

COMMUNITY MEDIA OF THE FOOTHILLS

INDEPENDENT CERTIFIED AUDITOR'S REPORT

JUNE 30, 2021

COMMUNITY MEDIA OF THE FOOTHILLS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Community Media of the Foothills

I have audited the accompanying financial statements of Community Media of the Foothills (a California nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, cash flows, and schedule of functional expenses for the year 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.

Auditor's Responsibility

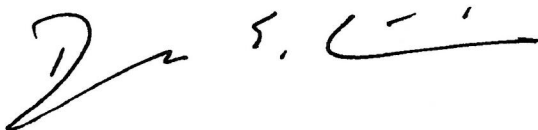
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether 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 auditor's 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 entity'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 entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Media of the Foothills as of June 30, 2021, and the changes in its net assets and its cash flows, and schedule of functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Covina, California

October 4, 2021

**COMMUNITY MEDIA OF THE FOOTHILLS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021**

ASSETS

Current Assets

Cash	\$ 323,179
Accounts receivable-trade (Note 2)	22,792
Prepaid expenses	15,115
Net property and equipment (Notes 2 and 3)	<u>149,078</u>

TOTAL ASSETS \$ 510,164

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 55,266
Accrued expenses	<u>10,380</u>

Total Liabilities 65,646

Net Assets

Unrestricted	<u>444,518</u>
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TOTAL LIABILITIES AND NET ASSETS \$ 510,164

The accompanying notes are an integral part of these statements.

**COMMUNITY MEDIA OF THE FOOTHILLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Revenue (Note 2)	
Contract revenue	278,411
Settlement funds	100,000
Miscellaneous revenue	<u>10,983</u>
Total Revenue	<u>389,394</u>
Expenses	<u>306,841</u>
Net surplus	82,553
Net assets, beginning	<u>361,965</u>
Net assets, ending	<u><u>\$ 444,518</u></u>

The accompanying notes are an integral part of these statements.

**COMMUNITY MEDIA OF THE FOOTHILLS
STATEMENT OF CASH FLOWS (Note 4)
FOR THE YEAR ENDED JUNE 30, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES

Net surplus	\$ 82,553
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation	13,877
Decrease in accounts receivable	21,690
Increase in prepaid expenses	(9,184)
Increase in accounts payable	45,764
Increase in accrued expenses	<u>4,937</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	159,637

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of property and equipment	(41,223)
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CASH FLOWS FROM FINANCING ACTIVITIES

None	<u>-</u>
Net increase in cash	118,414
CASH AND CASH EQUIVALENTS - JULY 1, 2020	<u>204,765</u>
CASH AND CASH EQUIVALENTS - JUNE 30, 2021	<u><u>\$ 323,179</u></u>

The accompanying notes are an integral part of these statements.

**COMMUNITY MEDIA OF THE FOOTHILLS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

Accounting	\$	15,858
Alarm service		564
Bookkeeping services		2,085
Contract Services		2,790
Depreciation and amortization (Notes 2 and 3)		13,877
Equipment replacement		9,770
Insurance		20,260
Insurance Settlement		1,000
Legal fees		38,078
Licenses and taxes		817
Maintenance and repair		1,182
Meals and entertainment		1,142
Memberships and dues		3,868
Office expense and supplies		10,980
Payroll services		2,653
Production services		115
Telephone		1,089
Utilities		5,552
Wages and taxes		<u>175,161</u>
Total Expenses	\$	<u><u>306,841</u></u>

The accompanying notes are an integral part of these statements.

COMMUNITY MEDIA OF THE FOOTHILLS

Notes to Financial Statements

For the Year Ended June 30, 2021

NOTE 1 - Nature of Organization

Non-profit activity

This entity was originally incorporated as a California nonprofit corporation in 1984 under the name of The Monrovia Cable Usage Corporation. In 1999, the Articles of Incorporation and the By-Laws were amended changing the name of the entity to Community Media of the Foothills. Community Media of the Foothills (Community Media) is dedicated to providing a community access cable television studio and editing facility for use by citizens and to managing the broadcast of three public access channels.

Income taxes and exempt status

Community Media was incorporated under the laws of the State of California and is exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code. Community Media is also exempt from state franchise or income tax under Section 23701d. Accordingly, the accompanying financial statements of Community Media do not reflect any liability for income taxes.

NOTE 2 - Summary of significant accounting policies

The financial statements have been prepared on the accrual basis of accounting. The significant policies followed are described below to enhance the usefulness of the financial statements to the reader.

Community Media is required to report information regarding its financial position and activities according to those assets without any designations or restrictions, and those with designations or restrictions. As of June 30, 2021, Community Media had no assets that had donor restrictions.

