

**GRAND RAPIDS CABLE ACCESS CENTER, INC.  
D/B/A COMMUNITY MEDIA CENTER**

**FINANCIAL STATEMENTS**

**For the Years Ended June 30, 2019 and 2018**

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# SEBER TANS, PLC

CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Grand Rapids Cable Access Center, Inc.  
d/b/a Community Media Center  
Grand Rapids, Michigan

We have audited the accompanying financial statements of the Grand Rapids Cable Access Center, Inc., d/b/a Community Media Center (the Center) which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and changes in net assets, statements of functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Center's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grand Rapids Cable Access Center d/b/a Community Media Center as of June 30, 2019 and 2018, 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.

## **Emphasis of Matter – Change in Accounting Policy**

As discussed in Note A to the financial statements, the “Organization” implemented Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial statements of Not-for-Profit Entities. Accordingly, the “Organization” has adjusted the presentation in these financial statements. The ASU has been applied retrospectively to all periods presented and had no material impact on the classification of net assets. Our opinion is not modified with respect to this matter.

*Seber Tans, PLC*

Seber Tans, PLC  
November 12, 2019

**Grand Rapids Cable Access Center  
d/b/a Community Media Center  
Statements of Financial Position  
June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Current Assets		
Cash	\$ 1,175,623	\$ 709,011
Accounts Receivable, net of allowance for doubtful accounts of \$2,000 and \$8,900 at June 30, 2019 and 2018, respectively	12,861	48,899
Grants receivable	15,854	131,698
Prepaid expenses	9,594	-
Total Current Assets	<u>1,213,932</u>	<u>889,608</u>
Property and Equipment		
Land	220,000	220,000
Buildings	1,317,876	1,317,876
Leasehold Improvements	645,354	645,354
Radio Tower	214,227	214,227
Office Equipment and Computers	401,689	401,689
Production and Service Equipment	1,636,866	1,622,330
Vehicles	56,984	56,984
Artwork	58,000	58,000
	<u>4,550,996</u>	<u>4,536,460</u>
Accumulated depreciation	<u>(3,256,262)</u>	<u>(3,086,829)</u>
	<u>1,294,734</u>	<u>1,449,631</u>
<b>Total Assets</b>	<b><u>\$ 2,508,666</u></b>	<b><u>\$ 2,339,239</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 12,632	\$ 1,489
Accrued salaries and wages	70,865	51,943
Total current liabilities	<u>83,497</u>	<u>53,432</u>
Net Assets		
Net Assets Without Restrictions	2,408,769	2,277,807
Net Assets With Restrictions	16,400	8,000
Total Net Assets	<u>2,425,169</u>	<u>2,285,807</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 2,508,666</u></b>	<b><u>\$ 2,339,239</u></b>

See Accompanying Notes to Financial Statements

**Grand Rapids Cable Access Center  
d/b/a Community Media Center  
Statements of Activities and Changes in Net Assets  
For the Years Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Net Assets Without Restrictions</b>		
Public Support and Revenue		
Contract revenue	\$ 716,581	\$ 742,769
Grants and contributions	309,727	406,117
In kind contributions:		
Property and goods	11,255	21,182
Services	320,475	276,650
Class fees	15,798	13,887
Membership dues	36,152	28,560
Services revenue	288,248	257,997
Sale of inventory	99,307	77,580
Interest and other income	1,755	995
Rental income	30,072	30,072
Total Public Support and Revenue	<u>1,829,370</u>	<u>1,855,809</u>
Net assets released from restriction	8,000	6,696
Total Support and Revenue and Releases	<u>1,837,370</u>	<u>1,862,505</u>
 Expenses		
Program Services		
GRTV	360,519	407,517
Venue services	377,437	369,593
WYCE	426,718	436,879
IT Services	119,933	81,820
Education	41,360	59,150
Rapidian	73,921	146,571
Other programs	3,569	1,194
Total Program Services	<u>1,403,457</u>	<u>1,502,724</u>
Supporting Services		
Management and general	153,589	171,091
Fundraising	149,362	105,207
Total Supporting Services	<u>302,951</u>	<u>276,298</u>
Total Expenses	<u>1,706,408</u>	<u>1,779,022</u>
Change in Net Assets without Donor Restrictions	130,962	83,483
 <b>Net Assets With Restrictions</b>		
Grants and contributions	16,400	8,000
Release of restrictions on funding	(8,000)	(6,696)
Change in Net Assets with Donor Restrictions	<u>8,400</u>	<u>1,304</u>
 <b>Change in Net Assets</b>	<b>139,362</b>	<b>84,787</b>
Net Assets at Beginning of Year	<u>2,285,807</u>	<u>2,201,020</u>
 <b>Net Assets at End of Year</b>	<b><u>\$ 2,425,169</u></b>	<b><u>\$ 2,285,807</u></b>

