

**SACRAMENTO COMMUNITY CABLE FOUNDATION  
DBA ACCESS SACRAMENTO**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 1997**

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To The Board of Directors  
Sacramento Community Cable Foundation  
dba Access Sacramento

We have audited the accompanying statement of financial position of Sacramento Community Cable Foundation, dba Access Sacramento (a nonprofit organization) as of June 30, 1997, and the related statements of activity, changes in net assets, and cash flows for the year 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 audit.

We conducted our audit 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 from 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sacramento Community Cable Foundation as of June 30, 1997, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

*Hoffelt & Co., L.L.P.*

November 11, 1997

SACRAMENTO COMMUNITY CABLE FOUNDATION  
DBA ACCESS SACRAMENTO

STATEMENT OF FINANCIAL POSITION  
JUNE 30, 1997

ASSETS

CURRENT ASSETS

Cash - unencumbered	\$204,405
Accounts receivable	4,450
Unconditional promise to give (Note 2)	39,671
Prepaid insurance	<u>3,150</u>

Total current assets 251,676

FURNITURE AND EQUIPMENT

Furniture and equipment	824,796
Less accumulated depreciation	<u>558,758</u>

Net property and equipment 266,038

LONG-TERM UNCONDITIONAL PROMISE TO GIVE 73,000

Total assets \$590,714

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 1,473
Accrued vacation	12,818
Current portion of long-term debt	<u>3,646</u>

Total current liabilities 17,937

LONG-TERM DEBT (NOTE 4) 992

NET ASSETS - UNRESTRICTED 571,785

Total liabilities and net assets \$590,714

See notes to financial statements.

SACRAMENTO COMMUNITY CABLE FOUNDATION  
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STATEMENT OF ACTIVITY  
FOR THE YEAR ENDED JUNE 30, 1997

	<u>Unrestricted</u>
<b>UNRESTRICTED NET ASSETS</b>	
<b>SUPPORT AND REVENUE</b>	
Grant and operating revenues	\$683,923
Interest income	14,257
In-kind contributions	121,350
Theft insurance proceeds - net	<u>19,030</u>
Total support and revenue	<u>838,560</u>
<b>EXPENSES</b>	
Salaries, benefits, employer taxes	476,065
Building rent	30,291
Insurance	23,777
Office supplies	27,154
Telephone	6,653
Security	3,055
Postage and delivery	3,942
Printing and program guide	9,685
Publications and subscriptions	2,845
Accounting and bookkeeping	14,589
Legal	2,512
Consultants	2,010
Items for resale	10,306
Travel	7,059
Equipment and maintenance	10,805
Depreciation expense	60,639
Fund raising	3,004
Mobile unit expenses	2,160
Grants and scholarships	2,707
Promotion	3,712
Recordings tape stock	4,035
Other	2,170
Utilities	5,335
Interest	1,590
In-kind equipment usage (Note 1)	<u>19,000</u>
Total expenses	<u>735,100</u>
Increase in unrestricted net assets	<u>\$103,460</u>

See notes to financial statements.

SACRAMENTO COMMUNITY CABLE FOUNDATION  
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STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 1997

UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	\$431,244
Cumulative effect on prior year due to a change in method of accounting for contributions (Note 1)	37,081
Increase in unrestricted net assets	<u>103,460</u>
UNRESTRICTED NET ASSETS, END OF YEAR	<u>\$571,785</u>

See notes to financial statements.

SACRAMENTO COMMUNITY CABLE FOUNDATION  
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STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED JUNE 30, 1997

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase in unrestricted net assets	\$103,460
Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities	
Depreciation	60,639
Gain on insurance theft proceed	(19,030)
Decrease (increase) in accounts receivable	19,934
Decrease (increase) in unconditional promise to give	(75,590)
Decrease (increase) in prepaid insurance	(3,150)
Increase (decrease) in accounts payable	(4,181)
Increase (decrease) in accrued vacation	<u>4,944</u>
Net cash provided by operating activities	<u>87,026</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of fixed assets	<u>(233,686)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Payments on capitalized lease	(6,910)
Theft insurance proceeds	<u>24,766</u>
Net cash flows from financing activities	<u>17,856</u>
Net decrease in cash	(128,804)
CASH, BEGINNING OF YEAR	<u>333,209</u>
CASH, END OF YEAR	<u>\$204,405</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid during the year for interest - telephone equipment \$ 1,590

See notes to financial statements.

SACRAMENTO COMMUNITY CABLE FOUNDATION  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Sacramento Community Cable Foundation dba Access Sacramento (the Foundation) is a publicly supported organization, incorporated in 1984. The Foundation's objective is to support, manage, produce and distribute noncommercial, community-based media programs in the Sacramento area.

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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Foundation is exempt from income taxes under the provisions of the Internal Revenue Code Section 501(c)(3), and franchise taxes under the provisions of the California Revenue and Taxation Code Section 23701d except as they may be levied under unrelated business income.

Furniture and Equipment

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

SACRAMENTO COMMUNITY CABLE FOUNDATION  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statement Presentation

As of December 31, 1996, the Foundation adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Foundation is required to present a statement of cash flows. As permitted by this accounting standard, the Foundation has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required. This reclassification had no effect on the change in net assets for year ended June 30, 1997. There were no permanently or temporarily restricted net assets at June 30, 1997.

