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](http://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 Oñate 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. Parking regulations are strictly enforced. E-mail addressed to kunm@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@kunm.org
   b. Program Director – Tristan Clum (505) 277-8005 and programming@kunm.org
   c. Development Director – Mary Oishi (505) 277-8006 and maryoishi@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](http://regents.unm.edu). Current Regents are:
   Jack L. Fortner - President
   James H. Koch
   Lieutenant General Bradley C. Hosmer, USAF (Ret.) - Secretary, Treasury
   J.E. (Gene) Gallegos
   Conrad D. James - Vice President
   Suzanne Quillen
   Heidi N. Overton - Student Regent

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, Armelle Casau (Vice Chair), Bob Davis (Secretary), Willis Duff, Rebecca Phillips, Elmo Riggs, Marc H. Robert (Chair), Richard Towne, David Weiss, Benjamin Jones, and Brian Neale.

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](http://regents.unm.edu) (Regents meetings and agendas). The Regents Open Meeting Policy is here Regents' Policy Manual - [http://policy.unm.edu/regents-policies/index.html](http://policy.unm.edu/regents-policies/index.html).
   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 Oñate Hall, Rooms 133 and 134 from 6:00 until 8:00 p.m. Call KUNM (505) 277-4806 or e-mail kunm@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@kunm.org or by writing to KUNM’s General Manager. 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 contactor 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’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. A funding consortium lead by W. K. Kellogg Foundation and local foundations made grants of nearly $500,000 to KUNM in 2012 so that we can hire reporters to focus on deep investigative reporting on poverty and public health in New Mexico for the next three years.

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? Our financial house is built with many, small, inter-locking walls. One of the walls is CPB. Another is
an annual award of student fees by student government at UNM. Yet another is the contribution of for
profit companies in NM sponsoring our programs. Similarly, we receive support from non-profit
organizations in the state. Our listener contributions stabilized this year after skinny years in 2009 and
2010. This is important to us. The bottom line for us and the walls that shore up our financial operations
is that removing any wall, including CPB, will cause the other walls to come down.

3. Please describe any special activities you have undertaken in the areas of community service and
outreach during the Year.
None specifically, although our initial work in the Poverty and Public Health reporting program gives us
new inroads to poor and rural communities. We are also teamed up with Fronteras – The Changing
America Desk. This is a major focus for KUNM now.

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.
We have started connecting students from Biology to our Children’s Radio Hour because the students
bring fun animals and cool science to our show. We are showcasing that science is cool and Universities
are the place to excel in science.

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 continue to build the Poverty and Public Health program for in-depth reporting on the impacts of the
ACA in New Mexico, including tribal and rural communities.

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…”

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: (21 w/ 1 vacant); 11 women, 10 men; 5/20 are not Caucasian.
Paid Student Staff: (12 total); 6 women, 6 men; 6/12 are not Caucasian
On-Air Volunteer Staff: (100 total); 32 women, 68 men; 42/100 are not Caucasian.
Advisory Board: (10 w/ 4 vacant); 2 women, 8 men; 0/10 are not Caucasian.
Licensee Board: (7); 2 women, 5 men; 2/7 are not Caucasian.

- 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.

In the past two-three years, KUNM has created four new paid staff positions. Two are fulltime, two are half time. One of the full-time Reporter positions is funded as an Hispanic journalism fellowship. These positions are grant–funded for two more years. KUNM re-organized its News Department to create a morning and evening News anchor positions. Our Morning Edition host is a Hispanic male, a first for KUNM.

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 12 work-study students 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 non-Caucasian.

Ten 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 issues.

In 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.

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 2014, General Manager Richard Towne and Program Director Tristan Clum participated in a 2-day convening of W. K. Kellogg Foundation grantees in New Mexico. Both days were full of valuable diversity trainings.

Attachment A – Audited Financial Statements FY 13

--end--
KUNM-FM
(A Department of the University of New Mexico)

Financial Statements
June 30, 2013 and 2012

(With Independent Auditors’ Report Thereon)
KUNM-FM  
(A Department of the University of New Mexico)

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Independent Auditors’ Report

The Board of Regents
The University of New Mexico:

We have audited the accompanying financial statements of KUNM-FM (the Station), a department of the University of New Mexico, which comprise the statements of net position as of June 30, 2013 and 2012, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 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 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.

