

**SACRAMENTO COMMUNITY CABLE FOUNDATION
DBA
ACCESS SACRAMENTO**

**Statement of Financial Condition
For The Twelve Months Ended June 30, 1990 and
Eighteen Months Ended June 30, 1989**

Prepared By:

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October 31, 1990

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October 31, 1990

To the Board of Directors
SACRAMENTO COMMUNITY CABLE FOUNDATION
dba ACCESS SACRAMENTO
4623 T Street
Sacramento, CA 95819

We have audited the accompanying balance sheets of Sacramento Community Cable Foundation dba Access Sacramento (a nonprofit organization) as of June 30, 1990 and 1989, and the related statements of support, revenues and expenses, changes in fund balance, and changes in cash flows for the twelve and eighteen month periods then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sacramento Community Cable Foundation dba Access Sacramento as of June 30, 1990 and 1989, and the results of its operations and the changes in its cash flows for the fiscal years then ended, in conformity with generally accepted accounting principles.



DANIEL D. ROSS
Certified Public Accountant

SACRAMENTO COMMUNITY CABLE FOUNDATION
dba ACCESS SACRAMENTO
(A Nonprofit Corporation)
BALANCE SHEETS

For the Twelve Months Ended June 30, 1990 and
Eighteen Months Ended June 30, 1989

	<u>Twelve Months Ended</u> <u>June 30, 1990</u>	<u>Eighteen Months Ended</u> <u>June 30, 1989</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 13,877	\$ 15,037
Certificates of Deposit	158,989	198,940
Accounts Receivable	4,984	0
Prepaid and other current assets	<u>0</u>	<u>3,072</u>
TOTAL CURRENT ASSETS	177,850	217,049
NET FURNITURE AND EQUIPMENT (NOTES 1 & 3)		
Net of accumulated depreciation of \$186,460 and \$106,037	<u>220,268</u>	<u>291,551</u>
TOTAL ASSETS	<u><u>\$ 398,118</u></u>	<u><u>\$ 508,600</u></u>
 LIABILITIES AND FUND BALANCE		
CURRENT LIABILITIES:		
Accounts Payable and Accrued Expenses	\$ 13,624	\$ 18,344
Fund Balance	<u>384,494</u>	<u>490,256</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 398,118.</u></u>	<u><u>\$ 508,600</u></u>

*See accompanying accountants audit report.
The notes are an integral part of the financial statements.*

SACRAMENTO COMMUNITY CABLE FOUNDATION
dba ACCESS SACRAMENTO
(A Nonprofit Corporation)
STATEMENTS OF REVENUES AND EXPENSES
For the Twelve Months Ended June 30, 1990 and
Eighteen Months Ended June 30, 1989

	<u>Twelve Months Ended</u> <u>June 30, 1990</u>	<u>Eighteen Months Ended</u> <u>June 30, 1989</u>
REVENUE AND PUBLIC SUPPORT		
Grant revenue (NOTE 1)	\$ 489,485	\$ 632,357
Interest	16,868	23,378
Miscellaneous income	<u>10,891</u>	<u>16,619</u>
Total Revenue and Public Support	<u>517,244</u>	<u>672,354</u>
EXPENSES		
Salaries, benefits, employer taxes	361,487	417,855
Equipment	16,064	0
Contract Labor	0	1,150
Grants (NOTES 1 AND 2)	3,332	1,837
Office operating expenses (telephone, postage, office supplies, etc.)	23,867	42,450
Insurance	15,217	45,343
Materials and supplies	15,173	19,929
Legal	17,580	32,685
Auditing and bookkeeping services	15,432	21,809
Consulting	5,625	20,974
Public and community relations	6,251	12,848
Rent and utilities	23,750	35,428
Depreciation	80,423	89,674
Security	12,887	0
Contract Production	10,587	0
Promotion	8,421	0
Other Expenses	<u>6,910</u>	<u>1,192</u>
Total Operating Expenses	<u>623,006</u>	<u>743,174</u>
Net loss before extraordinary gain	(105,762)	(70,820)
Extraordinary gains (NOTE 2)	<u>0</u>	<u>325,510</u>
Excess of revenue over (under) expenses	<u>(\$ 105,762)</u>	<u>\$ 254,690</u>

