

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

**FINANCIAL STATEMENTS**

**For the Years Ended June 30, 2021 and 2020**

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# SEBER TANS, PLC

CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Grand Rapids Cable Access Center (a nonprofit corporation) d/b/a Community Media Center (the Center) which comprise the statements of financial position as of June 30, 2021 and 2020, 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 audit. We conducted our audit 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, 2021 and 2020, 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.

*Seber Tans, PLC*

Seber Tans, PLC  
Kalamazoo, Michigan  
December 20, 2021

**Grand Rapids Cable Access Center  
d/b/a Community Media Center  
Statements of Financial Position  
June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current Assets		
Cash	\$ 2,181,311	\$ 1,638,113
Accounts receivable, net of allowance for doubtful accounts of \$2,000 at June 30, 2021 and 2020	10,116	12,176
Total Current Assets	<u>2,191,427</u>	<u>1,650,289</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	363,759	401,550
Production and service equipment	1,285,412	1,740,232
Vehicles	9,257	56,984
Artwork	58,000	58,000
	<u>4,113,885</u>	<u>4,654,223</u>
Accumulated depreciation	<u>(2,987,050)</u>	<u>(3,411,672)</u>
	<u>1,126,835</u>	<u>1,242,551</u>
<b>Total Assets</b>	<b><u>\$ 3,318,262</u></b>	<b><u>\$ 2,892,840</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 19,358	\$ 2,842
Accrued salaries and wages	71,664	71,664
Deferral of paycheck protection program funds	284,082	137,922
Total Current Liabilities	<u>375,104</u>	<u>212,428</u>
Net Assets		
Net assets with restrictions	78,823	-
Net assets without restrictions	2,864,335	2,680,412
	<u>2,943,158</u>	<u>2,680,412</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 3,318,262</u></b>	<b><u>\$ 2,892,840</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, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Net Assets Without Donor Restrictions</b>		
Public Support and Revenue		
Contract revenue	\$ 921,114	\$ 774,963
Grants and contributions	266,059	289,556
In-kind contributions:		
Property and goods	1,200	7,000
Services	219,000	379,700
Class fees	165	4,892
Membership dues	7,750	25,902
Services revenue	101,964	257,136
Sale of inventory	2,884	90,639
Interest and other (expense)	15,233	14,039
Rental income	31,112	31,064
Total Public Support and Revenue	<u>1,566,481</u>	<u>1,874,891</u>
Net assets released from restriction	-	16,400
Total Support and Revenue and Releases	<u>1,566,481</u>	<u>1,891,291</u>
Expenses		
Program Services		
GRTV	696,993	671,071
Venue services	130,248	271,537
WYCE	323,908	460,557
IT services	92,326	82,899
Education	-	6,247
Rapidian	40,291	27,796
Other programs	-	11,588
Total Program Services	<u>1,283,766</u>	<u>1,531,695</u>
Supporting Services		
Management and general	62,170	43,619
Fundraising	36,622	44,334
Total Supporting Services	<u>98,792</u>	<u>87,953</u>
Total Expenses	<u>1,382,558</u>	<u>1,619,648</u>
Change in Net Assets without Donor Restrictions	183,923	271,643
<b>Net Assets With Donor Restrictions</b>		
Contract revenue	78,823	-
Release of restrictions on funding	-	(16,400)
Change in Net Assets with Donor Restrictions	<u>78,823</u>	<u>(16,400)</u>
<b>Change in Net Assets</b>	<b>262,746</b>	<b>255,243</b>
Net Assets at Beginning of Year	<u>2,680,412</u>	<u>2,425,169</u>
<b>Net Assets at End of Year</b>	<b><u>\$ 2,943,158</u></b>	<b><u>\$ 2,680,412</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, 2021**

