



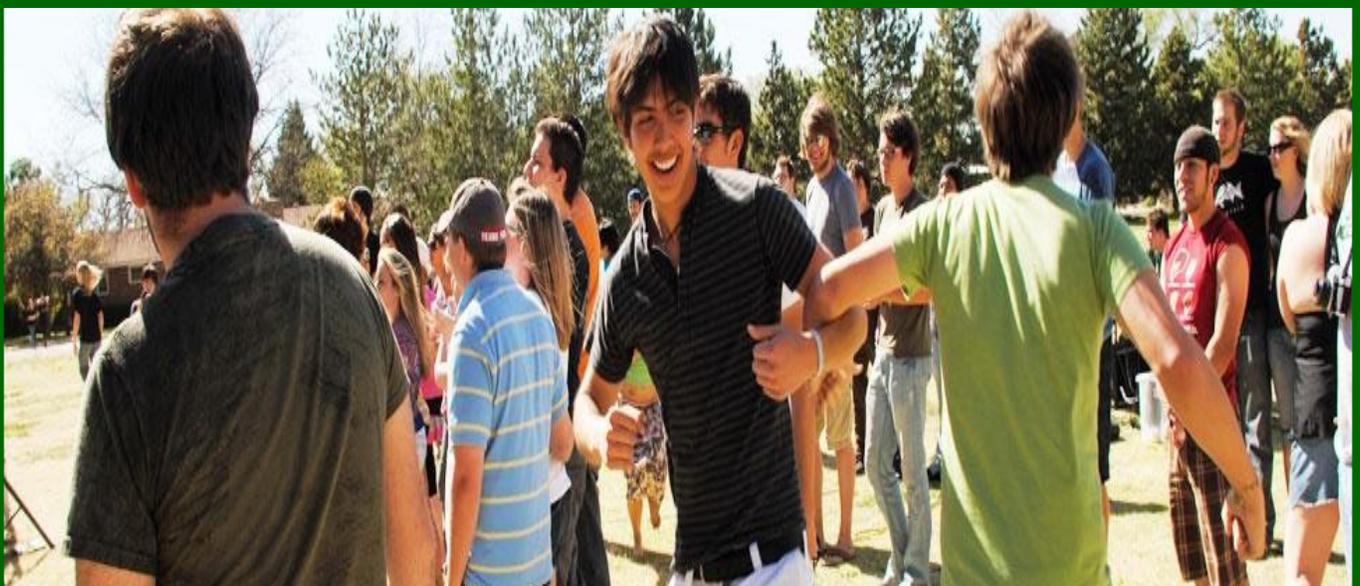
KENW-TV

A Department of Eastern New Mexico University

Financial Statements

With Independent Auditor's Report Thereon

June 30, 2011 and 2010



KENW-TV
A Department of Eastern New Mexico University
Financial Statements
With Independent Auditor's Report Thereon
June 30, 2011 and 2010

INTRODUCTORY SECTION

KENW-TV
A Department of Eastern New Mexico University
Table of Contents
June 30, 2011 and 2010

	<u>Page</u>
INTRODUCTORY SECTION	
Table of Contents	4
Board of Regents and University Officials	5
FINANCIAL SECTION	
Independent Auditor’s Report	9-10
Management’s Discussion and Analysis	11-15
Basic Financial Statements:	
Statement of Net Assets	16
Statement of Revenues, Expenses, and Changes in Net Assets	17
Statement of Cash Flows	18
Notes to Financial Statements	19-24
Schedule of Budgeted and Actual Expenditures	25
COMPLIANCE SECTION	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	29-30

KENW-TV
A Department of Eastern New Mexico University
Board of Regents and University Officials
June 30, 2011

