KUNM: CPB Required Compliance Information  
Update: February 25, 2016 by Richard Towne, General Manager  
(richardtowne at kunm.org) and (505) 277-8009 direct  

The following information is provided as required by CPB (Corporation for Public Broadcasting) in compliance with the terms and conditions for KUNM to receive grant funds from CPB.

To reach CPB, please visit their website www.cpb.org.

KUNM studios and offices are in Oñate Hall (Building 156) on the University of New Mexico campus. Our offices are on the third floor of Onate Hall and we are open M-F from 8:00 until 5:00 or by appointment. Oñate Hall is on the southwest corner of Campus Blvd and Girard Street. Mobility access is pretty good with ramps and door openers throughout. Parking regulations are strictly enforced. E-mail addressed to (kunm at kunm.org) will be routed to the appropriate party.

KUNM’s mailing address is  
KUNM Radio  
MSC06 3520  
1 University of New Mexico  
Albuquerque, NM 87131-0001

SECTION: CPB’s Policy: Transparency

1. List of Station management and contact information:  
a. General Manager – Richard Towne (505) 277-8009 and richardtowne at kunm.org  
b. Program Director – Tristan Clum (505) 277-8005 and programming at kunm.org  
c. Development Director – Mary Oishi (505) 277-8006 and maryoishi at kunm.org

2. List of Board of Directors:  
KUNM is licensed by the FCC to The University of New Mexico Board of Regents. The Regents website is http://regents.unm.edu. Current Regents are:  
Jack L. Fortner – President  
Robert M. Doughty - Vice President  
Lieutenant General Bradley C. Hosmer, USAF (Ret.) - Secretary, Treasurer  
Marron Lee  
Suzanne Quillen  
Ryan Berryman - Student Regent  
One member - Vacant

3. List of Community Advisory Board members:  
KUNM is advised by the KUNM Radio Board, made up of appointed and elected members of the community: Current members are: John R. Brown, Alexandra Buresh, Armelle Casau, Pam Castaldi, Bob Davis (Chair), Caitlan Grann, Emma Grazier (Vice Chair), Jeffrey Long, Cedric Page, Rebecca Phillips, Margaret Ramirez (Secretary), Marc H. Robert, Rana Chan, and Richard Towne. E-mail to (radioboard-at-kunm.org).

4. Date, time and place of all open meetings as determined by the Communications Act:
The Regents meet as a whole and in committees: Their schedule and agendas can be found at http://regents.unm.edu/ (Regents meetings and agendas). The Regents Open Meeting Policy is here Regents' Policy Manual - Regents Policy Manual. Please see Section 1.3: Public Notice of Regents' Meetings.

The KUNM Radio Board normally meets on the first Tuesday of the month (excepting holidays and elections). Meetings are held in Ofate Hall, Rooms 133 and 134 from 6:00 until 8:00 p.m. Call KUNM (505) 277-4806 or e-mail kunm-at-kunm.org to confirm meetings. The public is welcome and can address the advisory Board on any matter desired subject to the discretion of the Board. Parking is strictly enforced.

5. Audited Financial Statements (please see below – Audited Financial Statements).

6. Information about how to obtain copies of annual financial reports: Annual Financial Reports can be obtained at KUNM offices, or by calling the General Manager (505) 277-8009, or by e-mailing RichardTowne-at-kunm.org or by writing to KUNM’s General Manager addressed to KUNM, MSC06 3520, University of New Mexico, Albuquerque, NM 87131. KUNM will provide these reports as print outs, digital files (pdf) or in alternate formats as needed. Single copies of the reports are available at no cost.

7. IRS Form 990 when the grantee files its own 990 (not applicable).

8. Compensation information comparable to the information outlined in the IRS Form 990 Part VII A and contracter compensation in Part VII B for any grantee that is not required to file its own IRS Form 990. For the uninitiated, IRS is requesting disclosure of officers and employees (including former officers and employees) making more than $100,000 in annual compensation. “List the organization’s five current highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations.” There are no such employees or former employees at KUNM meeting this criteria. In policy, the Regents delegate authority for KUNM to the University President and to the Provost (EVP for Academic Affairs.) Salaries for all UNM employees are available at the University of New Mexico’s Sunshine Portal.

KUNM certifies that it is meeting Federal and State law regarding donor privacy and data security.

SECTION: CPB POLICY: Local Content and Services

CPB requires “Every grantee is required to answer and post on its website Station Activity Survey questions related to its content and services that serve local needs, including quantitative and qualitative information about the impact of the local services in its community. The definition of local content and service will be determined by the grantee. When developing the answers, the grantee should consider the following elements: Description of activities; Reach of activities (number of plays, viewers, participants, etc.); Overall impact or outcomes; Community feedback on activity (direct quotes from participants, community leaders, etc.); and Partnerships (list of other organizations, including other public broadcasters) collaborating with grantee.
1. The purpose of this section is to give you an opportunity to tell us about special, innovative efforts in which the grant recipient is involved. Responses may be shared with the Congress or the public. KUNM is in Year 4 of a multi-year grant-funded project of focused reporting on poverty and public health in New Mexico. This project includes partnership with public TV, print, and online journalists around the state. Our targeted engagement is with community practitioners and promotoras, policy makers, and the people who access health care or poverty services. In 2015, KUNM was named Broadcast of the Year by the NM Broadcasters Association (NMBA). We were also named Best Website of the Year. NMBA cited our deep investigative and human based reporting on public health as the driving factor in the award.

2. Please briefly assess the impact that your CPB funding has on your ability to serve your community. What can you do with your grant that you wouldn’t be able to do if you didn’t receive it?

KUNM uses CPB funds to acquire NPR news programming. NPR news programming brings us a white affluent audience which contributes strongly to our programming. We use these listener funds to underwrite the costs to produce specialty programming - 50 different programs a month, serving communities that are not served by other media. KUNM now reaches half of the state's population. We thank CPB for all of the critical support it takes to help us serve our listeners.

3. Please describe any special activities you have undertaken in the areas of community service and outreach during the Year.

