

FILIPINO-AMERICAN DEVELOPMENT FOUNDATION

**Financial Statements and Independent Auditor's Report for the
Years ended December 31, 2004 & 2003**

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CERTIFIED PUBLIC ACCOUNTANT

FILIPINO-AMERICAN DEVELOPMENT FOUNDATION

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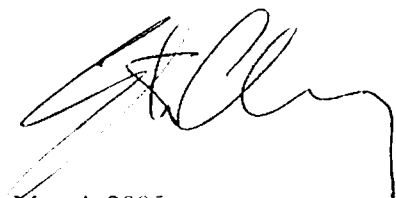
INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Filipino-American Development Foundation

I have audited the accompanying Statements of Financial Position of the Filipino-American Development Foundation (FADF) as of December 31, 2004 and 2003 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of FADF's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted the audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits to obtain reasonable assurance as to 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. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of FADF at December 31, 2004 and 2003, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



May 4, 2005

FILIPINO-AMERICAN DEVELOPMENT FOUNDATION
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31,

	2004	2003
ASSETS		
<u>Current Assets:</u>		
Cash	\$ 46,246	\$ 39,393
Accounts Receivable	169,859	100,000
Accounts Receivable - FCC	1,182	-
Prepaid Expense	952	3,294
Total Current Assets	218,239	142,687
<u>Property and Equipment, at cost:</u>		
Furniture and Equipment	8,009	8,009
Capital Improvement - Soft Cost	149,039	83,751
Less Accumulated Depreciation	(4,291)	(2,785)
Net Property and Equipment	152,757	88,975
TOTAL ASSETS	\$ 370,996	\$ 231,662
 LIABILITIES AND NET ASSETS		
<u>Current Liabilities:</u>		
Account Payable	\$ 4,686	\$ 3,100
Total Current Liabilities	4,686	3,100
 TOTAL LIABILITIES	4,686	3,100
<u>Net Assets:</u>		
Temporary Restricted	195,150	100,000
Unrestricted	171,160	128,562
TOTAL LIABILITIES AND NET ASSETS	\$ 370,996	\$ 231,662

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

FILIPINO-AMERICAN DEVELOPMENT FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31,

	<u>Unrestricted</u>	<u>Temporary Restricted</u>	<u>2004</u>	<u>2003</u>
REVENUES AND SUPPORTS:				
Grants	\$ 53,729	\$ 110,000	\$ 163,729	\$ 208,325
Government Grant	28,925	-	28,925	-
Contributions	49,235	-	49,235	34,078
In-Kind Contributions	49,920	-	49,920	53,350
Program Service Fees	10,185	-	10,185	7,223
Rental Income	2,300	-	2,300	-
FCC Income (fiscal sponsorship)	21,329	-	21,329	-
Miscellaneous Income	9,178	-	9,178	-
Total revenue and support	<u>224,801</u>	<u>110,000</u>	<u>334,801</u>	<u>302,976</u>
Net assets released from restrictions:				
Satisfaction of program restriction	<u>14,850</u>	<u>(14,850)</u>	<u>-</u>	<u>-</u>
Total Revenues and Support	<u>239,651</u>	<u>95,150</u>	<u>334,801</u>	<u>302,976</u>
EXPENSES				
Program Services	110,884	-	110,884	179,165
General and Administrative	54,856	-	54,856	30,264
Fundraising	9,984	-	9,984	-
FCC Expense (fiscal sponsorship)	21,329	-	21,329	-
Total expenses	<u>197,053</u>	<u>-</u>	<u>197,053</u>	<u>209,429</u>
CHANGE IN NET ASSETS	42,598	95,150	137,748	93,547
NET ASSETS, beginning of year	<u>128,562</u>	<u>100,000</u>	<u>228,562</u>	<u>135,015</u>
NET ASSETS, end of year	<u>\$ 171,160</u>	<u>\$ 195,150</u>	<u>\$ 366,310</u>	<u>\$ 228,562</u>

