Connecticut Public Broadcasting, Inc.

Consolidated Financial Statements
(With Supplementary Information)
and Independent Auditor's Report

June 30, 2015 and 2014

Connecticut Public Broadcasting, Inc.

Index

Independent Auditor's Report

To the Audit Committee of the Board of Trustees
Connecticut Public Broadcasting, Inc.

We have audited the accompanying consolidated financial statements of Connecticut Public Broadcasting, Inc., which comprise the consolidated statements of financial position as of June 30, 2015 and 2014, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Connecticut Public Broadcasting, Inc. as of June 30, 2015 and 2014, and the changes in their net assets and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included on pages 23-25 is presented for purposes of additional analysis and is not a required part of the 2015 consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2015 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2015 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2015 consolidated financial statements or to the 2015 consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2015 consolidated financial statements as a whole.

CohnReznick LLP

Hartford, Connecticut
September 22, 2015

Connecticut Public Broadcasting, Inc.

Consolidated Statements of Financial Position
June 30, 2015 and 2014

Assets

	2015	2014
Current assets:		
Cash and cash equivalents	$ 398,619	$ 383,620
Investments	963,632	709,129
Accounts receivable, net of allowance of $219,603 in 2015 and $226,111 in 2014	3,345,648	3,822,361
Grants and other receivables	39,548	-
Production costs	259,379	473,402
Prepaid expenses and deposits	51,999	61,521
	5,058,825	5,450,033
Other assets:		
Other receivables	58,449	58,449
Investments held for property and equipment	666,962	929,272
Investments - endowment	34,837,259	30,407,057
Other investments	26,229	76,229
	35,588,899	31,471,007
Property, equipment and leasehold improvements:		
Land and improvements	764,123	764,123
Building	14,029,713	13,838,496
Equipment	32,633,145	32,169,548
Leasehold improvements	155,720	155,720
Construction in progress	134,348	148,964
	47,717,049	47,076,851
Accumulated depreciation and amortization	(33,790,531)	(32,333,141)
	13,926,518	14,743,710
Total assets	$ 54,574,242	$ 51,664,750

Connecticut Public Broadcasting, Inc.

Consolidated Statements of Financial Position
June 30, 2015 and 2014

Liabilities and Net Assets

	2015	2014
Current liabilities:		
Line of credit	$ 500,000	$ 1,941,157
Current maturities of long-term debt	122,012	82,030
Accounts payable and accrued expenses	3,764,628	4,026,579
Deferred revenue	445,564	768,063
	4,832,204	6,817,829
Long-term liabilities:		
Long-term debt, less current maturities	539,017	146,029
Deferred revenue from license and funding agreements	17,233,559	13,154,864
	17,772,576	13,300,893
Total liabilities	22,604,780	20,118,722
Contingencies		
Net assets:		
Unrestricted	30,357,487	29,436,288
Temporarily restricted	1,232,204	1,729,969
Permanently restricted	379,771	379,771
Total net assets	31,969,462	31,546,028
Total liabilities and net assets	$ 54,574,242	$ 51,664,750

See Notes to Consolidated Financial Statements.

Connecticut Public Broadcasting, Inc.
Consolidated Statement of Activities
Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues:				
Subscription and membership income	$ 6,169,339	-	-	$ 6,169,339
Planned gifts and bequests	159,539	-	-	159,539
Auctions and special events	111,425	-	-	111,425
Corporation for Public Broadcasting	1,978,652	-	-	1,978,652
Underwriting support	8,064,123	-	-	8,064,123
Annual spending distribution	1,487,645	-	-	1,487,645
Special allocation endowment distribution	483,550	-	-	483,550
Contributed in-kind support	170,719	-	-	170,719
Donated personal services of volunteers	9,540	-	-	9,540
Nonbroadcasting services	137,307	-	-	137,307
Miscellaneous	191,013	-	-	191,013
Video services	96,528	-	-	96,528
Release of restricted assets	67,000	$ (67,000)	-	-
Total revenues	19,126,380	(67,000)	-	19,059,380
Expenses:				
Program services:				
Programming and production	9,579,594	-	-	9,579,594
Broadcasting	1,635,759	-	-	1,635,759
Contributed in-kind support	149,659	-	-	149,659
Program information	821,141	-	-	821,141
	12,186,153	-	-	12,186,153
Supporting services:				
Fundraising and membership development:				
Membership development	3,046,846	-	-	3,046,846
Other fundraising expenses	739,338	-	-	739,338
Contributed in-kind support	21,060	-	-	21,060
Donated personal services of volunteers	9,540	-	-	9,540
Management and general	2,601,640	-	-	2,601,640
	6,418,424	-	-	6,418,424
Reorganization costs	176,259	-	-	176,259
Video services:				
Cost of production	26,835	-	-	26,835
General and administrative	12,305	-	-	12,305
	39,140	-	-	39,140
Total expenses	18,819,976	-	-	18,819,976
Change in net assets before other activities	306,404	(67,000)	-	239,404
Other activities:				
Annual spending distribution	(1,487,645)	-	-	(1,487,645)
Special allocation endowment distribution	(483,550)	-	-	(483,550)
Depreciation and amortization	(1,457,390)	-	-	(1,457,390)
Interest expense	(159,593)	-	-	(159,593)
Investment income, net	628,010	998	-	629,008
Income from licensing of intangible assets	1,954,260	-	-	1,954,260
Sale of infrastructure tax credit	802,151		-	802,151
Contributions restricted for capital additions	-	386,789	-	386,789
Release of restricted assets for capital additions	692,247	(692,247)	-	-
Release of restricted assets for other expenditures	126,305	(126,305)	-	-
	614,795	(430,765)	-	184,030
Change in net assets	921,199	(497,765)	-	423,434
Net assets at beginning of year	29,436,288	1,729,969	$ 379,771	31,546,028
Net assets at end of year	$ 30,357,487	$ 1,232,204	$ 379,771	$ 31,969,462

