

Andover Community Access and Media, Inc.

Financial Statements

June 30, 2012

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Andover Community Access and Media, Inc.

We have reviewed the accompanying statements of assets, liabilities, and net assets – cash basis of Andover Community Access and Media, Inc. (a nonprofit organization) as of June 30, 2012 and 2011, and the related statements of revenues and expenses – cash basis, functional expenses – cash basis, and cash flows – cash basis for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization 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, we do not express such an opinion.

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.

Our 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 us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the cash basis of accounting as described in Note 2.



Anstiss & Co., P.C.
Lowell, MA
October 31, 2012

Andover Community Access and Media, Inc.
Statement of Assets, Liabilities, and Net Assets - Cash Basis
June 30, 2012 and 2011

	Assets	
	<u>2012</u>	<u>2011</u>
Current assets		
Cash and cash equivalents	\$ 42,672	\$ 66,459
Short term investments	86,242	35,627
Total current assets	<u>128,914</u>	<u>102,086</u>
Fixed assets		
Video equipment	114,299	103,662
Office equipment	4,602	2,533
Furniture and fixtures	54,128	38,578
Software	5,329	5,329
Total fixed assets	178,358	150,103
Less : accumulated depreciation	<u>(81,438)</u>	<u>(52,744)</u>
Fixed assets - net	<u>96,920</u>	<u>97,359</u>
Total assets	<u><u>\$ 225,834</u></u>	<u><u>\$ 199,445</u></u>
Liabilities and Net Assets		
Current liabilities		
SIMPLE contributions payable	\$ 625	\$ -
Total current liabilities	<u>625</u>	<u>-</u>
Net assets		
Net assets - unrestricted	225,209	199,445
Total net assets	<u>225,209</u>	<u>199,445</u>
Total liabilities and net assets	<u><u>\$ 225,834</u></u>	<u><u>\$ 199,445</u></u>

See accompanying notes and independent accountant's review report.

Andover Community Access and Media, Inc.
Statements of Revenue, Support, and Expenses - Cash Basis
For the Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Unrestricted support and revenues		
Franchise fees (Note 2)	\$ 225,000	\$ 225,000
Contributions	-	3,701
Interest income	615	161
Total unrestricted support and revenues	<u>225,615</u>	<u>228,862</u>
Expenses		
Program services	182,219	168,319
Management and general	17,632	23,919
Total expenses	<u>199,851</u>	<u>192,238</u>
Total change in net assets	25,764	36,624
Net assets - beginning	<u>199,445</u>	<u>162,821</u>
Net assets - ending	<u><u>\$ 225,209</u></u>	<u><u>\$ 199,445</u></u>

See accompanying notes and independent accountant's review report.

Andover Community Access and Media, Inc.
Statement of Functional Expenses - Cash Basis
For the Year Ended June 30, 2012

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Payroll and related expenses	\$ 127,080	\$ -	\$ 127,080
Program services and related expenses	5,614	-	5,614
Professional fees	-	5,752	5,752
Depreciation	28,694	-	28,694
Office supplies and expenses	-	3,974	3,974
Telephone and utilities	3,347	-	3,347
Insurance	-	4,499	4,499
Outside labor	3,460	-	3,460
Licenses and fees	-	85	85
Program supplies	12,249	-	12,249
Conferences, conventions and dues	-	-	-
Publicity and advertising	-	2,747	2,747
Dues and subscriptions	150	575	725
Repairs and maintenance	1,500	-	1,500
Travel and entertainment	125	-	125
Total	<u>\$ 182,219</u>	<u>\$ 17,632</u>	<u>\$ 199,851</u>

See accompanying notes and independent accountant's review report.

Andover Community Access and Media, Inc.
Statement of Functional Expenses - Cash Basis
For the Year Ended June 30, 2011

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Payroll and related expenses	\$ 111,823	\$ -	\$ 111,823
Program services and related expenses	7,169	-	7,169
Professional fees	-	8,428	8,428
Depreciation	29,640	-	29,640
Office supplies and expenses	-	5,697	5,697
Telephone and utilities	3,561	-	3,561
Insurance	-	8,126	8,126
Outside labor	2,875	-	2,875
Licenses and fees	-	-	-
Program supplies	11,689	-	11,689
Conferences, conventions and dues	-	-	-
Publicity and advertising	-	1,568	1,568
Dues and subscriptions	-	100	100
Repairs and maintenance	963	-	963
Travel and entertainment	599	-	599
	<u>\$ 168,319</u>	<u>\$ 23,919</u>	<u>\$ 192,238</u>

See accompanying notes and independent accountant's review report.