Contributions

The Foundation also adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, effective January 1, 1996. In accordance with SFAS No. 116, contributions to be received in the future are to be recorded at their present value. As permitted by SFAS No. 116, the Foundation has applied the provisions of this new statement by reflecting the cumulative effect of the change, amounting to \$37,081, in the statement of change in net assets (Note 2). The adjustment represents donor promises of unrestricted contributions previously unreported.

Contributed Equipment and Facilities

The Los Rios Community College District has agreed to provide the Foundation use of its facilities and equipment at Cosumnes River College (CRC) for 27 hours per week. The Foundation has estimated the value of using the facilities and equipment of CRC to be \$85,000. This amount has been recognized as in-kind contribution and an unconditional promise to give (Note 2) for the year ended June 30, 1997. As part of the agreement, the Foundation is required to place \$87,500 of equipment at the CRC facilities. The equipment will also be used by the Foundation. In addition, the Foundation must provide up to \$40,000 of employee time for supervision of the Foundation's operations at CRC. Upon completion of the agreement, title to the equipment placed by the Foundation transfers to CRC.



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NOTES TO FINANCIAL STATEMENTS  
-JUNE 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed Equipment and Facilities (continued)

The Sacramento County Office of Education (the County) has agreed to provide the Foundation with the usage of equipment under the Regional Occupation Program (ROP). The term is for 3 years beginning July 1, 1996, and the Foundation has estimated the total value of the equipment usage to be \$24,000. Under SFAS No. 116, the Foundation has recognized the total \$24,000 value as in-kind contribution and an unconditional promise to give for the year ended June 30, 1997. The usage of the equipment is being recognized by reducing the unconditional promise to give and recording a corresponding expense for \$8,000 in each of the 3 years (Note 2). The agreement requires that the Foundation allow the use of its facilities and equipment for the ROP.

The City of Sacramento (the City) and MacNexus has agreed to provide the Foundation with the use of a Media Lab located at the Coloma Community Center. The agreement is month to month and the Foundation has estimated the value of the Media Lab usage to be \$24,700 per year. The Foundation started to use the Lab in January 1997 and has recorded an in-kind donation and related expense of \$12,350 for the year ended June 30, 1997 (Note 2).

Contribution - Reimbursement for Services

The Sacramento County Office of Education (the County) has agreed to reimburse the Foundation \$56,466 for service provided under the Net at 2 Rivers Program. The term of the agreement is from October 15, 1995 through December 31, 1997. The Foundation has recognized a prior period adjustment for the balance owed under this agreement at June 30, 1996 (Note 2).

SACRAMENTO COMMUNITY CABLE FOUNDATION  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1997

NOTE 2 -UNCONDITIONAL PROMISE TO GIVE AND IN-KIND CONTRIBUTIONS

Program	Amount of Promise (contributions)	Amount Received For Year End 6/30/96	Balance 6/30/96	Amount Used or Received for Year End 6/30/97	Balance 6/30/97
CRC (Note 1)	\$ 85,000	N/A	N/A	N/A	\$ 85,000
ROP (Note 1)	24,000	N/A	N/A	\$ (8,000)	16,000
Media Lab (Note 1)	12,350	N/A	N/A	(12,350)	0
Net at 2 Rivers (Note 1)	<u>56,466</u>	<u>\$ (19,385)</u>	<u>\$37,081</u>	<u>(25,410)</u>	<u>11,671</u>
Totals	<u>\$177,816</u>	<u>\$ (19,385)</u>	<u>\$37,081</u>	<u>\$(45,760)</u>	<u>\$112,671</u>
CURRENT PORTION - DUE WITHIN ONE YEAR					\$ 39,671
LONG -TERM - DUE WITHIN ONE TO FIVE YEARS					<u>73,000</u>
					<u>\$112,671</u>

NOTE 3-OPERATING LEASE COMMITMENT

The Foundation leases office and production space under a noncancelable operating lease expiring in August 1997. Rent expense for the twelve months ended June 30, 1997 was \$30,291. Future minimum rental payments under this operating lease are as follows:

Year ended June 30	Minimum Rental Payment
1998	<u>\$4,462</u>

SACRAMENTO COMMUNITY CABLE FOUNDATION  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1997

NOTE 4 - LONG-TERM DEBT

1997

Long-term debt consists of the following:

Capitalized lease obligations payable in monthly installments of \$338, Including interest, secured by equipment	\$ 4,638
Less current portion	<u>992</u>
	<u>\$ 3,646</u>

The following is a schedule of the aggregate maturities of long-term debt as of June 30, 1997:

Year ending June 30,

1998	\$ 3,646
1999	<u>992</u>
	<u>\$ 4,638</u>

NOTE 5 -CONCENTRATION OF RISK

Approximately 82% of the Foundation's revenues were provided by one grantor, the Sacramento Metropolitan Cable Television Commission.

NOTE 6 -RETIREMENT PLAN

During the year, the Foundation adopted the Access Sacramento 403(b) retirement plan. The Foundation's contributions are 5% of the annual salary of eligible employees. During the year ended June 30, 1997, the Foundation's contributions to the plan were \$12,624.