

COMMUNITY MEDIA OF THE FOOTHILLS

INDEPENDENT CERTIFIED AUDITOR'S REPORT

JUNE 30, 2018

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, 2018, 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

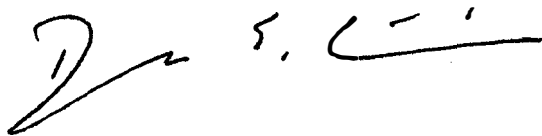
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether 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, 2018, 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

January 9, 2019

**COMMUNITY MEDIA OF THE FOOTHILLS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018**

ASSETS

Current Assets

Cash	\$ 59,722
Accounts receivable-trade (Note 2)	137,382
Prepaid expenses	1,995
Net property and equipment (Notes 2 and 3)	<u>132,202</u>

TOTAL ASSETS \$ 331,301

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 9,706
Accrued expenses	<u>3,096</u>

Total Liabilities 12,802

Net Assets

Unrestricted	<u>318,499</u>
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TOTAL LIABILITIES AND NET ASSETS \$ 331,301

The accompanying notes are an integral part of these statements.

**COMMUNITY MEDIA OF THE FOOTHILLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Revenue (Note 2)	
Contract revenue	\$ 255,628
Miscellaneous revenue	<u>33,555</u>
Total Revenue	289,183
Expenses	<u>232,771</u>
Net surplus	56,412
Net assets, beginning	<u>262,087</u>
Net assets, ending	<u><u>\$ 318,499</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, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES

Excess of revenue over expenses	\$ 56,412
Adjustments to reconcile excess of revenue over expenses to net cash from operating activities:	
Depreciation	18,458
Increase in accounts receivable	(22,080)
Decrease in prepaid expenses	3,213
Decrease in accounts payable	(12,851)
Decrease in accrued legal settlement	(20,000)
Increase in accrued expenses	<u>501</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	23,653

CASH FLOWS FROM INVESTING ACTIVITIES

None -

CASH FLOWS FROM FINANCING ACTIVITIES

None -

Net increase in cash 23,653

CASH AND CASH EQUIVALENTS - JULY 1, 2017 36,070

CASH AND CASH EQUIVALENTS - JUNE 30, 2018 \$ 59,723

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, 2018**

Accounting	\$	10,872
Alarm service		476
Bookkeeping services		1,039
Conferences and travel		16
Contract Services		1,787
Depreciation and amortization		18,458
Equipment rental		426
Insurance		24,029
Legal costs		10,120
Licenses and taxes		815
Maintenance and repair		2,452
Memberships and dues		2,528
Office expense and supplies		6,773
Payroll services		3,986
Production services		384
Reimbursed expenses		126
Rent		5,364
Telephone		1,041
Utilities		4,686
Wages and taxes		<u>137,393</u>
Total Expenses	\$	<u><u>232,771</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, 2018

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

The organization 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. The organization is also exempt from state franchise or income tax under Section 23701d. Accordingly, the accompanying financial statements of the organization 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, 2018, Community Media had no assets that had donor restrictions.

In addition, Community Media is required to present a statement of cash flows.

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, 2018 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, 2018, there were no contributed services meeting the requirements

COMMUNITY MEDIA OF THE FOOTHILLS

Notes to Financial Statements

For the Year Ended June 30, 2018

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 are as follows:

City Contracts: Contracts with the City of Monrovia, the City of Sierra Madre, City of Duarte, 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.

Allocation of Expenses

The cost of providing the various services and supporting activities of Community Media have been summarized on a functional basis in the statement of activity. Accordingly, certain costs have been allocated among the programs and supporting activities.

COMMUNITY MEDIA OF THE FOOTHILLS

Notes to Financial Statements

For the Year Ended June 30, 2018

NOTE 2 - Summary of significant accounting policies (continued)

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.

NOTE 3 - Property, equipment and leasehold improvements

Property, equipment and leasehold improvements consist of the following at June 30, 2018:

Machinery and equipment	\$ 458,039
Furniture and fixtures	2,787
Leasehold improvements	<u>187,698</u>
Sub-total	648,524
Less accumulated depreciation	<u>516,322</u>
Net property and equipment	<u>\$ 132,202</u>

Depreciation expense for the year ended June 30, 2018 was \$18,458.

NOTE 4 – Statement of Cash Flows

There was no interest expense for the year ended June 30, 2018. There was no material accrued interest at June 30, 2018.

NOTE 5 – Subsequent Events

In preparing the financial statements, the organization has evaluated events and transactions for potential recognition or disclosure through January 9, 2019.

NOTE 6 – Concentration of Risk

Community Media has a contract with the City of Monrovia which represents approximately 60% of their total annual revenue. However, management believes that this concentration of risk is low because they believe this contract will be renewed indefinitely.