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

**FILIPINO-AMERICAN DEVELOPMENT FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31,**

	Program Services						Supporting Services			2004	2003	
	Bahay	Apibis	Tech	Cultural	3 Center	Bayanihan Community Center	Total Program Services	General and Administrative	Fundraising	Total Supportive Services	Total	Total
Salaries and wages	\$ 14,314	\$ -	\$ -	\$ 27,606	\$ -	\$ -	\$ 41,920	\$ 22,341	\$ -	\$ 22,341	\$ 64,261	\$ 65,255
Payroll taxes & employee benefits	-	-	-	1,224	-	-	1,224	4,044	-	4,044	5,268	5,941
Payroll fees	-	-	-	219	-	-	219	714	-	714	933	1,027
Accounting fees	-	-	-	-	-	-	-	3,500	-	3,500	3,500	3,750
Advertising	-	-	-	-	-	-	-	-	-	-	-	3,500
Consultant fees	-	-	2,036	1,200	2,000	-	5,236	275	-	275	5,511	54,025
Seminar/training	-	-	-	-	-	-	-	-	-	-	-	433
Travels	-	-	-	535	-	-	535	-	-	-	535	-
Meals - program	-	-	-	1,460	-	-	1,460	-	-	-	1,460	1,760
Office supplies	-	-	-	9,500	-	-	9,500	24	-	24	9,524	-
Insurance	321	-	-	752	-	-	1,073	4,840	-	4,840	5,913	7,049
Bank charge	-	-	-	-	-	304	304	142	-	142	446	8
Miscellaneous	-	-	-	-	-	-	-	1,683	-	1,683	1,683	20
Postage & shipping	-	-	-	-	-	-	-	-	-	-	-	354
Printing & publications	-	-	-	3,059	-	-	3,059	4	-	4	3,063	2,359
Rent	2,400	2,000	-	-	-	-	4,400	400	-	400	4,800	5,505
Facility rental/activites expense	-	-	-	13,678	-	-	13,678	-	-	-	13,678	3,034
Telephone & telecommunication	-	2,201	-	-	-	-	2,201	407	-	407	2,608	2,649
Utilities	522	593	-	-	-	-	1,115	-	-	-	1,115	1,116
Labor - in kind	-	4,992	4,992	-	-	14,976	24,960	14,976	9,984	24,960	49,920	49,920
Depreciation	-	-	-	-	-	-	-	1,506	-	1,506	1,506	1,724
Total	\$ 17,557	\$ 9,786	\$ 7,028	\$ 59,233	\$ 2,000	\$ 15,280	\$ 110,884	\$ 54,856	\$ 9,984	\$ 64,840	\$ 175,724	\$ 209,429

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

FILIPINO-AMERICAN DEVELOPMENT FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities:		
Net increase or decrease in net assets	\$ 137,748	\$ 93,547
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,506	1,724
Changes in operating assets and liabilities:		
(Increase) or Decrease in accounts receivable	(69,859)	(65,000)
(Increase) or Decrease in accounts receivable - FCC	(1,182)	-
(Increase) or Decrease prepaid assets	2,342	(1,846)
Increase or (Decrease) in account payable	1,586	3,100
Increase or (Decrease) in deferred revenue	-	(50,000)
Net cash provided (used) by operating activities	<u>72,141</u>	<u>(18,475)</u>
Cash flows from investing activities:		
Capital improvement	(65,288)	(19,500)
Purchase of equipments	-	(3,430)
Net cash provided (used) by investing activities	<u>(65,288)</u>	<u>(22,930)</u>
Net increase (decrease) in cash	6,853	(41,405)
Cash, beginning of year	<u>39,393</u>	<u>80,798</u>
Cash, at end of year	<u>\$ 46,246</u>	<u>\$ 39,393</u>