See Notes to Consolidated Financial Statements.

Connecticut Public Broadcasting, Inc.

Consolidated Statement of Activities
Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues:				
Subscription and membership income	$ 5,588,375	-	-	$ 5,588,375
Planned gifts and bequests	84,811	-	-	84,811
Auctions and special events	101,710	-	-	101,710
Corporation for Public Broadcasting	2,488,871	-	-	2,488,871
Underwriting support	7,769,611	$ 67,000	-	7,836,611
Annual spending distribution	1,297,902	-	-	1,297,902
Contributed in-kind support	158,939	-	-	158,939
Donated personal services of volunteers	15,447	-	-	15,447
Nonbroadcasting services	165,603	-	-	165,603
Miscellaneous	116,875	-	-	116,875
Video services	35,450	-	-	35,450
Total revenues	17,823,594	67,000	-	17,890,594
Expenses:				
Program services:				
Programming and production	9,212,599	-	-	9,212,599
Broadcasting	1,801,704	-	-	1,801,704
Contributed in-kind support	147,728	-	-	147,728
Program information	580,724	-	-	580,724
	11,742,755	-	-	11,742,755
Supporting services:				
Fundraising and membership development:				
Membership development	2,822,517	-	-	2,822,517
Other fundraising expenses	730,815	-	-	730,815
Contributed in-kind support	11,211	-	-	11,211
Donated personal services of volunteers	15,447	-	-	15,447
Management and general	2,332,607	-	-	2,332,607
	5,912,597	-	-	5,912,597
Video services:				
Cost of production	7,267	-	-	7,267
General and administrative	13,116	-	-	13,116
	20,383	-	-	20,383
Total expenses	17,675,735	-	-	17,675,735
Change in net assets before other activities	147,859	67,000	-	214,859
Other activities:				
Annual spending distribution	(1,297,902)	-	-	(1,297,902)
Depreciation and amortization	(1,317,948)	-	-	(1,317,948)
Gain on sale of property and equipment	14,000	-	-	14,000
Interest expense	(109,028)	-	-	(109,028)
Investment income, net	2,650,106	99,564	-	2,749,670
Income from licensing of intangible assets	1,954,260	-	-	1,954,260
Contributions restricted for capital additions	-	769,088	-	769,088
Release of restricted assets for capital additions	1,207,387	(1,207,387)	-	-
	3,100,875	(338,735)	-	2,762,140
Change in net assets	3,248,734	(271,735)	-	2,976,999
Net assets at beginning of year	26,187,554	2,001,704	$ 379,771	28,569,029
Net assets at end of year	$ 29,436,288	$ 1,729,969	$ 379,771	$ 31,546,028

See Notes to Consolidated Financial Statements.

Connecticut Public Broadcasting, Inc.