KUNM lead a grant-funded content collaboration with NM PBS, the University of New Mexico's Journalism lab “NM News Port”, and NM In-Depth (non-profit online reporting site) for coverage of the 60-day NM Legislative session. The pilot project proved successful and the same private funding foundation came back for a second round of funding this year (2016) that included more content, more funding, and a well refined collaboration effort. Our building is marked for demolition at some unknown point in the future. We are in a former dorm slated to be replaced with modern student housing. We have officially engaged the University in a simple initiative to approve use of land adjacent to KNME - NM PBS to collocate our facilities.

4. Please describe any special efforts you have made to increase your involvement with the educational community during the year. Include a brief description of any major educational services provided.

KUNM is in Year 4 of a multi-year grant-funded project of focused reporting on poverty and public health in New Mexico. This project includes partnership with public TV, print, and online journalists around the state. Our targeted engagement is with community practitioners and promotoras, policy makers, and the people who access health care or poverty services. In 2015, KUNM was named Broadcast of the Year by the NM Broadcasters Association (NMBA). We were also named Best Website of the Year. NMBA cited our deep investigative and human based reporting on public health as the driving factor in the award. KUNM worked with UNM’s Department of Communications and Journalism in a second-year of grant-funded reporting on the NM legislative session. For the 2016 session, the Thornburg Foundation funded a proposal for collaborative coverage by the Department’s journalism lab "NM News Port" coupled with KUNM, NMPBS (public television) and the non-profit online news source NM In-Depth.

5. CPB is interested in learning more about stations’ significant activities planned for the upcoming year – both broadcast and beyond broadcast. What types of on-air programs and off-air activities are you planning in the upcoming year that will connect your station more closely with your community? What goals are you setting in conjunction with these initiatives, and how will you measure your success?
We hope to continue to build the Poverty and Public Health program for in-depth reporting on the impacts of poverty and health equity in New Mexico, including tribal and rural communities. We are currently seeking an additional four-years of funding to sustain us beyond the current four year old program.

SECTION: CPB POLICY: Diversity Eligibility
CPB policy requires each Grantee to have:
(1) established a formal goal of diversity in its workforce, management and boards, including community advisory boards and governing boards having governance responsibilities specific to or limited to broadcast stations;
KUNM is licensed to The Regents of the University of New Mexico. KUNM follows UNM recruitment and employment policies with activities conducted in relationship with UNM’s Division of Human Resources. Diversity goals are included in UNM Policies 3100 “Equal Opportunity & Affirmative Action” and 3210 “Recruitment and Hiring”. Diversity is also referenced in the 1987 Regents’ Policies including Section 2.4 “Diversity and Campus Climate” and Section 8.7 “KUNM Radio”. In Policy 8.7, KUNM is required to “… serve the people in KUNM’s listening area by providing a variety of high quality programming that serves diverse interests…”. In 2015, UNM Human Resources added two free Diversity Resources for recruitment of paid positions. They are diversityjobs.com and diversityworking.com. All competitive postings at UNM will be promoted on those websites.

KUNM reports to the Office of the Provost. This Office also has responsibility for UNM’s Diversity Council in conjunction with UNM’s Division for Equity and Inclusion. Information on the Council’s Diversity Plan is available at their website. KUNM’s internal “Policies and Procedures for Staff and Volunteers” state in Policy 24 “Harmony: KUNM is an equal opportunity employer in accordance with UNM policies. All staff is expected to regard others with respect and to practice tolerance of others regarding age, sex, race, class, nationality, sexual preference, spiritual or political beliefs, and those physically or mentally challenged.”

KUNM’s Radio Board (advisory) carries a Bylaws mandate that (4.7) The appointment and election processes shall encourage the representation of women, minorities, and people of various socioeconomic backgrounds on the Board, as well as the representation of a broad array of points of view and philosophies.

CPB (2) also requires that Grantees have implemented the following initiatives to achieve that goal:
1. Review with the station’s governing board or licensee official those practices that are designed to fulfill the station’s commitment to diversity and to meet the applicable FCC guidelines (see 47 C.F.R. § 73.2080).
KUNM has reviewed the practices that are designed to fulfill the station’s commitment to diversity and to meet the applicable FCC guidelines (see 47 C.F.R. § 73.2080) with KUNM’s licensee official in the Office of the Provost & Executive Vice President for Academic Affairs.

2. CPB asks each radio CSG recipient to prepare and post on its website a brief statement (about 500 words) that reflects on the following points.

• The elements of diversity (e.g., gender, race, culture, religion, language, generation) that the CSG recipient finds important to its public media work.
KUNM is a vivid and long-standing community broadcaster committed to diversity in its
programming service, engagement with communities of all types, and in its staffing and cultural practices.

Specific examples of our practices and programming by community volunteers from all walks of like are available at the KUNM Website. KUNM’s signal reaches over half of the people in New Mexico. KUNM’s departmental policies state in Section 24. Harmony: KUNM is an equal opportunity employer in accordance with UNM policies. All staff is expected to regard others with respect and to practice tolerance of others regarding age, sex, race, class, nationality, sexual preference, spiritual or political beliefs, and those physically or mentally challenged.

- **The extent to which its staff and governance reflect such diversity.**
  Presently, the gender/ethnic make up of KUNM constituencies show
  Paid Professional Staff: (18 w/ 2 vacant); 8 women, 10 men; 6/18 are people of color.
  Paid Student Staff: (8 w/4 vacant); 5 women, 3 men; 4/8 are people of color.
  On-Air Volunteer Staff: (96 total); 32 women, 64 men; 36/96 are people of color.
  Advisory Board: (13 w/ 1 vacant); 8 women, 5 men; 3/12 are people of color.
  Licensee Board: (7); 2 women, 5 men; 0/7 are people of color.

- **The progress the recipient has made to increase its diversity in the last two to three years and its diversity plans in the coming period.**
  We have added 21 new recruitment sources to all professional job openings in the last year by using the New Mexico Broadcasters Association diversity recruitment services. Our licensee is the Regents of The University of New Mexico. Our association with UNM allows us to use the various services of UNM’s Human Resources department to track ethnically under-utilized job titles within our department and to use UNM’s extensive diversity recruitment tools and other recruitment strategies to build diversity at KUNM. Examples are here [UNM Human Resources general-diversity-resources](#).

  In the past four years, KUNM has created three new paid staff positions, all fulltime. One of the full-time Reporter positions is funded as an Hispanic journalism fellowship. These positions are grant-funded for five more months. KUNM re-organized its News Department to create a morning and evening News anchor positions to give greater opportunities for our diverse workforce.