See Accompanying Notes to Financial Statements

**Grand Rapids Cable Access Center  
d/b/a Community Media Center  
Statement of Functional Expenses  
For the Year Ended June 30, 2019**

	<b>GRTV</b>	<b>Venue Services</b>	<b>WYCE</b>	<b>IT Services</b>	<b>Education</b>	<b>Rapidian</b>	<b>Other Programs</b>	<b>Total Program Services</b>	<b>Management and General</b>	<b>Fund-raising</b>	<b>Totals</b>
Compensation	\$ 143,261	\$ 86,673	\$ 90,493	\$ 85,511	\$ 32,338	\$ 50,881	\$ (757)	\$ 488,400	\$ 100,715	\$ 127,757	\$ 716,872
Payroll taxes	10,890	6,586	6,874	6,500	2,458	3,868	-	37,176	7,368	9,706	54,250
Employee benefits	17,661	7,052	6,385	16,494	(864)	1,990	600	49,318	6,016	11,899	67,233
Contract labor	2,386	14,048	22,732	620	1,870	1,241	70	42,967	3,411	-	46,378
Consulting expense	1,445	1,120	630	420	280	840	-	4,735	2,310	-	7,045
Facility maintenance	300	12,861	429	90	64	180	43	13,967	494	-	14,461
Equipment maintenance	309	503	570	174	116	380	388	2,440	955	-	3,395
Telephone and internet	5,011	8,062	2,850	4,827	1,019	3,938	-	25,707	6,430	-	32,137
Staff and board development	333	312	828	76	51	152	306	2,058	415	-	2,473
Rent	1,000	800	450	300	200	600	-	3,350	1,650	-	5,000
Supplies	234	58,054	13,076	45	337	90	-	71,836	247	-	72,083
Utilities	5,399	44,693	15,892	1,620	1,080	3,239	-	71,923	8,908	-	80,831
Insurance	2,997	1,853	2,063	564	376	1,127	-	8,980	3,100	-	12,080
Membership and dues	3,380	1,423	6,808	30	395	616	888	13,540	167	-	13,707
Miscellaneous expense	1,930	1,586	4,992	579	386	1,158	-	10,631	3,184	-	13,815
License and permits	-	3,309	-	-	-	-	-	3,309	-	-	3,309
Postage and freight	103	82	858	31	21	62	322	1,479	168	-	1,647
Printing	599	1,212	3,947	180	120	432	(14)	6,476	988	-	7,464
Professional fees	3,814	15,472	5,099	1,124	779	2,257	1,451	29,996	6,127	-	36,123
Promotions	133	113	1,123	(1)	45	93	252	1,758	(4)	-	1,754
Travel and lodging	60	1,169	27	18	34	36	12	1,356	99	-	1,455
Vehicle expense	258	205	119	140	214	141	8	1,085	389	-	1,474
Minor equipment purchases	4,624	5,081	1,730	550	-	-	-	11,985	-	-	11,985
Major equipment purchases	6,235	-	-	-	-	-	-	6,235	-	-	6,235
Bad debt expense	2,694	-	600	-	-	-	-	3,294	-	-	3,294
In kind programmer	58,800	-	237,675	-	-	600	-	297,075	-	-	297,075
In kind contract labor	-	23,400	-	-	-	-	-	23,400	-	-	23,400
<b>Total Expenses</b>											
Before Depreciation	<u>273,856</u>	<u>295,669</u>	<u>426,250</u>	<u>119,892</u>	<u>41,319</u>	<u>73,921</u>	<u>3,569</u>	<u>1,234,476</u>	<u>153,137</u>	<u>149,362</u>	<u>1,536,975</u>
Depreciation expense	86,663	81,768	468	41	41	-	-	168,981	452	-	169,433
<b>Total Expenses</b>	<b>\$ 360,519</b>	<b>\$ 377,437</b>	<b>\$ 426,718</b>	<b>\$ 119,933</b>	<b>\$ 41,360</b>	<b>\$ 73,921</b>	<b>\$ 3,569</b>	<b>\$ 1,403,457</b>	<b>\$ 153,589</b>	<b>\$ 149,362</b>	<b>\$ 1,706,408</b>