	<b>GRTV</b>	<b>Venue Services</b>	<b>WYCE</b>	<b>IT Services</b>	<b>Rapidian</b>	<b>Total Program Services</b>	<b>Management and General</b>	<b>Fund-raising</b>	<b>Totals</b>
Compensation	\$ 371,920	\$ 13,052	\$ 46,885	\$ 61,997	\$ 20,344	\$ 514,198	\$ 41,168	\$ 28,149	\$ 583,515
Payroll taxes	27,380	963	3,518	4,163	1,572	37,596	1,089	3,858	42,543
Employee benefits	43,044	1,937	5,691	12,318	2,149	65,139	3,448	4,615	73,202
Contract labor	2,949	4,160	387	195	195	7,886	388	-	8,274
Consulting expense	4,470	230	230	230	230	5,390	460	-	5,850
Facility maintenance	1,810	6,377	2,019	84	84	10,374	169	-	10,543
Equipment maintenance	9,854	247	547	38	38	10,724	79	-	10,803
Telephone and internet	19,027	6,455	2,896	5,054	6,207	39,639	2,517	-	42,156
Staff and board development	12,699	905	905	905	905	16,319	1,809	-	18,128
Rent	3,500	250	250	250	250	4,500	500	-	5,000
Supplies	892	4,871	2,630	35	35	8,463	72	-	8,535
Utilities	32,219	19,623	14,396	1,435	1,435	69,108	2,871	-	71,979
Insurance	11,617	770	3,670	770	770	17,597	1,542	-	19,139
Membership and dues	4,963	703	6,861	615	678	13,820	204	-	14,024
Miscellaneous expense	8,153	582	2,033	582	582	11,932	1,166	-	13,098
License and permits	-	1,057	-	-	-	1,057	-	-	1,057
Postage and freight	204	15	313	15	15	562	28	-	590
Printing	1,745	125	125	125	125	2,245	248	-	2,493
Professional fees	43,011	4,327	5,690	1,980	1,868	56,876	3,735	-	60,611
Promotions	411	285	210	52	25	983	53	-	1,036
Travel and lodging	1	-	-	-	-	1	-	-	1
Vehicle expense	305	2	2	2	2	313	4	-	317
Minor equipment purchases	21,704	1,272	1,859	1,391	2,782	29,008	(463)	-	28,545
Bad debt expense	-	-	3,490	-	-	3,490	-	-	3,490
In kind programmer	-	-	219,000	-	-	219,000	-	-	219,000
<b>Total Expenses</b>									
Before Depreciation	<u>621,878</u>	<u>68,208</u>	<u>323,607</u>	<u>92,236</u>	<u>40,291</u>	<u>1,146,220</u>	<u>61,087</u>	<u>36,622</u>	<u>1,243,929</u>
Depreciation expense	<u>75,115</u>	<u>62,040</u>	<u>301</u>	<u>90</u>	<u>-</u>	<u>137,546</u>	<u>1,083</u>	<u>-</u>	<u>138,629</u>
<b>Total Expenses</b>	<b>\$ 696,993</b>	<b>\$ 130,248</b>	<b>\$ 323,908</b>	<b>\$ 92,326</b>	<b>\$ 40,291</b>	<b>\$ 1,283,766</b>	<b>\$ 62,170</b>	<b>\$ 36,622</b>	<b>\$ 1,382,558</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, 2020**

