

**SACRAMENTO COMMUNITY CABLE FOUNDATION
DBA ACCESS SACRAMENTO**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 1998

HOFFELT & Co., LLP
CERTIFIED PUBLIC ACCOUNTANTS
POINT WEST COMMERCENTRE
1545 RIVER PARK DRIVE, SUITE 205
SACRAMENTO, CALIFORNIA 95815-4801

TELEPHONE
(916) 921-2600

FAX
(916) 921-1485

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, 1998, 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, 1998, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

HOFFELT & Co., LLP

October 28, 1998

SACRAMENTO COMMUNITY CABLE FOUNDATION
DBA ACCESS SACRAMENTO

STATEMENT OF FINANCIAL POSITION
JUNE 30, 1998

ASSETS

CURRENT ASSETS

Cash	\$109,706
Cash - reserve for matching funds (Note 6)	100,000
Accounts receivable (Note 7)	14,022
Unconditional promise to give (Note 2)	<u>28,000</u>

Total current assets 251,728

FURNITURE AND EQUIPMENT

Furniture and equipment	895,766
Less accumulated depreciation	<u>634,941</u>

Net property and equipment 260,825

LONG-TERM UNCONDITIONAL PROMISE TO GIVE 45,000

Total assets \$557,553

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable (Note 8)	\$ 15,715
Accrued vacation	<u>19,212</u>

Total current liabilities 34,927

NET ASSETS - UNRESTRICTED 522,626

Total liabilities and net assets \$557,553

See notes to financial statements.

SACRAMENTO COMMUNITY CABLE FOUNDATION
DBA ACCESS SACRAMENTO

STATEMENT OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 1998

UNRESTRICTED NET ASSETS	<u>Unrestricted</u>
SUPPORT AND REVENUE	
Grant - cable commission	\$609,011
Other grants and operating revenues	151,547
Interest income	10,318
In-kind contributions	24,700
Insurance proceeds in excess of book value	<u>7,591</u>
Total support and revenue	<u>803,167</u>
 EXPENSES	
Salaries, benefits, employer taxes	522,706
Building rent	32,101
Insurance	22,866
Office supplies	18,173
Telephone	5,871
Security	4,968
Postage and delivery	3,276
Printing and program guide	8,212
Publications and subscriptions	2,711
Accounting and bookkeeping	14,058
Software and support	7,565
Consultants	250
Items for resale	22,403
Travel	5,198
Equipment and maintenance	14,927
Depreciation expense	81,351
Fund raising	7,960
Mobile unit expenses	3,362
Grants and scholarships	1,153
Promotion	6,475
Recordings tape stock	5,495
Other	95
Utilities	6,239
Training	2,211
In-kind equipment usage (Note 1)	44,000
In-kind facility usage (Note 1)	<u>8,700</u>
Total expenses	<u>852,326</u>
Decrease in unrestricted net assets	<u>\$ (49,159)</u>

See notes to financial statements.

SACRAMENTO COMMUNITY CABLE FOUNDATION
DBA ACCESS SACRAMENTO

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 1998

UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	\$571,785
DECREASE IN UNRESTRICTED NET ASSETS, CURRENT YEAR	<u>(49,159)</u>
UNRESTRICTED NET ASSETS, END OF YEAR	<u>\$522,626</u>

See notes to financial statements.

SACRAMENTO COMMUNITY CABLE FOUNDATION
DBA ACCESS SACRAMENTO

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 1998

CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in unrestricted net assets	\$ (49,159)
Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities	
Depreciation	81,351
Insurance proceeds in excess of book value	(7,591)
Decrease (increase) in accounts receivable	(9,572)
Decrease (increase) in unconditional promise to give	39,671
Decrease (increase) in prepaid insurance	3,150
Increase (decrease) in accounts payable	14,243
Increase (decrease) in accrued vacation	<u>6,394</u>
Net cash provided by operating activities	<u>78,487</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	<u>(84,290)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on capitalized lease	(4,638)
Proceeds from insurance claim	<u>15,742</u>
Net cash flows from financing activities	<u>11,104</u>
Net increase in cash	5,301
CASH, BEGINNING OF YEAR	<u>204,405</u>
CASH, END OF YEAR	<u>\$209,706</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid during the year for interest	<u>\$ 0</u>
--	-------------

See notes to financial statements.