Ex-Officio Members

The Honorable Susana Martinez

Governor of the State of New Mexico

Appointed Members

Term Expires

Mr. Robert "Chad" Lydick

2014

President

Mr. Randy Harris

2014

Vice President

Ms. Santana Chavez

2012

Secretary

Mr. Marshall Stinnett

2012

Member

Mr. Brett Leach

2016

Member

University Officials

Dr. Steven Gamble

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Dr. Jamie Laurenz

Vice President for Academic Affairs

Dr. John Madden

President - Roswell Campus

Dr. Clayton Alred

President - Ruidoso Campus

Dr. Judith Haislett

Vice President for Student Affairs

Mr. Scott Smart

Vice President for Business Affairs

Ms. Ronnie Birdsong

Vice President for University Relations
and Enrollment Services

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FINANCIAL SECTION

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Accounting & Consulting Group, LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas
New Mexico State Auditor and
the Board of Regents
Eastern New Mexico University
Portales, New Mexico

We have audited the accompanying basic financial statements of KENW-TV (a department of and a public broadcasting entity operated by Eastern New Mexico University), as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the management of KENW-TV. 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 and with standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the financial statements of KENW-TV are intended to present the financial position and the changes in financial position and cash flows of only that portion of the business-type activities of Eastern New Mexico University that is attributable to the transactions of KENW-TV. They do not purport to, and do not, present fairly the financial position of Eastern New Mexico University as of June 30, 2011, and the changes in its financial position or its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of KENW-TV (a department of and a public broadcasting entity operated by Eastern New Mexico University) as of June 30, 2011, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2011, on our consideration of KENW-TV's (a department of and a public broadcasting entity operated by Eastern New Mexico University) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the basic financial statements of KENW-TV (a department of and a public broadcasting entity operated by Eastern New Mexico University). The budgetary comparison on page 25 is not a required part of the financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Accounting + Consulting Group, LLP

Accounting & Consulting Group, LLP
Roswell, New Mexico
October 26, 2011

KENW-TV
A Department of Eastern New Mexico University
Management's Discussion and Analysis
For the Year Ended June 30, 2011

This section of the financial report presents our discussion and analysis of KENW TV's (the "Station"), a public telecommunications entity operated by Eastern New Mexico University (the "University") financial performance during the year ended June 30, 2011. Please read it in conjunction with the Station's financial statements, which follow this section.

The Station is located on the campus of Eastern New Mexico University. KENW-TV broadcasts a wide variety of programs, which includes instructional programs for primary, secondary, and college level students. For the general public, there are "How-to" programs that provide instruction in many arts and crafts areas as well as the full Public Broadcasting System schedule of outstanding public television programs.

Financial Highlights

- ♦ At June 30, 2011 and 2010 the Station's total assets were \$3,583,487 and \$3,169,297, respectively. During the year, net assets increased by \$241,610 from \$2,838,122 in 2010 to \$3,079,732 in 2011.
- ♦ Total current liabilities for 2011 were \$503,755. These liabilities are comprised of accrued compensated absences of \$67,874, other payables of \$11,687, and deferred revenue of \$424,194. This is a \$172,580 increase from last year's current liabilities of \$331,175.
- ♦ Operating revenues totaled \$2,535,157 for 2011 while operating expenses totaled \$4,162,831. Non operating revenues were \$1,869,284. For 2010, operating revenues totaled \$2,005,849 while operating expenses totaled \$3,591,555. Non operating revenues were \$1,289,387. State appropriation is the main component of non operating revenues.

KENW-TV
A Department of Eastern New Mexico University
Management's Discussion and Analysis
For the Year Ended June 30, 2011

Overview of Financial Statements

This annual report consists of the following:

- ◆ Management's discussion and analysis (this section)
- ◆ The basic financial statements
- ◆ Supplementary information—budgetary comparison

The Station's Basic Financial Statements

The basic financial statements include:

- ◆ The statement of net assets provides information about the Station's financial condition at fiscal year-end. It presents both a current year synopsis and longer-term view of the Station's assets, liabilities and net assets.
- ◆ The statement of revenues, expenses and changes in net assets should be used to review the results of the current year's operations.
- ◆ The statement of cash flows provides a summary of the sources and uses of cash within the Station during the year.
- ◆ Footnote information provides additional detail on the Station's overall accounting practices and individual statement line items, including a "natural classification" report of operating expenses.

Additional information may be obtained by contacting the Vice President of Business Affairs, Scott W. Smart, at (575) 562-2611.

