



PASADENA COMMUNITY ACCESS CORPORATION
(A COMPONENT UNIT OF THE
CITY OF PASADENA, CALIFORNIA)

FOR THE YEAR ENDED JUNE 30, 2025

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT

Focused
on YOU



PASADENA COMMUNITY ACCESS CORPORATION
(A COMPONENT UNIT OF THE
CITY OF PASADENA, CALIFORNIA)

Financial Statements With
Independent Auditors' Report

For the Year Ended June 30, 2025

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(A COMPONENT UNIT OF THE
CITY OF PASADENA, CALIFORNIA)

Financial Statements With
Independent Auditors' Report

For the Year Ended June 30, 2025

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Pasadena Community Access Corporation
Pasadena, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Pasadena Community Access Corporation (hereafter, the Corporation), a component unit of the City of Pasadena, California (hereafter, the City) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the of the Corporation as of June 30, 2025, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Change in Accounting Principle

As described in Note 14 to the financial statements, in 2025, the Corporation adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Component Unit Reporting

As discussed in Note 1, the financial statements present only the Corporation and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2025, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.



To the Board of Directors
Pasadena Community Access Corporation
Pasadena, California

Responsibilities of Management for the Financial Statements

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 the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



To the Board of Directors
Pasadena Community Access Corporation
Pasadena, California

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2025, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

LSL, LLP

Irvine, California
October 22, 2025

PASADENA COMMUNITY ACCESS CORPORATION MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Pasadena Community Access Corporation's (a component unit of the City of Pasadena, California) (the Corporation) financial performance provides an overview of the Corporation's financial activities for the fiscal year ended June 30, 2025. Please read it in conjunction with the Corporation's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

- The Corporation's net position for the fiscal year ending June 30, 2025, was \$668,600, a decrease of \$134,998, including the restatement of beginning net position, or 16.8% from the prior year.
- During the year, the Corporation had operating expenses that were \$26,535 more than the \$1,219,560 generated from the operating agreement, service contracts, and other revenues from the Corporation's programs from the fiscal year ended June 30, 2025.
- The total operating cost of all the Corporation's programs was \$1,246,095. The programmatic activities of the Corporation remained unchanged.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position (on pages 8 and 9) provide information about the activities of the Corporation as a whole and present a long-term view of the Corporation's finances. As the Corporation operates as a business-type activity, no additional fund statements are necessary. When the Corporation charges customers for the services it provides—whether to outside customers or to the City of Pasadena or other governments—these services are reported similarly to the way a business operates.

A Statement of Cash Flows is also presented using the direct method, which portrays inflows and outflows for specific classes of operations along with an indirect reconciliation of increases to net cash provided by operations. There were no non-cash entries during the year.

Reporting the Corporation's Results as a Whole

Our analysis of the Corporation as a whole begins on page 5. One of the most important questions asked about the Corporation's finances is, "Is the Corporation as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Corporation as a whole and about its activities in a way this helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Corporation's *net position* and changes in them. You can think of the Corporation's net position—the difference between assets and liabilities—as one way to measure the Corporation's financial health, or *financial position*. Over time, *increases or decreases* in the Corporation's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Corporation's long-term contractual revenues and the condition of the Corporation's equipment and other assets, to assess the *overall health* of the Corporation.

THE CORPORATION AS A WHOLE

The Corporation's net position decreased from a year ago, from a restated balance of \$781,638 to \$668,600. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Corporation's activities.

Table 1

	June 30, 2025	June 30, 2024
Current and other assets	\$582,156	\$634,103
Capital assets, net	438,768	678,518
Total assets	1,020,924	1,312,621
Current liabilities	(277,918)	(279,848)
Noncurrent liabilities	(74,406)	(229,175)
Total liabilities	(352,324)	(509,023)
Net position:		
Net investment in capital assets	209,592	273,391
Restricted	91,926	182,052
Unrestricted	367,082	348,155
Total Net Position	\$668,600	\$803,598

Unrestricted net position—the part of net position that can be used to finance day-to-day operations without constraints established by debts, contribution restrictions, or other legal requirements—changed from a restated balance of \$326,195 at June 30, 2024, to \$367,082 at the end of this fiscal year. This increase is a result of the Corporation's normal operation. Unless restricted by donation or grant covenant (of which the Corporation has no such restrictions at the present time), the Corporation generally can use this net position to finance continuing operations in the coming fiscal year.

