

**MATA COMMUNITY MEDIA, INC.**

**FINANCIAL STATEMENTS**

December 31, 2011 and 2010

## CONTENTS

Independent Auditor's Report.....	1
Statements of Financial Position .....	2
Statements of Activities .....	3
Statements of Cash Flows .....	4
Notes to Financial Statements .....	5



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
MATA Community Media, Inc.  
Milwaukee, Wisconsin

We have audited the accompanying statements of financial position of MATA Community Media, Inc. as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of MATA Community Media, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MATA Community Media, Inc. as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Wegner CPAs, LLP*

Wegner CPAs, LLP  
Pewaukee, Wisconsin  
February 22, 2012

Janesville Office:  
3000 Milton Avenue  
Suite 107  
P.O. Box 2260  
Janesville, WI 53547  
P: (608) 756-4020

Baraboo Office:  
123 Second Street  
P.O. Box 150  
Baraboo, WI 53913  
P: (608) 356-3966  
F: (608) 356-2966

Pewaukee Office:  
W239 N3490 Pewaukee Road  
Suite 200  
Pewaukee, WI 53072  
P: (262) 522-7555  
F: (262) 522-7550

Madison Office:  
2110 Luann Lane  
Madison, WI 53713  
P: (608) 274-4020  
F: (608) 274-0775

[www.wegnercpas.com](http://www.wegnercpas.com)  
[info@wegnercpas.com](mailto:info@wegnercpas.com)  
(888) 204-7665

**MATA COMMUNITY MEDIA, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 87,712	\$ 58,377
Accounts receivable	3,605	5,002
Total current assets	<u>91,317</u>	<u>63,379</u>
Property and equipment - net	<u>1,543,871</u>	<u>1,618,179</u>
<b>Total assets</b>	<u>\$ 1,635,188</u>	<u>\$ 1,681,558</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 12,830	\$ 12,118
Accrued payroll	12,175	5,467
Accrued interest	3,906	-
Deferred revenue	41,667	41,667
Notes payable - current portion	699,085	725,859
Capital lease obligations - current portion	<u>14,307</u>	<u>15,838</u>
Total current liabilities	783,970	800,949
<b>LONG-TERM LIABILITIES</b>		
Notes payable less current portion	-	1,007
Capital lease obligations less current portion	-	13,939
Deferred loan	<u>500,000</u>	<u>500,000</u>
Total long-term liabilities	<u>500,000</u>	<u>514,946</u>
Total liabilities	1,283,970	1,315,895
<b>NET ASSETS</b>		
Unrestricted	<u>351,218</u>	<u>365,663</u>
<b>Total liabilities and net assets</b>	<u>\$ 1,635,188</u>	<u>\$ 1,681,558</u>

See accompanying notes.

**MATA COMMUNITY MEDIA, INC.**  
**STATEMENTS OF ACTIVITIES**  
Years ended December 31, 2011 and 2010

	2011	2010
<b>UNRESTRICTED NET ASSETS</b>		
<b>SUPPORT AND REVENUE</b>		
Operating contracts	\$ 449,070	\$ 449,810
Membership dues	6,245	11,135
Workshop fees	1,720	2,925
Contributions	400	100
Interest	346	203
Other	8,292	9,951
<b>Total unrestricted support and revenue</b>	<b>466,073</b>	<b>474,124</b>
<b>EXPENSES</b>		
Personnel	244,117	244,055
Depreciation	74,308	82,486
Interest expense	52,572	40,750
Utilities	26,229	28,218
Occupancy	18,153	16,925
Professional fees	18,548	20,452
Insurance	13,658	13,259
Telephone	11,254	13,248
Production equipment and supplies	8,229	9,129
Repairs and maintenance	874	4,156
Office supplies	2,408	3,473
Contract fees	-	182
Dues and subscriptions	1,738	2,573
Miscellaneous	8,430	5,006
<b>Total expenses</b>	<b>480,518</b>	<b>483,912</b>
<b>Change in net assets</b>	<b>(14,445)</b>	<b>(9,788)</b>
Net assets - beginning of year (restated)	365,663	375,451
<b>Net assets - end of year</b>	<b>\$ 351,218</b>	<b>\$ 365,663</b>

See accompanying notes.

**MATA COMMUNITY MEDIA, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (14,445)	\$ (9,788)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	74,308	82,486
(Increase) decrease in assets		
Accounts receivable	1,397	(530)
Increase (decrease) in liabilities		
Accounts payable	712	(10,865)
Accrued payroll	6,708	(2,168)
Accrued interest	3,906	-
<b>Net cash flows from operating activities</b>	<u>72,586</u>	<u>59,135</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on notes payable	(27,781)	(32,604)
Payments on capital lease obligations	<u>(15,470)</u>	<u>(13,642)</u>
<b>Net cash flows from financing activities</b>	<u>(43,251)</u>	<u>(46,246)</u>
<b>Change in cash</b>	29,335	12,889
Cash - beginning of year	<u>58,377</u>	<u>45,488</u>
<b>Cash - end of year</b>	<u>\$ 87,712</u>	<u>\$ 58,377</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash paid for interest	\$ 48,666	\$ 40,750

See accompanying notes.

**MATA COMMUNITY MEDIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011 and 2010

---

MATA Community Media, Inc. (MATA) is a nonprofit community service corporation organized to provide the City of Milwaukee public access to its cable system. MATA is an independent organization created by the cable franchisee agreement between the City of Milwaukee and the franchiser, Warner Cable Communications of Milwaukee. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

MATA 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 net assets.