  KUNM is working now to sustain the positions mentioned above so we can retain our strong news presence. We have no immediate plans for future hires. If funding becomes available, KUNM will certainly use its successful outreach and recruitment strategies to attract a strong and diverse applicant pool as is contemplated in UNM’s recruitment and hiring policies.

  In addition, **Grantees shall undertake at least one of the following five initiatives on an annual basis:**
  
  1. Include individuals representing diverse groups in internships or work-study programs designed to provide meaningful professional level experience in order to reflect the diversity of the communities they serve and further public broadcasting’s commitment to education.
  KUNM regularly employees up to 12 student interns attending UNM. Funding for this effort is provided by an annual grant approved by student leadership. We purposefully recruit and hire diverse candidates to create professional internships to advance their resume. At present, half of the student employees are people of color.
Thirteen years ago KUNM launched a youth media project to engage diverse high-school and middle school students in our work. The project is now independent and is called Generation Justice. Generation Justice produces KUNM’s weekly one-hour Youth Radio program and produces significant video documentaries available through their blog. The application and selection process for the Generation Justice team has a goal of establishing a deliberately diverse group of teens to work together using the high standards of public media journalism as applied to civic engagement and social justice.

Since Fall 2014, KUNM partnered with KNME – public television, the Daily Lobo (independent student newspaper) and UNM’s Department of Communications and Journalism (C&J) in the creation of a living journalism lab called News Port, funded by an innovation grant to C&J from the Online News Association. This will improve our ability to plug into the diverse student body at University of New Mexico. This work has funding to last another year and is proving to be a good incubator for promise journalists of color.

In Fall 2015, KUNM launched KUNM's Generation Listen, a local affiliate of NPR's national social media project to attract millennial aged people to public media. Through extensive social media and in-person "meet-ups", KUNM now has 150 college aged people (mostly from our university) engaged. Our meet-ups are intentionally designed to showcase diversity, so we have met at National Hispanic Cultural Center and have had meet-ups to discuss police violence and Islamophobia.dfd

2. Include qualified diverse candidates in any slate of candidates for elected governing boards that the Grantee control.
Members of KUNM’s governing board – The Regents of the University of New Mexico – are appointed by the Governor of the State of New Mexico.

3. Implement a diversity training program for members of the organization’s governing board of directors on an annual basis.
KUNM, by itself, is unable to implement a diversity training program for the Regents.

4. Participate in minority or other diversity job fair.
KUNM regularly participates in the quarterly “virtual job fair” conducted by the New Mexico Broadcasters Association. Broadcasters with all types of formats promote the fair, inviting interested listeners to offer their resume to participating broadcasters. The virtual fair produces a diverse pool of potential talent. Applicants are offered the opportunity to identify their ethnicity.

5. Implement formal diversity training programs for management and appropriate staff.
In the summer of 2015, General Manager Richard Towne and Program Director Tristan Clum hosted the regional conference for the NFCB. Over 100 individuals from 30 stations attended. There were specialty keynote addresses by leadership from National Native News and Native America Calling. Both national radio programs are based in Albuquerque and were housed at KUNM before Annenberg funded their new studios. The NFCB Summit featured a half day training workshop with representatives from the many Native stations in attendance. Also in 2015, KUNM organized a day-long strategic retreat for the many Hispanic volunteers on-air at KUNM during our Raices, Espejos de Aztlan, and Salsa Sabrosa. Our diversity training programs for 2016 are in the planning phase at present.

Attachment A – Audited Financial Statements FY 15 (copied below).
KUNM-FM
(A Department of the University of New Mexico)

Financial Statements

June 30, 2015

(With Independent Auditors’ Report Thereon)
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Independent Auditors’ Report

The Board of Regents
University of New Mexico:

Report on the Financial Statements

We have audited the accompanying financial statements of KUNM-FM (the Station), a department of the University of New Mexico, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Station’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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.

Auditors’ 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 auditors’ 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 audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KUNM-FM as of June 30, 2015, and the respective changes in financial position and cash flows thereof for the year then ended, in accordance with U.S. generally accepted accounting principles.
Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in note 2(n) to the financial statements, effective July 1, 2014, the Station adopted Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. Our opinion is not modified with respect to this matter.

Other Matter

Required Supplementary Information

U.S. generally accepted accounting principles require that the management’s discussion and analysis and the schedule of proportionate share of net pension liability and employer contributions on pages 3–5 and 20–21, respectively, be presented to supplement the basic financial statements. Such information, 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.

Albuquerque, New Mexico
February 12, 2016
The following discussion and analysis provides an overview of the financial position and activities of KUNM-FM (the Station) for the fiscal year ended June 30, 2015. This discussion should be read in conjunction with the accompanying financial statements and notes. Additional information can be found in the Station’s annual report to the Corporation for Public Broadcasting (CPB).

Overview of the Operations

The Station is a department of the University of New Mexico (UNM) and operates under Federal Communications Commission (FCC) licenses issued to the Regents of the University of New Mexico. The Station is a self-supporting department of UNM. While UNM provides indirect institutional support (e.g., studio and office space, custodial, and human resources support), it does not provide ongoing, line item funding for the radio station. UNM’s indirect institutional support to the Station is significant to the Station’s financial activities.

UNM is classified by the Internal Revenue Service (IRS) as an entity of the State of New Mexico and is chartered under New Mexico state law. The Station’s financial activities are managed under policies and procedures of UNM and are subject to internal audit and control by UNM. UNM also operates the UNM Foundation, recognized by the IRS as a 501(c)(3) tax-exempt charitable foundation. Some financial activities (e.g., matching gifts from employers, major gifts, and donor-advised gifts from other foundations) are processed through the UNM Foundation at the request of donors. These funds are also subject to UNM audit and control.

Overview of the Basic Financial Statements

The statement of net position include the assets, liabilities, and net position of the Station as of the end of each fiscal year. It is a point-in-time statement and provides both long-term and short-term fiscal information about the Station’s investments in resources (assets), deferred outflows of resources, obligations (liabilities), deferred inflows of resources, and net position (assets plus deferred outflow minus liabilities plus deferred inflows). It also provides the basis for evaluating the capital structure of the Station and assessing its liquidity and financial flexibility.