See Accompanying Notes to Financial Statements

**Grand Rapids Cable Access Center  
d/b/a Community Media Center  
Statement of Functional Expenses  
For the Year Ended June 30, 2018**

	<b>GRTV</b>	<b>Venue Services</b>	<b>WYCE</b>	<b>IT Services</b>	<b>Education</b>	<b>Rapidian</b>	<b>Other Programs</b>	<b>Total Program Services</b>	<b>Management and General</b>	<b>Fund-raising</b>	<b>Totals</b>
Compensation	\$ 185,227	\$ 97,440	\$ 108,463	\$ 48,682	\$ 37,328	\$ 115,144	\$ (150)	\$ 592,134	\$ 102,542	\$ 89,536	\$ 784,212
Payroll taxes	14,102	7,405	8,241	3,692	2,838	8,761	-	45,039	7,987	6,937	59,963
Employee benefits	19,377	7,548	7,812	15,066	11,195	1,895	-	62,893	3,901	8,734	75,528
Contract labor	3,353	17,672	14,882	930	1,595	1,860	-	40,292	5,113	-	45,405
Consulting expense	10	8	5	3	2	6	-	34	16	-	50
Facility maintenance	666	14,715	509	124	83	248	-	16,345	681	-	17,026
Equipment maintenance	(2,315)	1,440	285	129	835	241	(25)	590	573	-	1,163
Telephone and internet	5,082	8,422	2,950	4,719	1,131	3,869	-	26,173	6,351	-	32,524
Staff and board development	379	284	374	94	63	189	-	1,383	519	-	1,902
Rent	1,000	800	450	300	200	610	-	3,360	1,650	-	5,010
Supplies	3,900	46,437	16,361	264	555	3,316	55	70,888	1,455	-	72,343
Utilities	5,883	37,970	15,845	1,765	1,177	3,530	-	66,170	9,707	-	75,877
Insurance	3,023	1,478	4,279	299	199	598	-	9,876	1,645	-	11,521
Membership and dues	633	955	6,709	54	303	876	-	9,530	235	-	9,765
Miscellaneous expense	3,444	3,456	7,021	1,033	689	2,067	-	17,710	5,683	-	23,393
License and permits	-	3,020	-	-	-	-	-	3,020	-	-	3,020
Postage and freight	123	112	1,459	37	25	74	222	2,052	203	-	2,255
Printing	835	751	765	226	151	1,548	-	4,276	1,245	-	5,521
Professional fees	78	8,309	3,483	5	70	68	1,064	13,077	19,109	-	32,186
Promotions	730	803	5,805	70	42	667	(3)	8,114	185	-	8,299
Travel and lodging	211	3	2	1	5	2	-	224	5	-	229
Vehicle expense	201	120	88	45	192	97	31	774	247	-	1,021
Minor equipment purchases	10,645	5,102	2,272	73	323	215	-	18,630	401	-	19,031
Major equipment purchases	7,916	-	-	-	-	-	-	7,916	-	-	7,916
Bad debt expense	-	2,979	-	4,060	-	-	-	7,039	-	-	7,039
In kind programmer	39,200	-	227,860	-	-	690	-	267,750	-	-	267,750
In kind contract labor	-	8,900	-	-	-	-	-	8,900	-	-	8,900
<b>Total Expenses</b>											
Before Depreciation	303,703	276,129	435,920	81,671	59,001	146,571	1,194	1,304,189	169,453	105,207	1,578,849
Depreciation expense	103,814	93,464	959	149	149	-	-	198,535	1,638	-	200,173
<b>Total Expenses</b>	<b>\$ 407,517</b>	<b>\$ 369,593</b>	<b>\$ 436,879</b>	<b>\$ 81,820</b>	<b>\$ 59,150</b>	<b>\$ 146,571</b>	<b>\$ 1,194</b>	<b>\$ 1,502,724</b>	<b>\$ 171,091</b>	<b>\$ 105,207</b>	<b>\$ 1,779,022</b>

