

Andover Community Access and Media, Inc.

Financial Statements

June 30, 2010

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

We have reviewed the accompanying statement of assets, liabilities, and net assets – cash basis of Andover Community Access and Media, Inc. (a nonprofit organization) as of June 30, 2010, and the related statements of revenues and expenses – cash basis, functional expenses – cash basis, and cash flows – cash basis for the years then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Andover Community Access and Media, Inc.

A review consists principally of inquiries of Organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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.

The financial statements of Andover Community Access and Media, Inc. as of June 30, 2009 were compiled by other accountants whose report dated January 4, 2010 stated that they have not audited or reviewed the 2009 financial statements and, accordingly do not express an opinion or provide any assurance about whether the financial statements are in accordance with the cash basis of accounting.

Anstiss & Co., P.C.

Anstiss & Co., P.C.
Lowell, MA
February 15, 2011

Andover Community Access and Media, Inc.
Statement of Assets, Liabilities, and Net Assets - Cash Basis
June 30, 2010 and 2009

	2010 Reviewed	2009 Compiled
Assets		
Current assets		
Cash and cash equivalents	\$ 2,123	\$ 57,607
Short term investments	40,466	-
Total current assets	<u>42,589</u>	<u>57,607</u>
Fixed assets		
Video equipment	98,335	19,790
Office equipment	2,006	2,006
Furniture and fixtures	38,578	37,565
Software	4,417	4,417
Total fixed assets	<u>143,336</u>	<u>63,778</u>
Less : accumulated depreciation	<u>(23,104)</u>	<u>(7,760)</u>
Fixed assets - net	<u>120,232</u>	<u>56,018</u>
Total assets	<u><u>\$ 162,821</u></u>	<u><u>\$ 113,625</u></u>
Liabilities and Net Assets		
Net assets		
Net assets - unrestricted	<u>\$ 162,821</u>	<u>113,625</u>
Total net assets	<u>162,821</u>	<u>113,625</u>
Total liabilities and net assets	<u><u>\$ 162,821</u></u>	<u><u>\$ 113,625</u></u>

See accompanying notes and accountants' review report.

Andover Community Access and Media, Inc.
Statements of Revenue, Support, and Expenses - Cash Basis
For the Years Ended June 30, 2010 and 2009

	2010 <u>Reviewed</u>	2009 <u>Compiled</u>
Unrestricted support and revenues		
Franchise fees (Note 2)	\$ 225,000	\$ 112,500
Contributions	80	50
Interest income	466	-
Total unrestricted support and revenues	<u>225,546</u>	<u>112,550</u>
Expenses		
Program services	158,824	135,080
Management and general	17,526	15,674
Total expenses	<u>176,350</u>	<u>150,754</u>
Total change in net assets	49,196	(38,204)
Net assets - beginning	<u>113,625</u>	<u>151,829</u>
Net assets - ending	<u><u>\$ 162,821</u></u>	<u><u>\$ 113,625</u></u>

See accompanying notes and accountants' review report.

Andover Community Access and Media, Inc.
Statement of Functional Expenses - Cash Basis
For the Year Ended June 30, 2010

	Reviewed		
	Program Services	Management and General	Total
Payroll and related expenses	\$ 103,512	\$ -	\$ 103,512
Program services and related expenses	14,762	-	14,762
Professional fees	70	11,451	11,521
Depreciation	15,344	-	15,344
Office supplies and expenses	-	2,380	2,380
Telephone and utilities	5,305	-	5,305
Insurance	-	3,327	3,327
Outside labor	1,135	-	1,135
Licenses and fees	-	85	85
Program supplies	11,798	-	11,798
Conferences, conventions and dues	350	-	350
Publicity and advertising	-	203	203
Dues and subscriptions	-	80	80
Repairs and maintenance	6,310	-	6,310
Travel and entertainment	238	-	238
Total	\$ 158,824	\$ 17,526	\$ 176,350

See accompanying notes and accountant's review report.

Andover Community Access and Media, Inc.
Statement of Functional Expenses - Cash Basis
For the Year Ended June 30, 2009

	Compiled		
	Program Services	Management and General	Total
Payroll and related expenses	\$ 105,079	\$ -	\$ 105,079
Program services and related expenses	5,529	-	5,529
Professional fees	-	9,213	9,213
Depreciation	7,064	-	7,064
Office supplies and expenses	97	2,229	2,326
Telephone and utilities	4,302	-	4,302
Insurance	-	3,543	3,543
Outside labor	2,013	-	2,013
Licenses and fees	876	-	876
Program supplies	6,867	-	6,867
Conferences, conventions and dues	40	-	40
Publicity and advertising	-	539	539
Dues and subscriptions	-	150	150
Repairs and maintenance	3,213	-	3,213
Travel and entertainment	-	-	-
	\$ 135,080	\$ 15,674	\$ 150,754

See accompanying notes and accountant's review report.