Opinions

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, 2013 and 2012, and the results of its operations and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.
Other Matter

Required Supplementary Information

U.S. generally accepted accounting principles require that the management’s discussion and analysis on pages 3 to 5 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.

KPMG LLP

Albuquerque, New Mexico
January 31, 2014
KUNM-FM
(A Department of the University of New Mexico)
Management’s Discussion and Analysis (unaudited)
June 30, 2013 and 2012

The following discussion and analysis provides an overview of the financial position and activities of KUNM-FM (the Station) for the fiscal years ended June 30, 2013, 2012, and 2011. 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 statements 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), obligations (liabilities), and net position (assets minus liabilities). It also provides the basis for evaluating the capital structure of the Station and assessing its liquidity and financial flexibility.

The statements of revenues, expenses, and changes in net position present the results of operations of the Station for the fiscal years ended June 30, 2013 and 2012. 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 statements of cash flows provide 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, 2013 and 2012

Condensed Financial Information

<table>
<thead>
<tr>
<th>Statement of net position:</th>
<th>Year ended June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
</tr>
<tr>
<td>Current assets</td>
<td>$ 391,531</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>137,314</td>
</tr>
<tr>
<td>Total assets</td>
<td>528,845</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>174,051</td>
</tr>
<tr>
<td>Net position:</td>
<td></td>
</tr>
<tr>
<td>Net investment in capital assets</td>
<td>137,314</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>217,480</td>
</tr>
<tr>
<td>Total net position</td>
<td>354,794</td>
</tr>
<tr>
<td>Total liabilities and net position</td>
<td>$ 528,845</td>
</tr>
</tbody>
</table>

Statement of revenues, expenses, and changes in net position:

<table>
<thead>
<tr>
<th></th>
<th>Year ended June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total operating revenues</td>
<td>$ 2,560,235</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>2,636,609</td>
</tr>
<tr>
<td>Total nonoperating revenues (expenses)</td>
<td>—</td>
</tr>
<tr>
<td>Change in net position</td>
<td>$ (76,374)</td>
</tr>
</tbody>
</table>

Financial Position

The Station’s current assets were $391,531 as of June 30, 2013, a decrease of $142,175 from the balance of $533,706 as of June 30, 2012. Current assets as of June 30, 2011 were $264,005. The decrease in the current year is attributable to cash and cash equivalents due to the purchase of capital assets.

Capital assets net, decreased $69,311 as of June 30, 2013, $137,314 compared to $206,625 as of June 30, 2012. Capital assets net as of June 30, 2011 were $419,221. The decrease in capital assets has been caused by ongoing depreciation from the major studio equipment replacement and a major transmission expansion that took place in 2005 and 2008, respectively. KUNM purchased a new transmitter for $101,749 during 2013.

Current liabilities were $174,051 and $309,163 as of June 30, 2013 and 2012, respectively. Current liabilities as of June 30, 2011 were $112,415. The current year decrease was caused by recognizing prior year deferred revenue associated with the receipt of grant payments. The net position of the Station decreased $76,374 to $354,794 as of June 30, 2013. The net position of the Station decreased $139,643 to $431,168 as of June 30, 2012. The net position of the Station decreased $78,648 to $570,811 as of June 30, 2011.
KUNM-FM
(A Department of the University of New Mexico)
Management’s Discussion and Analysis (unaudited)
June 30, 2013 and 2012

Capital Assets
During the years ended June 30, 2013, and 2012, the Station acquired $101,749 and $8,958, respectively, in capital equipment assets. Net capital assets decreased $69,311 during the year ended June 30, 2013, from $206,625 as of June 30, 2012. Net capital assets decreased $212,596 during the year ended June 30, 2012, from $419,221 as of June 30, 2011. During the years ended June 30, 2013, 2012, and 2011, the Station had depreciation expense of $171,060, $189,689, and $193,217, respectively.