The statement of revenues, expenses, and changes in net position present the results of operations of the Station for the fiscal year ended June 30, 2015. It includes both the operating and nonoperating revenues and expenses. This statement measures the activity of the Station’s broadcast service over the past year and can be used to determine whether the Station has recovered all its costs through listener donations, business underwriting support, grants, and other revenue-generating activities.

The statement of cash flows provides information about the sources and uses of cash by the Station. The statement reports cash receipts, cash payments, and net changes in cash resulting from operational, fund-raising, and business activities, and the change in cash during the reporting period. It is summarized in categories consisting of operating, capital financing, and investing activities.

The notes to the financial statements provide required disclosures and other information essential to a full understanding of material data provided in the financial statements. The notes present information about the Station’s accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.
KUNM-FM
(A Department of the University of New Mexico)
Management’s Discussion and Analysis (Unaudited)
June 30, 2015 and 2014

Condensed Financial Information

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<th>Statement of net position:</th>
<th>Year ended June 30</th>
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<tr>
<td></td>
<td>2015</td>
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<tr>
<td>Current assets</td>
<td>$ 505,381</td>
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<tr>
<td>Capital assets, net</td>
<td>133,108</td>
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<td>Deferred outflows of resources</td>
<td>141,250</td>
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<tr>
<td>Total assets and deferred outflows of resources</td>
<td>$ 779,739</td>
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<tr>
<td>Current liabilities</td>
<td>$ 256,667</td>
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<tr>
<td>Noncurrent liabilities</td>
<td>1,683,174</td>
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<tr>
<td>Total liabilities</td>
<td>1,939,841</td>
</tr>
<tr>
<td>Deferred inflows of resources</td>
<td>178,081</td>
</tr>
</tbody>
</table>

Net position (deficit):

| Net investment in capital assets | 133,108 | 152,267 |
| Unrestricted (deficit)           | (1,471,291) | 235,390 |
| Total net position (deficit)     | (1,338,183) | 387,657 |

| Total liabilities, deferred inflows of resources, and net position | $ 779,739 | 628,737 |

Statement of revenues, expenses, and changes in net position (deficit):

| Total operating revenues          | $ 2,552,434 | 2,457,809 |
| Total operating expenses          | 2,571,440   | 2,424,946 |
| Change in net position (deficit)  | $ (19,006)  | 32,863    |

Financial Position

The Station’s current assets are $505,381 as of June 30, 2015, an increase of $28,911 from the balance of $476,470 as of June 30, 2014, is primarily attributable to an increase in cash and cash equivalents. Furthermore, the Station’s net cash provided by operating activities is $75,122 compared to prior year in which there was a net decrease in cash from operating activities of $38,805.

Capital assets net, decreased $19,159 for the year ended June 30, 2015. The decrease in capital assets from June 30, 2014 to June 30, 2015 was caused by depreciation offset slightly by equipment purchase.

Current liabilities were $256,667 and $241,080 as of June 30, 2015 and 2014, respectively. The current year increase is primarily attributable to an increase in accounts payable.
Deferred outflows of resources, noncurrent liabilities, and deferred inflows of resources increased in the current year by $141,250, 1,683,174, and 178,081, respectively, due to the implementation of GASB 68, Accounting and Financial Reporting for Pensions – an amendment of GASB No. 27. As a result of this implementation, the Station restated its unrestricted net position as of July 1, 2014 by a decrease of $1,706,834.

Results of Operations

Total operating revenues of $2,552,434 increased by $94,625 for the fiscal year ended June 30, 2015, compared to $2,457,809 for the fiscal year ended June 30, 2014. The bulk of the Station’s revenues from operations fall into three main categories: 1) listener sensitive income including voluntary contributions from listeners and program support from area businesses in exchange for on-air recognition (spots), 2) operating grants from the CPB, UNM Student Fees, and others, and 3) UNM Administrative Support provided. The increase in the 2015 revenues primarily relate to the increase in spending from available multi-year grant revenues.

Total operating expenses of $2,571,440 increased by $146,494 for the fiscal year ended June 30, 2015 compared to $2,424,946 fiscal year ended June 30, 2014. The increase from 2014 to 2015 in operating expenses is largely attributable to increased spending from available multiyear grant revenues and spending on studio and network equipment.

Contacting the Company’s Financial Management

The Station’s annual basic financial statements and reports to the CPB are available for public inspection during business hours in the Station’s public file in Oñate Hall (corner of Campus and Girard) on the UNM campus.

If you have questions about this report or need additional financial information, contact the Station General Manager Richard S. Towne at KUNM, UNM, Albuquerque, New Mexico 87131 or 505-277-8009 or RichardTowne@kunm.org.
Statement of Net Position
June 30, 2015

Assets

Current assets:
- Cash and cash equivalents $464,438
- Accounts receivable, net of allowance for doubtful accounts of $9,358 at June 30, 2015 40,943
  Total current assets 505,381

Noncurrent assets:
- Capital assets, net 133,108
  Total noncurrent assets 133,108

Deferred Outflows of Resources
- Related to pensions 141,250
  Total assets and deferred outflows of resources $779,739

Liabilities

Current liabilities:
- Accounts payable $33,532
- Accrued payroll 14,529
- Compensated absences 48,035
- Unearned revenues 160,571
  Total current liabilities 256,667

Noncurrent liabilities:
- Net pension liability 1,683,174
  Total liabilities 1,939,841

Deferred Inflows of Resources
- Related to pensions 178,081
  Commitments and contingencies (notes 5, 7, 8)
  Net Position (deficit)
- Net investment in capital assets 133,108
- Unrestricted (deficit) (1,471,291)
  Total net position (deficit) (1,338,183)
  Total liabilities, deferred inflows of resources, and net position (deficit) $779,739

See accompanying notes to financial statements.
Operating revenues:
  Membership and underwriting, net $ 1,425,835
  Grants 480,861
  University of New Mexico administrative support 496,866
  Contributions 138,692
  Other revenue 10,180
  **Total operating revenues** 2,552,434