Andover Community Access and Media, Inc.
Statements of Cash Flows - Cash Basis
For the Years Ended June 30, 2010 and 2009

	<u>2010</u> <u>Reviewed</u>	<u>2009</u> <u>Compiled</u>
Cash flows from operating activities		
Change in net assets	\$ 49,196	\$ (38,204)
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation	15,344	7,064
Changes in assets and liabilities		
Decrease in Accrued Expenses	-	(25)
Net cash utilized by operating activities	<u>64,540</u>	<u>(31,165)</u>
Cash flows from investing activities		
Proceeds from the sale of short term investments	10,000	-
Purchase of short term investments	(50,466)	-
Purchase of fixed assets	(79,558)	(34,532)
Net cash provided by investing activities	<u>(120,024)</u>	<u>(34,532)</u>
Net increase in cash and cash equivalents	(55,484)	(65,697)
Cash and cash equivalents - beginning	57,607	123,304
Cash and cash equivalents - ending	<u>\$ 2,123</u>	<u>\$ 57,607</u>
 Supplemental cash flow information:		
In-kind contributions	<u>\$ -</u>	<u>\$ -</u>
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Taxes paid	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes and accountants' review report.

Andover Community Access and Media, Inc.
Notes to Financial Statements
June 30, 2010

Note 1 - Organization

Andover Community Access and Media, Inc. (the Corporation) was organized on October 30, 2007, as a non-profit organization incorporated 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 Corporation operates the 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 Corporation 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 (formerly Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements for Not-for-Profit Organizations*). 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 (formerly SFAS 116, *Accounting for Contributions Received and Contributions Made*). At June 30, 2010 and 2009, the Organization had no temporarily restricted net assets.

See accountants' review report.

Andover Community Access and Media, Inc.
Notes to Financial Statements
June 30, 2010

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, 2010 and 2009, the Organization had no permanently restricted net assets.

Codification

In June 2009, the Financial Accounting Standards Board (FASB) issued the FASB Accounting Standards Codification (FASB ASC) 105-10 and the Hierarchy of Generally Accepted Accounting Principles (GAAP). FASB ASC 105-10 establishes the Codification as the sole source of authoritative accounting principles recognized by FASB to be applied by all nongovernmental entities in the preparation of financial statements in conformity with GAAP. FASB ASC 105-10 was prospectively effective for financial statements issued for fiscal years ending on or after September 15, 2009 and interim periods within those fiscal years. The adoption of FASB ASC 105-10 on July 1, 2009 did not impact the Organization's results of operations or financial condition. The Codification did not change GAAP, however it did change the way GAAP is organized and presented. As a result, these changes impact how organizations reference GAAP in their financial statements and in their significant accounting policies. The Corporation implemented the Codification in this report by providing references to the Codification topics alongside references to the corresponding former standards.

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 Corporation 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.

See accountants' review report.

Andover Community Access and Media, Inc.
Notes to Financial Statements
June 30, 2010

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, *Accounting for 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.

Donated Services

The Corporation receives services from volunteers in various aspects of its operations. No amount has been recognized as revenue in accordance with FASB ASC 958-605 (formerly SFAS 116, *Accounting for Contributions Received and Contributions Made*).

Concentration of Credit Risk

Financial instruments, which potentially subject the Corporation to concentrations of credit risk, consist principally of cash and cash equivalents. The Corporation maintains its cash and cash equivalents in bank deposit accounts, which at times may exceed federally insured limits. The Corporation 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 accountants' review report.

Andover Community Access and Media, Inc.
Notes to Financial Statements
June 30, 2010

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

Fair Value of Financial Instruments

FASB ASC 820-10 (formerly SFAS 157, *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) on 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 (formerly SFAS 159, *The Fair Value Option for Financial Assets and Financial Liabilities*), permits an entity to measure many financial instruments and certain other assets and liabilities at fair value on an instrument-by-instrument basis. The Corporation has not adopted any of the additional fair value options allowed in the standard.

Andover Community Access and Media, Inc.
Notes to Financial Statements
June 30, 2010

Note 3 – Investments and Fair Value of Financial Instruments

The Foundation 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 Foundation's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2010 and 2009:

		2010			
		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	\$	40,466	\$ 40,466	\$ -	\$ -
Total	\$	40,466	\$ 40,466	\$ -	\$ -

		2009			
		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	\$	-	\$ -	\$ -	\$ -
Total	\$	-	\$ -	\$ -	\$ -

Note 4 – Investment Return

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

	<u>2010</u>	<u>2009</u>
Interest and dividends	\$ 466	\$ -
	<u>\$ 466</u>	<u>\$ -</u>

Note 5 - Franchise Fees

The Corporation 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 Corporation receives its primary source of support from this agreement. The agreement provides that the corporation 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 accountants' review report.

Andover Community Access and Media, Inc.
Notes to Financial Statements
June 30, 2010

Note 6 – Commitments

During 2007, the Corporation entered into an agreement to occupy space at the Andover High School. Under the agreement, the Corporation is obligated to pay \$10,000 per year and to provide educational opportunities to the students of Andover High School.

Note 7 – Employee Benefits Plans

The Corporation 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 Corporation is not required to make any contributions to the plan. The benefit that is offered is health and dental insurance.

Note 8 – Related Party Activity

During the current year, certain amounts from 2009 were reclassified to conform to current year presentation.

Note 9 – Subsequent Events

FASB ASC 855-10 (formerly SFAS No. 165, *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, 2010 through February 15, 2011, 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 accountants' review report.