See Accompanying Notes to Financial Statements

**Grand Rapids Cable Access Center  
d/b/a Community Media Center  
Statements of Cash Flows  
For the Years Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 139,362	\$ 84,787
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	169,433	200,173
Bad debts	3,294	7,039
Changes in operating assets and liabilities:		
Accounts receivable	32,744	(11,611)
Grants receivable	115,844	1,160
Prepaid expenses	(9,594)	-
Accounts payable	11,143	1,489
Accrued expenses	18,922	(32,382)
Net Cash Provided by Operating Activities	<u>481,148</u>	<u>250,655</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(14,536)	(26,962)
Net withdrawals from restricted cash	-	-
Net Cash Used in Investing Activities	<u>(14,536)</u>	<u>(26,962)</u>
<b>Change in Cash</b>	<b>466,612</b>	<b>223,693</b>
Cash at Beginning of Year	<u>709,011</u>	<u>485,318</u>
<b>Cash at End of Year</b>	<b><u>\$ 1,175,623</u></b>	<b><u>\$ 709,011</u></b>

See Accompanying Notes to Financial Statements

**Grand Rapids Cable Access Center  
d/b/a Community Media Center  
Notes to Financial Statements  
For the Years Ended June 30, 2019 and 2018**

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**NOTE A – Summary of Significant Accounting Policies**

Business Activities

The Grand Rapids Cable Access Center, Inc. d/b/a Community Media Center (the Center) operates through funding provided by a contract with the City of Grand Rapids, membership fees, class fees, grants and donations. The Center operates GRTV, a nonprofit public access television station. Its purpose is to provide metropolitan Grand Rapids and selected outlying communities with non-commercial access programming through Comcast Cable Services. The funding provided by the City is restricted to funding the operations of GRTV only and is required to be maintained in a segregated bank account. The contract between the Center and the City expires December 31, 2023. Current programs and services provided by Grand Rapids Cable Access Center, Inc. d/b/a Community Media Center include the following:

Other Programming Services

The Center provides project-based media and technology services in partnerships with various community entities.

GRTV

GRTV is the designated public access television provider for the City of Grand Rapids and many of the surrounding communities. GRTV plays non-commercial video programs submitted by the community on channels 25 and 24 (LiveWire). GRTV also loans out equipment to make programs and conducts training workshops to certify Community Media Center members to borrow equipment for these purposes. GRTV also has a production wing called Community Media Services that helps other nonprofit organizations with their media production needs.

Wealthy Theatre

The Community Media Center operates the Wealthy Theatre, a historic, 400-seat neighborhood theatre. The theatre is a community space for concerts, films, lectures and other performances and rehearsals. Wealthy Theatre is also available for member programmed events. A concession stand and smaller meeting rooms are also available to support events.