Table 2

	For the Year Ended June 30, 2025	For the Year Ended June 30, 2024	Percentage Change From 2024
Revenues			
Operating revenues:			
Operating Agreement	\$1,155,000	\$1,095,000	5.5%
Service contracts	29,100	22,000	32.3%
Production and other operating revenue	35,460	22,320	58.9%
Total operating revenues	1,219,560	1,139,320	7.0%
Nonoperating revenues:			
Public, education & gov't (PEG) revenue	153,164	217,187	-29.5%
Interest income	4,333	62	6988.7%
Total nonoperating revenues	157,497	217,249	-27.5%
Total revenues	1,377,057	1,356,569	1.5%
Operating expenses:			
Salaries and benefits	844,594	811,951	4.0%
Production expense	22,108	29,519	-25.1%
Occupancy expense	52,110	42,396	22.9%
Contractual services	25,400	43,040	-41.0%
General and administrative	62,134	49,105	26.5%
Depreciation and amortization	239,749	213,797	12.1%
Total operating expenses	1,246,095	1,189,808	4.7%
Nonoperating expenses:			
PEG expense	243,290	332,315	-26.8%
Interest expense	710	1,366	-48.0%
Total nonoperating expenses	244,000	333,681	-26.9%
Total expenses	1,490,095	1,523,489	-2.2%
Changes in net position	-113,038	-166,920	32.3%
Net position at beginning of year, as previously reported	803,598	970,518	-17.2%
Restatement	-21,960	0	N/A
Net position at beginning of year, as restated	781,638	0	N/A
Net position at end of year	\$668,600	\$803,598	-16.8%

Although the Corporation's total cost of programs and services had a net decrease of 2.2% (\$33,394), a closer look shows that Operating expenses increased just 4.7% (\$56,287), while PEG expenses decreased 26.8% from \$332,315 to \$243,290. The Corporation's revenues had a net increase of 1.5% (\$20,488), resulting from increased Operating revenues despite decreased PEG revenue received from the City of Pasadena in nonoperating revenue.

Budgetary Highlights

Over the course of the year, the Board of Directors reviewed the budget during meetings. There were no budget reforecasts submitted for approval.

The Corporation's adopted operating budget was \$1,206,000 for the fiscal year ended June 30, 2025. Actual operating revenues were \$13,560 more than budget, and operating expenses were \$26,221 more than budget.

CAPITAL ASSETS

At the end of 2025, the Corporation had \$438,768 invested in capital assets, net of accumulated depreciation. (See Table 3 below.) This amount represents a net decrease (including additions and disposals) of \$239,750 or 35% less than last year.

Table 3

	June 30, 2025	June 30, 2024
Production equipment	\$708,934	\$708,934
Leasehold improvements	101,091	101,091
Right-to-use leased building	546,521	546,521
Accumulated depreciation and amortization	(917,778)	(678,028)
Property and equipment, net	<u>\$438,768</u>	<u>\$678,518</u>

More detailed information about the Corporation's capital assets is presented in Note 3 to the financial statements.

LONG-TERM LIABILITIES

The outstanding balance of the lease payable related to its leased office and production facilities was \$229,176 and \$405,127 as of June 30, 2025 and 2024, respectively.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Corporation's Board of Directors considered many factors when setting the fiscal year 2026 budget. The most significant budget expense increase is in personnel cost-of-living adjustments.

CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our stakeholders including donors, customers, and the City of Pasadena's officials with a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Corporation Office at 150 S. Los Robles Avenue, Suite 101, Pasadena, California, 91101. Our main office number is 626-794-8585 and our email is info@pasadenamedia.org.

PASADENA COMMUNITY ACCESS CORPORATION
Statement of Net Position
June 30, 2025

ASSETS

Current assets:

Cash and cash equivalents	\$ 337,897
Investments	128,379
Accounts receivable	1,480
Prepaid items	6,034
Deposits	16,440
Restricted cash and cash equivalents	91,926

Total current assets **582,156**

Noncurrent:

Capital assets, net	438,768
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Total noncurrent assets **438,768**

Total assets **1,020,924**

LIABILITIES

Current liabilities:

Accounts payable and other liabilities	19,167
Accrued salaries and benefits	35,413
Compensated absences	43,464
Lease payable	179,874

Total current liabilities **277,918**

Noncurrent liabilities:

Compensated absences	25,104
Lease payable	49,302

Total noncurrent liabilities **74,406**

Total liabilities **352,324**

NET POSITION

Net investment in capital assets	209,592
Restricted for public, educational and governmental access	91,926
Unrestricted	367,082

Total net position **\$ 668,600**

PASADENA COMMUNITY ACCESS CORPORATION
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2025

OPERATING REVENUES

Operating agreement	\$ 1,155,000
Service contracts	29,100
Production and other operating revenue	<u>35,460</u>

Total operating revenues **1,219,560**

OPERATING EXPENSES

Salaries and benefits	844,594
Production expense	22,108
Occupancy expense	52,110
Contractual services	25,400
General and administrative	62,133
Depreciation/amortization	<u>239,750</u>

Total operating expenses **1,246,095**

Operating loss (26,535)

NONOPERATING REVENUES (EXPENSES)

Public, education, and government (PEG) revenue	153,164
Interest expense	(710)
PEG expense	(243,290)
Interest income	<u>4,333</u>

Total nonoperating revenues (expenses) **(86,503)**

Change in net position **(113,038)**

Net position-beginning of year, as previously reported 803,598

Restatement, change in accounting principal (GASB 101) (21,960)

Net position-beginning of year, as restated 781,638

Net position-ending **\$ 668,600**

See Notes to Financial Statements.

PASADENA COMMUNITY ACCESS CORPORATION
Statement of Cash Flows
For the Year Ended June 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 35,029
Receipts from contracts	1,184,100
Payments to employees for services	(842,345)
Payments to suppliers for goods and services	(161,353)

Net cash provided by operating activities 215,431

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Public, education, and government (PEG) revenue received from City of Pasadena	153,164
Public, education, and government (PEG) eligible expenses paid	(243,290)

Net cash used for noncapital financing activities (90,126)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal paid on lease liability	(175,952)
Interest paid on lease liability	(710)

Net cash used for capital and related financing activities (176,662)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	4,333
Purchase of investments	(128,379)

Net cash used for investing activities (124,046)

Net cash decrease in cash and cash equivalents (175,403)

Cash and cash equivalents - Beginning 605,226

Cash and cash equivalents - Ending \$ 429,823

RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION

Cash and cash equivalents	\$ 337,897
Restricted cash and cash equivalents	91,926
Total cash and cash equivalents	<u><u>\$ 429,823</u></u>

RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating loss	\$ (26,535)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation/amortization expense	239,750
Increase in accounts receivable	(431)
Decrease in prepaid items	5,354
Decrease in accounts payable and other liabilities	(4,955)
Decrease in accrued salaries and benefits	(1,824)
Increase in compensated absences	4,072

Total adjustments 241,966

Net cash provided by operating activities \$ 215,431

See Notes to Financial Statements.

PASADENA COMMUNITY ACCESS CORPORATION
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Pasadena Community Access Corporation (the Corporation), a component unit of the City of Pasadena, California (the City), have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Pasadena Community Access Corporation's significant accounting policies are described below.

