

**TAM & NESTER**  
CERTIFIED PUBLIC ACCOUNTANTS  
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WILLIAM TAM  
THOMAS L. NESTER

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
New York State Black Gay Network, Inc.  
103 East 125<sup>th</sup> Street  
New York, NY 10035

We have audited the accompanying statements of financial position of New York State Black Gay Network, Inc. as of June 30, 2006 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the New York State Black Gay Network, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of New York State Black Gay Network, Inc. for the year ended June 30, 2005 was audited by other auditors whose report dated October 6, 2006, expressed a qualified opinion on those statements due to change in accounting method.

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 tests 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 audit provides 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 New York State Black Gay Network, Inc. as of June 30, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying information on page 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements; and, in our opinion, the information, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

July 19, 2007

*Tam & Nester*

New York State Black Gay Network, Inc.

Financial Report

June 30, 2006

NEW YORK STATE BLACK GAY NETWORK, INC  
STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED JUNE 30, 2006

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Assets	
Current assets	
Cash and cash equivalents	\$17,228
Grants receivable	233,729
Total current assets	<u>250,957</u>
Non-current assets	
Furniture and equipment, net	29,375
Total assets	<u>\$280,332</u>
Liabilities and net assets	
Current liabilities	
Accounts payable and accrued expenses	\$152,464
Loan payable	35,000
Total current liabilities	<u>187,464</u>
Net assets	
Unrestricted	92,868
Total liabilities and net assets	<u>\$280,332</u>

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See notes to financial statements

NEW YORK STATE BLACK GAY NETWORK, INC  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2006

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Revenue and support:	Unrestricted
Grants and contributions from:	
Government	\$502,086
Public	30,856
Other income	4,752
Interest income	23
<b>Total revenue and support</b>	<b><u>537,717</u></b>
 Expenses	
Program services	478,882
Administrative and general	110,220
Fund raising	20,081
<b>Total expenses</b>	<b><u>609,183</u></b>
 Change in net assets	 (71,466)
 Net assets at beginning of year	 (91,306)
 Prior period adjustments	 255,640
 Net assets at end of year	 <b><u>\$92,868</u></b>

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See notes to financial statements

NEW YORK STATE BLACK GAY NETWORK, INC  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2006

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Cash flows from operating activities:	
Change in net assets	(\$71,466)
Adjustments to reconcile change in net assets to net cash used in operating activities	
Prior period adjustments	255,640
Depreciation	8,393
(Increase) in grants receivable	(71,085)
Decrease in other receivable	29,227
Decrease in prepaid expenses	1,241
(Decrease) in accounts payable and accrued expenses	(47,443)
Net cash used by operating activities	<u>104,507</u>
Cash flows from financing activities:	
Reduction in loan payable	(20,000)
Net cash used by financing activities	<u>(20,000)</u>
Net change in cash and cash equivalents	84,507
Cash and cash equivalents at beginning of year	(67,279)
Cash and cash equivalents at end of year	<u><u>\$17,228</u></u>

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See notes to financial statements

NEW YORK STATE BLACK GAY NETWORK, INC  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2006

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	Program services	Administrative and general	Fund raising	Total
Salaries	160,622	51,499	9,192	221,313
Fringe benefits	26,176	10,971	1,347	38,494
Total personal services	186,798	62,470	10,539	259,807
Consulting	52,319			52,319
Occupancies	24,162	10,067	6,040	40,269
Utilities	2,344	977	586	3,907
Equipment rental & maintenance	4,408	1,841	713	6,962
Telephone	2,214	922	553	3,689
Supplies	5,495	2,303	283	8,081
Travel & conference	53,192	1,247	831	55,270
Accounting		23,000		23,000
Advertising	83,671			83,671
Postage	1,985	567	284	2,836
Sub-contract grantee	45,028			45,028
Depreciation	8,393			8,393
Miscellaneous	8,873	6,826	252	15,951
 Total expenses	 478,882	 110,220	 20,081	 609,183