*See accompanying accountants audit report.
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SACRAMENTO COMMUNITY CABLE FOUNDATION
dba ACCESS SACRAMENTO
 (A Nonprofit Corporation)
STATEMENTS OF CHANGES IN FUND BALANCE
 For the Twelve Months Ended June 30, 1990 and
 Eighteen Months Ended June 30, 1989

	<u>Twelve Months Ended</u> <u>June 30, 1990</u>	<u>Eighteen Months Ended</u> <u>June 30, 1989</u>
FUND BALANCE BEGINNING OF YEAR	\$ 490,256	\$ 235,566
Excess of Revenue over (under) expenses	(<u>\$ 105,762</u>)	<u>\$ 254,690</u>
FUND BALANCE END OF YEAR	<u>\$ 384,494</u>	<u>\$ 490,256</u>

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SACRAMENTO COMMUNITY CABLE FOUNDATION
dba ACCESS SACRAMENTO
(A Nonprofit Corporation)
STATEMENTS OF CASH FLOWS
For the Twelve Months Ended June 30, 1990 and
Eighteen Months Ended June 30, 1989

	<u>Twelve Months Ended</u> <u>June 30, 1990</u>	<u>Eighteen Months Ended</u> <u>June 30, 1989</u>
CASH PROVIDED FROM (USED FOR) OPERATIONS:		
Excess (Deficiency) of Revenue and public support over costs and expenses	(\$ 105,762)	\$ 254,690
Adjustments to reconcile net revenue (loss) to net cash provided (used) by operating activities:		
Contributed equipment	0	(325,510)
Depreciation	80,423	89,145
(Increase) decrease in:		
Prepaid and other current assets	3,072	14,211
Contract receivable	(4,984)	0
Increase (decrease) in:		
Accounts payable	(4,276)	(1,549)
Accrued vacation	(957)	3,893
Capital lease obligation payable		(815)
Payroll Taxes Payable	<u>513</u>	<u>0</u>
Cash provided (used) by operating activities	<u>(31,971)</u>	<u>34,065</u>
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES:		
Purchase of furniture and equipment	(9,140)	(27,371)
(Decrease) in certificates of deposit and T-bills	<u>39,951</u>	<u>(48,564)</u>
Cash (used) in investing activities	<u>30,811</u>	<u>(75,935)</u>
Net increase (decrease) in cash	(1,160)	(41,870)
Cash, beginning of year	<u>15,037</u>	<u>56,907</u>
Cash, end of year	<u>\$ 13,877</u>	<u>\$ 15,037</u>

*See accompanying accountants audit report.
The notes are an integral part of the financial statements.*

SACRAMENTO COMMUNITY CABLE FOUNDATION
dba ACCESS SACRAMENTO
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
For the Twelve Months Ended June 30, 1990 and
Eighteen Months Ended June 30, 1989

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Sacramento Community Cable Foundation dba Access Sacramento (the Foundation) is a publicly supported organization, incorporated in 1984, whose objective is to support, manage, produce and distribute noncommercial, community-based media programs. The Foundation is organized in accordance with Section 501(c)(3) of the Internal Revenue Code and, as such, is exempt from income taxes. Accordingly, no provision for income taxes is included in the financial statements.

Program services provided by the Foundation are Outreach, Programming and Training. Outreach seeks to inform citizens of the Sacramento community about community use and public access programming. Programming activities serve to produce and cable cast noncommercial media programs. Training serves to provide the facilities, equipment, and instruction to teach the basis of radio and television production to interested community volunteers.

