

WELLESLEY CABLE ACCESS CORPORATION

FINANCIAL STATEMENTS

December 31, 2005

**WELLESLEY CABLE ACCESS CORPORATION
37 WALNUT STREET
WELLESLEY, MA 02481**

September 6, 2006

Heald Hoffmeister and Company, Inc.
105 Chestnut Street
Needham, MA 02492

We are providing this letter in connection with your review of the statement of assets, liabilities, and net assets, the statement of revenues, expenses, and other changes in net assets and the statement of cash flows of Wellesley Cable Access Corporation as of December 31, 2005 and for the year then ended for the purpose of expressing limited assurance that there are no material modifications that should be made to the statements in order for them to be in conformity with the cash basis of accounting. We confirm that we are responsible for the fair presentation in the financial statements of assets, liabilities, net assets, revenues, and expenses in conformity with the cash basis of accounting.

Certain representations in this letter are described as being limited to matters that are material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

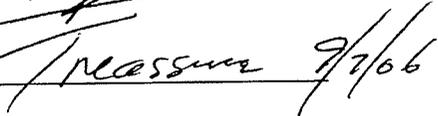
We confirm, to the best of our knowledge and belief, as of September 6, 2006, the following representations made to you during your review.

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles.
2. We have made available to you all:
 - a. Financial records and related data.
 - b. Minutes of the meetings of the board of directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4. There are no material transactions that have not been properly reflected in the accounting records underlying the financial statements.
5. We acknowledge our responsibility to prevent and detect fraud.
6. We have no knowledge of any fraud or suspected fraud affecting the entity involving management or others where the fraud could have a material effect on the financial statements, including any communications from employees, former employees, or others.
7. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net asset balances.

8. There are no material losses that have not been properly accrued or disclosed in the financial statements.
9. There are no:
 - a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency..
 - b. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed.
10. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be disclosed in the financial statements in accordance with Statement of Financial Accounting Standards No. 5, and we have not consulted a lawyer concerning litigation, claims, or assessments.
11. The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
12. There are no designations of net assets that were not properly authorized and approved or reclassifications of net assets that have not been properly reflected in the financial statements.
13. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.
14. The following have been properly recorded or disclosed in the financial statements:
 - a. Related party transactions and related accounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements, and guarantees.
 - b. Guarantees, whether written or oral, under which the organization is contingently liable.
15. There are no estimates that may be subject to material change in the near-term that have not been properly disclosed in the financial statements. We understand that *near-term* means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the Organization vulnerable to the risk of a near-term severe impact that have not been properly disclosed in the financial statements. We believe the estimates and the bases for allocation of indirect costs by function are reasonable in the circumstances.
16. To the best of my knowledge and belief, no events have occurred subsequent to the date of the financial statements and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
17. We have responded fully and truthfully to all inquiries made to us by you during your review.

Signed: _____

Title: _____

ACCOUNTANTS' REPORT

To the Board of Directors
Wellesley Cable Access Corporation
Wellesley, Massachusetts

We have reviewed the accompanying statement of assets, liabilities, and net assets of Wellesley Cable Access Corporation (a nonprofit organization) as of December 31, 2005, the related statement of revenue, expenses, and other changes in net assets, and the statement of cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Wellesley Cable Access Corporation.

A review consists principally of inquiries of organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Wald Hoffmeister and Company, Inc.

September 6, 2006

WELLESLEY CABLE ACCESS CORPORATION

Financial Statements

December 31, 2005

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WELLESLEY CABLE ACCESS CORPORATION

Statement of Assets, Liabilities, and Net Assets

December 31, 2005

ASSETS

CURRENT ASSETS:

Cash and cash equivalents \$ 209,207

Total current assets 209,207

PROPERTY AND EQUIPMENT:

Equipment 176,726

Less: accumulated depreciation 97,705

Property and equipment, net 79,021

OTHER ASSETS:

Investments 99,645

Total assets \$ 387,873

NET ASSETS

NET ASSETS - UNRESTRICTED:

Unrestricted net assets \$ 387,873

Total net assets \$ 387,873

See accompanying notes and accountants' report.

WELLESLEY CABLE ACCESS CORPORATION

Statement of Revenues, Expenses, and

Other Changes in Net Assets

For the Year Ended December 31, 2005

CHANGE IN UNRESTRICTED NET ASSETS

REVENUES:

Revenue from licensees	\$ 175,000
Other income	<u>1,180</u>
Total revenues	176,180

EXPENSES:

Program Services:	
Depreciation	35,345
Supplies	621
Consultant	250
Supporting services:	
Audit and tax preparation	645
Filing fees	<u>50</u>
Total expenses	<u>36,911</u>

Operational change in net assets 139,269

OTHER UNRESTRICTED REVENUES:

Interest and dividend income	5,599
Net unrealized gains on investments	<u>1,084</u>
Total other unrestricted revenues	<u>6,683</u>

INCREASE IN UNRESTRICTED NET ASSETS 145,952

UNRESTRICTED NET ASSETS:

NET ASSETS - Beginning of the year 241,921

NET ASSETS - End of year \$ 387,873

See accompanying notes and accountants' report.