KENW-TV
A Department of Eastern New Mexico University
Management's Discussion and Analysis
For the Year Ended June 30, 2011

Financial Analysis of the Station as a Whole

Net Assets. The Station's total net assets increased from \$2,838,122 in 2010 to \$3,079,732 in 2011 as a result of revenues exceeding expenses. Table 1 summarizes the Station's net assets:

Table 1
Eastern New Mexico KENW's Net Assets
As of June 30, 2011 and 2010
(in thousands of dollars)

	2011	2010
Current assets	\$ 1,855	\$ 1,459
Capital assets, net	1,728	1,710
Total assets	3,583	3,169
Current liabilities	504	331
Total liabilities	504	331
Net assets		
Capital assets, net of related debt	1,728	1,710
Unrestricted	1,352	1,128
Total net assets	\$ 3,080	\$ 2,838

KENW-TV
A Department of Eastern New Mexico University
Management's Discussion and Analysis
For the Year Ended June 30, 2011

Changes in Net Assets. Total operating revenues for the years ended June 30, 2011 and 2010, were \$2,535,157 and \$2,005,849 compared with operating expenses of \$4,162,831 and \$3,591,555 respectively. The operating expense increase was due to an increase in programming and production expense. Table 2 summarizes the Station's changes in net assets for the years:

Table 2
Changes in Eastern New Mexico KENW's Net Assets
For the Years Ended June 30, 2011 and 2010
(in thousands of dollars)

	2011	2010
Revenues		
Operating		
Private grants and contracts	\$ 686	\$ 731
Other	1,849	1,276
Total operating revenues	2,535	2,007
Non-operating		
State appropriation	1,034	1,117
Other state revenue	13	62
Federal RUS grant	-	6
Investment income	194	104
Sprint/Nextel in-kind equipment	628	-
Total non operating revenues	1,869	1,289
Total Revenues	\$ 4,404	\$ 3,296
Expenses		
Operating		
Program services	\$ 3,208	\$ 2,544
Supporting services	955	1,048
Total operating expenses	4,163	3,592
 Increase (decrease) in net assets	 \$ 241	 \$ (296)

Budgetary Highlights

The Board of Regents approves the operating budget of the Station. The budget is reviewed and amended as needed due to changing circumstances. The budget is prepared using the basis of accounting prior to implementation on GASB Statement No.'s 34 and 35. Accordingly, budgets are adopted for unrestricted current funds, restricted current funds and plant funds. During the year, there were no expenditure budget amendments.

KENW-TV
A Department of Eastern New Mexico University
Management's Discussion and Analysis
For the Year Ended June 30, 2011

Capital Assets

Capital Assets—As of June 30, 2011 and 2010, the Station had \$1,728,143 and \$1,709,817, respectively, invested in broadcasting and production equipment.

Economic Factors and Next Year's Budget

The Corporation for Public Broadcasting receives much of its funding from the federal government, which, in turn, distributes to member stations. Funding for the 2011-2012 fiscal year is expected to be approximately the same as for 2010-2011. Funding from the state appropriation is expected to decrease for 2011-2012, however the amount of the decrease is unknown at this time. It is difficult to predict actual funding amounts for future years.

Contacting the Station's Financial Management

The financial report is designed to provide the public, customers, and creditors with a general overview of the Station's finances and demonstrate the Station's accountability for the money it receives. If you have any questions about this report contact the Station's Comptroller at the University Offices:

Eastern New Mexico University
Business Affairs Station #4
Portales, NM 88130

KENW-TV
A Department of Eastern New Mexico University
Statements of Net Assets
June 30, 2011 and 2010

	2011	2010
ASSETS		
Current Assets		
Grants receivable	\$ 1,400	\$ 2,483
Due from Eastern New Mexico University	1,853,944	1,456,997
Noncurrent Assets		
Capital assets, net	1,728,143	1,709,817
Total assets	3,583,487	\$ 3,169,297
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued compensated absences	\$ 67,874	\$ 75,931
Other payables	11,687	9,110
Deferred revenue	424,194	246,134
Total liabilities	503,755	331,175
Net assets		
Net assets invested in capital assets	1,728,143	1,709,817
Unrestricted net assets	1,351,589	1,128,305
Total net assets	3,079,732	2,838,122
Total liabilities and net assets	\$ 3,583,487	\$ 3,169,297