Results of Operations
Total operating revenues increased $313,354 to $2,560,235 for the fiscal year ended June 30, 2013, compared to $2,246,881 for the fiscal year ended June 30, 2012, compared to $2,308,350 for the fiscal year ended June 30, 2011. 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, 2) operating grants from the CPB, UNM Student Fees and others, and 3) UNM Administrative Support provided. The increase in the 2013 revenues primarily relate to the increase in listener sensitive income and vehicle donations. Total operating expenses increased $249,260 to $2,636,609 for the fiscal year ended June 30, 2013 compared to $2,387,349 for the fiscal year ended June 30, 2012, compared to $2,371,498 for the fiscal year ended June 30, 2011. The increase from 2012 to 2013 in operating expenses is largely attributable to an increase in grant funded personnel expenses as well as an increase in reoccurring donor appreciation gifts. The increase from 2011 to 2012 in both operating revenue and operating expenses are a result of the change in the methodology used to determine the amount of UNM Administrative Support provided to the Station. CPB guidelines provide for four alternative methodologies in determining the amount of administrative support received. For fiscal year 2013 and 2012, the Station used the OSA Facilities & Administrative MTDC Base method, which uses UNM’s federally approved OSA facilities and administrative rate multiplied by the Station’s net direct expenses.

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.
KUNM-FM  
(A Department of the University of New Mexico)  
Statements of Net Position  
June 30, 2013 and 2012  

<table>
<thead>
<tr>
<th>Assets</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$340,856</td>
<td>481,410</td>
</tr>
<tr>
<td>Accounts receivable, net of allowance for doubtful accounts of $13,207 and $3,769 at June 30, 2013 and 2012</td>
<td>50,675</td>
<td>52,296</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>391,531</td>
<td>533,706</td>
</tr>
<tr>
<td><strong>Noncurrent assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Broadcast equipment, furniture, and fixtures</td>
<td>137,314</td>
<td>206,625</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$528,845</td>
<td>740,331</td>
</tr>
</tbody>
</table>

| Liabilities and Net Position | | |
| **Current liabilities:** | | |
| Accounts payable | $997 | 5,099 |
| Accrued payroll | 13,119 | 11,698 |
| Compensated absences | 43,346 | 43,868 |
| Deferred revenue | 116,589 | 236,998 |
| Other accrued expenses | — | 11,500 |
| **Total current liabilities** | 174,051 | 309,163 |
| **Net position:** | | |
| Net investment in capital assets | 137,314 | 206,625 |
| Unrestricted | 217,480 | 224,543 |
| **Total net position** | 354,794 | 431,168 |
| **Total liabilities and net position** | $528,845 | 740,331 |

See accompanying notes to financial statements.
KUNM-FM
(A Department of the University of New Mexico)

Statements of Revenues, Expenses, and Changes in Net Position
Years ended June 30, 2013 and 2012

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Membership and underwriting, net</td>
<td>$1,491,576</td>
<td>$1,354,242</td>
</tr>
<tr>
<td>Grants</td>
<td>474,489</td>
<td>361,874</td>
</tr>
<tr>
<td>University of New Mexico administrative support</td>
<td>477,752</td>
<td>432,046</td>
</tr>
<tr>
<td>Contributions</td>
<td>91,913</td>
<td>94,569</td>
</tr>
<tr>
<td>Charges for services</td>
<td>24,505</td>
<td>4,150</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td>2,560,235</td>
<td>2,246,881</td>
</tr>
<tr>
<td>Operating expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel services</td>
<td>1,114,277</td>
<td>918,546</td>
</tr>
<tr>
<td>Materials and services</td>
<td>1,241,768</td>
<td>1,242,762</td>
</tr>
<tr>
<td>Depreciation</td>
<td>171,060</td>
<td>189,689</td>
</tr>
<tr>
<td>Utilities</td>
<td>30,296</td>
<td>21,126</td>
</tr>
<tr>
<td>Other supplies and expenses</td>
<td>79,208</td>
<td>15,226</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>2,636,609</td>
<td>2,387,349</td>
</tr>
<tr>
<td>Operating loss</td>
<td>(76,374)</td>
<td>(140,468)</td>
</tr>
<tr>
<td>Nonoperating revenues (expenses):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other revenues</td>
<td></td>
<td>32,690</td>
</tr>
<tr>
<td>Other expenses</td>
<td></td>
<td>(31,865)</td>
</tr>
<tr>
<td><strong>Total nonoperating revenues (expenses)</strong></td>
<td>—</td>
<td>825</td>
</tr>
<tr>
<td>Change in net position</td>
<td>(76,374)</td>
<td>(139,643)</td>
</tr>
<tr>
<td>Net position, beginning of year</td>
<td>431,168</td>
<td>570,811</td>
</tr>
<tr>
<td>Net position, end of year</td>
<td>$ 354,794</td>
<td>431,168</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
KUNM-FM
(A Department of the University of New Mexico)

