

Montague Community Cable, Inc.

Financial Statements

December 31, 2020



Bernice F. Lord

CERTIFIED PUBLIC ACCOUNTANT

Montague Community Cable, Inc.

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

TO THE OFFICERS AND DIRECTORS
MONTAGUE COMMUNITY CABLE, INC.
TURNERS FALLS, MASSACHUSETTS

I have reviewed the accompanying statement of financial position of Montague Community Cable, Inc. (a Massachusetts nonprofit organization) as of December 31, 2020 and December 31, 2019 and the related statements of activities, functional expenses, and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Accountant's Responsibility

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

April 29, 2021
Easthampton, MA

Montague Community Cable, Inc.
Statement of Financial Position
As of December 31, 2020
With Summary Totals for 2019

<u>Current Assets</u>	<u>2020</u>	<u>2019</u>
Cash	\$ 246,181	\$ 207,047
Accounts Receivable	45,781	46,900
Prepaid Expenses	1,919	1,919
Security Deposit	<u>831</u>	<u>831</u>
Total Current Assets	294,712	256,697
<u>Property and Equipment</u>		
Furniture and Fixtures	606	606
Equipment	<u>190,432</u>	<u>189,647</u>
	191,038	190,253
Less Accumulated Depreciation	<u>156,331</u>	<u>142,993</u>
Total Property and Equipment	<u>34,707</u>	<u>47,260</u>
Total Assets	<u>\$ 329,419</u>	<u>\$ 303,957</u>
<u>Current Liabilities</u>		
Accrued Expenses	\$ 9,990	\$ 8,633
Deferred Revenue	<u>19,407</u>	<u>7,692</u>
Total Current Liabilities	29,397	16,325
<u>Net Assets</u>		
Without Donor Restrictions	<u>300,022</u>	<u>287,632</u>
Total Net Assets	<u>300,022</u>	<u>287,632</u>
Total Liabilities and Net Assets	<u>\$ 329,419</u>	<u>\$ 303,957</u>

See the Accompanying Accountant's Review Report and Notes to Financial Statements

Montague Community Cable, Inc.
Statement of Activities
For the Year Ended December 31, 2020
With Summary Totals for 2019

UNRESTRICTED NET ASSETS

<u>Support and Revenue</u>	<u>2020</u>	<u>2019</u>
Cable Fees Revenue	\$ 135,672	\$ 137,018
Capital Grant	785	7,050
Interest Income	110	97
Miscellaneous Revenue	<u>390</u>	<u> </u>
Total Unrestricted Support and Revenue	136,957	144,165
<u>Expenses</u>		
Program Services	101,384	111,464
Management & General	<u>23,183</u>	<u>25,484</u>
Total Expenses	<u>124,567</u>	<u>136,948</u>
Increase/(Decrease) in Net Assets	12,390	7,217
Beginning Net Assets	<u>287,632</u>	<u>280,415</u>
Ending Net Assets	<u>\$ 300,022</u>	<u>\$ 287,632</u>

See the Accompanying Accountant's Review Report and Notes to Financial Statements

Montague Community Cable, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2020
With Summary Totals for 2019

	Program <u>Services</u>	General & <u>Administrative</u>	2020 <u>Total</u>	2019 <u>Total</u>
Salaries & Wages	\$ 57,490	\$ 10,145	\$ 67,635	\$ 76,361
Payroll Taxes	5,099	900	5,999	7,132
Fringe Benefits	<u>3,060</u>	<u>540</u>	<u>3,600</u>	<u>3,600</u>
Subtotal	65,649	11,585	77,234	87,093
Advertising				324
Consultants	4,081	1,219	5,300	5,700
Depreciation	10,270	3,068	13,338	13,751
Dues & Fees	229	69	298	333
Insurance	2,084	623	2,707	2,547
Maintenance	211		211	1,949
Minor Equipment	440		440	421
Office Expenses	875	261	1,136	1,644
Postage	21	6	27	11
Professional Fees		2,200	2,200	2,150
Program Expenses	3,628		3,628	3,065
Rent	9,563	2,857	12,420	12,420
Telephone/Internet	2,423	724	3,147	3,203
Utilities	<u>1,910</u>	<u>571</u>	<u>2,481</u>	<u>2,337</u>
Total Expenses	<u>\$ 101,384</u>	<u>\$ 23,183</u>	<u>\$124,567</u>	<u>\$136,948</u>

See the Accompanying Accountant's Review Report and Notes to Financial Statements

Montague Community Cable, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2020
With Summary Totals for 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase/(decrease) in net assets	\$ 12,390	\$ 7,217
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	13,338	13,751
(Increase) decrease in operating assets:		
Accounts receivable	1,119	(12,412)
Prepaid expenses		(4)
Increase (decrease) in operating liabilities:		
Accrued expenses	1,357	1,699
Deferred Revenue	<u>11,715</u>	<u>5,450</u>
 NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	 39,919	 15,701
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Fixed assets purchased-Net	<u>(785)</u>	<u>(7,050)</u>
NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES	 (785)	 (7,050)
 CASH FLOWS FROM FINANCING ACTIVITIES:		
NET CASH PROVIDED/(USED) BY FINANCING ACTIVITIES	 <u>0</u>	 <u>0</u>
 NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	 39,134	 8,651
 BEGINNING CASH AND CASH EQUIVALENTS	 <u>207,047</u>	 <u>198,396</u>
 ENDING CASH AND CASH EQUIVALENTS	 <u>\$ 246,181</u>	 <u>\$ 207,047</u>

