

ACAM Narrative for 2019 Annual report 8.23.2020 final

This report was reviewed, discussed and approved by ACAM Board of Directors at the ACAM Board of Directors meeting of August 25, 2020.

This narrative report was approved by the Board of Directors to be included as a report/document of the 2019 ACAM Annual Report.

A minor typographical correction on page 5 was discussed and has been corrected in highlighted fashion in this document.

08/20/2020

Abington Community Access and Media (ACAM) is putting forth a Financial report outlining corporate position and retrospective of 2019. This is the first such report the ACAM corporation has filed. The business activities of ACAM of 2019 into 2020 are of such significance it warrants a narrative to share the details which of consequence to the foundation of ACAM business and operations. This narrative offers that summation for matters of consequence and review. This narrative is intended to share with great transparency and communicate business operational details for the citizens of Abington to be most informed about their Public Education Government (PEG) Cable access studio - ACAM.

There are a number of events and ongoing activities related to the business activities of Abington Community Access and media (ACAM). These matters are pertinent to all ACAM interested parties but particularly insightful for the ACAM Board of Directors to have this information in at their fingertips to be knowledgeable representatives of ACAM for any and all interested parties of Abington.

I, Robert Molloy - Treasurer of ACAM - offer this narrative to be considered as a supplement to be included as part of the 2019 Annual Report of ACAM.

The Board of Directors

The following Abington residents are on the ACAM Board of Directors. These Directors serve the ACAM Board in an unpaid and volunteer capacity.

Director Name	Joined ACAM Board	Current Role on Board
Lisa Bezanson	June 2018	President, Director
Peter Walters	June 2018	Director
Robert F. Molloy III	May 2019	Treasurer, Director
Robert J. Kelly Jr.	January 2020	Secretary, Director
Jessica Johnson	March 2020	Abington School Committee Liaison, Director

Corporate Organization

A large effort has been put forth by the Board of Directors, with much of the effort being organized by President of ACAM Lisa Bezanson. The details below were active through much

of 2019 into August of 2020 to organize, update and correct ACAM corporate issues. Below are items of the highest importance for the ACAM corporation - organization efforts are summarized.

ACAM as a Tax Exempt Organization aka 501c3 status.

A 501(c)(3) organization is a corporation, trust, unincorporated association, or other type of organization exempt from federal income tax under section 501(c)(3) of Title 26 of the United States Code. It is one of the 29 types of 501(c) nonprofit organizations in the US.

It had been assumed since the founding of the ACAM corporation all appropriate documentation had been processed to put ACAM into a Tax Exempt business status. In the course of research since June of 2018 it was discovered ACAM did not have the proper filing for formal recognition nor official IRS designation of 501(c)(3) Tax exempt status treatment.

The summative history of the matter is ACAM was granted a “presumptive 501(c)(3) status” by the IRS when the company was incorporated in 2009. This was considered reasonable and routine for the non profit model of neighboring PEG Community Access Studio business’. Research of 2018 and 2019 revealed the request of 501(c)(3) had been initiated and the response was that the IRS in 2009 agreed to treat ACAM as a 501(c)(3) until formally approved.

The application process outlined by the IRS allowed for up to 27 months for the paperwork to be filed with the IRS to formalize the status. Activities of ACAM business continued with the presumptive 501(c)(3) status in place and activities to formalize the filing would happen. The filing never took place.

In 2012 ACAM was informed by the IRS the 501(3)(c) status was going to be revoked because no paperwork was received from ACAM. This notification was based on the fact the IRS had yet to receive the appropriate paperwork to have 501(c)(3) status activated. In 2012 or there about, ACAM leadership at that time, requested an extension of 27 months, with the intention to complete the appropriate paperwork. The extension request was granted by the IRS. As of May 2019, the status of the corporation was still without a 501(c)(3) officially granted. The filing of supporting paperwork and documentation necessary, never took place.