Statements of Cash Flows
Years ended June 30, 2013 and 2012

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Received from membership and underwriting</td>
<td>$1,483,759</td>
<td>$1,365,379</td>
</tr>
<tr>
<td>Received from service charges</td>
<td>24,505</td>
<td>4,150</td>
</tr>
<tr>
<td>Received from grants</td>
<td>354,080</td>
<td>554,739</td>
</tr>
<tr>
<td>Payments to suppliers for goods and services</td>
<td>(788,815)</td>
<td>(685,405)</td>
</tr>
<tr>
<td>Payments to employees for services</td>
<td>(1,112,334)</td>
<td>(919,182)</td>
</tr>
<tr>
<td>Net cash (used in) provided by operating activities</td>
<td>(38,805)</td>
<td>319,681</td>
</tr>
<tr>
<td>Cash flows from capital and related financing activity:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases of capital assets</td>
<td>(101,749)</td>
<td>(8,958)</td>
</tr>
<tr>
<td>Cash flows from noncapital financing activity:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance settlement</td>
<td>—</td>
<td>32,690</td>
</tr>
<tr>
<td>Net (decrease) increase in cash and cash equivalents</td>
<td>(140,554)</td>
<td>343,413</td>
</tr>
<tr>
<td>Cash and cash equivalents, beginning of year</td>
<td>481,410</td>
<td>137,997</td>
</tr>
<tr>
<td>Cash and cash equivalents, end of year</td>
<td>$340,856</td>
<td>481,410</td>
</tr>
</tbody>
</table>

Reconciliation of operating loss to net cash from operating activities:
Operating loss $ (76,374) (140,468)
Adjustments to reconcile operating loss to net cash provided by operating activities:
Depreciation expense 171,060 189,689
Provision for bad debt 9,438 —
Changes in assets and liabilities:
Accounts receivable (7,817) 11,137
Other assets — 62,575
Deferred revenue (120,409) 192,865
Accounts payable (4,102) 4,519
Accrued payroll 1,421 2,370
Compensated absences (522) (3,006)
Other accrued expenses (11,500) —
Net cash (used in) provided by operating activities $ (38,805) 319,681

Noncash capital activity:
Retirement of broadcasting equipment — 31,865

See accompanying notes to financial statements.
KUNM-FM
(A Department of the University of New Mexico)
Notes to Financial Statements
June 30, 2013 and 2012

(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 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.

In fiscal year 2013, the Station adopted GASB No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position (GASB 63), which establishes a new statement of net position format that reports separately all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the net residual amount of the other elements). GASB No. 63 requires deferred outflows of resources and deferred inflows of resources to be reported separately from assets and liabilities. The financial reporting impact resulting from the implementation of GASB No. 63 in the Station’s financial statements was the renaming of “Net Assets” to “Net Position,” including changing the name of the financial statement from “Statement of Net Assets” to “Statement of Net Position.”

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 statements 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 expenses in the statements 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, 2013 and 2012 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 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) Deferred Revenue
Deferred revenue represents 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 ASC 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

As an instrumentality of the State of New Mexico, the income generated by UNM in the exercise of its essential governmental functions is excluded from federal income tax under Internal Revenue Code (IRC) Section 115. However, income generated from activities unrelated to the exempt purpose of UNM would be subject to tax under IRC Section 511(a)(2)(B).

