

**GRAND RAPIDS CABLE ACCESS CENTER
d/b/a COMMUNITY MEDIA CENTER**

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

For the Years Ended June 30, 2022 and 2021

TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditors' Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-14
Supplementary Information	
Schedule of GRTV Expenses to Budget for year ended June 30, 2022	15

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

Opinion

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, 2022 and 2021, 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.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of GRTV Expenses to Budget for the year ended June 30, 2022 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Seber Tans, PLC

Seber Tans, PLC
Kalamazoo, Michigan
December 22, 2022

**Grand Rapids Cable Access Center
d/b/a Community Media Center
Statements of Financial Position
June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets		
Cash	\$ 2,286,490	\$ 2,181,311
Accounts receivable, net of allowance for doubtful accounts of \$2,000 at June 30, 2022 and 2021	20,683	10,116
Prepaid expenses	9,294	-
Total Current Assets	<u>2,316,467</u>	<u>2,191,427</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	414,217	363,759
Production and service equipment	1,397,842	1,285,412
Vehicles	9,257	9,257
Artwork	58,000	58,000
	<u>4,276,773</u>	<u>4,113,885</u>
Accumulated depreciation	<u>(3,118,760)</u>	<u>(2,987,050)</u>
	<u>1,158,013</u>	<u>1,126,835</u>
Total Assets	<u>\$ 3,474,480</u>	<u>\$ 3,318,262</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 25,427	\$ 19,358
Accrued salaries and wages	66,401	71,664
Deferral of paycheck protection program funds	-	284,082
Total Current Liabilities	<u>91,828</u>	<u>375,104</u>
Net Assets		
Net assets with restrictions	201,200	78,823
Net assets without restrictions	3,181,452	2,864,335
Total Net Assets	<u>3,382,652</u>	<u>2,943,158</u>
Total Liabilities and Net Assets	<u>\$ 3,474,480</u>	<u>\$ 3,318,262</u>

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, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Net Assets Without Donor Restrictions		
Public Support and Revenue		
Unrestricted contract revenue	\$ 665,284	\$ 921,114
Grants and contributions	708,240	266,059
In-kind contributions:		
Property and goods	1,200	1,200
Services	245,940	219,000
Class fees	1,205	165
Membership dues	23,139	7,750
Services revenue	242,473	101,964
Sale of inventory	90,342	2,884
Interest and other (expense)	6,615	15,233
Rental income	33,457	31,112
Total Public Support and Revenue	<u>2,017,895</u>	<u>1,566,481</u>
Net assets released from restriction	-	-
Total Support and Revenue and Releases	<u>2,017,895</u>	<u>1,566,481</u>
Expenses		
Program Services		
GRTV	607,386	696,993
Venue services	383,072	130,248
WYCE	466,298	323,908
IT services	150,441	92,326
Rapidian	40,688	40,291
Total Program Services	<u>1,647,885</u>	<u>1,283,766</u>
Supporting Services		
Management and general	52,893	62,170
Fundraising	-	36,622
Total Supporting Services	<u>52,893</u>	<u>98,792</u>
Total Expenses	<u>1,700,778</u>	<u>1,382,558</u>
Change in Net Assets without Donor Restrictions	317,117	183,923
Net Assets With Donor Restrictions		
Restricted contract revenue	<u>122,377</u>	<u>78,823</u>
Change in Net Assets with Donor Restrictions	<u>122,377</u>	<u>78,823</u>
Change in Net Assets	439,494	262,746
Net Assets at Beginning of Year	<u>2,943,158</u>	<u>2,680,412</u>
Net Assets at End of Year	<u>\$ 3,382,652</u>	<u>\$ 2,943,158</u>