Andover Community Access and Media, Inc.
Statements of Cash Flows - Cash Basis
For the Years Ended June 30, 2012 and 2011

	2012	2011
Cash flows from operating activities		
Change in net assets	\$ 25,764	\$ 36,624
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation	28,694	29,640
Changes in assets and liabilities		
Increase in SIMPLE contributions payable	625	-
Net cash provided by operating activities	55,083	66,264
Cash flows from investing activities		
Proceeds from the sale of short term investments	-	5,000
Purchase of short term investments	(50,614)	(161)
Purchase of fixed assets	(28,256)	(6,767)
Net cash used by investing activities	(78,870)	(1,928)
Net (decrease) increase in cash and cash equivalents	(23,787)	64,336
Cash and cash equivalents - beginning	66,459	2,123
Cash and cash equivalents - ending	\$ 42,672	\$ 66,459
 Supplemental cash flow information:		
In-kind contributions	\$ -	\$ -
Interest paid	\$ -	\$ -
Taxes paid	\$ -	\$ -

See accompanying notes and independent accountant's review report.

Andover Community Access and Media, Inc.
Notes to Financial Statements
June 30, 2012 and 2011

Note 1 - Organization

Andover Community Access and Media, Inc. (the Organization) was incorporated on October 30, 2007, as a non-profit organization in the Commonwealth of Massachusetts. Its purpose is to provide local access television serving the residents and institutions of the Town of Andover, Massachusetts. The Organization operates its production facility at Andover High School, providing technical facilities and the requisite training necessary to bring about community based, non-commercial, educational and cultural television programming. The Organization also provides computer training and equipment usage opportunities.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the cash basis of accounting which is considered a comprehensive basis of accounting other than generally accepted accounting principles (GAAP). The cash basis differs from generally accepted accounting principles because revenue and support are recognized when received rather than when promised or earned, and expenses and purchases of fixed assets are recorded when cash is disbursed rather than when the obligation is incurred.

Classification of Net Assets

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) section 958-205, "*Presentation of Financial Statements*". Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets

Net assets that are not subject to donor-imposed stipulations are classified as unrestricted.

Temporarily Restricted Net Assets

Net assets subject to donor imposed stipulations that may or will be met, either by actions of the organization and/or the passage of time are classified as temporarily restricted. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. It is the Organization's policy to record temporarily restricted contributions whose restrictions are met in the same reporting period as unrestricted support in accordance with FASB ASC 958-605, "*Revenue Recognition*". At June 30, 2012 and 2011, the Organization had no temporarily restricted net assets.

See independent accountant's review report.

Andover Community Access and Media, Inc.
Notes to Financial Statements
June 30, 2012 and 2011

Note 2 - Summary of Significant Accounting Policies (continued)

Classification of Net Assets (continued)

Permanently Restricted Net Assets

Net assets subject to donor-imposed stipulations that they be maintained permanently by the organization are recorded as permanently restricted net assets. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. At June 30, 2012 and 2011, the Organization had no permanently restricted net assets.

Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits and certificates of deposit with original maturities of three months or less.

Short Term Investments

Short term investments consist of time deposits and certificates of deposit with original maturities in excess of three months.

Fixed Assets

The Organization capitalizes major purchases of fixed assets that are not in the nature of replacements or repairs. Minor equipment purchases, replacements, maintenance, and repairs are charged to expense as incurred. Capitalized fixed assets are recorded at cost if purchased or constructed, or at fair market value at the date of the gift, if donated. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

Donated Services

The Organization receives services from volunteers in various aspects of its operations. No amount has been recognized as revenue in accordance with FASB ASC 958-605, "*Revenue Recognition*".

Estimates

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

See independent accountant's review report.

Andover Community Access and Media, Inc.
Notes to Financial Statements
June 30, 2012 and 2011

Note 2 - Summary of Significant Accounting Policies (Continued)

Income Taxes and Uncertain Tax Positions

The Organization, incorporated under Chapter 180 of the Massachusetts General Laws as a tax exempt entity, has been granted tax-exempt status under Internal Revenue Code (IRC) Section 501(c)(3) and is classified as other than a private foundation as defined by section 509(a) of the IRC. Therefore, it is generally exempt from federal and state income taxes. Accordingly, no provision for income taxes has been provided for in the accompanying financial statements.

