INDEPENDENT AUDITOR’S REPORT

To the Town of Monroe and
WMNR Fine Arts Radio

We have audited the accompanying financial statements of WMNR Fine Arts Radio (a nonprofit organization) which comprise the balance sheets as of June 30, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor’s Responsibility
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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements 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 entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion
As described in Note 8 to the financial statements, the value of on-air volunteers, donated music library and donated programs have not been recorded in the financial statements. Accounting principles generally accepted in the United States of America require that the value of on-air volunteers, donated music library and donated programs to be recorded at its fair market value at the date of receipt. The
effects on the accompanying financial statements of the failure to record the value of on-air volunteers, donated music library and donated programs have not been determined.

**Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of WMNR Fine Arts Radio as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Lawrence P. Lemieux & Associates, LLC
Monroe, Connecticut

January 4, 2016
WMNR FINE ARTS RADIO
BALANCE SHEETS
June 30, 2015 and 2014

<table>
<thead>
<tr>
<th>Assets</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 498,157</td>
<td>$ 477,625</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>3,918</td>
<td>4,988</td>
</tr>
<tr>
<td>Contributions receivable</td>
<td>3,678</td>
<td>4,350</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>1,118</td>
<td>1,118</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>506,871</td>
<td>488,081</td>
</tr>
<tr>
<td><strong>Property and equipment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audio frequency</td>
<td>99,331</td>
<td>91,329</td>
</tr>
<tr>
<td>Radio frequency</td>
<td>623,984</td>
<td>616,724</td>
</tr>
<tr>
<td>Office furniture and equipment</td>
<td>158,613</td>
<td>155,499</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>143,971</td>
<td>142,883</td>
</tr>
<tr>
<td></td>
<td>1,025,899</td>
<td>1,006,435</td>
</tr>
<tr>
<td>Less: accumulated depreciation</td>
<td>(823,722)</td>
<td>(799,311)</td>
</tr>
<tr>
<td></td>
<td>202,177</td>
<td>207,124</td>
</tr>
<tr>
<td><strong>Other assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits</td>
<td>-</td>
<td>200</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$ 709,048</td>
<td>$ 695,405</td>
</tr>
</tbody>
</table>

| Liabilities and Net Assets                  |          |          |
| **Current liabilities**                     |          |          |
| Accounts payable                            | $ 11,687 | $ 4,141  |
| **Net assets - unrestricted**               | 697,361  | 691,264  |
| **Total liabilities and net assets**        | $ 709,048| $ 695,405|

The accompanying auditors' report and notes are an integral part of this statement.
WMNR FINE ARTS RADIO
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2015 and 2014

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unrestricted revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$483,607</td>
<td>$546,184</td>
</tr>
<tr>
<td>Underwriting</td>
<td>59,535</td>
<td>59,231</td>
</tr>
<tr>
<td>Interest income</td>
<td>1,124</td>
<td>1,060</td>
</tr>
<tr>
<td>Donated services</td>
<td>8,832</td>
<td>9,655</td>
</tr>
<tr>
<td>Donated facilities</td>
<td>38,220</td>
<td>38,150</td>
</tr>
<tr>
<td>Grant (CPB)</td>
<td>95,650</td>
<td>93,310</td>
</tr>
<tr>
<td><strong>Total unrestricted revenue</strong></td>
<td>686,968</td>
<td>747,590</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management and general</td>
<td>387,596</td>
<td>384,695</td>
</tr>
<tr>
<td>Program services</td>
<td>293,275</td>
<td>272,101</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>680,871</td>
<td>656,796</td>
</tr>
<tr>
<td><strong>Increase in net assets</strong></td>
<td>6,097</td>
<td>90,794</td>
</tr>
<tr>
<td><strong>Net assets - beginning</strong></td>
<td>691,264</td>
<td>600,470</td>
</tr>
<tr>
<td><strong>Net assets - ending</strong></td>
<td>$697,361</td>
<td>$691,264</td>
</tr>
</tbody>
</table>