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, 2022**

	GRTV	Venue Services	WYCE	IT Services	Rapidian	Total Program Services	Management and General	Fund-raising	Totals
Compensation	\$ 264,764	\$ 172,140	\$ 107,986	\$ 117,853	\$ 22,217	\$ 684,960	\$ 17,613	\$ -	\$ 702,573
Payroll taxes	13,456	10,328	6,479	6,971	1,333	38,567	1,183	-	39,750
Employee benefits	21,901	14,632	9,179	10,018	1,889	57,619	1,544	-	59,163
Contract labor	3,578	7,649	21,649	4	4	32,884	6	-	32,890
Consulting expense	7,875	563	563	563	563	10,127	1,123	-	11,250
Facility maintenance	9,492	21,471	697	434	434	32,528	865	-	33,393
Equipment maintenance	157	1,947	140	-	-	2,244	-	-	2,244
Production expense	84	-	5,975	-	-	6,059	-	-	6,059
Telephone and internet	24,978	6,962	2,716	4,792	6,178	45,626	2,454	-	48,080
Staff and board development	10,569	509	509	509	509	12,605	1,015	-	13,620
Rent	3,500	250	250	250	250	4,500	500	-	5,000
Supplies	2,374	45,868	2,337	63	63	50,705	126	-	50,831
Utilities	53,354	19,155	13,952	26	26	86,513	50	-	86,563
Insurance	12,517	287	17,404	287	287	30,782	575	-	31,357
Membership and dues	8,915	1,084	7,918	1,627	770	20,314	642	-	20,956
Miscellaneous expense	14,694	414	1,987	414	414	17,923	826	-	18,749
License and permits	94	1,360	-	-	10	1,464	-	-	1,464
Postage and freight	463	42	3,754	33	33	4,325	67	-	4,392
Printing	1,219	238	67	67	67	1,658	134	-	1,792
Professional fees	73,759	14,888	9,134	4,570	4,582	106,933	9,141	-	116,074
Promotions	4,262	204	2,203	204	204	7,077	411	-	7,488
Travel and lodging	35	2	2	2	2	43	1	-	44
Vehicle expense	216	15	5	5	5	246	4	-	250
Minor equipment purchases	22,421	436	3,227	397	794	27,275	-	-	27,275
Bad debt expense	76	685	805	143	54	1,763	108	-	1,871
In kind programmer	-	-	245,940	-	-	245,940	-	-	245,940
Total Expenses Before Depreciation	554,753	321,129	464,878	149,232	40,688	1,530,680	38,388	-	1,569,068
Depreciation expense	52,633	61,943	1,420	1,209	-	117,205	14,505	-	131,710
Total Expenses	\$ 607,386	\$ 383,072	\$ 466,298	\$ 150,441	\$ 40,688	\$ 1,647,885	\$ 52,893	\$ -	\$ 1,700,778

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**

	GRTV	Venue Services	WYCE	IT Services	Rapidian	Total Program Services	Management and General	Fund-raising	Totals
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
Total Expenses Before Depreciation	621,878	68,208	323,607	92,236	40,291	1,146,220	61,087	36,622	1,243,929
Depreciation expense	75,115	62,040	301	90	-	137,546	1,083	-	138,629
Total Expenses	\$ 696,993	\$ 130,248	\$ 323,908	\$ 92,326	\$ 40,291	\$ 1,283,766	\$ 62,170	\$ 36,622	\$ 1,382,558

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, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 439,494	\$ 262,746
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	131,710	138,629
Bad debts	1,871	3,490
Forgiveness of PPP loan	(284,082)	-
Changes in operating assets and liabilities:		
Accounts receivable	(12,438)	(1,430)
Prepaid expenses	(9,294)	-
Accounts payable	6,069	16,516
Accrued expenses	(5,263)	-
Net Cash Provided by Operating Activities	<u>268,067</u>	<u>419,951</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(162,888)</u>	<u>(22,913)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from payroll protection program loan	<u>-</u>	<u>146,160</u>
Change in Cash	105,179	543,198
Cash at Beginning of Year	<u>2,181,311</u>	<u>1,638,113</u>
Cash at End of Year	<u>\$ 2,286,490</u>	<u>\$ 2,181,311</u>

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, 2022 and 2021**

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, 2022 and 2021**

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, 2022 and 2021**

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 at the point in time 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, 2022 and 2021**

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 \$246,000 and \$219,000 have been recorded in the statements of activities for the years ended June 30, 2022 and 2021, respectively. These in-kind services were primarily for the staffing of WYCE.

In addition, contributions of property, goods and facilities of \$1,200 and \$1,200 are recorded in the statements of activities at their estimated fair value for the years ended June 30, 2022 and 2021, 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, 2022 and 2021**

NOTE A – Summary of Significant Accounting Policies (Continued)

Adoption of New Accounting Policy

The Center adopted ASU 2020-07 on Topic 958, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, for the fiscal year beginning July 1, 2021. This standard requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gift-in-kind. The Center was required to present contributed non-financial assets separately for other grants and contributions on the Statement of Activities and to provide certain qualitative disclosures related to the programs benefited and the monetizing of donated financial assets. Adoption of this accounting standard did not result in a material change to the Centers financial results or presentation.

Advertising Costs

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

New Accounting Pronouncement 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.

