Prevention	70,000	-	-	70,000	-
Total Program Services	<u>854,247</u>	<u>-</u>	<u>-</u>	<u>854,247</u>	<u>1,042,965</u>
Supporting services:					
Administration and general					
Fund Raising (Note 12)	98,978	919	-	99,897	119,487
Benefit Events	162,137	-	-	162,137	151,513
Others	61,962	-	-	61,962	60,944
Total expenses	<u>1,177,324</u>	<u>919</u>	<u>-</u>	<u>1,178,243</u>	<u>1,374,909</u>
Change in net assets	(118,392)	3,282	22,300	(92,810)	116,244
Unrealized loss - Endowment Fund	-	-	(10,831)	(10,831)	(3,036)
	<u>(118,392)</u>	<u>3,282</u>	<u>11,469</u>	<u>(103,641)</u>	<u>113,208</u>
Net assets beginning of year	110,492	55,650	282,914	449,056	335,848
Net assets end of year	\$ (7,900)	\$ 58,932	\$ 294,383	\$ 345,415	\$ 449,056

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, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (103,641)	\$ 113,208
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	366	1,186
Decrease (increase) in receivable	101,235	(116,579)
Decrease (increase) in prepaid expenses	867	(2,055)
Decrease (increase) in revolving loan fund	25,000	-
Increase (decrease) in accounts payable and accrued expenses	(230,293)	222,708
Increase (decrease) in due to other agencies	29,587	3,159
Increase (decrease) in deferred income	300,141	(87,500)
Decrease (increase) in endowment fund investments	(39,504)	(264,519)
Increase in permanently restricted cash	-	200,000
Net cash provided by (used in) operating activities	<u>83,758</u>	<u>69,608</u>
Cash and cash equivalents at beginning of year	<u>264,915</u>	<u>195,307</u>
Cash and cash equivalents at end of year	<u>\$ 348,673</u>	<u>\$ 264,915</u>

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, 2009 AND 2008

	Program Services					TOTAL	ADMIN. & GENERAL	FUND RAISING	2009	2008
	AGENCY SERVICES	RESEARCH & SPECIAL PROJECTS	ELDERLY ASIAN PHILAN- THROPY	WOMEN SUICIDE PREVENTION	TOTAL					
Personnel Services:										
Salaries	\$ 110,921	\$ 108,420	\$ 144,435	\$ 44,000	\$ 407,776	\$ 47,067	\$ 41,045	\$ 495,888	\$ 561,081	
Employee Fringe Benefits	23,559	22,037	30,678	10,136	86,410	9,994	8,909	105,313	116,009	
Total Personnel Services	134,480	130,457	175,113	54,136	494,186	57,061	49,954	601,201	677,090	
Other Than Personnel Services (OTPS):										
Agency Support (Note 10)	40,143	-	-	-	40,143	-	-	40,143	264,803	
Audit	-	-	-	-	-	6,500	-	6,500	6,500	
Bank Charges	-	-	-	-	-	1,133	-	1,133	2,820	
Benefit Events	-	-	-	-	-	-	162,137	162,137	151,513	
Computer Expenses	212	397	340	-	949	627	-	1,576	1,794	
Consultant Services	-	8,465	21,102	14,000	43,567	4,117	1,190	48,874	16,900	
Depreciation and Amortization	70	117	117	-	304	37	26	367	1,187	
Endowment Expenses	-	-	-	-	-	919	-	919	-	
Equipment	-	-	-	-	-	433	-	433	8,682	
Equipment Rental	1,365	1,172	2,362	-	4,899	597	604	6,100	6,031	
Expenses incurred in behalf of other agencies (Note 18)	115,158	-	-	-	115,158	-	-	115,158	35,640	
Insurance	-	-	-	-	-	4,904	-	4,904	5,155	
Interest expenses	-	-	-	-	-	941	-	941	-	
Meetings	515	304	2,991	508	4,318	247	165	4,730	3,734	
Membership	-	650	-	-	650	1,425	-	2,075	1,385	
Miscellaneous	53	-	28	-	81	1,091	-	1,172	3,800	
Office Supplies	210	140	623	356	1,329	325	217	1,871	2,097	
Postage and Messenger Services	290	260	630	250	1,430	373	373	2,176	3,059	
Printing	-	3,873	2,583	-	6,456	158	158	6,772	15,120	
Public Relations	2,938	-	-	-	2,938	-	-	2,938	15,600	
Publications	-	-	-	-	-	243	-	243	439	
Rent & Utilities	30,822	44,524	44,525	-	119,871	9,645	8,267	137,783	125,657	
Repairs & Maintenance	-	-	3,886	-	3,886	7,494	-	11,380	7,785	
Scholarship	-	-	5,000	-	5,000	-	-	5,000	5,000	
Staff Development	-	-	130	-	130	-	-	130	-	
Telephone	1,590	1,366	2,754	-	5,710	696	703	7,109	7,416	
Travel	208	253	405	-	866	640	-	1,506	2,651	
Worldnet & Website	195	280	1,151	750	2,376	291	305	2,972	3,051	
TOTAL OTPS	193,769	61,801	88,627	15,864	360,061	42,836	174,145	577,042	697,819	
Total Expenses	\$ 328,249	\$ 192,258	\$ 263,740	\$ 70,000	\$ 854,247	\$ 99,897	\$ 224,099	\$ 1,178,243	\$ 1,374,909	