Consolidated Statements of Cash Flows
Years Ended June 30, 2015 and 2014

	2015	2014
Operating activities:		
Change in net assets	$ 423,434	$ 2,976,999
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,457,390	1,317,948
Provision for gains on accounts receivable	(6,509)	(30,313)
Change in provision on merchandise inventory	3,960	2,365
Amortization of deferred revenue from licensing agreement	(1,954,260)	(1,954,260)
Contributions restricted for capital additions	(386,789)	(769,088)
Gain on sale of property and equipment	-	(14,000)
Investment income, net	(629,008)	(2,749,670)
Annual spending distribution	1,487,645	1,297,902
Special allocation endowment distribution	483,550	-
Provision for change in value of other investments	50,000	-
Changes in operating assets and liabilities:		
Accounts receivable	483,222	(617,436)
Other receivables	(39,548)	575,523
Merchandise inventory	(3,960)	(2,365)
Production costs, prepaid expenses and deposits	223,545	(58,571)
Accounts payable and accrued expenses	(261,951)	559,560
Deferred revenue	(72,500)	(759,629)
Net cash provided by (used in) operating activities	1,258,221	(225,035)
Investing activities:		
Purchases of securities	(9,116,394)	(4,587,124)
Sales of securities	3,351,812	3,975,156
Proceeds from license of intangible assets and funding agreement, net	5,782,956	2,380,989
Proceeds from sale of property and equipment	-	14,000
Property and equipment additions	(640,198)	(2,113,348)
Net cash used in investing activities	(621,824)	(330,327)
Financing activities:		
Payments on line of credit, net	(926,157)	(55,527)
Proceeds from debt	-	40,558
Principal payments on debt	(82,030)	(93,078)
Contributions restricted for capital additions	386,789	769,088
Net cash provided by (used in) financing activities	(621,398)	661,041
Change in cash and cash equivalents	14,999	105,679
Cash and cash equivalents at beginning of year	383,620	277,941
Cash and cash equivalents at end of year	$ 398,619	$ 383,620
Supplemental disclosure of cash flow information:		
Note payable was converted from the non-restoring construction line of credit of $515,000.		
Cash paid for:		
Interest	$ 160,905	$ 174,823

See Notes to Consolidated Financial Statements.

Note 1 - Business and summary of accounting policies

Business

Connecticut Public Broadcasting, Inc. is a nonprofit organization which provides nonprofit and noncommercial television and radio services to serve the needs of the Connecticut community and contributes to the advancement of educational programs. Connecticut Public Broadcasting, Inc.'s wholly-owned for profit subsidiary, MediaVision Productions, Inc., provides television and radio equipment and services to third parties. Connecticut Public Broadcasting, Inc. and MediaVision Productions, Inc. are collectively referred to as the "Company".

The Company receives substantial revenues from governmental agencies, Corporation for Public Broadcasting, related parties and the public; a significant reduction in the level of this support may have an adverse effect on the Company's programs and activities. Significant programming services are provided to the Company by the Public Broadcasting Service. Operations include charges for such services of $1,605,766 and $2,084,340 in 2015 and 2014, respectively.

The consolidated statement of activities presents revenue from operations separately from non-operating activities. For purposes of the consolidated statement of activities, operations are defined as revenue and expenses (other than depreciation) from programming, production and broadcasting activities, membership and subscriptions, corporate underwriting, and revenue from grants to operate certain programs throughout the year, along with the general and administrative expenses incurred to operate the Company. All other revenue and expenses (primarily investment results, income from licensing of intangible assets, depreciation, and capital and endowment campaign revenue and expenses) are classified as non-operating activities. This basis of presentation reflects the Company's management philosophy throughout the year.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of Connecticut Public Broadcasting, Inc. and its wholly-owned subsidiary. All significant intercompany accounts and transactions are eliminated in consolidation.

Financial statement presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting. The Company reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. They are described as follows:

Unrestricted - Net assets that are not subject to explicit donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees.

Temporarily Restricted - Net assets whose use by the Company is subject to explicit donor-imposed stipulations or by operations of law that can be fulfilled by actions of the Company or that expire by the passage of time.

Permanently Restricted - Net assets subject to explicit donor-imposed stipulations that they be maintained permanently by the Company and stipulate the use of income and/or appreciation as temporarily restricted based on donor imposed stipulations or by passage of time.

Cash and cash equivalents
All highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents.

Investments
Investments in marketable equity securities, mutual funds, money market funds and other investment companies are stated at fair value determined by reference to published market data (share price or net asset value) at the statement of financial position date. Certain debt securities are valued based on inputs which include benchmark yields, broker/dealer quotes, recently executed transactions and/or bond spreads which incorporate credit risk. Investment income (including realized gains and losses on investments, interest and dividends) is included in unrestricted income unless the donor or law restricts the income or loss.

Allowances for receivables
Allowances for accounts receivable are determined by management based on assessment of their collectability. Management considers past history, current economic conditions and overall viability of the third party. Receivables are written off only when management believes amounts will not be collected. Receivables are considered past due based on the invoice date.

Property, equipment and leasehold improvements
The Company capitalizes all expenditures for property and equipment in excess of $500. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over their estimated useful lives. Amortization of leasehold improvements is computed using straight line method over the shorter of useful life or the remaining lease term. Estimated lives for financial reporting purposes are as follows:

Asset	Estimated Lives
Building	30 years
Equipment	3 - 10 years
Leasehold improvements	5 years

Primarily all depreciation and amortization expense is associated with assets necessary to operate program services. Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period.

Underwriting fees and production costs

Revenues from underwriting fees and related production costs are recognized in operations over the term of the related underwriting contract. Production costs incurred for projects still in development at year-end are presented as an asset in the consolidated statements of financial position, and underwriting revenue received before the earning process is complete is presented as deferred revenue in the consolidated statements of financial position.

Subscription and membership income

The Company recognizes subscription and membership income on the date the individual membership gift is received.