The accompanying auditors' report and notes are an integral part of this statement
Page 2
<table>
<thead>
<tr>
<th>Item</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$131,496</td>
<td>$133,035</td>
</tr>
<tr>
<td>Office supplies and expenses</td>
<td>6,027</td>
<td>3,963</td>
</tr>
<tr>
<td>Bank charges</td>
<td>6,155</td>
<td>5,993</td>
</tr>
<tr>
<td>Telephone</td>
<td>4,458</td>
<td>5,197</td>
</tr>
<tr>
<td>Travel</td>
<td>1,098</td>
<td>1,962</td>
</tr>
<tr>
<td>Hospitality</td>
<td>2,662</td>
<td>3,102</td>
</tr>
<tr>
<td>Dues and subscriptions</td>
<td>2,834</td>
<td>3,505</td>
</tr>
<tr>
<td>Advertising</td>
<td>8,832</td>
<td>9,655</td>
</tr>
<tr>
<td>Administrative fees</td>
<td>30,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Postage</td>
<td>12,587</td>
<td>12,856</td>
</tr>
<tr>
<td>Pledge week</td>
<td>6,085</td>
<td>4,648</td>
</tr>
<tr>
<td>Development</td>
<td>27,457</td>
<td>24,348</td>
</tr>
<tr>
<td>Computer</td>
<td>9,731</td>
<td>9,312</td>
</tr>
<tr>
<td>Maintenance</td>
<td>5,015</td>
<td>3,567</td>
</tr>
<tr>
<td>Depreciation</td>
<td>17,304</td>
<td>13,672</td>
</tr>
<tr>
<td>Legal &amp; professional</td>
<td>8,860</td>
<td>14,327</td>
</tr>
<tr>
<td>Accounting</td>
<td>7,668</td>
<td>10,441</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>11,727</td>
<td>10,177</td>
</tr>
<tr>
<td>Internet service</td>
<td>4,140</td>
<td>4,071</td>
</tr>
<tr>
<td>Insurance</td>
<td>2,682</td>
<td>2,682</td>
</tr>
<tr>
<td>Rent</td>
<td>66,132</td>
<td>67,350</td>
</tr>
<tr>
<td>Electric</td>
<td>14,646</td>
<td>10,832</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$387,596</strong></td>
<td><strong>$384,695</strong></td>
</tr>
</tbody>
</table>
WMNR FINE ARTS RADIO
STATEMENTS OF FUNCTIONAL EXPENSES - PROGRAM
For the Years Ended June 30, 2015 and 2014

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$101,778</td>
<td>$89,904</td>
</tr>
<tr>
<td>Consultants</td>
<td>31,643</td>
<td>13,856</td>
</tr>
<tr>
<td>Syndicated programs (CPB)</td>
<td>37,752</td>
<td>37,429</td>
</tr>
<tr>
<td>Research</td>
<td>4,485</td>
<td>4,235</td>
</tr>
<tr>
<td>Program guide</td>
<td>1,200</td>
<td>1,800</td>
</tr>
<tr>
<td>Transmitter and remote site operations (CPB)</td>
<td>79,370</td>
<td>89,544</td>
</tr>
<tr>
<td>Depreciation</td>
<td>7,108</td>
<td>6,818</td>
</tr>
<tr>
<td>Broadcast supplies and maintenance</td>
<td>9,296</td>
<td>9,123</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>6,264</td>
<td>6,878</td>
</tr>
<tr>
<td>Rent</td>
<td>14,379</td>
<td>12,514</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>$293,275</strong></td>
<td><strong>$272,101</strong></td>
</tr>
</tbody>
</table>

The accompanying auditors' report and notes are an integral part of this statement
WMNR FINE ARTS RADIO  
STATEMENTS OF CASH FLOWS  
For the Years Ended June 30, 2015 and 2014

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash provided by operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in net assets</td>
<td>$ 6,097</td>
<td>$ 90,794</td>
</tr>
</tbody>
</table>

| Adjustments to reconcile decrease in net assets to net cash provided by operating activities |        |        |
| Depreciation                     | 24,411 | 20,490 |
| Donated service revenue           | (8,832)| (9,655)|
| Donated facility revenue          | (38,220)| (38,150)|
| Donated consulting expense        | 8,832  | 9,655  |
| Donated transmitter site operations| 38,220| 38,150 |
| (Increase)/decrease in accounts receivable | 1,742  | (1,494)|
| Increase/(decrease) in accounts payable | 7,546  | (1,485)|
| Increase/(decrease) in other current liabilities | -      | (2,955)|