	<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	\$ 327,931	\$ 64,403	\$ 78,807	\$ 58,914	\$ 2,037	\$ 17,813	\$ (1,303)	\$ 548,602	\$ 27,487	\$ 41,186	\$ 617,275
Payroll taxes	24,308	4,308	5,575	4,081	147	1,281	-	39,700	1,311	3,148	44,159
Employee benefits	30,031	6,556	6,700	9,140	-	1,786	5,410	59,623	4,447	-	64,070
Contract labor	1,614	9,787	12,833	408	871	817	1,793	28,123	2,246	-	30,369
Facility maintenance	6,591	3,892	464	1,236	25	74	365	12,647	326	-	12,973
Equipment maintenance	(914)	1,541	190	2	1	4	1,847	2,671	11	-	2,682
Telephone and internet	17,559	3,410	2,470	4,778	806	4,399	280	33,702	1,812	-	35,514
Staff and board development	208	257	4	3	2	5	929	1,408	13	-	1,421
Rent	3,500	-	450	300	200	-	-	4,450	550	-	5,000
Supplies	129	49,656	7,931	37	25	74	431	58,283	201	-	58,484
Utilities	33,908	17,290	15,310	1,026	821	410	-	68,765	1,847	-	70,612
Insurance	7,524	150	-	-	-	-	2,878	10,552	-	-	10,552
Membership and dues	3,341	1,074	6,578	220	12	36	2,303	13,564	159	-	13,723
Miscellaneous expense	6,129	821	4,874	437	350	175	(8,942)	3,844	789	-	4,633
License and permits	-	2,143	-	-	-	-	-	2,143	-	-	2,143
Postage and freight	503	44	537	34	27	13	178	1,336	60	-	1,396
Printing	1,833	203	1,637	127	102	51	442	4,395	230	-	4,625
Professional fees	13,097	10,496	4,078	958	746	384	1,770	31,529	1,680	-	33,209
Promotions	1,256	250	3,452	37	29	14	700	5,738	65	-	5,803
Travel and lodging	-	274	33	22	15	44	1,514	1,902	192	-	2,094
Vehicle expense	302	21	22	22	17	9	147	540	39	-	579
Minor equipment purchases	44,014	2,792	1,053	353	2	7	846	49,067	20	-	49,087
Major equipment purchases	13,358	-	-	-	-	-	-	13,358	-	-	13,358
Bad debt expense	-	25	-	752	-	-	-	777	-	-	777
In kind programmer	48,000	-	307,300	-	-	400	-	355,700	-	-	355,700
In kind contract labor	-	24,000	-	-	-	-	-	24,000	-	-	24,000
<b>Total Expenses Before Depreciation</b>	<b>584,222</b>	<b>203,393</b>	<b>460,298</b>	<b>82,887</b>	<b>6,235</b>	<b>27,796</b>	<b>11,588</b>	<b>1,376,419</b>	<b>43,485</b>	<b>44,334</b>	<b>1,464,238</b>
Depreciation expense	86,849	68,144	259	12	12	-	-	155,276	134	-	155,410
<b>Total Expenses</b>	<b>\$ 671,071</b>	<b>\$ 271,537</b>	<b>\$ 460,557</b>	<b>\$ 82,899</b>	<b>\$ 6,247</b>	<b>\$ 27,796</b>	<b>\$ 11,588</b>	<b>\$ 1,531,695</b>	<b>\$ 43,619</b>	<b>\$ 44,334</b>	<b>\$ 1,619,648</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, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 262,746	\$ 255,243
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	138,629	155,410
Bad debts	3,490	777
Changes in operating assets and liabilities:		
Accounts receivable	(1,430)	(92)
Grants receivable	-	15,854
Prepaid expenses	-	9,594
Accounts payable	16,516	(9,790)
Accrued expenses	-	799
Net Cash Provided by Operating Activities	<u>419,951</u>	<u>427,795</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<u>(22,913)</u>	<u>(103,227)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from payroll protection program	<u>146,160</u>	<u>137,922</u>
<b>Change in Cash</b>	<b>543,198</b>	<b>462,490</b>
Cash at Beginning of Year	<u>1,638,113</u>	<u>1,175,623</u>
<b>Cash at End of Year</b>	<b><u>\$ 2,181,311</u></b>	<b><u>\$ 1,638,113</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, 2021 and 2020**

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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:

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.

Other Programming Services

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

**Grand Rapids Cable Access Center  
d/b/a Community Media Center  
Notes to Financial Statements  
For the Years Ended June 30, 2021 and 2020**

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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.

Reclassifications

Certain reclassifications may have been made in the prior year's amounts to conform with current year statement presentation.

**Grand Rapids Cable Access Center  
d/b/a Community Media Center  
Notes to Financial Statements  
For the Years Ended June 30, 2021 and 2020**

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

Revenue Recognition

Contributions to the Center are recognized when a donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with restrictions are reclassified to net assets without restrictions.

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.