President Bezanson of ACAM engaged in conversations with the IRS in May 2019, explaining new Corporate officers were involved with ACAM, and while there was no malicious intent, there was poor judgement in not having filed the necessary and appropriate paperwork to establish 501(c)(3) status for ACAM.

When IRS representatives were contacted by President Bezanson the IRS suggested President Bezanson file a formal appeal letter summarizing the Reasonable Cause for 501(c)(3) to be recorded and initiate the process in writing (by letter). President Bezanson did author and send such a letter to the IRS in August of 2019. On January 8, 2020 President Bezanson received a letter from the IRS stating they would be supportive of the 501(c)(3) being granted based on the letter of forgiveness. The IRS still needed additional details to review the request, including Tax Year filings. With additional discovery and in order to support the 501(c)(3) request tax filings

were reviewed and it was discovered ACAM Tax filings were not all up to date, nor received by the IRS.

President Bezanson began a search for the accounting records, Tax filings and supporting documents for any and all years missing. While completed tax form paperwork was located in ACAM office filing cabinets, they were not signed and dated by the previous ACAM President, and presumed not submitted officially as signed documents to the IRS. Tax forms status as per the IRS for identified years of interest are listed below.

Tax forms and table of details by tax year

Tax Year	Status	Comment
2009	Complete	filed to IRS in July 2012
2010	Complete	filed to IRS in July 2012
2011	Complete	filed to IRS in July 2012
2012	Complete	completed, not signed nor filed to IRS, Filed to IRS April 2020
2013	Complete	completed, not signed nor filed to IRS, Filed to IRS April 2020
2014	Complete	tax year prepared and mailed to IRS July 2018, IRS did not receive in July, re-mailed in December 2019 and IRS accepted and filed confirmed December 2019
2015	Complete	tax year prepared and mailed to IRS July 2018, IRS did not receive in July, re-mailed in December 2019 and IRS accepted and filed confirmed December 2019
2016	Complete	tax year prepared and mailed to IRS July 2018, IRS did not receive in July, re-mailed in December 2019 and IRS accepted and filed confirmed December 2019
2017	Complete	tax year prepared and mailed to IRS in July 2018. IRS accepted and filed confirmed in July 2018.
2018	Complete	tax year summarized and filed to IRS March 2020
2019	Pending	With Accountants, fed corp. filing due date November 15, 2020

For 2019 Tax year all supporting ACAM business details, records, reports and documentation have been shared with accountants contracted by ACAM. Due to Covid19 impact, IRS F ederal Corporate Taxes are due to file by November 15, 2020. Accountants have high confidence tax filing by November 15 will be completed.

There were fees incurred in 2020, to address the filing and refiling of the federal forms and returns of past years.

Tax Year	Cost to File	Comment
2012	\$2,000.00	completed in 2020 billed and paid June 2020
2013	\$2,000.00	completed in 2020 billed and paid June 2020
2018	\$2,000.00	completed in 2020 billed and paid June 2020

Form 1023	\$750.00	completed in 2020 billed and paid June 2020
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Supporting documentation and filing form 1023 as part of application for 501(c)(3)/Tax Exempt
Tax year 2019 filing is pending and anticipated/projected to cost \$2000. Filing due by November 15, 2020

As of August 20, 2020 ACAM is 100% in compliance with IRS Corporate Tax filings.

Property Tax considerations and 501(c)(3)

In light of ACAM not holding formal 501(c)(3) Tax exempt status, President Bezanson on February 26, 2020 and on behalf of the ACAM Board of Directors formally requested an extension of personal property tax assessment to the Town of Abington Assessors office. The request outlined the anticipation of final approval of the pending 501(c)(3) Tax Exempt Status, which would exempt ACAM from property tax payments. The Town of Abington was willing to wait for the status and final decision of the IRS.

On July 9, 2020 ACAM received notification from the IRS stating ACAM was granted exemption from Federal Income Taxes and was thereby formally granted 501(c)3 status. The 501(c)3 status was granted retroactively as far back to May 15, 2015. A letter is on file at the ACAM studio.