A. Reporting Entity

The Corporation was organized in 1983 as a nonprofit telecommunications resource for the City. The Corporation was organized to perform the community access function of the Pasadena telecommunications system pursuant to the Cable Communications Ordinance of the City. In 2011, the City Council determined that the Corporation should be reported as a discretely presented component unit of the City in accordance with accounting principles generally accepted in the United States of America (GAAP).

The Board of Directors consists of eleven members with representatives from each of the seven City Council Districts, the Mayor, the City Manager, Pasadena Community College (PCC), and Pasadena Unified School District (PUSD). Residency is required except for the City Manager, PCC, and PUSD representatives. These operations constitute part of the overall financial reporting entity of the City and are accounted for as a discretely presented component unit in the City's Annual Comprehensive Financial Report consistent with GAAP. Revenues and expenses of the Corporation include direct revenues and expenses and certain allocations from the City.

B. Basis of Presentation

The Corporation's basic financial statements are presented in conformance with Governmental Accounting Standards Board (GASB) Statement No. 34, which established standards for external financial reporting for all state and local governmental entities. The basic financial statements include the statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows.

C. Basis of Accounting

The Corporation is accounted for as an enterprise fund (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges. The Corporation utilizes the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as they are incurred.

D. Assets, Liabilities, and Net Position

1. Cash and Investments

The Corporation's cash and cash equivalents include cash on hand, and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, the Corporation considers its demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

The Corporation's investments are held in the California Asset Management Program (CAMP). CAMP is a public joint powers authority which provides California Public Agencies with investment management services. CAMP investments are reported at amortized costs.

PASADENA COMMUNITY ACCESS CORPORATION
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenses when consumed rather than when purchased.

3. Capital Assets

The Corporation capitalizes assets having an estimated useful life in excess of one year and acquisition cost of at least \$5,000. Capital assets are recorded either at acquisition cost or initial lease liability amount (for lease assets) and are depreciated or amortized (for lease assets) over the estimated useful life of the asset using the straight-line method of depreciation/ amortization. Donated capital assets are recorded at acquisition value as of the date of the donation. All significant expenditures exceeding \$5,000 for repairs, renewals, and betterments that materially prolong the useful lives of the asset or remeasurements of lease liability (for lease assets) are capitalized.

Land and construction in progress are not depreciated. The other tangible and intangible property, equipment, the leased building, and infrastructure of the Corporation are depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Capital asset classes</u>	<u>Estimated useful lives</u>
Leasehold improvements	6 years
Furniture and fixtures	5 years
Production equipment	5 years
Leased Building	3 years

4. Net Position

The difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- *Net investment in capital assets* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- *Restricted* net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- *Unrestricted* net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the Corporation will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

PASADENA COMMUNITY ACCESS CORPORATION
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

It is the Corporation's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

5. Leases

Lessee: The Corporation is a lessee for a noncancellable lease of office and production facilities. The Corporation recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The Corporation recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the Corporation initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include how the Corporation determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Corporation uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Corporation generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Corporation is reasonably certain to exercise.

The Corporation monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

E. Revenues and Expenditures/Expenses

1. Compensated Absences

The Corporation recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – *vacation* and *sick leave*. The liability for compensated absences is reported as incurred in the financial statements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The Corporation's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave

The Corporation's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the Corporation and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

PASADENA COMMUNITY ACCESS CORPORATION
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Operating and Nonoperating Revenues and Expenses

The statement of revenues, expenses, and changes in net position distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Corporation’s principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 2: CASH AND INVESTMENTS

As of June 30, 2025, cash and cash equivalents were reported in the accompanying financial statements:

Cash on hand	\$	200
Deposits with financial institutions		337,697
Deposits with financial institutions - Restricted		<u>91,926</u>
Total cash and cash equivalents	\$	<u>429,823</u>

A. Deposits

At June 30, 2025, the carrying amount of the Corporation’s deposits was \$429,823 and the bank balance was \$434,141. These matching amounts represent no outstanding checks or other reconciling items. Balances in the bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

B. Restricted Deposits

Restricted deposits, as further described in Notes 6C and 7, are to be utilized for eligible PEG capital expenditures.