Class fees, member dues, services revenue, sale of inventory and rental income are recognized when control of promised services is transferred to customers, in an amount that reflects the consideration the Center expects to be entitled to in exchange for those services.

Property and Equipment

The Center follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$5,000. 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.

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.

**Grand Rapids Cable Access Center  
d/b/a Community Media Center  
Notes to Financial Statements  
For the Years Ended June 30, 2021 and 2020**

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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 \$379,700 and \$320,475 have been recorded in the statements of activities for the years ended June 30, 2021 and 2020, respectively. These in-kind services were primarily for the staffing of WYCE.

In addition, contributions of property, goods and facilities of \$7,000 and \$11,255 are recorded in the statements of activities at their estimated fair value for the years ended June 30, 2021 and 2020, 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, 2021 and 2020**

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

Advertising Costs

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

New Accounting Pronouncements Effective in Future Accounting Periods

In February 2016, Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update No. 2016-02 *Leases* (Topic 842), to increase the transparency and comparability about leases among entities. The new guidance requires lessees to recognize a lease liability and a corresponding lease asset for virtually all lease contracts. It also requires additional disclosures about leasing arrangements. ASU No. 2016-02 as amended by ASU No.2020-05 is effective for non public entities for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. ASU No. 2016-02 originally specified a modified retrospective transition method which requires the entity to initially apply the new leases standard at the beginning of the earliest period presented in the financial statements. In July 2018, FASB issued ASU No. 2018-11, *Leases* (Topic 842): Targeted Improvements, providing a second, optional transition method which allows the entity to apply the new standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. Management is currently assessing the impact on this new standard.

In September 2020, the FASB issued ASU 2020-07 on Topic 958, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gift-in-kind. The standard is effective for annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. Management is currently assessing the impact on this new standard.

**NOTE B – Restriction on Assets**

Net assets with donor restrictions were as follows for the years ended June 30:

	2021	2020
Operation of public access cable channels	\$ 78,823	\$ -

**NOTE C – Concentrations**

Major Funding Source

Approximately 67% and 52% 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, 2021 and 2020, 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.

**Grand Rapids Cable Access Center  
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**NOTE C – Concentrations (Continued)**

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, 2021, approximately \$1,955,000 of the Center's cash deposit balances were in excess of the FDIC insured limits.

**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, 2021 and 2020. The future minimum lease payments required under this facility lease agreement are as follows:

2022	\$	5,000
2023		5,000
2024		5,000
2025		5,000
2026		5,000
Thereafter		55,000
	<u>\$</u>	<u>80,000</u>

Commencing September 2016, the Center signed a three-year agreement to lease a portion of the parking lot which was extended in 2019 for an additional three years. Rent income in the amount of \$850 is received monthly. Total future rents to be received as of June 30, 2021 totals approximately \$22,500.

**NOTE E – Retirement Plan**

The Center 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, 2021 and 2020.

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**NOTE F – Risks and Uncertainties**

In December 2019, a novel strain of coronavirus (COVID-19) was reported in Wuhan, China. On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter-in-place orders, including Michigan, where the Organization is located.

At June 30, 2021, the pandemic continues and management continues to initiate changes and modification of the operations of the programs, events and administrative functions in order to protect the health of staff, residents, and consumers and to mitigate the financial effects of the virus and its resultant economic slowdown. The Organization will continue to evaluate, and if appropriate, adopt other measures in the future as required for the ongoing safety of clients and staff.

**NOTE G – Cash Flow Information**

No cash was paid for interest during the years ended June 30, 2021 and 2020.

**NOTE H – 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:

	<u>2021</u>	<u>2020</u>
Cash	\$ 2,181,311	\$ 1,638,113
Accounts receivable	10,116	12,176
Total Assets Available	<u>2,191,427</u>	<u>1,650,289</u>
Less: Assets with donor restrictions	<u>(78,823)</u>	-
Available for Operations	<u>\$ 2,112,604</u>	<u>\$ 1,650,289</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 I – Subsequent Events**

Management has evaluated subsequent events through December 20, 2021, the date on which the financial statements were available to be issued.