Income from licensing of intangible assets

The Company recognizes income from licensing of intangible assets over the life of each respective agreement on a straight-line basis.

Donated personal services of volunteers

Donated personal services of volunteers who possess special skills and meet the required criteria under accounting standards are recorded as revenue and expense in the accompanying consolidated financial statements at their estimated fair value based on standard valuation rates and job classifications found at the website developed by Independent Sector.

All other donated services from volunteers for various programs have not been recognized in the accompanying consolidated statements of activities because the criteria for recognition of such volunteer effort have not been satisfied in accordance with the standards.

Contributed programming and production

In-kind contributions of services, rental of equipment and office space, programs, fundraising support and other similar services are recorded as revenue and expense in the accompanying consolidated financial statements at their estimated fair value based on discounts provided and documented by independent third-party vendors.

Contributions, donor-restricted gifts and restricted grants

For financial statement purposes, the Company distinguishes between contributions of unrestricted assets, temporarily restricted assets, and permanently restricted assets.

Contributions for which donors have not stipulated restrictions, as well as contributions for which donors have stipulated restrictions but which are met within the same reporting period, are reported as unrestricted activities. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of activities as release of restricted assets.

Contributions, including pledges from government agencies that are restricted for capital additions of property and equipment, are recognized as temporarily restricted revenues when received. As expenditures are made, revenues are reclassified to unrestricted.

Unconditional promises to give are recorded as contributions when the promises are received.

Income taxes
The Internal Revenue Service has ruled that the Company is exempt from income taxes on related income under the applicable section of the Internal Revenue Code (the "IRC"). Once qualified, the Company is required to operate in conformity with the IRC to maintain its tax-exempt status. The Company is not aware of any course of action or series of events that have occurred that might adversely affect the Company's tax-exempt status.

The Company has no unrecognized tax benefits at June 30, 2015 and 2014. The Company's Federal and state information returns prior to fiscal year 2012 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If the Company had unrelated business income taxes, it would recognize interest and penalties associated with any tax matters as part of the income tax provision and include accrued interest and penalties with the related tax liability in the consolidated statements of financial position.

At June 30, 2015, MediaVision Productions, Inc. has available Federal net operating loss carryforwards of approximately $313,000 expiring through 2028, and available state operating loss carryforwards of approximately $45,000 expiring through 2028. Deferred tax assets aggregated $64,284 and $74,655 at June 30, 2015 and 2014, respectively, all of which have been offset by a valuation allowance. As a result of the utilization of net operating loss carryforwards, there is no provision for current income taxes in 2015 or 2014. In addition, as a result of the decrease in the valuation allowance of $10,371 and $3,568 during 2015 and 2014, respectively, there is no provision for deferred income taxes.

Use of estimates

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

Subsequent events

The Company has evaluated subsequent events through September 22, 2015, which is the date the consolidated financial statements were available to be issued, see Note 6.

Note 2 - Investments / fair value measurements

The following summarizes the fair value of investments as presented in the consolidated financial statements as of June 30, 2015 and 2014. The composition of investments held for operating and endowment is as follows:

	June 30,	
	2015	2014
Mutual funds	$ 31,392,502	$ 26,826,781
Multi-asset fund	3,341,572	3,365,086
Cash and money market accounts	1,066,817	924,319
	$ 35,800,891	$ 31,116,186

The Company has investments held for property and equipment as follows:

	June 30,	
	2015	2014
Cash and money market accounts	$ 247,502	$ 457,770
Bonds	-	25,141
Mutual funds	419,460	446,361
	$ 666,962	$ 929,272

The composition of investment income is as follows:

	June 30,	
	2015	2014
Interest and dividends	$ 1,010,319	$ 824,260
Realized gains	1,031,344	378,123
Unrealized (losses) gains	(1,350,658)	1,604,704
Investment fees	(61,997)	(57,417)
	$ 629,008	$ 2,749,670

Other investments consist of investments in non-public entities whose fair value is not readily ascertainable and carried at cost. Investments carried at cost are reviewed for impairment annually. The carrying amount of investments carried at cost were $26,229 and $76,299 at June 30, 2015 and 2014, respectively.

The Company values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to level 1 inputs.

Level 2: Observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data. If an asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to level 3 inputs.