WYCE 88.1 FM

The Center operates WYCE 88.1 FM, a non-commercial, educational radio station. The station is funded through listener contributions, class fees, promotional concert series and fundraising events.

IT Services

The Center provides IT Services for nonprofit organizations.

**Grand Rapids Cable Access Center  
d/b/a Community Media Center  
Notes to Financial Statements  
For the Years Ended June 30, 2019 and 2018**

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**NOTE A – Summary of Significant Accounting Policies (Continued)**

Education Services

The Center operates on-site and off-site educational training in media production, media literacy, and technology applications. Educational services are funded through donations, grants, user fees and consulting services.

Rapidian

Is a hyper-local, web-based community news and information site. Content is created by volunteer citizen journalists, interns and CMC staff.

Basis of Presentation

The financial statements of the Center have been prepared on the accrual basis of accounting. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

*Net Assets without Donor Restrictions* – Net assets available for use in general and not subject to donor (or certain grantor) restrictions.

*Net Assets with Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulate time has elapsed, or when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash Equivalents

For purposes of the statement of cash flows, cash is defined as cash in checking, savings, and money market accounts, and investments with an initial maturity of less than three months.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its evaluation of the status of individual accounts, past credit history with customers and the customers' current financial condition. 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. Changes in the valuation allowance have not been material to the financial statements.

**Grand Rapids Cable Access Center  
d/b/a Community Media Center  
Notes to Financial Statements  
For the Years Ended June 30, 2019 and 2018**

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**NOTE A – Summary of Significant Accounting Policies (Continued)**

Contributions and Promises

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. The Center reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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. If the restriction will be met in the same reporting period, the support will be recorded as unrestricted.

Unconditional promises to give are recognized as revenue in the period the promise is made and as assets, decreases of liabilities or expenses depending on the form of the benefits to be received. Conditional promises to give are recognized when the conditions upon which they depend are substantially met.

Promises to give are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its evaluation of the status of individual accounts, past credit history with donors and the donors' current financial condition. 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. Changes in the valuation allowance have not been material to the financial statements. The majority of these promises are expected to be collected within one year. The long-term portion of promises to give has been deemed immaterial to segregate and the related discount has been deemed immaterial to record.

Property and Equipment

The Center follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$1,000. Donations of property and equipment are recorded as support at the estimated fair value at the time received. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Depreciation is recorded on the straight-line and accelerated methods at rates based on the estimated useful life of the asset. Works of art are not depreciated because they do not have a determinable useful life.

In the event the contract between the Center and the City of Grand Rapids (City) is terminated, the Center is required to transfer title and possession of all assets acquired in whole or part with funds provided by the City, or with funds raised independently by the Center which were used to qualify for payment of matching funds to the City.

**Grand Rapids Cable Access Center  
d/b/a Community Media Center  
Notes to Financial Statements  
For the Years Ended June 30, 2019 and 2018**

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**NOTE A – Summary of Significant Accounting Policies (Continued)**

Donated Services, Property, Goods and Facilities

Amounts that have been reported in the financial statements as voluntary donations of services are those services that create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills, which would be typically purchased if not provided by donation. In-kind services of \$320,475 and \$276,650 have been recorded in the statements of activities for the years ended June 30, 2019 and 2018, respectively. These in-kind services were primarily for the staffing of WYCE.

In addition, contributions of property, goods and facilities of \$11,255 and \$21,182 are recorded in the statements of activities at their estimated fair value for the years ended June 30, 2019 and 2018, respectively.

Functional Allocation of Expenses

The costs of providing the Center's various programs and supporting services have been summarized on a functional basis in the statements of activities. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Such allocations are determined by management on an equitable basis and are consistently applied.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries	Time and effort
Employee benefits	Time and effort
Payroll taxes	Time and effort
Utilities	Time and effort
Supplies	Program benefitted
Insurance	Time and effort
Depreciation	Square footage and program benefitted
Repairs and maintenance	Square footage and program benefitted
Other costs	Time and effort

Income Taxes

The Internal Revenue Service has determined the Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). However, the Center receives rental income from a cellular company for rental of its radio tower and rental income from parking space at Wealthy Theatre that is unrelated to their tax-exempt purpose and accordingly is subject to unrelated business income taxes.