Operating expenses:
  Personnel services 1,188,938
  Materials and services 1,255,004
  Depreciation 33,745
  Utilities 32,894
  Other supplies and expenses 64,979
  Bad debt expense (4,120)
  **Total operating expenses** 2,571,440
  **Operating loss** (19,006)
  **Change in net position** (19,006)

Net position, beginning of year 387,657
Impact of change in accounting pronouncement (note 2(n)) (1,706,834)
Net position (deficit), end of year $ (1,338,183)

See accompanying notes to financial statements.
KUNM-FM  
(A Department of the University of New Mexico)  
Statement of Cash Flows  
Year ended June 30, 2015

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<thead>
<tr>
<th>Cash flows from operating activities:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Received from membership and underwriting</td>
<td>$1,443,481</td>
</tr>
<tr>
<td>Received from service charges</td>
<td>10,180</td>
</tr>
<tr>
<td>Received from grants</td>
<td>462,464</td>
</tr>
<tr>
<td>Payments to suppliers for goods and services</td>
<td>(669,719)</td>
</tr>
<tr>
<td>Payments to employees for services</td>
<td>(1,171,284)</td>
</tr>
</tbody>
</table>

Net cash from operating activities: 75,122

<table>
<thead>
<tr>
<th>Cash flows from capital and related financing activity:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of capital assets</td>
<td>(14,586)</td>
</tr>
</tbody>
</table>

Net change in cash and cash equivalents: 60,536

<table>
<thead>
<tr>
<th>Cash and cash equivalents, beginning of year</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>403,902</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash and cash equivalents, end of year</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$464,438</td>
</tr>
</tbody>
</table>

Reconciliation of operating loss to net cash from operating activities:

| Operating loss                                  | $ (19,006) |
| Adjustments to reconcile operating loss to net cash provided by operating activities: |       |
| Depreciation expense                           | 33,745 |
| Provision for bad debt                         | (4,120) |
| Changes in assets and liabilities:             |       |
| Accounts receivable                            | 17,646 |
| Deferred revenue                               | (18,397) |
| Accounts payable                               | 29,500 |
| Accrued payroll and other employee-related liabilities | 17,655 |
| Prepaid assets                                 | 18,099 |

Net cash from operating activities: $75,122

See accompanying notes to financial statements.
(1) Nature of Business

KUNM-FM (the Station) is an unincorporated entity operating under a license issued by the Federal Communications Commission (FCC) to the University of New Mexico (UNM). The Station is a department of UNM and receives significant grants from the Corporation for Public Broadcasting (CPB) on an annual basis. These grants are used primarily for the purchase of program rights from National Public Radio.

(2) Summary of Significant Accounting Policies

(a) Reporting Entity

KUNM-FM is a department of UNM and its financial data is included with the financial data in UNM’s basic financial statements. These basic financial statements present financial information that is attributable to KUNM-FM and does not purport to present and does not present the financial position of UNM.

(b) Basis of Presentation

The accompanying financial statements have been prepared in accordance with the accounting disclosure and reporting requirements under Governmental Accounting Standards Board (GASB) pronouncements as the Station meets the criteria of a governmental entity. The significant accounting policies are summarized below.

The Station’s financial statements are reported using the flow of economic resources measurement focus and the full accrual basis of accounting. Accordingly, revenue is recognized when it is earned and expenses are recognized as soon as the liability is incurred.

Operating revenues and expenses are those incurred that relate directly to the primary operations of the Station, including administrative support from UNM and broadcast services. Unrestricted contributions and gifts do not have binding agreements and are recorded as revenues when received. Unrestricted grants are recorded as revenues at the time the grant awards are received and when eligibility requirements have been met. Restricted support and revenues are recognized upon incurring the appropriate expenses or meeting the eligibility requirements.

(c) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.
(d) **Net Position**

Net position is classified into two components: net investment in capital assets and unrestricted. The Station has no restricted net position. These classifications are defined as follows:

- **Net investment in capital assets** – This component of net position consists of capital assets net of accumulated depreciation. The Station does not have any related debt.

- **Unrestricted** – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

(e) **Cash and Cash Equivalents**

The Station’s cash balances are on deposit with its fiscal agent. UNM serves as the fiscal agent for the Station through which the Station participates in a pooled bank account maintained by UNM. As fiscal agent, UNM requires the financial institution holding these pooled funds to maintain minimum collateral amounts. Interest is allocated monthly to the Station’s account based on its balance in the pooled bank account at the end of the preceding month. Custodial risk classifications are not available at the department level. For purposes of the statement of cash flows, the Station considers all cash accounts and all highly liquid securities and investments with an original maturity of three months or less to be cash equivalents. Certain revenues and expense accounts include noncash activity, which has been excluded from operating revenues and expenses in the statement of cash flows.

(f) **Accounts Receivable**

The allowance for doubtful accounts is based on historical collection experience and management’s evaluation of the collectibility of the accounts receivable. Management reviews accounts receivable and adjusts the allowance based on identified collection issues. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. Based on the information available, management believes the allowance for doubtful accounts as of June 30, 2015 is adequate.

(g) **Grant Revenue**

The CPB distributes annual Community Service Grants (CSGs) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of public broadcasting services.

According to the Communications Act, CSG funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with CSGs awarded in prior years.

Certain general provisions must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. These general provisions pertain to the use of grant funds, record-keeping, audits, financial reporting, mailing list, and licensee status with the FCC.
(h) **Capital Assets**

Capital assets are recorded at original cost or, if donated, at estimated fair value on the date of donation. The Station’s capitalization policy for moveable equipment includes all projects and/or items with a unit cost of $5,000 or more and an estimated useful life of greater than one year. Renovations to buildings that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings and 3 to 15 years for equipment. Depreciation is not allocated by functional expense in the accompanying financial statements.

(i) **Compensated Absences**

The Station’s annual leave plan allows employees to accumulate 252 hours of leave. Employees may be paid for hours exceeding 168 only in case of death, retirement, or involuntary separation.

(j) **Unearned Revenues**

Unearned revenues represent cash advances received from third parties, which have eligibility requirements. The deferred revenue will be recognized as revenue once the eligibility requirement has been met.