See the Accompanying Accountant's Review Report and Notes to Financial Statements

Montague Community Cable, Inc.
Notes to Financial Statements
December 31, 2020

1. Summary of Significant Accounting Policies

A. Basis of Presentation:

The financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net Assets Without Donor Restriction – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restriction – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

B. Functional Allocation of Expenses:

The cost of providing the organization's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. In some cases, common expenses are incurred which support the works performed under more than one program and/or contract. Such expenses are allocated based upon promulgated methods and standards of American Institute of Certified Public Accountants.

C. Cash Equivalents:

For purposes of the statement of cash flows, the organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

D. Contributions:

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

Montague Community Cable, Inc.
Notes to Financial Statements
December 31, 2020

1. Summary of Significant Accounting Policies (continued)

E. Revenue Recognition:

Program Service Fees are recognized as costs are incurred, or services provided, which are eligible for reimbursement according to the contract. To the extent allowable costs, or billings for service, have not been reimbursed, an account receivable from the funding source is recognized. If a contract is terminated, any unexpected funds may have to be returned to the funding source. Funds received under a contract are limited to usage as determined by the contract.

F. Advertising Costs:

The organization expenses the cost of advertising as incurred. A total of \$0 in advertising costs were expensed in 2020 and \$324 in 2019.

G. Capitalization of Expenditures:

Property and equipment are recorded at cost. The cost of maintenance and repairs is charged to expense as incurred. Major improvements are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives. The organization follows the practice of capitalizing all expenditures for fixed assets in excess of \$500.

H. Income Tax Status:

The organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. However, income from certain activities not directly related to the organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The organization did not engage in any unrelated business activities during the fiscal year. Management believes more likely than not, that its tax-exempt status position will be sustained if examined by Authorities.

2. Organization

Montague Community Cable, Inc. is a not for profit corporation organized under Massachusetts General Laws Chapter 180; it is also a 501 (c) (3) organization under the Internal Revenue Code of 1986 as amended. As such, the organization is exempt from federal and state corporate income taxes and various federal and state excise and sales taxes. As a 501(c)(3) organization all donations made to the organization may be deductible for federal income purposes.

3. Operations

The organization operates a local community access television station and supplies copies of tapings.

Montague Community Cable, Inc.
Notes to Financial Statements
December 31, 2020

4. Concentration Risk

Financial investments that potentially subject the organization to concentrations of credit risk consist principally of accounts receivable. The organization is funded primarily by a contract with the Town of Montague. At year end, accounts receivable consists of an amount due from this source. Management believes the risk of loss is remote.

5. 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

6. Fair Value of Financial Instruments

The organization's financial instruments, none that are held for trading purposes, include cash and cash equivalents, accounts receivable and accounts payable. Management estimates that the fair value of all financial instruments at year end, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

The estimated fair value amounts have been determined using available market information and appropriate valuation methods. The carrying amounts of cash and cash equivalents, accounts receivable and accounts payable reported in the statement of financial position approximate fair value because of the short maturities of those instruments.

7. Property and Equipment

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Furniture & Fixtures	\$ 606			\$ 606
Equipment	<u>189,647</u>	<u>\$ 785</u>	<u> </u>	<u>190,432</u>
Total	<u>\$ 190,253</u>	<u>\$ 785</u>	<u>\$ 0</u>	<u>\$ 191,038</u>

Accumulated Depreciation:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Furniture & Fixtures	\$ 606	\$		\$ 606
Equipment	<u>142,387</u>	<u>13,338</u>	<u> </u>	<u>155,725</u>
Total	<u>\$ 142,993</u>	<u>\$ 13,338</u>	<u>\$ 0</u>	<u>\$ 156,331</u>

Montague Community Cable, Inc.
Notes to Financial Statements
December 31, 2020

8. Operating Lease

The organization has a short term operating lease for office space. Rent expense for the years ending December 31, 2020 and December 31, 2019 was \$12,420 and \$12,420, respectively.

9. Prior Year Information

Prior year information presented in these financial statements is not a complete presentation in conformity with generally accepted accounting principles.

10. Fair Value of Assets and Liabilities

FASB ASC No. 820, *Fair Value Measurement*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets, which have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets. Level 3 inputs, which have the lowest priority, use primarily unobservable inputs. The organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

Fair values of assets measured on a recurring basis at December 31, 2020 are as follows:

	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash Equivalents	\$246,181	\$246,181	\$ 0	\$ 0
Total	\$246,181	\$246,181	\$ 0	\$ 0

11. Subsequent Events

Management performed an evaluation of subsequent events through April 29, 2021, the date these financial statements were issued.