On July 22, 2020 ACAM was granted by the IRS a certificate for Sales Tax exempt status. The status is in effect for 10 years ending July 21, 2030 pending a refiling process at that time. This Sales Tax exempt status is useful for consideration of purchases being made for the Studio business activities, such as technical hardware purchases (ie. Cameras, Studio Equipment).

President Bezanson updated the Town of Abington's Deputy Assessor Jolanta Briffett in July 2020 with the appropriate supporting documentation from the IRS indicating the Tax exempt status for ACAM. The Town needed no additional action by town or ACAM at this time.

Funding for ACAM

Abington Community Access and Media receives financial support from both Comcast and Verizon as the only entities delivering Cable Television to residents in the town of Abington. This has been the only and the essential means of funding for ACAM operations. Contracts are in place such that each subscriber to either Comcast or Verizon would have a dedicated section of their bill, which was earmarked for the Community Access Media Studio (ACAM). These funds are often referred to as Franchise fees. The Cable Advisory Committee of Abington is a formal and recognized committee which conducts contract negotiations with Comcast and Verizon. Annually and as an approximation; Verizon provides 4 quarterly payments of \$34,000. Comcast 4 quarterlies of \$32,000. Total Annual income funding for ACAM is then approximately \$264,000.

It is important to note the trend of the "cutting of the cord" social and technical phenomenon which shows fewer customers of Verizon and Comcast are paying for Cable television, which has resulted in an estimated reduction of 2.5% annually since 2014. These customers are using

Internet television services which are NOT subject to Franchise fee assessment by Verizon nor Comcast. The quantity of Cable subscribers directly impacts the funding of ACAM.

Historical Quarterly payments and Discovery

In the Fall of 2018 and into early 2019, President Bezanson of ACAM as an acting Board member learned of Abington CAM and/or Abington Community Access And Media was an identified entity listed on the Massachusetts Department of the State Treasurer's Unclaimed Property Listing. Research revealed approximately \$70,000 of funds made up of various amounts of checks all relating to Comcast and Verizon checks had been turned over to the State Treasurer's office because they were not cashed. The States lost money listing.

Further research by President Bezanson in correspondence with Verizon and Comcast discovered near \$290,000 in total, was issued or made available to ACAM but these quarterly issued checks were not cashed or were lost after being issued. Some of the checks in question dated back to 2014. Working with Comcast and Verizon, ACAM President Bezanson was able to secure the lost property checks held by the state and by working with Comcast and Verizon reviewing records, ACAM was re-issued checks by Comcast and Verizon - for the purposes of depositing to ACAM's bank of savings or checking account. The final recovered amount was \$296,864.01.

\$158198.84 from Verizon,
\$ 66,856.00 from Comcast
\$ 71,809.17 from the State Treasurer.

It is important to note the checks of ACAM prior to 2019 were mishandled upon original issuance, but not misspent, nor misused. With the recovery and catch up of checks available for deposit to ACAM, by May of 2019 ACAM held approximately \$900,000 in assets (cash and Certificate of Deposits). ACAM holds the assets on deposit with Abington Bank. ACAM maintains a checking account for the purposes of paying Operating expenses. Because there was a large amount of cash in the checking account, it was wisely decided to move money into a CD for higher yield earnings on the savings. In June of 2019 two 18 month maturity CD's were purchased for \$300,000 each. This left a balance of \$200,000 - \$300,000 of cash in the checking account to continue to conduct ongoing business and expenses of ACAM activities.

Tax ramifications on 2019 with recovered monies.

With the influx of deposits received in 2019,(recovered property), this has added an additional complexity to the 501(c)(3) status and application of ACAM. The discovery of \$296,000 plus the regularly deposited \$270,000 of quarterly funding from Comcast and Verizon made for nearly \$560,000 of annual revenue deposits. This annual amount of income for 2019 has IRS considerations based on existing IRS guidelines which is summarized as: non-profit corporations with annual revenues greater than \$500,000 will have an independent audit by a firm other than the assigned corporate accountant.