The total amount of restricted deposits at June 30, 2025 was \$91,926.

C. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are the possession of another party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposit made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the Corporation’s deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

PASADENA COMMUNITY ACCESS CORPORATION
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

D. Investments Authorized by the California Government Code and the Corporation's Investment Policy

The table below identifies the investment types that are authorized for the Corporation by the California Government Code and the Corporation's investment policy. The table also identifies certain provisions of the California Government Code (or the Corporation's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the Corporation, rather than the general provisions of the California Government Code or the Corporation's investment policy.

Investment Types Authorized by the California Government Code	Authorized by Investment Policy	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	Yes	5 Years	None	None
U.S. Treasury Obligations	Yes	5 Year	None	None
U.S. Agency Securities	Yes	5 Years	None	None
Bankers' Acceptances	Yes	180 Days	40%	30%
Commercial Paper	Yes	270 Days	25%	10%
Negotiable Certificates of Deposit	Yes	5 Years	30%	None
Repurchase Agreements	Yes	1 Year	None	None
Reverse Repurchase Agreements	Yes	92 Days	20%	None
Medium-Term Notes	Yes	5 Years	30%	None
Mutual Funds	Yes	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-Through Securities	Yes	5 Years	20%	None
County Pooled Investment Funds	Yes	N/A	None	None
Local Agency Investment Fund	Yes	N/A	None	None
Joint Power Agency Pools (Other Investment Pools)	Yes	N/A	None	None

E. California Asset Management Program (CAMP)

The California Asset Management Program (CAMP) is a public joint powers authority which provides California Public Agencies with investment management services for surplus funds and comprehensive investment management, accounting and arbitrage rebate calculation services for proceeds of tax-exempt financings. The CAMP currently offers the Cash Reserve Portfolio, a short-term investment portfolio, as a means for Public Agencies to invest these funds. Public Agencies that invest in the Pool (Participants) purchase shares of beneficial interest. Participants may also establish individual, professionally managed investment accounts (Individual Portfolios) by separate agreement with the Investment Advisor.

Investments in the Pools and Individual Portfolios are made only in investments in which Public Agencies generally are permitted by California statute. The CAMP may reject any investment and may limit the size of a Participant's account. The Pool seeks to maintain, but does not guarantee, a constant net asset value of \$1.00 per share. A Participant may withdraw funds from its Pool accounts at any time by check or wire transfers. Requests for same-day wire transfers must be made by 11:00 a.m. that day. Fair value of the of the Pool is determined by the fair value per share of the Pool's underlying portfolio. The Corporation's investment in the Pool is measured on uncategorized inputs not defined by the fair value hierarchy. This Corporation's investment in the Pool as of June 30, 2025 was \$128,379.

F. Disclosures Relating to Interest Rate

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Corporation manages its exposure to interest rate risk is by purchasing short-term investments. The City's investments in CAMP had a Weighted Average Maturity and Weighted Average Life Maturity as of June 30, 2025 of 41 and 81 days, respectively.

PASADENA COMMUNITY ACCESS CORPORATION
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

G. Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Corporation's investments in CAMP are rated AAAM by S&P Global.

H. Concentration of Credit Risk

In accordance with GASB Statement No. 40 requirements, the Corporation is considered to be exposed to the concentration of credit risk whenever they have invested more than 5% of their total investments in any one issuer. Investments guaranteed by the U.S. Government and investments in mutual funds and external investment pools are excluded from this requirement. The Corporation's investment in CAMP are excluded from this requirement.