WELLESLEY CABLE ACCESS CORPORATION

Statement of Cash Flows

December 31, 2005

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in unrestricted net assets	\$	145,952
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation		35,345
Unrealized gains on investments		<u>(1,084)</u>
Net cash provided by operating activities		180,213

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of investments		(1,116)
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WELLESLEY CABLE ACCESS CORPORATION

Statement of Cash Flows

December 31, 2005

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in unrestricted net assets	\$	145,952
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation		35,345
Unrealized gains on investments		<u>(1,084)</u>
Net cash provided by operating activities		180,213

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of investments		<u>(1,116)</u>
Net cash used by investing activities		(1,116)

NET INCREASE IN CASH		179,097
CASH - Beginning of year		<u>30,110</u>
CASH - End of year	\$	<u><u>209,207</u></u>

See accompanying notes and accountants' report.

WELLESLEY CABLE ACCESS CORPORATION

Notes to the Financial Statements

December 31, 2005

NOTE 1 - Summary of Significant Accounting Policies:

Nature of Operations

Wellesley Cable Access Corporation is a non-profit organization providing public service to Wellesley, Massachusetts residents. The Corporation encourages and assists in increasing local programming to be viewed over the cable television system(s) in the Town of Wellesley by providing funding, producing, and developing opportunities for local access programming.

Basis of Presentation

Wellesley Cable Access Corporation has adopted Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The Corporation had only unrestricted net assets as of December 31, 2005.

Estimates and Assumptions

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Revenues

The Corporation receives over 96% of its revenues from one cable company who hold licenses with the Town of Wellesley.

Investments

All investments are stated at market value.

Cash and Cash Equivalents

Cash and cash equivalents consists of cash in checking accounts, and cash in money market accounts.

Property and Equipment

Property and equipment are recorded at cost and are depreciated using the straight-line method over their estimated useful lives. The cost of maintenance and repairs is charged to expenses as incurred, significant renewals and betterments are capitalized.

WELLESLEY CABLE ACCESS CORPORATION

Notes to the Financial Statements

December 31, 2005

(Continued)

NOTE 2 - Income Taxes:

The Corporation qualifies as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code, and therefore, has no provision for federal income taxes. In addition, the Corporation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

NOTE 3 - Donated Goods and Services:

The Corporation has also adopted SFAS No. 116, Accounting for Contributions Received and Contributions Made. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence or nature of any donor restrictions.

SFAS No. 116 also requires recognition of donated services, materials etc. that create or enhance non-financial assets like Property and Equipment and also requires recognition of donated services that require specialized skills, provided by individuals possessing those skills, that would typically need to be purchased if not provided by donation.

Donated services to the Corporation have no value assigned to them in accordance with SFAS No. 116.

NOTE 4 - Concentration of Risk:

The Corporation receives 96% of its program income from Comcast. The Comcast license is a three year agreement which is renewable annually.

NOTE 5 - Concentration of Credit Risk:

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of temporary cash deposits and money market funds. Cash and cash equivalents, at times, may exceed federally insured limits. The Corporation has not experienced any losses in such accounts and believes it's not exposed to any significant credit risk on cash.

NOTE 6 - Investments:

The Corporation presents its investments in corporate bonds and mutual funds at fair value, with unrealized gain or loss presented as a separate component of other unrestricted revenues.

	<u>Cost</u>	<u>Market</u>
Equities	\$ 14,100	\$ 35,540
Mutual Funds	<u>65,883</u>	<u>64,105</u>
Total investments	<u>\$ 79,983</u>	<u>\$ 99,645</u>
Gross unrealized gains		\$ 21,440
Gross unrealized losses		\$ (1,778)

Pro forma Operational Budget October 2006

	July	August	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June
Rent	\$3,697.24	\$3,697.24	\$3,697.24	\$3,697.24	\$3,697.24	\$3,697.24	\$3,697.24	\$3,697.24	\$3,697.24	\$3,697.24	\$3,697.24	\$3,697.24
Alarm	\$36.50	\$36.50	\$36.50	\$36.50	\$36.50	\$36.50	\$36.50	\$36.50	\$36.50	\$36.50	\$36.50	\$36.50
Comcast	\$65.80	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00
Electricity	\$315.81	\$265.28	\$270.00	\$270.00	\$270.00	\$270.00	\$270.00	\$270.00	\$270.00	\$270.00	\$270.00	\$270.00
Phone	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00
Gas	\$26.63	\$30.30	\$35.00	\$35.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$35.00	\$35.00
Payroll**	\$13,088.75	\$13,088.75	\$13,088.75	\$13,088.75	\$13,088.75	\$13,088.75	\$13,088.75	\$13,088.75	\$13,088.75	\$13,088.75	\$13,088.75	\$13,088.75
Payroll fees	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00
Supplies	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00
Office Expenses	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
Marketing	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00
Fees	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
Vehicle Expenses	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00
EquipInsurInsurance			\$3,409.00									
Auto Insurance			\$862.00									
Broadcast Liability Ins						\$1,000.00						
Equipment Repair	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00
Subtotals	\$19,015.73	\$18,963.07	\$23,243.49	\$18,972.49	\$19,072.49	\$20,072.49	\$19,072.49	\$19,072.49	\$19,072.49	\$19,072.49	\$18,972.49	\$18,972.49

**Payroll numbers reflect 3 full-time employees with benefits and one part-time employee without benefits

Projected Capital Expense Totals

	2006	2007	2008	2009	
Totals	\$67,505.16	\$6,500.00	\$66,349.80	\$30,000.00	\$170,354.96