Accounts Receivable

The carrying amounts reported on the balance sheet for accounts receivable approximates their fair value. Accounts receivable is presented net of allowance for doubtful accounts. The allowance for doubtful accounts represents management estimates of those balances that are uncollectible as of the balance sheet date. As of June 30, 2021 there was no allowance for doubtful accounts as management deemed all accounts receivable to be collectible.

Donated Services

Donated services are recorded at fair value at the date of contribution only if the services (a) create or enhance non-financial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. During the year ended June 30, 2021, there were no contributed services meeting the requirements

COMMUNITY MEDIA OF THE FOOTHILLS

Notes to Financial Statements

For the Year Ended June 30, 2021

NOTE 2 - Summary of significant accounting policies (continued)

for recognition in the financial statements. However, a substantial number of volunteers have donated significant amounts of their time in Community Media program services and other activities which have not been included in these financial statements.

Support, Revenue and Expenses

Revenues are recognized when services have been performed. The major revenue producing areas during the fiscal year ended June 30, 2021 are as follows:

City Contracts: Contracts with the City of Monrovia, the City of Sierra Madre, the City of Duarte, the City of Baldwin Park, and the Monrovia Unified School District providing a community access cable.

Revenue from rental of studio facilities and equipment when available.

Contribution income is recorded when cash is received or when ownership of donated assets is transferred. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Cash and cash equivalents

Cash and cash equivalents are liquid assets having a maturity of three months or less.

Property and equipment

Community Media capitalizes all property and equipment in excess of \$2,500. Expenditures for property and equipment are capitalized at cost. Depreciation of all property and equipment is computed using the straight-line method over the following estimated useful lives of the assets:

Building and improvements	20 years
Furniture and fixtures	7 years
Machinery and equipment	5 – 10 years

Leasehold improvements are amortized over the life of the lease which is 20 years from inception, including options.

Use of Estimates

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

COMMUNITY MEDIA OF THE FOOTHILLS

Notes to Financial Statements

For the Year Ended June 30, 2021

NOTE 3 - Property, Equipment and Leasehold Improvements

Property, equipment and leasehold improvements consist of the following at June 30, 2021:

Machinery and equipment	\$ 534,909
Furniture and fixtures	2,787
Leasehold improvements	<u>187,699</u>
Sub-total	725,395
Less accumulated depreciation	<u>576,317</u>
Net property and equipment	<u>\$ 149,078</u>

Depreciation expense for the year ended June 30, 2021 was \$13,877.

NOTE 4 – Statement of Cash Flows

There was no interest expense for the year ended June 30, 2021. There was no material accrued interest at June 30, 2021.

NOTE 5 – Subsequent Events

In preparing the financial statements, Community Media has evaluated events and transactions for potential recognition or disclosure through October 4, 2021.

See Note 7 regarding legal cases.

NOTE 6 – Concentration of Risk

Community Media has a contract with the City of Monrovia which represents approximately 48% of total annual revenue. However, management believes that this concentration of risk is low because they believe this contract will be renewed indefinitely.

COMMUNITY MEDIA OF THE FOOTHILLS

Notes to Financial Statements

For the Year Ended June 30, 2021

NOTE 7 – Legal

In September of 2020 a lawsuit was filed against Community Media alleging various Community Media election procedures and Brown Act violations arising out of non-profit corporate activities. Potential damages and remedies are not definitively ascertainable at this time but management believes they will prevail in the suit and in any case will result in no financial obligation to Community Media beyond their insurance deductible.

In July of 2021 an additional lawsuit was filed against a board member of Community Media and while Community Media is not being sued directly they have retained legal counsel in their defense. Potential damages and remedies are not definitively ascertainable at this time but management believes there will be no financial obligation to Community Media.

NOTE 8 - Liquidity and Availability of Resources

Community Media has the following unrestricted financial assets available to meet cash needs for general expenditures, liabilities, and other obligations during the next fiscal year:

Cash and cash equivalents	\$ 323,179
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Community Media liquidity management includes a policy to structure its financial assets to be available for general expenditures as they come due.

Note 9 – Newly Adopted Standard

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. This implements a single framework for revenue recognition ensuring that revenue is recognized in a manner that reflects the consideration to which the entity expects to be entitled for goods or services. Effective June 1, 2020, Community Media adopted ASU 2014-09 on a modified retrospective basis. The adoption of ASU 2014-09, as amended, did not have a material impact on the recognition of revenue from contracts with customers.

Note 10 – Novel Coronavirus (Covid 19)

In March 2020, the World Health Organization declared the novel coronavirus (Covid 19) a pandemic. There have been mandates from federal, state, and local authorities requiring temporary closure of various schools, businesses and other facilities and organizations. While there were no significant program closures or service disruptions during the year ended June 30, 2021, Community Media did implement significant changes in program operations related to Covid 19 protocols as well as increased costs in operating during this pandemic. While these impacts are expected to be temporary, the continued spread of Covid-19 and its variants, and its impact on social interaction, travel, economic and financial markets may adversely affect Community Media operations and financial condition.