(3) Accounts Receivable

Accounts receivable for June 30 consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables, primarily for advertising</td>
<td>$63,882</td>
<td>$56,065</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>(13,207)</td>
<td>(3,769)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$50,675</strong></td>
<td><strong>$52,296</strong></td>
</tr>
</tbody>
</table>

(4) Capital Assets

Capital asset transactions consisted of the following during the year ended June 30, 2013:

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2012</th>
<th>Additions</th>
<th>Deletions</th>
<th>June 30, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadcast equipment, furniture, and fixtures</td>
<td>$922,991</td>
<td>101,749</td>
<td>(1,849)</td>
<td>1,022,891</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>(1,309,391)</td>
<td>(171,060)</td>
<td>1,849</td>
<td>(1,478,602)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$206,625</strong></td>
<td>(69,311)</td>
<td>—</td>
<td><strong>137,314</strong></td>
</tr>
</tbody>
</table>

Capital asset transactions consisted of the following during the year ended June 30, 2012:

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2011</th>
<th>Additions</th>
<th>Deletions</th>
<th>June 30, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadcast equipment, furniture, and fixtures</td>
<td>$1,023,070</td>
<td>8,958</td>
<td>(109,037)</td>
<td>922,991</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>(1,196,874)</td>
<td>(189,689)</td>
<td>77,172</td>
<td>(1,309,391)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$419,221</strong></td>
<td>(180,731)</td>
<td>(31,865)</td>
<td><strong>206,625</strong></td>
</tr>
</tbody>
</table>
(5) Commitments and Contingencies

The Station has commitments greater than one year in duration for equipment under operating lease agreements. Rental expense for the Station for the years ended June 30, 2013 and 2012 was $15,754 and $13,447, respectively.

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>2014</td>
<td>$13,898</td>
</tr>
<tr>
<td>2015</td>
<td>13,798</td>
</tr>
<tr>
<td>2016</td>
<td>10,549</td>
</tr>
<tr>
<td>Thereafter</td>
<td>8,400</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$46,645</strong></td>
</tr>
</tbody>
</table>

(6) Related-Party Transactions

UNM administrative support of $477,752 and $432,046 for 2013 and 2012, respectively, 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 $8,925 and $4,039 for 2013 and 2012, respectively. The related expense of $486,677 and $436,085 for 2013 and 2012, respectively, is recorded as materials and services 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 years ended June 30, 2013 and 2012 was $40,592 and $26,820, respectively.

(7) Retirement Plans and Other Postemployment Benefits

(a) Retirement Plan

Plan Description

Substantially 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. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report 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.
KUNM-FM  
(A Department of the University of New Mexico)  
Notes to Financial Statements  
June 30, 2013 and 2012  

Funding Policy  
Effective July 1, 2009, plan members were required by statute to contribute 7.9% of their gross salary if they earned $20,000 or less annually, and plan members earning more than $20,000 annually were required to contribute 9.4% of their gross salary. The Station was required to contribute 12.4% of the gross covered salary for employees earning $20,000 or less, and 10.9% of the gross covered salary of employees earning more than $20,000 annually. The employer contribution is increasing each year until effective July 1, 2014; the employer contribution will be 13.9% of the gross covered salary. The contribution requirements of plan members and the Station are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Station’s contributions to ERB for the fiscal years ended June 30, 2013 and 2012 were $79,715 and $58,361, respectively, which equal the amount of the required contributions for each fiscal year.  

(b) Other Postemployment Benefits  
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. 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 during the year. The Station expects the main channel to be renewed in March 2014.  

In 2009, in response to a third-party complaint, the FCC began an investigation into whether the Station had failed to in certain instances to comply with FCC programming sponsorship identification and underwriting requirements applicable to the Station. In response to three Letters of Inquiry, the Station defended its programming practices. On August 13, 2013, the Station entered into a Consent Decree with the FCC Enforcement Bureau, pursuant to which the Station agreed to implement a compliance plan during the period ending August 16, 2016 and contribute $7,500 to the United States Treasury, without admitting or denying any violation of applicable requirements, and the Enforcement Bureau agreed to terminate its investigation without making any factual or legal findings regarding the Station’s compliance or noncompliance with applicable requirements. The Consent Decree was adopted by an Order of the Enforcement Bureau released on August 16, 2013.  

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