**Accounts Receivable**

MATA considers all accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required. If receivables become uncollectible, they will be charged to operations when that determination is made.

**Property and Equipment**

Acquisitions of operations equipment in excess of \$250 and office equipment and furnishings in excess of \$500 are capitalized. Purchases of property and equipment are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets ranging from 5 to 35 years.

**Support and Revenue Recognition**

Support restricted by the grantor, donor or other outside party is reported as increases in unrestricted net assets if the restriction expires in the year in which the support is recognized. All other restricted support is reported as increases in temporarily restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Revenue is recognized when MATA has incurred expenditures in accordance with specified requirements. Such amounts earned, but not received, are reported as accounts receivable. Such amounts received, but not earned, are reported as deferred revenue.

**Expense Allocation**

Directly identifiable expenses are charged to program services and supporting activities. Expenses related to more than one function are charged to program and supporting activities on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the organization.

**MATA COMMUNITY MEDIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011 and 2010

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Income Tax Status**

MATA is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, MATA qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). MATA's federal exempt organization returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed. With few exceptions, MATA is no longer subject to such examinations for tax years before 2008.

**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.

**Date of Management's Review**

Management has evaluated subsequent events through February 22, 2012, the date which the financial statements were available to be issued.

**NOTE 2 – PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
Land	\$ 47,900	\$ 47,900
Land improvements	14,217	14,217
Building	581,106	581,106
Building improvements	1,515,702	1,515,702
Office equipment and furniture	405,186	405,186
Production equipment	1,661,922	1,661,922
Vehicles	<u>12,367</u>	<u>12,367</u>
Property and equipment	4,238,400	4,238,400
Less accumulated depreciation	<u>2,694,529</u>	<u>2,620,221</u>
Property and equipment - net	<u>\$ 1,543,871</u>	<u>\$ 1,618,179</u>



**MATA COMMUNITY MEDIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011 and 2010

---

---

**NOTE 3 – CAPITAL LEASE OBLIGATIONS**

MATA leases equipment under several capital leases which expire at various dates through December 2012. The capital leases require monthly payments of \$1,642.

Future minimum lease payments under the capital lease obligations for 2012 is \$14,955, including \$648 representing interest. The present value of the net minimum lease payments as of December 31, 2011 is \$14,307.

The equipment recorded as capital leases has a cost of \$67,455 and accumulated depreciation of \$51,256 and \$39,563 at December 31, 2011 and 2010. MATA has the option to purchase the equipment for \$1 at the end of the lease terms.

**NOTE 4 – NOTES PAYABLE**

MATA received loans to purchase computer equipment and a server. The loans require monthly payments of \$123 and \$107, expiring at various dates through August 2012. MATA also has an adjustable rate note with MAD-I, LLC that matures in September 2012 and is secured by property and equipment. At December 31, 2011 the note required monthly payments of \$5,088, including principal and interest, and the interest rate was 6.5%. The note also has a covenant that limits capital expenditures to no more than \$50,000 per fiscal year. Principal payments due on notes payable for the year ending December 31, 2012 is \$699,085.

**NOTE 5 – DEFERRED LOAN**

MATA assumed a deferred loan of \$500,000 from the City of Milwaukee in March 2005. The loan is secured by the real estate occupied by MATA at 2404 West Clybourn Street and payable to the City of Milwaukee in event of default and foreclosure of the previously recorded mortgage.

**NOTE 6 – ECONOMIC DEPENDENCY**

MATA receives approximately 90% of its revenue from the City of Milwaukee under its operating contract. A significant reduction in the level of this funding could have an adverse effect on MATA's activities.

Under the terms of the new cable franchise agreement between the City of Milwaukee and the franchisee (Public and Education Grant), the City of Milwaukee is obligated to make annual payments to MATA in varied amounts, but not less than \$415,000. Future obligations from 2012 through 2016 are \$2,075,000.

**NOTE 7 – RETIREMENT PLAN**

MATA has a 401(k) retirement plan (Plan). An employee is eligible for participation after one year (equivalent to a 12-month period with at least 1,000 hours of service) and must be at least eighteen years of age. Contributions are made at the discretion of the Board of Directors. No contributions to the Plan were made in 2011 and 2010.

**MATA COMMUNITY MEDIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011 and 2010

---

---

**NOTE 8 – FUNCTIONAL CLASSIFICATION OF EXPENSES**

Expenses by function for 2011 and 2010 were as follows:

	<u>2011</u>	<u>2010</u>
Program services		
Media services	\$ 340,693	\$ 335,812
Supporting activities		
General and administrative	115,595	122,154
Membership development	3,575	3,778
Development	<u>20,655</u>	<u>22,168</u>
Total expenses	<u>\$ 480,518</u>	<u>\$ 483,912</u>

**NOTE 9 – RESTATEMENT OF NET ASSETS**

Unrecorded accounts payable for the prior year were discovered in the current year, which resulted in an understatement of current liabilities, an understatement of expenses, and an overstatement of unrestricted net assets as previously reported. Accordingly, as of December 31, 2010, accounts payable have been increased by \$6,975, expenses have been increased by \$6,975, and the change in unrestricted net assets have been decreased by \$6,975 from what was previously reported.