NOTE 3: CAPITAL ASSETS

Capital assets for the year ended June 30, 2025, were as follows:

	<u>Balance at June 30, 2024</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance at June 30, 2025</u>
Capital assets being depreciated and amortized:				
Production equipment	\$ 708,934	\$ -	\$ -	\$ 708,934
Leasehold improvements	101,091	-	-	101,091
Leased building	546,521	-	-	546,521
Total capital assets being depreciated and amortized	1,356,546	-	-	1,356,546
Less accumulated depreciation and amortization for:				
Production equipment	(436,142)	(62,020)	-	(498,162)
Leasehold improvements	(94,178)	(480)	-	(94,658)
Leased building	(147,708)	(177,250)	-	(324,958)
Total accumulated depreciation and amortization	(678,028)	(239,750)	-	(917,778)
Total capital assets	<u>\$ 678,518</u>	<u>\$ (239,750)</u>	<u>\$ -</u>	<u>\$ 438,768</u>

NOTE 4: DEFINED CONTRIBUTION RETIREMENT PLAN

Effective April 4, 2017, the Corporation adopted a Savings Incentive Match Plan for Employees Individual Retirement Account Plan (the Plan) for which all employees who have completed 90 days of service are eligible to participate. The employees of the Corporation may elect to contribute to the Plan (subject to overall limits) in any one plan year. Each year the Corporation will make a matching contribution to the Plan on a dollar-for-dollar basis up to 3% of the employee's compensation, for the employees who are contributing to the Plan.

The Corporation contributed \$19,431 to the Plan for the year ended June 30, 2025.

PASADENA COMMUNITY ACCESS CORPORATION
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 5: LEASE PAYABLE

Changes in the lease payable as of June 30, 2025, were as follows:

Balance of June 30, 2024	Additions	Reductions	Balance of June 30, 2025	Amount Due Within One Year	Amount Due in More than One Year
\$ 405,127	\$ -	\$ 175,951	\$ 229,176	\$ 179,874	\$ 49,302

The Corporation leases office and production facilities in Pasadena, California, under a noncancellable lease agreement. The lease term expires September 30, 2026. The lease payable was determined utilizing an estimated discount rate of 0.218%. Effective September 1, 2024, the monthly payment was \$16,119.

The minimum annual lease payments due during the term of the lease are as follows:

Year Ending June 30,	Amount
2026	\$ 179,874
2027	49,302
Total	\$ 229,176

NOTE 6: OTHER PROVISIONS OF REVENUE AND CONTRACTS

A. Franchise Fees

On December 2, 1983, a 15-year cable franchise agreement (the Agreement) was entered into by and between the City and a cable communications operator (Cable Operator). According to the terms of the Agreement, the Corporation is entitled to receive 2% of the Cable Operator's gross revenues (as defined in the Agreement) in return for providing the public access and public service programming function of the Cable Operator's communications system. This agreement expired during the year ended June 30, 1999. The City committed to continue to fund the agreement, after expiration, until a new agreement could be reached.

Effective October 1, 2000, the City and the Cable Operator entered into a new nonexclusive franchise agreement to operate a cable television system in the City. The agreement expired on October 17, 2005, and was extended on a month-to-month basis under mutual agreement with the Cable Operator while negotiating a franchise renewal. This agreement ended prior to statewide franchising that took effect in 2008.

The City now receives 5% of the state franchise holders' gross revenues derived from the provision of video service pursuant to California Public Utilities Code Section 5840. This franchise fee is considered General Fund revenue for the City and the funding amount for the Corporation is at the discretion of the Pasadena City Council.

B. Management and Operating Agreement

On February 10, 2015, the Corporation entered into an agreement with the City to provide operation and day-to-day management of the local PEG access system, for a period of twenty-five (25) years, commencing as of the date of the Agreement, and ending July 1, 2040.

C. 1% Public, Education, and Government (PEG) Allocation

Pursuant to Pasadena Municipal Code 18.04.060, it was established that a fee would be paid to the City for the support of public, educational, and governmental access facilities and activities within the City. The Pasadena Municipal Code states that this fee shall be one percent (1%) of a cable provider's gross revenues, as defined in California Public Utilities Code Section 5860.