Net cash provided by operating activities  
39,796  105,350

| Cash used by investing activities |        |        |
| Purchases of property and equipment | (19,264)| (50,389)|

Net increase in cash and cash equivalents  
20,532  54,961

Cash and cash equivalents - beginning of year  
477,625  422,664

Cash and cash equivalents - end of year  
$ 498,157  $ 477,625

The accompanying auditors' report and notes are an integral part of this statement

Page 5
WMNR FINE ARTS RADIO
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

Note 1 - Significant accounting policies

Basis of accounting - The accompanying financial statements have been prepared on the accrual basis of accounting. Contributions are recorded when pledges are received.

Cash and cash equivalents - Cash and cash equivalents consist of amounts held in a checking accounts, petty cash accounts and investment accounts.

Property and equipment – It is the Organization’s policy to capitalize the cost of property and equipment with an estimated useful life of more that three years. Property and equipment is stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the individual assets, ranging from three to twenty-five years. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the account, and any related gain or loss is reflected in income for the period.

Compensated absences - Employees of WMNR Fine Arts Radio are entitled to paid vacation and paid sick days depending on job classification and length of service. It is impracticable to estimate the amount of compensation for future absences as they are immaterial and, accordingly, no liability has been recorded in the accompanying financial statements. Management’s policy is to recognize the costs of compensated absences when actually paid to employees.

Use of 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.

Note 2 - Income taxes

As a special revenue fund of the Town of Monroe, WMNR Fine Arts Radio is exempt from income taxes. The Organization has evaluated its tax positions. As a result of the fact that the Organization is not required to file any tax returns, Internal Revenue Service regulations concerning open tax years subject to examination are not relevant. The organization is not currently under audit nor has the organization been contacted by any jurisdiction. Based on the evaluation of the Organization’s tax positions, management believes all tax positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions have been recorded for the fiscal year ended June 30, 2015. (See note 3)

See independent accountants’ audit report
Note 3 - Organization

WMNR Fine Arts Radio is a special revenue fund under the direction of the Town of Monroe, Connecticut, broadcasting fine arts radio programming. The Organization operates as a unit reporting to the WMNR Commission, the First Selectmen as well as the Town Council. The Organization’s primary revenue source is contributions from listeners. Revenue is also derived from corporate underwriting and a grant from CPB. In addition, revenue is recognized from donated services and facilities (see note 7).

Note 4 – Uninsured cash balances

WMNR Fine Arts Radio maintains a checking account at a bank. All noninterest-bearing transaction accounts at banks are fully insured by the FDIC. Interest bearing accounts are insured by the FDIC up to $250,000. Amounts in excess of insured limits were approximately $67,412 at June 30, 2015 and $146,289 at June 30, 2014.

Note 5 – Accounts receivable

Accounts receivable represents billed amounts for underwriting uncollected prior to June 30, 2015. Management closely monitors outstanding accounts receivable and charges off to expense any balances that are determined to be noncollectable or establishes an allowance for doubtful accounts. Accounts receivable are recorded on the financial statements net of allowance for doubtful accounts. As of June 30, 2015 the allowance for doubtful accounts is $0.

Note 6 - Contributions receivable

The total amount of contributions receivable are considered to be fully collectable. Receivables past due more than 120 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the listener.