Financial assets carried at fair value at June 30, 2015 are classified in the table below in one of the three categories described above:

	Level 1	Level 2	Level 3	Total
Mutual funds - world allocation	$ 1,010,768	-	-	$ 1,010,768
Mutual funds - world bond	2,599,399	-	-	2,599,399
Mutual funds - fixed income	81,925	-	-	81,925
Mutual funds - equities:				
Foreign	5,483,179	-	-	5,483,179
Large blend	6,191,892	-	-	6,191,892
Large value	2,250,001	-	-	2,250,001
Large growth	2,236,140	-	-	2,236,140
Mid-cap	1,724,658	-	-	1,724,658
Global real estate	850,246	-	-	850,246
Natural resources	434,813	-	-	434,813
Commodity	391,180	-	-	391,180
Mutual funds - corporate bonds:				
Intermediate-term bond	5,422,094	-	-	5,422,094
World bond	2,261,914	-	-	2,261,914
Inflation-protected bond	224,056	-	-	224,056
Taxable fixed income funds	649,697	-	-	649,697
Money market funds	-	$ 1,314,319	-	1,314,319
Multi-asset fund (A)	3,341,572	-	-	3,341,572
	$ 35,153,534	$ 1,314,319	$ -	$ 36,467,853

Financial assets carried at fair value at June 30, 2014 are classified in the table below in one of the three categories described above:

	Level 1	Level 2	Level 3	Total
Mutual funds - world allocation	$ 2,515,469	-	-	$ 2,515,469
Mutual funds - world bond	272,610	-	-	272,610
Mutual funds - fixed income	81,880	-	-	81,880
Mutual funds - equities:				
Foreign	6,081,201	-	-	6,081,201
Large blend	3,964,734	-	-	3,964,734
Large value	1,919,289	-	-	1,919,289
Large growth	1,850,529	-	-	1,850,529
Mid-cap	1,503,164	-	-	1,503,164
Global real estate	737,706	-	-	737,706
Natural resources	535,682	-	-	535,682
Commodity	409,725	-	-	409,725
Mutual funds - corporate bonds:				
Intermediate-term bond	4,322,363	-	-	4,322,363
World bond	1,959,480	-	-	1,959,480
Inflation-protected bond	188,549	-	-	188,549
Taxable fixed income funds	930,761	-	-	930,761
Bonds	-	$ 25,141	-	25,141
Money market funds	-	1,382,089	-	1,382,089
Multi-asset fund (A)	3,365,086	-	-	3,365,086
	$ 30,638,228	$ 1,407,230	$ -	$32,045,458

(A) The multi-asset fund allows investors to access multiple asset classes and strategies. The fund engages independent money managers to manage a portion of the fund's assets. In addition, the fund invests in exchange-trended funds, open-end mutual funds and private investment funds, subject to the limits of the Investment Company Act of 1940.

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

The Company recognizes transfers of assets into and out of levels monthly, as of the date an event or change in circumstance causes the transfer.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2015 and 2014.

Bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Mutual funds and taxable fixed income funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Multi-asset fund: The fund invests in exchange-trended funds, open-end mutual funds and private investment funds, subject to the limits of the Investment Company Act of 1940. These funds are required to publish their daily NAV and to transact at that price.

Money market funds: Valued using significant observable inputs, particularly dealer market prices for comparable investments as of the valuation date.

Note 3 - Temporarily and permanently restricted net assets

Temporarily restricted net assets of $1,232,204 and $1,729,969 at June 30, 2015 and 2014, respectively, are available for capital additions and programming services.

Permanently restricted net assets of $379,771 at both June 30, 2015 and 2014 are to be held in perpetuity, the income of which is used for temporarily restricted activities and expendable for capital additions and programming services.

Note 4 - Endowment

The Company's endowment consists of funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of the Company has interpreted the Connecticut Uniform Prudent Management of Institutional Funds Act ("CTUPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Company classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Company in a manner consistent with the standard of prudence prescribed by CTUPMIFA.

In accordance with CTUPMIFA, the Company considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Company and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Company
7. The investment policies of the Company

Endowment net asset composition by type of fund and changes in endowment net assets as of and for the year ended June 30, 2015 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	-	$ 275,904	$ 379,771	$ 655,675
Board-designated endowment funds	$34,034,172	-	-	34,034,172
Total funds	$34,034,172	$ 275,904	$ 379,771	$ 34,689,847

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$29,752,896	$ 274,390	$ 379,771	$ 30,407,057
Investment return:				
Interest and dividends, net of fees	586,274	10,713	-	596,987
Net appreciation (realized and unrealized)	(409,037)	(9,199)	-	(418,236)
Total investment return	177,237	1,514	-	178,751
Additions to endowment	6,076,774	-	-	6,076,774
Appropriation of endowment assets for expenditure	(1,971,195)	-	-	(1,971,195)
Trust payments	(1,540)	-	-	(1,540)
Endowment net assets, end of year	$34,034,172	$ 275,904	$ 379,771	$ 34,689,847

Endowment net asset composition by type of fund and changes in endowment net assets as of and for the year ended June 30, 2014 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	-	$ 274,390	$ 379,771	$ 654,161
Board-designated endowment funds	$29,752,896	-	-	29,752,896
Total funds	$29,752,896	$ 274,390	$ 379,771	$ 30,407,057