The Organization is required by FASB ASC 740-10, "*Income Taxes*", to evaluate and disclose tax positions that could have an effect on the Organization's financial statements. The Organization reports its activities to the Internal Revenue Service and to the Commonwealth of Massachusetts on an annual basis. These informational returns are generally subject to audit and review by the governmental agencies for a period of three years after filing. Substantially all of the Organization's income, expenditures and activities relate to its exempt purpose. Therefore, management has determined that the Organization is not subject to unrelated business income taxes and will continue to qualify as a tax exempt not-for-profit entity.

Concentration of Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash and cash equivalents. The Organization maintains its cash and cash equivalents in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management routinely assesses the integrity and stability of the institutions where the cash and equivalents are held and considers credit risk to be minimal.

See independent accountant's review report.

Andover Community Access and Media, Inc.
Notes to Financial Statements
June 30, 2012 and 2011

Note 2 - Summary of Significant Accounting Policies (Continued)

Fair Value of Financial Instruments

FASB ASC 820-10, "*Fair Value Measurements*", applies to reported balances that are required or permitted to be measured at fair value on a recurring basis under an existing accounting pronouncement. FASB ASC 820-10 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy consisting of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (adjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the assets or liabilities, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

FASB ASC 825-10, "*Financial Instruments*", permits an entity to measure many financial instruments and certain other assets and liabilities at fair value on an instrument-by-instrument basis. The Organization has not adopted any of the additional fair value options allowed in the standard.

See independent accountant's review report.

Andover Community Access and Media, Inc.
Notes to Financial Statements
June 30, 2012 and 2011

Note 3 – Investments and Fair Value of Financial Instruments

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures (see Note 2). The following table presents the Organization’s fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2012 and 2011:

2012				
	Total	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Certificates of deposit	\$ 86,242	\$ 86,242	\$ -	\$ -
Total	\$ 86,242	\$ 86,242	\$ -	\$ -

2011				
	Total	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Certificates of deposit	\$ 35,627	\$ 35,627	\$ -	\$ -
Total	\$ 35,627	\$ 35,627	\$ -	\$ -

Note 4 – Investment Return

Investment return on cash equivalents and investments consisted of the following for the years ended December 31:

	2012	2011
Interest and dividends	\$ 615	\$ 161
	\$ 615	\$ 161

Note 5 - Franchise Fees

The Organization has been recognized as the provider of telecommunication access services by the Town of Andover through a franchise agreement with the Town, Comcast, and Verizon. The Organization receives its primary source of support from this agreement. The agreement provides that the Organization will receive \$225,000 each year. This franchise agreement is for a five year term expiring December 31, 2012, and is renewable for an additional five years.

See independent accountant’s review report.

Andover Community Access and Media, Inc.
Notes to Financial Statements
June 30, 2012 and 2011

Note 6 – Commitments

During 2007, the Organization entered into an agreement to occupy space at the Andover High School. The Organization sets aside \$10,000 annually to support educational opportunities for the students of Andover High School technology classes in exchange for the use of space.

Note 7 – Employee Benefits Plans

The Organization maintains a premium pretax salary reduction plan (cafeteria plan) available to all employees. The plan is intended to qualify as a cafeteria plan under Section 125 of the Internal Revenue Code, and the benefits provided under the plan are excluded from Federal income tax. The Organization is not required to make any contributions to the plan. The benefit that is offered is health and dental insurance.

During 2012, the Organization began offering its full-time employees a SIMPLE Plan. Under the plan, the Organization will match employee deferrals up to 3% of eligible wages. Matching contributions for the years ended June 30, 2012 and 2011 were \$1,860 and \$0, respectively.

Note 9 – Subsequent Events

FASB ASC 855-10, “*Subsequent Events*” defines further disclosure requirements for events that occur after the balance sheet date, but before financial statements are issued. In accordance with FASB ASC 855-10, management has evaluated events subsequent to June 30, 2012 through October 31, 2012, which is the issuance date of this report. There has been no material event noted during this period that would either impact the results reflected in this report or the Organization’s results going forward.

See independent accountant’s review report.