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

**FILIPINO-AMERICAN DEVELOPMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 and 2003**

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Filipino-American Development Foundation (FADF) is a non-profit community-based organization with on-going programs in the areas of affordable housing advocacy, promotion of Filipino business entrepreneurship, and cultural and historical education. FADF is a 501c3 federally tax exempt organization in June 1997. FADF's mission is to strengthen the social, physical and economic well being of the Filipino-American community and the South of Market community with special attention to the underserved segments of the community. It will accomplish this by: 1) Increasing awareness and knowledge about the Filipino-American community through participation in educational and cultural programs. 2) Increasing access to a wide range of economic, health and social services through collaboration with existing programs and the development of culturally appropriate services. 3) Providing a community space to strengthen community ties, to facilitate the sharing of resources and expertise among service providers, and to build leadership skills and increase capacity in the community to effectively educate and develop community assets.

NOTE 2 - BASIS OF ACCOUNTING

The accompanying financial statements were prepared using the accrual basis of accounting, whereby expenditures were recorded when the liability was incurred and revenues were recorded when earned.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment is stated at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range as follows:

Furniture & fixture	7 years		
Computer and office equipment	5 years		
		<u>2004</u>	<u>2003</u>
Equipment		\$ 5,879	\$ 5,879
Capital improvement – soft cost		149,039	83,751
Furniture & fixture		2,130	2,130
Less accumulated depreciation		<u>(4,291)</u>	<u>(2,785)</u>
Total		<u>\$ 152,757</u>	<u>\$ 88,975</u>

**FILIPINO-AMERICAN DEVELOPMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 and 2003**

NOTE 4 - USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 5 - INCOME TAX STATUS

FADF is a tax exempt organization under the provision of the Internal Revenue Code, 501(c)(3), and The California Revenue and Taxation Code Section 23701(d).

NOTE 6 - OPERATING LEASE

The lease is a nine-month lease commencing January 5, 2003 and was ended on February to September 2003. FADF is currently on a month to month lease and total rent for December 31, 2004 and 2003 is \$4,800 and \$5,505 respectively.

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2004 and 2003 were comprised of the following:

<u>Account</u>	<u>Balance as of 12/31/2003</u>	<u>Income</u>	<u>Release</u>	<u>Balance as of 12/31/2004</u>
Community Loan Fund	\$ 100,000	\$ -	\$ -	\$ 100,000
Consumer Protection Foundation	-	40,000	-	40,000
Evelyn and Walter Haas, Jr. Fund	-	70,000	14,850	55,150
	<u>\$ 100,000</u>	<u>\$ 110,000</u>	<u>\$ 14,850</u>	<u>\$ 195,150</u>

**FILIPINO-AMERICAN DEVELOPMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 and 2003**

NOTE 8 - RISK AND UNCERTAINTY

In the normal course of the business, the primary risk encountered by the Organization is the volatility and uncertainty associated with contribution and grant funding. The principle source of the Organization's support is from private foundation and individuals.

NOTE 9 - CONTRIBUTED SERVICES

Contributed services are provided by volunteers. These services are part of the Organization's activities and would have to be performed by salaried personnel if the services were not contributed. The Organization maintains records of these services and estimates their value based on the cost of comparable services.

The value of contributed services is recorded in the financial statements as part of contributions of services and also as labor in-kind expenses amounted to \$49,920 for 2004 and \$49,920 for 2003 respectively.

NOTE 10 - GOVERNMENT GRANT AWARD

Government awards consist of funds received from the Mayor's Office of Community Development of San Francisco for specific projects. The government grant revenue is considered as exchange transaction where each party receives and sacrifices something of approximately equal value when received, then the government grant revenue is recognized to the extent the related costs are incurred. During fiscal year 2004, total expenditures of government grant revenue totaled \$28,925.

NOTE 11 - FISCAL AGENT

During the fiscal year ended 2004, FADF also acted as fiscal agent for local community non-profit group. Total revenues and expenses summarized to \$21,329 respectively.