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 25,958,050	$ 192,909	$ 379,771	$ 26,530,730
Investment return:				
Interest and dividends, net of fees	695,495	19,824	-	715,319
Net appreciation (realized and unrealized)	2,958,182	61,657	-	3,019,839
Total investment return	3,653,677	81,481	-	3,735,158
Additions to endowment	1,440,611	-	-	1,440,611
Appropriation of endowment assets for expenditure	(1,297,902)	-	-	(1,297,902)
Trust payments	(1,540)	-	-	(1,540)
Endowment net assets, end of year	$29,752,896	$ 274,390	$ 379,771	$ 30,407,057

Spending policy and how the investment objectives relate to spending policy

The Company has an annual endowment spending policy that is specifically designed to assist in funding annual programming objectives and to preserve the value of the investment portfolio over time. In 2015 and 2014, the spending policy was 5% of the fair value of endowment assets as of June 30, 2014 and 2013. In establishing this policy, the Company considered the long-term expected return on its endowment. Accordingly, over the long term, the Company expects the current spending policy to allow its endowment to grow and maintain its value to support operations in the future.

To meet these objectives, the Company utilizes a total return investment approach which emphasizes total investment return, consisting of investment income and realized and unrealized gains or losses and, accordingly, invests in equities, fixed income and money market accounts. The annual spending distribution for operating purposes was $1,487,645 and $1,297,902 in fiscal years 2015 and 2014, respectively. An additional special allocation of $483,550 was approved by the Board of Trustees.

Note 5 - Debt and line of credit

Components of long-term debt were as follows:

	June 30, 2015	June 30, 2014
Note payable to State of Connecticut bears interest at 7.00% and is due in semi-annual installments of $37,500, plus interest, through September 2016.	$ 112,500	$ 187,500
Ford Motor Credit bears interest at 6.24% and is due in monthly installments of $791 through June 2019.	33,529	40,559
Note payable to a bank, interest is a fluctuating rate per annum equal to either the higher of Prime or LIBOR plus 275 basis points (4.74% at June 30, 2015) and is due in monthly installments of $5,414 through June 2025. The note payable was converted from the non-restoring construction line of credit (A).	515,000	-
	661,029	228,059
Less current portion	122,012	82,030
	$ 539,017	$ 146,029

(A) The Company maintained a non-restoring construction line of credit of $1,856,157 which expired on June 30, 2015. The remaining balance available at June 30, 2014 was $415,000. Borrowings were to be used for capital additions. The outstanding balance on the Line as of June 30, 2014 was $1,441,157.

Future principal payments of long-term debt are as follows:

Year Ending June 30,	Amount
2016	$ 122,012
2017	87,789
2018	53,497
2019	56,705
2020	50,139
Thereafter	290,887
	$ 661,029

The Company increased its operating line of credit (the "Line") to $1,500,000, which expires on November 27, 2015. The interest rate is a fluctuating rate per annum equal to either the EURODOLLAR rate plus 2.5% or the Lpage20IBOR rate plus 2.5%. At June 30, 2015, the balance bears a 3.25% interest rate. The outstanding balance on the Line as of both June 30, 2015 and 2014 was $500,000. The Company also maintains a Letter of Credit in the amount of $40,000. There is no outstanding balance on this Letter of Credit.

Interest expense incurred on long-term debt and the operating Line of Credit was $89,438 and $46,114 in 2015 and 2014, respectively.

Note 6 - Leases

The Company leases certain operating facilities under noncancelable operating leases expiring at various times through June 30, 2025. Rental expense associated with leases was $502,435 and $500,347 for the years ended June 30, 2015 and 2014, respectively.

On July 1, 2015, the Company entered into a facilities operating lease agreement with a related party. The leases expires on December 31, 2015, unless sooner terminated or extended pursuant to the terms of the lease, monthly rental expenses associate with this lease is $30,000 per month.

Future minimum annual rental payments for the five years subsequent to June 30, 2015 and thereafter are as follows:

Year Ending June 30,	Amount
2016	$ 671,558
2017	436,489
2018	252,161
2019	229,710
2020	126,385
Thereafter	164,711
	$ 1,881,014

Note 7 - Retirement plans

The Company provides a defined contribution retirement plan for eligible employees who elect to participate in the plan. Eligible employees may contribute a percentage of their salary to the plan. The Company contributes an amount equal to employees' contributions up to a limit as determined annually by the Company. Retirement contributions charged to operations were $180,126 and $180,063 for the years ended June 30, 2015 and 2014, respectively.

In addition to the plan, the Company also provides two nonqualified deferred compensation plans for certain management personnel. Discretionary contributions of $43,866 and $44,291 were made to the plans for the years ended June 30, 2015 and 2014, respectively.

Note 8 - Liens

The National Telecommunications and Information Administration ("NTIA") provides funding to public broadcasting entities for the acquisition of equipment. NTIA retains a financial interest, as defined in the statute, in its pro rata share of the cost of the equipment for a period of ten years and must be notified upon disposition of the equipment. The Company did not receive any NTIA funds during the years ended June 30, 2015 and 2014.