Through December 7, 1987, the Foundation operated under the terms of a contract with Sacramento Cable which provided for quarterly payments relating to the preceding calendar quarter. The annual contract amount was computed on a formula based on the number of cable subscribers, or \$275,000, whichever was greater. In addition to the annual contract amount, Sacramento Cable provided support staff, facilities and other in-kind materials and services. The contract with Sacramento Cable was terminated effective February 1988.

Termination of contract with Sacramento Cable

During 1987, a series of events occurred which resulted in the termination of the contract between Sacramento Cable and the Foundation. In July 1987, in response to a federal court ruling, the Sacramento Metropolitan Cable Television Commission (the Cable Commission) adopted a new license ordinance which would permit other cable companies to provide cable service other than Sacramento Cable. Sacramento Cable then filed a lawsuit against the Cable Commission, the City and County of Sacramento, the Foundation and other grantees, stating that the new license ordinance constituted a breach of contract. In November 1987, the Commission, as the third party beneficiary of the contract between Sacramento Cable and the Foundation, filed a counter lawsuit to enforce the provisions of the contract.

The Cable Commission and Sacramento Cable entered into a Memorandum of Understanding on December 7, 1987 with the intent to terminate litigation and ensure a cash settlement to be made to the Cable Commission. The Memorandum of Understanding stipulated that the Cable Commission receive approximately \$15.3 million, certain future fixed and variable payments and access to specified cable channel capacity. In turn, the Cable Commission would no longer enforce the terms of the contracts between Sacramento Cable, the Foundation and other grantees. A settlement agreement encompassing the provisions of the Memorandum of Understanding was finalized in February 1988.

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SACRAMENTO COMMUNITY CABLE FOUNDATION
dba ACCESS SACRAMENTO
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
For the Twelve Months Ended June 30, 1990 and
Eighteen Months Ended June 30, 1989

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cable Commission Grant Agreement

As part of the settlement agreement, the Cable Commission agreed to provide community programming funds to the Foundation and other grantees. In March 1988, the Cable Commission entered into a five-year grant agreement with the Foundation. The grant agreement provides for the funding of the Foundation's operations at an amount to be determined annually by the Cable Commission. The Foundation received \$632,357 from the Cable Commission during the eighteen months ended June 30, 1989, 464,750 during the twelve months ended June 30, 1990, and is scheduled to receive \$483,342 during fiscal 1991. The Grant Agreement also gives the Foundation the use of specified cable channel capacity.

In response to a request from the Cable Commission, the Foundation changed its fiscal year end from December 31, to June 30. The change was made to coincide with the Cable Commission's grant budgeting cycle.

Basis of Accounting

The accounts of the Foundation are maintained on the basis of cash receipts and disbursements; however, the accompanying financial statements have been adjusted to reflect the accrual basis of accounting.

Furniture and Equipment

Furniture and equipment purchased by the Foundation is recorded at cost. The Foundation uses the straight-line method in computing depreciation over the estimated useful lives of the related assets of 5 years.

Expenditures for additions, major renewals and betterments are capitalized and expenditures for maintenance and repairs are charged to expense as incurred. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses resulting from asset disposals are credited or charged to operations currently.

*See accompanying accountants audit report.
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SACRAMENTO COMMUNITY CABLE FOUNDATION
dba ACCESS SACRAMENTO
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 1990 and 1989

NOTE 2 - EXTRAORDINARY GAINS

In connection with the settlement between the Cable Commission and Sacramento Cable (see NOTE 1), the Foundation received title to the production equipment housed in the Coloma Community Center and the new production equipment which had been intended for a second production facility. The estimated fair value of the assets received of \$325,510 was recorded as an extraordinary gain in 1989.

NOTE 3 - OPERATING LEASE COMMITMENT

The Foundation leases office and production space under a noncancelable operating lease expiring in August 1992. Rent expense for the eighteen month period ended June 30, 1989 totaled approximately \$27,436. Future minimum rental payments under this operating lease are as follows:

<u>Year ended June 30,</u>	<u>Minimum Rental Payment</u>
1991	22,563
1992	22,563
1993	<u>3,760</u>
	<u>\$ 48,886</u>

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