Management of the Center considers the likelihood of changes by taxing authorities in its exempt organization returns and discloses potential significant changes that management believes are more likely than not to occur upon examination by tax authorities. Management has not identified any uncertain tax positions in filed returns that require disclosure in the accompanying financial statements.

**Grand Rapids Cable Access Center  
d/b/a Community Media Center  
Notes to Financial Statements  
For the Years Ended June 30, 2019 and 2018**

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**NOTE A – Summary of Significant Accounting Policies (Continued)**

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of management’s estimates. These estimates affect the amounts reported in the financial statements and the disclosures provided. Actual results may differ from management’s estimates.

Advertising Costs

All advertising costs are expensed in the period in which they are incurred.

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all period presented and had no material impact on the classification of net assets.

**NOTE B – Restriction on Assets**

Net assets with donor restrictions were as follows for the years ended:

	2019	2018
Specific purpose	\$ 16,400	\$ 8,000

**NOTE C – Concentrations**

Major Funding Source

Approximately 47% of the Center's revenue was provided by the City of Grand Rapids and other municipalities under an operating agreement providing funding to the Center through fees received from commercial cable providers for the years ended June 30, 2019 and 2018, respectively. The agreement with the City of Grand Rapids expires December 31, 2023. There is currently proposed legislation that may eliminate or reduce fees that cable providers are required to pay municipalities. The loss of this revenue will have a negative impact on the Center.

Credit Risk

The Center has financial instruments that are subject to credit risk which include: accounts receivable, promises receivable, and cash that at times may exceed FDIC insurance limits. The Center maintains its cash deposits with several financial institutions. The Federal Deposit Insurance Corporation insures accounts at each institution up to \$250,000. At June 30, 2019, approximately \$900,000 of the Center’s cash deposit balances were in excess of the FDIC insured limits.

**Grand Rapids Cable Access Center  
d/b/a Community Media Center  
Notes to Financial Statements  
For the Years Ended June 30, 2019 and 2018**

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**NOTE D – Leases**

The Center leases facilities under an operating lease expiring December 31, 2037. The lease requires an annual payment of \$5,000. Lease expense totaled \$5,000 during each of the years ended June 30, 2019 and 2018. The future minimum lease payments required under this facility lease agreement are as follows:

2020	\$ 5,000
2021	5,000
2022	5,000
2023	5,000
2024	5,000
Thereafter	65,000
	<u>\$ 90,000</u>

Commencing September 2016, the Center signed a three-year agreement to lease a portion of the parking lot. Rent income in the amount of \$833 is received monthly. Total future rents to be received are as of June 30, 2020 totaled \$2,500.

**NOTE E – Retirement Plan**

The Organization sponsors a retirement plan (the Plan) covering all eligible employees, which contains 403(b) salary reduction provisions. Under the Plan, an employee may elect to make a voluntary salary deferral to the Plan up to amounts allowed under federal law. Employer contributions to the Plan may be made annually based on a percentage of eligible employees' gross pay at the discretion of the Board of Directors. No employer contributions to the Plan were made during the fiscal years ended June 30, 2019 and 2018.

**NOTE F – Cash Flow Information**

No cash was paid for interest during the years ended June 30, 2019 and 2018.

**NOTE G – Liquidity and Availability**

Financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year of the statement of financial position, comprised the following:

Cash	\$ 1,175,623
Accounts and grants receivable	28,715
Total Assets available	<u>1,204,338</u>
Less: Assets with donor restrictions	<u>(16,400)</u>
Available for operations	<u>\$ 1,187,938</u>

The Center has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations are due.

**NOTE H – Subsequent Events**

Management has evaluated subsequent events through November 12, 2019, the date on which the financial statements were available to be issued.