Note 7 – Operating leases

WMNR Fine Arts Radio leases office space in Monroe, Connecticut, under an operating lease which was entered into on May 31, 2012. The term of this lease commenced on May 1, 2013 and will terminate on April 30, 2018, unless sooner terminated or extended as hereinafter provided. Base rent will be $3,519.51/month for the lease year ending April 30, 2015. Rent for years 3 through 5 will increase by the percentage of increase, if any, in the Consumer Price Index (CPI) for the month of December in the last year of the then applicable term over the CPI for the month of December of the preceding year. In no event shall the percentage of increase exceed 3%. At June 30, 2015, the aggregate future minimum payments under the current lease are as follows:

<table>
<thead>
<tr>
<th>Year ending</th>
<th>Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2016</td>
<td>$ 42,276 *</td>
</tr>
<tr>
<td>June 30, 2017</td>
<td>$ 43,545 *</td>
</tr>
<tr>
<td>June 30, 2018</td>
<td>$ 44,851 *</td>
</tr>
</tbody>
</table>

See independent accountants’ audit report.
June 30, 2019  $ 46,197 *
June 30, 2020  $ 47,583 *
$ 224,452

* Adjusted for Percentage increase in CPI – Assumed 3%

WMNR Fine Arts Radio also leases transmitter space on a month-to-month basis in various locations as follows:

<table>
<thead>
<tr>
<th>Location</th>
<th>Current Rent</th>
<th>Current Term</th>
<th>Increases Date</th>
<th>Increases Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bedford Hills, NY</td>
<td>$703</td>
<td>Monthly</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>West Haven, CT</td>
<td>$116</td>
<td>10/1/13 – 9/30/18</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Southampton, NY</td>
<td>$400</td>
<td>Monthly</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>New London, CT</td>
<td>$495</td>
<td>7/17/02 – 7/17/17</td>
<td>7/17/13</td>
<td>5%</td>
</tr>
<tr>
<td>Sag Harbor, NY</td>
<td>$500</td>
<td>10/01/11 – 9/30/16</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>West Hartford, CT</td>
<td>$443</td>
<td>Monthly</td>
<td>Annual</td>
<td>3%</td>
</tr>
<tr>
<td>Guilford, CT</td>
<td>$250</td>
<td>6/25/04 – 6/24/24</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Seymour, CT</td>
<td>$149</td>
<td>Monthly</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Warren, CT</td>
<td>$120</td>
<td>Monthly</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Southington, CT</td>
<td>$150</td>
<td>Monthly</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

At June 30, 2015, the aggregate future minimum payments under the above tower leases for the ensuing five years are as follows:

<table>
<thead>
<tr>
<th>Year ending</th>
<th>Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2016</td>
<td>$39,912</td>
</tr>
<tr>
<td>June 30, 2017</td>
<td>35,412</td>
</tr>
<tr>
<td>June 30, 2018</td>
<td>28,467</td>
</tr>
<tr>
<td>June 30, 2019</td>
<td>26,928</td>
</tr>
<tr>
<td>June 30, 2020</td>
<td>26,580</td>
</tr>
<tr>
<td></td>
<td>157,299</td>
</tr>
</tbody>
</table>

**Note 8 - Donated services and facilities**

When the Corporation for Public Broadcasting calculates the amount of its matching grant, it does not allow a value for on-air volunteers, donated music library or donated programs to be included in the calculation. As a result, management does not include a value for on-air volunteers, donated music library and donated programs in the financial statements.

See independent accountants’ audit report
Management does, however, include a value for donated professional services, donated facilities and donated premiums, which is consistent with the method used by the Corporation for Public Broadcasting to calculate its matching grant.

Management’s decision to include the value of some donated goods and services in these financial statements while not including others, as illustrated in the table below, represents a departure from generally accepted accounting principles. It was not practicable to determine the effects of this inconsistent application of accounting principles.

The value of donated materials and services included in the financial statements and the corresponding expenses are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donated services</td>
<td>$8,832</td>
<td>$9,655</td>
</tr>
<tr>
<td>Donated facility</td>
<td>38,220</td>
<td>38,150</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$47,052</td>
<td>$47,805</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transmitter site operations</td>
<td>$38,220</td>
<td>$38,150</td>
</tr>
<tr>
<td>Advertising</td>
<td>8,832</td>
<td>9,655</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$47,052</td>
<td>$47,805</td>
</tr>
</tbody>
</table>

**Note 9 – Advertising**

Advertising costs are expensed as incurred. Total advertising expense for June 30, 2015 and 2014 were $8,832 and $9,655 respectively.

**Note 10 – Subsequent events**

Subsequent events were evaluated through January 4, 2016; the date the financials were available to be issued.

There were no material subsequent events.

See independent accountants’ audit report