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

ASIAN AMERICAN FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 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 2009, funding was also received from the New York State Office of Mental Health.

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**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Federation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

ASIAN AMERICAN FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 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, 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, 2009 and 2008.

3. CASH AND CASH EQUIVALENTS

These consist of the following:

	<u>2009</u>	<u>2008</u>
Operating Account (Chase Bank)	\$ 22,061	\$ 14,788
Regular Checking Account (Commerce Bank)	19,743	1,358
Payroll Account (Chase Bank / Commerce Bank)	405	114
High Yield Savings (Chase Bank)	295,654	245,343
Business Checking Account (Chase Bank)	10,810	3,312
Total cash and cash equivalents	<u>\$ 348,673</u>	<u>\$ 264,915</u>

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

4. RECEIVABLES

These consist of:

	2009	2008
Accounts Receivables		
Gala ticket sales, golf, auction and donations	\$ 41,852	\$ 11,207
Receivable (transit check)	120	-
Grants:		
Hispanic Federation	18,000	50,000
United Way of New York City		100,000
Total	\$ 59,972	\$ 161,207

5. INVESTMENTS

Investments at fair value comprised of the following:

	Unrestricted	Permanently Restricted		2009	2008
	Regular	Community	AAFNY		
	Account	Endowment Fund	Endowment Fund		
Money funds	\$ 908	\$ 45,725	\$ 31,312	\$ 77,945	\$ 198,940
Closed end funds	-	6,466	5,685	12,151	8,138
Mutual funds	-	41,824	41,004	82,828	54,827
Government & GSE bonds	-	10,000	10,000	20,000	-
Certificate of Deposit	-	70,000	50,000	120,000	-
Investment/interest income **	-	4,164	4,768	8,932	5,650
Capital gain (loss)/ Accrued interest	-	1,238	1,047	2,285	-
Unrealized gain (loss)					
Government & GSE bonds	-	-	76	76	-
Certificate of Deposit	-	243	313	556	-
Closed end funds	-	(1,419)	(1,166)	(2,585)	(338)
Mutual funds	-	(9,245)	(8,920)	(18,165)	(2,698)
Total Investments	\$ 908	\$ 168,996	\$ 134,119	\$ 304,023	\$ 264,519

** Temporarily restricted funds

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

6. EQUIPMENT, FURNITURE & LEASEHOLD IMPROVEMENTS

These consist of:

	<u>2009</u>	<u>2008</u>
Office Equipment	\$ 80,358	\$ 80,358
Furniture and Fixtures	13,395	13,395
Leasehold Improvements	9,532	9,532
Total	103,285	103,285
Less: Accumulated Depreciation	(103,285)	(102,919)
Net Book Value	<u>\$ -</u>	<u>\$ 366</u>

7. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenditures consist of the following:

	<u>2009</u>	<u>2008</u>
120 Wall Street Company LLC (Rent)	\$ 3,991	\$ 17,989
120 Wall Street Company LLC (Utilities)	1,403	2,506
Padilla and Company, LLP	6,500	6,500
Telephone	104	-
Professional fee -IT Support	14,000	380
Bank charge from Chase Bank	140	53
Scholarship	-	5,000
Agency support	5,997	230,000
Total	<u>\$ 32,135</u>	<u>\$ 262,428</u>

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>2009</u>	<u>2008</u>
AsiaNextGen	\$ 9,507	\$ 28,750
Kyopo	46,630	300
CCRC	2,500	-
Individual Research Grant from the Civil Liberty Public Education Fund	2,687	2,687
Total	<u>\$ 61,324</u>	<u>\$ 31,737</u>

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

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>2009</u>	<u>2008</u>
Carnegie Corporation of New York	\$ 50,000	\$ -
The Philanthropic Collaborative-Kellogg Grant	100,535	
The Grace and Mercy Foundation, Inc.	10,000	
Lion Dance - Donation to AAF	15,364	
Various individual donors	49,250	
Frank Feinberg	-	5,000
New York State Office of Mental Health	79,992	
Total	<u>\$ 305,141</u>	<u>\$ 5,000</u>

The Federation decided to change its schedule of giving grants to member agencies. The grants will be given out between the months of December 2009 to March 2010 instead of June 30, 2009. In the previous year, the Federation was able to issue out the proposals before the fiscal year end, hence, the recipient member agencies were already identified and accruals of agency support were correspondingly recorded.