(k) **Contributions**

Operating revenues and expenses include activities with characteristics of exchange transactions. Goods and services provided to the Station, which the Station would otherwise have to pay cash for, are recorded as in-kind contributions. Typically, the Station exchanges a service such as a promotional spot for these in-kind services. Consistent with Accounting Standard Codification 920, *Entertainment Broadcasters*, revenue for these transactions shall be reported when the promotional spots are broadcast, and the related expense shall be reported once the merchandise or service has been received. If the merchandise or services are received prior to the broadcast of the promotional spots, a liability shall be reported. Likewise, if the promotional spot is broadcast first, a receivable shall be reported. Promotional artist recordings received cannot be reasonably valued and, therefore, are not reflected by the Station’s financial activity.

(l) **Indirect Administrative Support**

The Station uses the Modified Total Direct Cost (MTDC) method, which is a method approved by CPB to compute indirect administrative support. The Station receives indirect administrative, custodial, and utility expense support from UNM. The amount of support, recorded as both revenue and materials and services expense, is determined by using the Other Sponsored Activities (OSA) Facilities & Administrative MTDC Base method.
(m) Income Taxes

In the exercise of its essential governmental functions, the income generated by UNM and KUNM, as a department of UNM, is excluded from federal income tax under Internal Revenue Code (IRC) Section 115. However, income generated from activities unrelated to the exempt purpose of KUNM would be subject to tax under IRC Section 511(a)(2)(B).

(n) Changes in Accounting Policies and Statements

Effective July 1, 2014, the station adopted GASB Statement 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No 27. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pensions. As a result of the implementation of GASB Statement 68, the Station restated net position as of July 1, 2014. This restatement was a decrease of $1,706,834 to unrestricted net position as of July 1, 2014. The implementation of GASB Statement 68 also resulted in the recognition in fiscal year 2015 of $1,683,174 in net pension liability, $141,250 in deferred outflows of resources, and $178,081 in deferred inflow of resources, all of which had not been recognized prior to fiscal year 2015. The net pension liability represents the Station’s proportionate share of the total net pension liability of the New Mexico Educational Retirement Board (ERB) defined-benefit plan based on an annual actuarial valuation perform on that plan.

(3) Accounts Receivable

Accounts receivable for June 30 consisted of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>June 30, 2014</th>
<th>Additions</th>
<th>Deletions</th>
<th>June 30, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables, primarily for advertising</td>
<td>$1,022,891</td>
<td>14,586</td>
<td>—</td>
<td>$1,037,477</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>$50,301</td>
<td></td>
<td></td>
<td>$40,943</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>(9,358)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$152,267</strong></td>
<td>(19,159)</td>
<td>—</td>
<td><strong>133,108</strong></td>
</tr>
</tbody>
</table>

(4) Capital Assets

Capital asset transactions consisted of the following during the year ended June 30, 2015:

<table>
<thead>
<tr>
<th>Description</th>
<th>June 30, 2014</th>
<th>Additions</th>
<th>Deletions</th>
<th>June 30, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadcast equipment, furniture, and fixtures</td>
<td>$1,022,891</td>
<td>14,586</td>
<td>—</td>
<td>$1,037,477</td>
</tr>
<tr>
<td>Building improvements</td>
<td>593,025</td>
<td>—</td>
<td>—</td>
<td>593,025</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(1,463,649)</td>
<td>(33,745)</td>
<td>—</td>
<td>(1,497,394)</td>
</tr>
<tr>
<td><strong>Capital assets, net</strong></td>
<td><strong>$152,267</strong></td>
<td>(19,159)</td>
<td>—</td>
<td><strong>133,108</strong></td>
</tr>
</tbody>
</table>
(5) Leases

The Station has commitments greater than one year in duration for equipment under operating lease agreements. Rental expense for the Station for the year ended June 30, 2015 was $18,012.

Future minimum lease payments for the year(s) ending June 30 are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$16,808</td>
</tr>
<tr>
<td>2017</td>
<td>$10,200</td>
</tr>
<tr>
<td>2018</td>
<td>$8,400</td>
</tr>
<tr>
<td>2019</td>
<td>—</td>
</tr>
<tr>
<td>2020</td>
<td>—</td>
</tr>
<tr>
<td>Thereafter</td>
<td>$35,408</td>
</tr>
</tbody>
</table>

(6) Related-Party Transactions

UNM administrative support of $496,866 for 2015 is based on an allocation of actual indirect costs from UNM and is presented net of amounts paid to UNM for use of UNM’s accounting system of $11,126 for 2015. The related expense of $485,279 for 2015 is recorded as materials and services expense, and $10,610 for 2015 is recorded as utilities expense. This method of reporting indirect costs conforms to CPB guidelines.

The Station billed UNM for various services throughout the year that are recorded as underwriting revenue. Underwriting revenue from UNM for the year ended June 30, 2015 was $45,577.

(7) Retirement Plans and Other Postemployment Benefits

(a) General Information about the Pension Plan

Plan Description

All of the Station’s full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined-benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits, and cost-of-living adjustments to plan members (certified teachers and other employees of state public school districts, colleges, and universities) and beneficiaries. The Plan is a pension trust fund of the State of New Mexico. The New Mexico Legislature has the authority to set or amend contribution rates. ERB issues a separate, publicly available financial report and comprehensive annual financial report that may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, NM 87502. The report is also available on ERB’s Web site at www.nmerb.org.
Benefits Provided

A member’s retirement benefit is determined by a formula, which includes three component parts: the member’s final average salary (FAS), the number of years of service credit, and a 0.0235 multiplier. The FAS is the average of the member’s salaries for the last five years of service or any other consecutive five-year period, whichever is greater. A brief summary of Plan coverage provisions follows:

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs: the member’s age and earned service credit add up to the sum of 75 or more; the member is at least 65 years of age and has five or more years of earned service credit; or the member has service credit totaling 25 years or more.

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on or after July 1, 2010. The eligibility for a member who either becomes a new member on or after July 1, 2010, or at any time prior to that date refunded all member contributions and then became, or becomes, reemployed after that date is as follows: the member’s age and earned service credit add up to the sum of 80 or more; the member is at least 67 years of age and has five or more years of earned service credit; or the member has service credit totaling 30 years or more.

The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member’s accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in a lump sum to the member’s surviving beneficiary. There are three benefit options available: single life annuity; single life annuity monthly benefit reduced to provide for a 100% survivor’s benefit; or single life annuity monthly benefit is reduced to provide for a 50% survivor’s benefit.