Note 9 - Related party transactions

In the ordinary course of business, the Company conducts business with other organizations whose executives are members of the Company's Board of Trustees. Revenue transactions, including corporate underwriting revenue and other support, amounted to $430,417 and $626,454 for the years ended June 30, 2015 and 2014, respectively. Purchases and other services received amounted to $604,676 and $830,881 for the years ended June 30, 2015 and 2014, respectively. At June 30, 2015 and 2014, included in the accounts receivable balance was $71,469 and $198,188, respectively. In addition, included in the accounts payable balance was $73,530 and $92,702 at June 30, 2015 and 2014, respectively.

Note 10 - Concentrations of credit risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of cash, cash equivalents, investments and receivables. The Company maintains its cash and cash equivalents with high-credit quality financial institutions. At times, such amounts may exceed Federally insured limits.

The Company's investments are in high quality marketable securities placed within a wide array of institutions with high credit ratings. This investment policy limits the Company's exposure to concentrations of credit risk. Concentrations of credit risk with respect to accounts receivable are limited to contractual agreements with various underwriters.

The Company evaluates the need for an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends and other information.

Note 11 - Contingencies

The Company is subject to various claims and legal proceedings arising in the ordinary course of business. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or change in net assets of the Company.

Note 12 - Option and funding agreements

The Company entered into a funding agreement and an option agreement with an unrelated third party that will result in the relinquishment of certain television station license. Under the funding agreement, the Company provides the third party a first priority interest in certain proceeds provided from a broadcast incentive auction to be conducted by the Federal Communications Commission ("FCC") under Section 6403 of the Middle Class Tax Relief and Job Creation Act of 2012 or compels the Company to assign the license to a qualified third party if the auction is not successful.

The third party has provided the Company with upfront funding as part of the agreements, which until the options have been exercised, can be used as endowment funds subject to certain restrictions. The Company is also permitted to pay certain transaction costs from the upfront funding. The upfront funds will be required to be repaid if there is an event of default by the Company. The amount of repayment is determined in accordance with the provisions of the agreements.

At June 30, 2015 and 2014, the upfront funding, net of transaction costs, has been recorded as deferred revenue and will be recognized as revenue when the FCC auction is completed or when the station license is assigned to the third party. The FCC auction is expected to take place in the 2016 timeframe. The Company may be entitled to additional funds depending upon the success of the auction or the assignment of the license to a third party if the auction is not successful.

Connecticut Public Broadcasting, Inc.

Consolidating Statement of Financial Position
June 30, 2015

Assets	Connecticut Public Broadcasting, Inc.	MediaVision Productions, Inc.	Total	Eliminations	Consolidated
Current assets:					
Cash and cash equivalents	$ 396,024	$ 2,595	$ 398,619	-	$ 398,619
Investments	963,632	-	963,632	-	963,632
Accounts receivable, net	3,321,080	24,568	3,345,648	-	3,345,648
Grants and other receivables	39,548	-	39,548	-	39,548
Intercompany receivable	634,804	-	634,804	$ (634,804)	-
Production costs	259,379	-	259,379	-	259,379
Prepaid expenses and deposits	51,999	-	51,999	-	51,999
	5,666,466	27,163	5,693,629	(634,804)	5,058,825
Other assets:					
Investment in MediaVision Productions, Inc.	(608,308)	-	(608,308)	608,308	-
Other receivables	58,449	-	58,449	-	58,449
Investments held for property and equipment	666,962	-	666,962	-	666,962
Investments - endowment	34,837,259	-	34,837,259	-	34,837,259
Other investments	26,229	-	26,229	-	26,229
	34,980,591	-	34,980,591	608,308	35,588,899
Property, equipment and leasehold improvements:					
Land and improvements	764,123	-	764,123	-	764,123
Building	14,029,713	-	14,029,713	-	14,029,713
Equipment	32,633,145	-	32,633,145	-	32,633,145
Leasehold improvements	155,720	-	155,720	-	155,720
Construction in progress	134,348	-	134,348	-	134,348
	47,717,049	-	47,717,049	-	47,717,049
Accumulated depreciation and amortization	(33,790,531)	-	(33,790,531)	-	(33,790,531)
	13,926,518	-	13,926,518	-	13,926,518
Total assets	$ 54,573,575	$ 27,163	$ 54,600,738	$ (26,496)	$54,574,242

Connecticut Public Broadcasting, Inc.