Acknowledging the recovered cash resulted in a large influx of income for year 2019 while the money was originally intended to be part of multiple years: 2014, 2015, 2016, 2017, 2018, 2019. Year 2019 was abnormal with a large influx of funds (catching up) and is an exception to the routine annual funding revenues of ACAM. This matter is being reviewed for tax year 2019 tax filing by the accounting firm processing the taxes for ACAM. The IRS is aware of the source of the influx pushing up the income for 2019. The tax year filing of 2019 has not completed yet (due November 15, 2020) and the accounting firm and the IRS continue to stay in dialog of this anomaly.

Town Meeting May 2019 Impact and Followup: Enterprise Fund

In the Abington Town Meeting of May 2019, there was an approved item regarding an "Enterprise Fund" to be configured for ACAM. At the Massachusetts state level, Enterprise funding has become required and the same model is sweeping across the country for just about all states. This would become effective with July 1, 2019, with Quarter 4 payments made.

The enterprise fund conceptually is created to avoid possible misdealings and mishandling of funds provided to Community Access stations, the Enterprise fund defines the Cable providers to use and honor their existing contracts, but direct funding to the Towns and not directly to the Community Access stations, as a source of checks and balance.

In the past checks were issued directly to Abington Community Access Media. With the Enterprise fund in place payments/checks will be redirected from Comcast and Verizon directly to the Town of Abington, and placed into the managed Enterprise fund. As an Enterprise fund the town can evaluate the incoming monies from the cable providers to assess and assure contracts are being honored. Abington CAM and Abington cable providers and the Town of Abington have all acted in good faith.

What was not defined in the Enterprise fund:

Once the money is deposited into the Enterprise fund there were some steps to take to establish how ACAM would have access to the money within the Enterprise fund. Early considerations had envisioned the money going into the Enterprise fund would be directly forwarded along to ACAM upon receipt, for conducting business, but this was not the case.

Abington Town Manager as of February 2020, has defined a process and instructed ACAM to provide receipts for expenses of ACAM business activities and money from the Enterprise fund will be extracted in the form of reimbursement checks. In March and again in July ACAM was provided a voucher form for expenses to submit to the Town for review and reimbursement. ACAM submitted appropriate documentation and has been reimbursed with the monies of the Enterprise fund. It is a process ACAM is adapting to. ACAM is responsible for having cash on hand for covering payments until reimbursed by the town.

The town of Abington does have a management or maintenance fee to come from the monies deposited into the Enterprise fund. Based on the approximate of \$275,000 annual deposits

expected to flow through the enterprise fund for ACAM, Abington Town will hold back \$6915.00 annually as a maintenance fee.

In May of 2020, the Town Manager Scott Lambiasi had worked with ACAM leadership and the cable vendors (Comcast and Verizon) to establish a means of communication of when Deposits are made to the enterprise fund. This is helpful for all parties to stay aware of the funding earmarked for ACAM.

For clarity the town meeting authorized an Enterprise Fund and it was approved in May 2019. The details of the item approved was such that it was listed as Enterprise fund Mass G.L. Chapter 44 53.e ½. While that is an Enterprise fund the PEG studios and under guidance of Massachusetts DOR the Enterprise fund used should more accurately be titled as 53.f ½.

The subtle difference is the Enterprise model with f ½ does NOT allow any of the funding in the Enterprise fund to be used in anything but PEG studio business. Whereas the Enterprise model "e ½" could allow for money to go back into the general fund.

The town accountants, attorneys and selectmen reviewed the matter and the documentation leading up to the Town meeting and all parties agreed this was nothing more than a typographical error listing and E where it should have listed an "f". Town officials/leadership voted and agreed it was a typographical error and changed the language from 53.e ½ to 53.f ½ as had always been intended.

Conclusion

With the above details demonstrating great progress of completed tasks on a large number of fronts the ACAM corporation is essentially compliant to standard business practice. The ACAM Board of Directors are moving their efforts beyond rectifying corporate matters and look forward to an emphasis of guidance and oversight of ACAM activities and needs for 2020 and into the future.