

**THE PEOPLES CHANNEL  
FINANCIAL STATEMENTS**

**JUNE 30, 2002**



THE PEOPLES CHANNEL

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**Minor & Associates, P.A.**

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Memberships:

American Institute of Certified Public Accountants

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Dan E. Minor, CPA

Kim E. Anglin, CPA

INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Peoples Channel  
Chapel Hill, North Carolina

We have audited the accompanying statement of financial position of The Peoples Channel (a North Carolina non-profit organization) as of June 30, 2002, and the related statements of activities and of cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of The Peoples Channel as of June 30, 2002, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Minor + Associates, P.A.*

September 20, 2002



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**THE PEOPLES CHANNEL**  
**Statement of Financial Position**  
**June 30, 2002**

**ASSETS**

<b>CURRENT ASSETS</b>		
Cash	\$	52,134
Grant Receivable		<u>14,400</u>
<b>Total Current Assets</b>		66,534
<b>FIXED ASSETS - Net of Accumulated Depreciation</b>		16,763
 <b>OTHER ASSETS</b>		
Security Deposit		<u>2,454</u>
<b>TOTAL ASSETS</b>		<u>\$ 85,751</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT ASSETS</b>		
Salary Advances		90
 <b>LONG-TERM LIABILITIES</b>		
Security Deposit Held For Sub-Lessee		<u>870</u>
<b>TOTAL LIABILITIES</b>		<u>960</u>
 <b>NET ASSETS</b>		
Unrestricted		
Undesignated		84,791
 Temporarily Restricted Net Assets		
Equipment Purchased by Town of Chapel Hill		<u>-</u>
<b>TOTAL NET ASSETS</b>		<u>84,791</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<u>\$ 85,751</u>

See accompanying notes and auditors' report.

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**THE PEOPLES CHANNEL**  
**Statement of Activities**  
**For The Year Ended June 30, 2002**

<b>UNRESTRICTED NET ASSETS</b>	
Unrestricted Revenues and Gains	
Contributions	\$ 3,934
Government Contracts	
Town of Chapel Hill	104,495
Orange County	32,400
Other Contracts	125
Rent Income	4,900
Equipment Rental Income	70
Video Sales/Dubbing	1,637
Interest Income	740
Reimbursed Expenses	10
Miscellaneous	1,255
	<u>149,566</u>
<b>TOTAL UNRESTRICTED REVENUES AND GAINS</b>	<u>149,566</u>
 <b>EXPENSES</b>	
Program Services	132,302
Supporting Services	
Management and General	3,089
	<u>135,391</u>
<b>TOTAL EXPENSES</b>	<u>135,391</u>
<b>Increase In Unrestricted Net Assets</b>	<u>14,175</u>
 <b>TEMPORARILY RESTRICTED NET ASSETS</b>	
Net Assets Released from Restrictions	
Depreciation of Restricted Equipment	(10,443)
	<u>(10,443)</u>
<b>Increase (Decrease) in Net Assets</b>	3,732
<b>Net Assets - Beginning of Year</b>	81,059
	<u>81,059</u>
<b>Net Assets - End of Year</b>	\$ 84,791
	<u>\$ 84,791</u>

See accompanying notes and auditors' report.



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**THE PEOPLES CHANNEL**  
**Statement of Cash Flows**  
**For The Year Ended June 30, 2002**

<b>Cash Flows From Operating Activities</b>	
Increase in net assets	\$ 3,732
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	26,042
(Increase) in grant receivable	(14,400)
Decrease in cash advance	500
Increase in salary advances	<u>90</u>
Net cash provided by operating activities	15,964
<b>Cash Flows From Investing Activities</b>	
Purchase of equipment	<u>(13,380)</u>
Net increase in cash	2,584
Cash - Beginning of Year	<u>49,550</u>
Cash - End of Year	<u>\$ 52,134</u>

See accompanying notes and auditors' report.