Consolidating Statement of Financial Position
June 30, 2015

Liabiilties and Net Assets	Connecticut Public Broadcasting, Inc.	MediaVision Productions, Inc.	Total	Eliminations	Consolidated
Current liabilities:					
Line of credit	$ 500,000	-	$ 500,000	-	$ 500,000
Current maturities of long-term debt	122,012	-	122,012	-	122,012
Accounts payable and accrued expenses	3,763,961	$ 667	3,764,628	-	3,764,628
Intercompany payable	-	634,804	634,804	$ (634,804)	-
Deferred revenue	445,564	-	445,564	-	445,564
	4,831,537	635,471	5,467,008	(634,804)	4,832,204
Long-term liabilities:					
Long-term debt, less current maturities	539,017	-	539,017	-	539,017
Deferred revenue from license and funding agreements	17,233,559	-	17,233,559	-	17,233,559
	17,772,576	-	17,772,576	-	17,772,576
Total liabilities	22,604,113	635,471	23,239,584	(634,804)	22,604,780
Contingencies					
Net assets (deficit):					
Common stock	-	1,000	1,000	(1,000)	-
(Deficit)	-	(609,308)	(609,308)	609,308	-
Unrestricted	30,357,487	-	30,357,487	-	30,357,487
Temporarily restricted	1,232,204	-	1,232,204	-	1,232,204
Permanently restricted	379,771	-	379,771	-	379,771
Total net assets	31,969,462	(608,308)	31,361,154	608,308	31,969,462
Total liabilities and net assets (deficit)	$ 54,573,575	$ 27,163	$ 54,600,738	$ (26,496)	$ 54,574,242

See Independent Auditor's Report.

Connecticut Public Broadcasting, Inc.

Consolidating Statement of Activities - Unrestricted
Year Ended June 30, 2015

	Connecticut Public Broadcasting, Inc.	MediaVision Productions, Inc.	Total	Eliminations	Consolidated
Revenues:					
Subscription and membership income	$ 6,169,339	-	$ 6,169,339	-	$ 6,169,339
Planned gifts and bequests	159,539	-	159,539	-	159,539
Auctions and special events	111,425	-	111,425	-	111,425
Corporation for Public Broadcasting	1,978,652	-	1,978,652	-	1,978,652
Underwriting support	8,064,123	-	8,064,123	-	8,064,123
Annual spending distribution	1,487,645	-	1,487,645	-	1,487,645
Special allocation endowment distribution	483,550	-	483,550	-	483,550
Contributed in-kind support	170,719	-	170,719	-	170,719
Donated personal services of volunteers	9,540	-	9,540	-	9,540
Nonbroadcasting services	137,307	-	137,307	-	137,307
Miscellaneous	191,013	-	191,013	-	191,013
Video services	-	$ 96,528	96,528	-	96,528
Release of restricted assets	67,000	-	67,000	-	67,000
Total revenues	19,029,852	96,528	19,126,380	-	19,126,380
Expenses:					
Program services:					
Programming and production	9,579,594	-	9,579,594	-	9,579,594
Broadcasting	1,635,759	-	1,635,759	-	1,635,759
Contributed in-kind support	149,659	-	149,659	-	149,659
Program information	821,141	-	821,141	-	821,141
	12,186,153	-	12,186,153	-	12,186,153
Supporting services:					
Fundraising and membership development:					
Membership development	3,046,846	-	3,046,846	-	3,046,846
Other fundraising expenses	739,338	-	739,338	-	739,338
Contributed in-kind support	21,060	-	21,060	-	21,060
Donated personal services of volunteers	9,540	-	9,540	-	9,540
Management and general	2,601,640	-	2,601,640	-	2,601,640
	6,418,424	-	6,418,424	-	6,418,424
Reorganization costs	176,259	-	176,259	-	176,259
Video services:					
Cost of production	-	26,835	26,835	-	26,835
General and administrative	-	12,305	12,305	-	12,305
	-	39,140	39,140	-	39,140
Total expenses	18,780,836	39,140	18,819,976	-	18,819,976
Equity in net income of consolidated subsidiary	57,388	-	57,388	$ (57,388)	-
Change in unrestricted net assets before other activities	306,404	57,388	363,792	(57,388)	306,404
Other activities:					
Annual spending distribution	(1,487,645)	-	(1,487,645)	-	(1,487,645)
Special allocation endowment distribution	(483,550)	-	(483,550)	-	(483,550)
Depreciation and amortization	(1,457,390)	-	(1,457,390)	-	(1,457,390)
Interest expense	(159,593)	-	(159,593)	-	(159,593)
Investment income, net	628,010	-	628,010	-	628,010
Income from licensing of intangible assets	1,954,260	-	1,954,260	-	1,954,260
Sale of infrastructure tax credit	802,151	-	802,151	-	802,151
Release of restricted assets for capital additions	692,247	-	692,247	-	692,247
Release of restricted assets for other expenditures	126,305	-	126,305	-	126,305
	614,795	-	614,795	-	614,795
Change in unrestricted net assets / (deficit)	921,199	57,388	978,587	(57,388)	921,199
Unrestricted net assets / (deficit), beginning of year	29,436,288	(666,696)	28,769,592	666,696	29,436,288
Unrestricted net assets / (deficit), end of year	$ 30,357,487	$ (609,308)	$ 29,748,179	$ 609,308	$ 30,357,487

See Independent Auditor's Report.