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1, beginning in the year the member attains or would have attained age 65 or on July 1 of the year following the member’s retirement date, whichever is later. Prior to June 30, 2013, the COLA adjustment was equal to one-half the change in the Consumer Price Index (CPI), except that the COLA shall not exceed 4% nor be less than 2%, unless the change in CPI is less than 2%, in which case, the COLA would equal the change in the CPI, but never less than zero. As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction was based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.
A member is eligible for a disability benefit provided (a) he or she has credit for at least 10 years of service and (b) the disability is approved by ERB. The monthly benefit is equal to 2% of FAS times years of service, but not less than the smaller of (a) one-third of FAS or (b) 2% of FAS times year of service projected to age 60. The disability benefit commences immediately upon the member’s retirement. Disability benefits are payable as a monthly life annuity, with a guarantee that, if the payments made do not exceed the member’s accumulated contributions, determined as of the date of retirement, the balance will be paid in a lump sum to the member’s surviving beneficiary. If the disabled member survives to age 60, the regular optional forms of payment are then applied. A member with five or more years of earned service credit on deferred status may retire on disability retirement when eligible under the Rule of 75 or when the member attains age 65.

Contributions

The contribution requirements of plan members and the Station are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2014, employers contributed 13.15% of employees’ gross annual salary to the Plan. Employees earning $20,000 or less contributed 7.90% and employees earning more than $20,000 contributed 10.10% of their gross annual salary. For the fiscal year ended June 30, 2015, employers contributed 13.90%, and employees earning $20,000 or less continued to contribute 7.90% and employees earning more than $20,000 contributed an increased amount of 10.70% of their gross annual salary. The Station’s contributions to ERB for the fiscal years ended June 30, 2015, 2014, and 2013 were $113,123, $94,567, and $79,715, respectively, which equals the amount of the required contributions for the fiscal year.

(b) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The following note disclosures related to pensions pertain to fiscal year 2015 as a result of the implementation of GASB Statement 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the plan year ended June 30, 2014, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date of June 30, 2014. At June 30, 2015, the Station reported a liability of $1,683,174 for its proportionate share of the net pension liability. The proportion of the net pension liability is based on the employer contributing entity’s percentage of total employer contributions for the fiscal year ended June 30, 2014. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2014, the Station’s proportion was 0.0296%, which is an increase of 0.0000% from its proportion measured as of June 30, 2013.
For the year ended June 30, 2015, the Station recognized pension expense of $128,702. At June 30, 2015, the Station reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<table>
<thead>
<tr>
<th>Differences between expected and actual experience</th>
<th>Deferred outflows of resources</th>
<th>Deferred inflows of resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net difference between projected and actual earnings on pension plan investments</td>
<td>$ —</td>
<td>25,073</td>
</tr>
<tr>
<td>Change in proportion and differences between Station contributions and proportionate share of contributions</td>
<td>— 153,008</td>
<td></td>
</tr>
<tr>
<td>Station contributions subsequent to the measurement date</td>
<td>28,127</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td>113,123</td>
<td></td>
</tr>
</tbody>
</table>

The $113,123 reported as deferred outflows of resources related to pensions resulting from Station contributions subsequent to the measurement date of June 30, 2014 will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<table>
<thead>
<tr>
<th>Year ending June 30</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$37,192</td>
</tr>
<tr>
<td>2017</td>
<td>37,192</td>
</tr>
<tr>
<td>2018</td>
<td>37,319</td>
</tr>
<tr>
<td>2019</td>
<td>38,251</td>
</tr>
<tr>
<td>Total</td>
<td>$149,954</td>
</tr>
</tbody>
</table>

**Actuarial assumptions:** As described above, the total ERB pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the plan year ended June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. Specifically, the liabilities measured as of June 30, 2014 incorporate the following assumptions:

1. All members with an annual salary of more than $20,000 will contribute 10.10% during the fiscal year ended June 30, 2014 and 10.7% thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
3. COLAs for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by ERB on April 26, 2013 in conjunction with the six-year experience study period ended June 30, 2012.

For the purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years. The actuarial methods and assumptions used to determine contribution rates included in the measurement are as follows:

- **Actuarial Cost Method**: Entry Age Normal
- **Amortization Method**: Level Percentage of Payroll
- **Remaining Period**: Amortized – closed 30 years from June 30, 2012 to June 30, 2042
- **Asset Valuation Method**: 5 Year smoothed market for funding valuation (fair value for financial valuation)
- **Inflation**: 3.00%
- **Salary Increases**: Composition; 3% inflation, plus 1.25% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
- **Investment Rate of Return**: 7.75%
- **Retirement Age**: Experience based table of age and service rates
- **Mortality**: 90% of RP-2000 Combined Mortality Table with White Collar Adjustment projected to 2014 using Scale AA (one year setback for females)

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. Best estimates of geometric real rates of return for each major asset class included in the Plan’s target asset allocation for 2014 and 2013 for 30-year return assumptions are summarized in the following table:

<table>
<thead>
<tr>
<th>Asset class</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>1.50%</td>
<td>0.75%</td>
</tr>
<tr>
<td>Treasuries</td>
<td>2.00</td>
<td>1.00</td>
</tr>
<tr>
<td>IG Corp Credit</td>
<td>3.50</td>
<td>3.00</td>
</tr>
<tr>
<td>MBS</td>
<td>2.25</td>
<td>2.50</td>
</tr>
<tr>
<td>Core Bonds</td>
<td>2.53</td>
<td>2.04</td>
</tr>
<tr>
<td>TIPS</td>
<td>2.50</td>
<td>1.50</td>
</tr>
<tr>
<td>High Yield Bonds</td>
<td>4.50</td>
<td>5.00</td>
</tr>
<tr>
<td>Bank Loans</td>
<td>5.00</td>
<td>5.00</td>
</tr>
<tr>
<td>Global Bonds (Unhedged)</td>
<td>1.25</td>
<td>0.75</td>
</tr>
</tbody>
</table>


KUNM-FM
(A Department of the University of New Mexico)
Notes to Financial Statements
June 30, 2015