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THE PEOPLES CHANNEL  
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description

The Peoples Channel (TPC) is a non-profit organization organized under Chapter 55A of the General Statutes of North Carolina. The organization was established to serve viewers and aid producers in producing programs representing producer's opinion and choice in subject matter with regular scheduling. The organization's objective is to increase awareness of what community access television has to offer the citizens of Chapel Hill and Orange County. The organization operates in Orange County, North Carolina.

The organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

Basis of Accounting

The financial statements of TPC have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Non-Profit Organizations*. Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted assets.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost. Equipment is capitalized and depreciated on a straight-line basis over their estimated useful lives of 5-to-9 years.

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THE PEOPLES CHANNEL  
NOTES TO FINANCIAL STATEMENTS

Property and Equipment - Continued

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Other Assets

Other assets include security deposits received from an organization subleasing office space from TPC.

Donated Services

No amounts have been reflected in the financial statements for donated services. The organization pays for most services requiring specific expertise. However, individuals volunteer their time and perform a variety of tasks that assist the organization with specific assistance programs, general operations, and various committee assignments.

Expense Allocation

The costs of providing program services and other activities are reflected on the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates

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

Revenue from Major Contract

The major government contract revenue is from the Town of Chapel Hill. Loss of the contract would require the organization to obtain alternative revenue to maintain operations.

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THE PEOPLES CHANNEL  
NOTES TO FINANCIAL STATEMENTS

NOTE B - GRANTS RECEIVABLE

The following grants and fees are due to the organization as of June 30, 2002:

Orange County	<u>\$14,400</u>
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NOTE C - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2002 consist of the following:

Video Equipment	\$112,362
Less: Accumulated Depreciation	( 95,599)
Property and equipment - net	<u>\$ 16,763</u>

The organization has purchased property and equipment with funds provided by the Town of Chapel Hill. The title to the property and equipment remains with the Town of Chapel Hill. The organization to comply with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, has reported the cash received as temporarily restricted net assets. The use of the equipment is recorded over the estimated useful lives by reclassifying temporarily restricted net assets to unrestricted net assets annually. This use is reflected on the Statement of Activities as depreciation.

During the year, the organization has purchased \$7,846 in property and equipment with funds from sources other than the Town of Chapel Hill. Title to the property and equipment remains with The Peoples Channel.

NOTE D - LEASE

The organization leases office space in Chapel Hill, North Carolina beginning March 17, 1998 and ending March 31, 2001. The organization pays for janitorial services, utilities, and pro-rata share of real estate taxes and hazard insurance. At tenant's option, the lease term may be extended for one additional three-year term. The organization has no leases with a minimum period of at least one year as of June 30, 2002.

NOTE E - RESTRICTED REVENUES

The organization has restricted grants. The grants are reported as unrestricted support if the restrictions are met in the reporting period, the policy is followed consistently, and the organization has a similar policy for reporting donor-restricted investment income and gains.





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**INDEPENDENT AUDITORS' REPORT**  
**ON ADDITIONAL INFORMATION**

Board of Directors  
The Peoples Channel  
Chapel Hill, North Carolina

Our report on the basic financial statements of The Peoples Channel (a non-profit organization) for June 30, 2002 appears on Page 1. We conducted our audit in accordance with generally accepted auditing standards for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Minor & Associates, P.A.*

September 20, 2002





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**THE PEOPLES CHANNEL**  
**Schedule of Functional Expenses**  
**For The Year Ended June 30, 2002**

	Program Services	Management and General	Totals
Salaries	\$ 54,514	\$ 2,869	\$ 57,383
Payroll taxes	4,186	220	4,406
Advertising	723		723
Bank service charges	22		22
Insurance	3,263		3,263
Internet Access	138		138
Miscellaneous	1,105		1,105
NSF checks	20		20
Occupancy	40,977		40,977
Professional fees	3,595		3,595
Services	6,111		6,111
Small office equipment	249		249
Supplies	3,064		3,064
Equipment repairs	1,430		1,430
Telephone	2,825		2,825
Travel	15		15
Depreciation	10,065		10,065
	\$ 132,302	\$ 3,089	\$ 135,391
<b>Total</b>	<b>\$ 132,302</b>	<b>\$ 3,089</b>	<b>\$ 135,391</b>

See auditors' report on additional information.