SACRAMENTO COMMUNITY CABLE FOUNDATION
DBA ACCESS SACRAMENTO

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

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. According, 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.

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. There were no permanently or temporarily restricted net assets at June 30, 1998.

SACRAMENTO COMMUNITY CABLE FOUNDATION
DBA ACCESS SACRAMENTO

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 previously recognized as in-kind contribution and an unconditional promise to give (Note 2). 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.

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 previously recognized the total \$24,000 value as in-kind contribution and an unconditional promise. 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 has recorded an in-kind donation and related expense of \$24,700 for the year ended June 30, 1998 (Note 2).

SACRAMENTO COMMUNITY CABLE FOUNDATION
DBA ACCESS SACRAMENTO

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 previously recognized the total \$56,466 as in-kind contribution and an unconditional promise to give (Note 2).

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

Program	Total Amount of Promise (contributions)	Balance 6/30/97	Contributions Received for Year Ended 6/30/98	Amount Used or Received for Year End 6/30/98	Balance 6/30/98
CRC (Note 1)	\$ 85,000	\$ 85,000		\$ (20,000)	\$65,000
ROP (Note 1)	24,000	16,000		(8,000)	8,000
Media Lab (Note 1)		0	\$24,700	(24,700)	0
Net at 2 Rivers (Note 1)	<u>56,466</u>	<u>11,671</u>	_____	<u>(11,671)</u>	<u>0</u>
Totals	<u>\$165,466</u>	<u>\$112,671</u>	<u>\$24,700</u>	<u>\$ (64,371)</u>	<u>\$73,000</u>

CURRENT PORTION - DUE WITHIN ONE YEAR \$ 28,000

LONG - TERM - DUE WITHIN ONE TO FIVE YEARS 45,000

\$ 73,000

SACRAMENTO COMMUNITY CABLE FOUNDATION
DBA ACCESS SACRAMENTO

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE 3-OPERATING LEASE COMMITMENT

The Foundation leases office and production space under a noncancelable operating lease expiring in August 2002. Rent expense for the twelve months ended June 30, 1998 was \$32,101. Future minimum rental payments under this operating lease are as follows:

Year ended June 30	Minimum Rental Payment
1999	\$ 26,774
2000	26,774
2001	26,774
2002	26,774
2003	<u>4,462</u>
	<u>\$111,558</u>

NOTE 4 -CONCENTRATION OF RISK

Approximately 76% of the Foundation's revenues were provided by one grantor, the Sacramento Metropolitan Cable Television Commission.

NOTE 5 -RETIREMENT PLAN

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, 1998, the Foundation's contributions to the plan were \$15,840.

NOTE 6 -CASH - RESERVE FOR MATCHING FUNDS

The Foundation has encumbered these funds to the extent that matching funds are required before the funds will be expended. These funds are held with unencumbered funds in the Foundation's cash accounts.

SACRAMENTO COMMUNITY CABLE FOUNDATION
DBA ACCESS SACRAMENTO

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE 7 -ACCOUNTS RECEIVABLE

During the fiscal year ended June 30, 1998, the Foundation sold equipment to other organizations. The following is a schedule of amounts owed as of June 30, 1998 to the Foundation for these sales.

Auburn Area Access	<u>\$14,022</u>
--------------------	-----------------

NOTE 8 -ACCOUNTS PAYABLE

The following is a schedule of the Foundation's accounts payable at June 30, 1998:

Description	Amount
Payroll service fees	\$ 94
Maintenance	52
Office supplies	166
Employee benefits	1,113
Employee retirement withheld	2,542
Equipment purchases	6,344
Items purchased for resale	3,251
Sales taxes	2,128
Other	<u>25</u>
	<u>\$15,715</u>