Long-term expected real rate of return

<table>
<thead>
<tr>
<th>Asset class</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Bonds (Hedged)</td>
<td>1.38%</td>
<td>0.93%</td>
</tr>
<tr>
<td>EMD External</td>
<td>5.00</td>
<td>4.00</td>
</tr>
<tr>
<td>EMD Local Currency</td>
<td>5.75</td>
<td>5.00</td>
</tr>
<tr>
<td>Large Cap Equities</td>
<td>6.25</td>
<td>6.75</td>
</tr>
<tr>
<td>Small/Mid Cap</td>
<td>6.25</td>
<td>7.00</td>
</tr>
<tr>
<td>International Equities (Unhedged)</td>
<td>7.25</td>
<td>7.75</td>
</tr>
<tr>
<td>International Equities (Hedged)</td>
<td>7.50</td>
<td>8.00</td>
</tr>
<tr>
<td>Emerging International Equities</td>
<td>9.50</td>
<td>9.75</td>
</tr>
<tr>
<td>Private Equity</td>
<td>8.75</td>
<td>9.00</td>
</tr>
<tr>
<td>Private Debt</td>
<td>8.00</td>
<td>8.50</td>
</tr>
<tr>
<td>Private Real Assets</td>
<td>7.75</td>
<td>8.00</td>
</tr>
<tr>
<td>Real Estate</td>
<td>6.25</td>
<td>6.00</td>
</tr>
<tr>
<td>Commodities</td>
<td>5.00</td>
<td>5.00</td>
</tr>
<tr>
<td>Hedge Funds Low Vol</td>
<td>5.50</td>
<td>4.75</td>
</tr>
<tr>
<td>Hedge Funds Mod Vol</td>
<td>5.50</td>
<td>6.50</td>
</tr>
</tbody>
</table>

Discount rate: A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2014 and 2013. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels.

Sensitivity of the Station’s proportionate shares of the net pension liability to changes in the discount rate: The following table shows the sensitivity of the net pension liability to changes in the discount rate as of fiscal year-end 2014. In particular, the table presents the Station’s net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

<table>
<thead>
<tr>
<th>1% Decrease (6.75%)</th>
<th>Current discount rate (7.75%)</th>
<th>1% Increase (8.75%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Station’s proportionate share of the net pension liability</td>
<td>$2,294,335</td>
<td>1,683,174</td>
</tr>
</tbody>
</table>

(Continued)
Pension plan fiduciary net position: Detailed information about the ERB’s fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2014 and 2013, which are publicly available at www.nmerb.org.

(c) Other Postemployment Benefits

As a department of the University of New Mexico, Station employees and eligible dependents are offered health, dental, and life insurance coverage. Additionally, retirees of the Station are offered postemployment health benefits under plans administered by UNM. The liability is recorded on UNM’s books and not allocated at the department level. However, employees hired after June 30, 2015 will not be eligible for other postemployment benefits other than basic life insurance. The authority to establish and amend the benefit provisions and contribution requirements rests with the University of New Mexico’s Board of Regents. Details of the plans can be found in the audited financial statements of UNM located at www.unm.edu.

(8) Commitments and Contingencies

(a) Insurance Coverage

The Station is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions and natural disasters. As a department of UNM, the Station is insured through the State of New Mexico Risk Management Program, which provides general liability, auto liability, physical damage, and workers’ compensation insurance. The Station’s exposure is limited to $1,000 per any first-party incurred property loss, with the exception of theft, which has a $5,000 deductible.

(b) Federal Communications Commission (FCC)

The Station maintains seven FCC licenses. All licenses, except that of the Station’s main channel were renewed for eight years in the prior year. The Station renewed the main channel in March 2014.
REQUIRED SUPPLEMENTAL INFORMATION
Required Supplemental Information – Pension
Schedule of Proportionate Share of Net Pension Liability and Employer Contributions

The schedule of proportionate share of net pension liability and the schedule of employer contributions presents multiyear trend information for the last 10 fiscal years. Fiscal year 2015 was the first year of implementation, therefore, only one year is shown. Until a full 10-year trend is compiled, information for those years for which information is available will be presented.

<table>
<thead>
<tr>
<th>Schedule of proportionate share of net pension liability</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Station’s proportion of the net pension liability (asset)</td>
<td>0.0296</td>
<td></td>
</tr>
<tr>
<td>Station’s proportionate share of the net pension liability (asset)</td>
<td>$1,683,174</td>
<td></td>
</tr>
<tr>
<td>Station’s covered-employee payroll</td>
<td>808,887</td>
<td></td>
</tr>
<tr>
<td>Station’s proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</td>
<td>208.09%</td>
<td></td>
</tr>
<tr>
<td>Plan fiduciary net position as a percentage of the total pension liability</td>
<td>66.54</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Schedule of employer contributions – ERB Plan</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutorily required employer contribution</td>
<td>$113,123</td>
<td></td>
</tr>
<tr>
<td>Contributions in relation to the statutorily required contribution</td>
<td>$113,123</td>
<td></td>
</tr>
<tr>
<td>Contribution deficiency (excess)</td>
<td>$—</td>
<td></td>
</tr>
<tr>
<td>Station’s covered-employee payroll</td>
<td>$813,833</td>
<td></td>
</tr>
<tr>
<td>Contributions as a percentage of covered-employee payroll</td>
<td>14%</td>
<td></td>
</tr>
</tbody>
</table>

Notes to Schedules

Changes of Benefit Terms
The COLA and retirement eligibility benefits changes in recent years are described in the Benefits Provided subsection of the financial statement note disclosure General Information on the Pension Plan.

Changes of Assumptions
ERB conducts an actuarial experience study for the Plan on a biennial basis. Based on the six-year actuarial experience study presented to the Board of Trustees on April 26, 2013, ERB implemented the following changes in assumptions for fiscal years 2014 and 2013.
1. Fiscal years 2014 and 2013 valuation assumptions that changed based on this study:
   a. Lower wage inflation from 4.75% to 4.25%
   b. Lower payroll growth from 3.75% to 3.50%
   c. Minor changes to demographic assumptions
   d. Population growth per year from 0.75% to 0.50%

2. Assumptions that were not changed:
   a. Investment return will remain at 7.75%
   b. Inflation will remain at 3.00%

See also the *Actuarial Assumptions* subsection of the financial statement note disclosure *General Information on the Pension Plan*. 