PASADENA COMMUNITY ACCESS CORPORATION
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 6: OTHER PROVISIONS OF REVENUE AND CONTRACTS (CONTINUED)

The Corporation serves as a receiving, holding, and disbursing entity for monies intended to promote noncommercial uses of the cable telecommunication medium. These funds are allocated as grants solely for PEG related purposes.

D. Other Contracts

The Corporation earns additional service contract revenue by providing various production services to Los Angeles County for Altadena Town Council Meetings.

NOTE 7: PEG FUNDING FROM CITY OF PASADENA

As described in Note 6, the Corporation received \$153,164 of PEG funding during the year ended June 30, 2025. Unspent PEG funding is classified as restricted cash and net position has been restricted to the extent that no related expenses have been incurred on the statement of net position.

The changes in restricted cash (unspent PEG funding) for the year ended June 30, 2025, were as follows:

Beginning Restricted Cash/Net Position	\$	182,052
PEG Grant:		
PEG Revenue Received		153,164
PEG Disbursements for Capital Grants/Equipment		(243,290)
PEG Grant, net current year activity		<u>(90,126)</u>
Ending Restricted Cash/Net Position	\$	<u>91,926</u>

NOTE 8: CONCENTRATIONS OF REVENUE

For the year ended June 30, 2025, revenues derived from the City of Pasadena from the management and operating agreement described in Note 6B and the 1% PEG Allocation described in Note 6C accounted for 95% of the Corporation's total revenue.

NOTE 9: COMPENSATED ABSENCES

Changes in compensated absences as of June 30, 2025, were as follows:

As Restated			Amount due within more than one year	Amount due within one year
Balance at June 30, 2024	Net change*	Balance at June 30, 2025	due within one year	than one year
\$ 64,496	\$ 4,072	\$ 68,568	\$ 43,464	\$ 25,104

*- The change in compensated absences above is a net change for the year.

NOTE 10: RISK MANAGEMENT

The Corporation is covered under Special Liability and Property policies through Nonprofits Insurance Alliance of California (NIAC), a Participant Accident policy through Alliant Insurance Services, Inc., and a Workers' Compensation policy through Hartford Accident and Indemnity Company. Liability, Participant Accident, and Workers' Compensation claims are insured up to \$1,000,000 per occurrence for any amount over the Corporation's deductible amount of \$1,000. Property claims are insured up to \$475,000 for any amount over the Corporation's deductible amount of \$1,000. Settled claims have not exceeded any of the Corporation's coverage amounts in any of the last three fiscal years.

PASADENA COMMUNITY ACCESS CORPORATION
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 11: INCOME TAXES

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

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Corporation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Corporation and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the fiscal year ending June 30, 2025.

The Corporation files Form 990 in the U.S. federal jurisdiction and Form 199 in the State of California.

NOTE 12: AMOUNTS PAID TO CITY OF PASADENA

The City bills the Corporation for advances and services rendered on the Corporation's behalf. The Corporation paid the City \$20,000 for advances and services provided to the Corporation for the year ended June 30, 2025.

NOTE 13: SUBSEQUENT EVENTS

The Corporation evaluated subsequent events for recognition and disclosure through October 22, 2025, the date on which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2025, that required recognition or disclosure in these financial statements.

NOTE 14: RESTATEMENT OF BEGINNING BALANCES

During the current year, the Corporation implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the Corporation now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The effects of the change in accounting principle resulted in a decrease of \$21,960 in the beginning net position as of July 1, 2024.



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Pasadena Community Access Corporation
Pasadena, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the of the Pasadena Community Access Corporation (hereafter, the Corporation), a component unit of the City of Pasadena, California (hereafter, the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated October 22, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



To the Board of Directors
Pasadena Community Access Corporation
Pasadena, California

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

LSL, LLP

Irvine, California
October 22, 2025