NOTE B – Restriction on Assets

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

	<u>2022</u>	<u>2021</u>
Operation of public access cable channels	<u>\$ 201,200</u>	<u>\$ 78,823</u>

**Grand Rapids Cable Access Center
d/b/a Community Media Center
Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021**

NOTE C – Concentrations

Major Funding Source

Approximately 36% and 49% 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, 2022 and 2021, 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, 2022, approximately \$2,050,000 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, 2022 and 2021. The future minimum lease payments required under this facility lease agreement are as follows:

2023	\$	5,000
2024		5,000
2025		5,000
2026		5,000
2027		5,000
Thereafter		50,000
		<u>\$ 75,000</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.

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, 2022 and 2021.

**Grand Rapids Cable Access Center
d/b/a Community Media Center
Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021**

NOTE F – Paycheck Protection Program Loans and Shuttered Venue Grant

In fiscal years 2020 and 2021, the Center received two loans under the Paycheck Protection Program that totaled \$284,082. This amount was recorded as a liability as of June 30, 2021. The Center complied with the requirements of the loans and maintained staffing during the COVID pandemic at levels that met the forgiveness criteria of the loan funding. Both loans were forgiven in fiscal 2022, and the total amount of \$284,082 was recorded in grant and contribution income in the accompanying 2022 statement of activities.

Additionally, the Center applied for and received a \$181,275 shuttered venue grant from the U.S. Small Business Administration (SBA). The Center was required to use the grant funds in accordance with SBA rules and regulations. Management believes the Center has complied with these rules and regulations. Therefore, the Center recorded \$181,275 in grant and contribution income during the year ended June 30, 2022.

NOTE G – Cash Flow Information

No cash was paid for interest during the years ended June 30, 2022 and 2021.

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>2022</u>	<u>2021</u>
Cash	\$ 2,286,490	\$ 2,181,311
Accounts receivable	20,683	10,116
Total Assets Available	<u>2,307,173</u>	<u>2,191,427</u>
Less: Assets with donor restrictions	<u>(201,200)</u>	<u>(78,823)</u>
Available for Operations	<u>\$ 2,105,973</u>	<u>\$ 2,112,604</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 – Contingencies

The Federal Communications Commission (FCC) has rulemaking authority over cable providers and changed how cable providers may calculate required payments to municipalities. The FCC rule change was challenged in federal court and the most significant provision, which would have allowed cable companies to determine the fair market value of the fees, was defeated. The ruling may be appealed but, as of now, no appeal related to this provision of the ruling has been filed. Management believes the impact of the FCC rule change on the Center has been significantly reduced by this court ruling and will not materially impact operations.

NOTE J – Subsequent Events

Management has evaluated subsequent events through December 22, 2022, the date on which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**Grand Rapids Cable Access Center
d/b/a Community Media Center
Schedule of GRTV Expenses to Budget
For the Year Ended June 30, 2022**

	<u>Budget</u>	<u>Expense</u>	<u>Variance</u>
Compensation	\$ 319,500	\$ 264,764	\$ 54,736
Payroll taxes	2,600	13,456	(10,856)
Employee benefits	36,500	21,901	14,599
Contract labor	9,500	3,578	5,922
Consulting expense	40,000	7,875	32,125
Facility maintenance	18,500	9,492	9,008
Equipment maintenance	5,250	157	5,093
Production expense / software	6,000	84	5,916
Telephone and internet	17,000	24,978	(7,978)
Staff and board development	12,500	10,569	1,931
Rent	2,500	3,500	(1,000)
Supplies	10,500	2,374	8,126
Utilities	17,500	53,354	(35,854)
Insurance	9,500	12,517	(3,017)
Membership and dues	26,500	8,915	17,585
Miscellaneous expense	2,700	14,694	(11,994)
License and permits	-	94	(94)
Postage and freight	7,450	463	6,987
Printing	-	1,219	(1,219)
Professional fees	105,650	73,759	31,891
Promotions	8,950	4,262	4,688
Travel and lodging	1,600	35	1,565
Vehicle expense	1,000	216	784
Minor equipment purchases	11,000	22,421	(11,421)
Bad debt expense	5,000	76	4,924
Total Expenses Before Depreciation	<u>677,200</u>	<u>554,753</u>	<u>122,447</u>
Depreciation expense	-	52,633	(52,633)
Total Expenses	<u>\$ 677,200</u>	<u>\$ 607,386</u>	<u>\$ 69,814</u>

See Accompanying Notes to Financial Statements