If the Federation continued to follow the same procedure as the previous year, the Statement of Activities would show an increase in revenues, as well as, an increase in expenses, that is, agency support expenses. There would be no effect on the Total Net Assets because the increase in revenues would be offset by the increase in expenses. There would be no effect on the Cash account because by the end of the fiscal year, the payments to the member agencies would not have occurred yet even if the Federation has already identified and allocated the amounts to be distributed as agency support.

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

10. AGENCY SUPPORT

The following member agencies were the beneficiaries of support contributions:

Name of Recipient Agencies	2009	2008
Asian Professional Extension	\$ 647	\$ 14,205
Asian American Legal Defense & Education	1,750	12,008
Asian Youth Center of New York	523	5,000
Brooklyn Chinese-American Association	3,121	20,306
CHHAYA Community Development	202	20,000
Chinatown Manpower Project	1,215	10,980
Coalition for Asian American Children & Families	3,901	10,409
Damayyan Migrant Workers Assoc.	23	5,000
Filipino American Human Services, Inc.	4,176	11,805
Garden of Hope	-	10,000
Greater Chinatown Community Assn	1,046	8,030
Hamilton - Madison House	276	10,090
Homecrest Community Services	37	10,000
Indochina Sino-American Community Center	371	10,164
Japanese American Social Services, Inc.	298	10,112
Korean American Community Center of New York	23	5,000
Korean American Family Service Center	3,172	10,725
Korean Community Services of Metropolitan New York	572	10,212
Lower East Side Family Union	364	8,660
New York Asian Women's Center	1,829	16,096
South Asian Council for Social Services	2,023	7,500
South Asian Youth Action	826	10,434
YKASEC	162	10,093
YWCA of Queens	328	10,054
Various recipient agencies	13,258	7,920
	<u>\$ 40,143</u>	<u>\$ 264,803</u>

The agency support expenditures in fiscal year 2009 were substantially lower than the previous year because the Federation modified its schedule of giving grants to member agencies, as explained under Note 9 – Deferred Income.

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

11. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net asset (High Yield Savings) of \$25,000 which represents a grant from the Joyce Mertz Gilmore Foundation for a revolving loan fund for member agencies has been transferred to long term investments for endowment fund. Since fiscal year 2007, the Federation established an endowment fund for the Asian American Community Fund which is now amounting to \$158,250 (FY'09 - \$22,300 FY'08 - \$10,950 and FY '07 - \$125,000). Likewise in fiscal year 2008, the board designated the \$25,000 revolving loan fund towards the Community Fund Endowment. Furthermore, a total of \$125,000 (FY '08 -\$50,000 and FY '07 - 75,000) was received for the Federation's general endowment fund. The major contributors were as follows:

Name of Contributor	2009	2008
Paul D.C. Huang Fund	\$ 20,000	\$ 50,000
Albert Chin Fund	2,300	10,950
	<u>\$ 22,300</u>	<u>\$ 60,950</u>

The total amount of endowment funds of \$294,383 (\$308,250 less accumulated unrealized loss on investments of \$13,867) and the accumulated interest income of \$8,932 were invested with 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 5, 2009, and April 30, 2008 for the fiscal years ended June 30, 2009 and 2008 respectively. It also includes the cost of golf activity that was held on May 22, 2009.

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

13. DESIGNATION OF TEMPORARILY RESTRICTED NET ASSETS

In 2008, the Board of Directors has designated a portion of the Federation's net assets from prior years' operating surplus for the purpose of establishing a reserve for the funding of future programs should there be a shortfall.

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 \$137,783. The scheduled rent increases over the lease term were amortized over the lease term on a straight-line basis.

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.

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

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 \$15,500 annually. Contributions made for the years ended June 30, 2009 and 2008 amounted to \$29,814 and \$16,252, respectively.

17. SUBSEQUENT EVENTS

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

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

Income collected in behalf of the other agencies represents donation received in 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	2009	2008
South Asian Health Project	\$ -	\$ 9,500
Kyopo	10,325	-
Lion Dance	72,670	-
AsiaNextGen	32,163	26,140
	<u>\$ 115,158</u>	<u>\$ 35,640</u>

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, 2009, the total amount of drawdown for the line of credit was \$56,200. As of audit date, \$56,200 was fully paid.

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

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.

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