The accompanying notes are an integral part of these financial statements

KENW-TV
A Department of Eastern New Mexico University
Statements of Revenues, Expenses, and Changes in Net Assets
For the Years Ended June 30, 2011 and 2010

	2011	2010
REVENUE		
Operating Revenues		
Subscriptions and memberships	\$ 120,949	\$ 82,377
Administrative support from the University	548,632	671,447
Community service grant	685,643	730,777
Other sources	1,179,933	521,248
Total operating revenues	2,535,157	2,005,849
EXPENSES		
Operating Expenses		
Program services		
Local programming and production	1,671,230	1,727,301
Broadcasting	1,460,456	740,581
Program information	75,956	75,781
Supporting services		
Fundraising and membership development	153,995	118,945
Management and general	801,194	928,947
Total operating expenses	4,162,831	3,591,555
Operating gain (loss)	(1,627,674)	(1,585,706)
OTHER REVENUES (EXPENSES)		
Nonoperating Revenues (Expenses)		
State appropriations	1,034,299	1,116,800
Santa Fe Archiving	13,097	12,180
Federal RUS grant	(145)	6,420
Investment income (loss)	194,109	103,987
Infrastructure fee	-	50,000
Sprint/Nextel in-kind equipment	627,924	-
Total nonoperating revenues (expenses)	1,869,284	1,289,387
Increase (decrease) in net assets	241,610	(296,319)
Net assets, beginning of year	2,838,122	3,134,441
NET ASSETS, end of year	\$ 3,079,732	\$ 2,838,122

The accompanying notes are an integral part of these financial statements

KENW-TV
A Department of Eastern New Mexico University
Statements of Cash Flows
For the Years Ended June 30, 2011 and 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash from subscriptions, members, and grants	\$ 2,713,216	\$ 2,117,977
Cash paid to suppliers	(3,937,938)	(3,326,606)
Net cash provided (used) by operating activities	(1,224,722)	(1,208,629)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	1,034,300	1,116,800
Other receipts	12,953	68,600
Net cash provided (used) by noncapital financing activities	1,047,253	1,185,400
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(16,640)	(80,757)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and appreciation (depreciation) on investments	194,109	103,986
Net increase (decrease) in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating loss	\$ (1,627,674)	\$ (1,585,706)
Adjustment to reconcile net income to net cash provided (used) by operating activities		
Depreciation	626,238	525,104
Changes in assets and liabilities		
Other receivables	(395,866)	(233,180)
Other payables	(5,480)	(22,226)
Accrued compensated absences	-	(3,731)
Deferred revenue	178,060	111,110
Net cash provided (used) by operating activities	\$ (1,224,722)	\$ (1,208,629)

The accompanying notes are an integral part of these financial statements

KENW-TV
A Department of Eastern New Mexico University
Notes to Financial Statements
June 30, 2011

NOTE 1: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

KENW-TV (a department of and a public broadcasting entity operated by Eastern New Mexico University) in Portales, New Mexico, to disseminate educational and cultural TV programs to the public. The Station is part of the University; however these financial statements include only the financial information related to the Station and do not include other financial information of the University.

This summary of significant accounting policies of KENW-TV is presented to assist in the understanding of the department's financial statements. The financial statements and notes are the representation of KENW-TV's management who is responsible for the integrity and objectivity.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting standards and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private sector guidance for their government-wide financial statements, subject to the same limitation. KENW-TV has elected not to follow subsequent FASB guidance. The more significant accounting and reporting principles and practices used by KENW-TV are described below.

A. Financial Reporting Entity

KENW-TV (a department of and a public broadcasting entity operated by Eastern New Mexico University) in Portales, New Mexico, to disseminate educational and cultural TV programs to the public. KENW-TV is part of the University; however these financial statements include only the financial information related to the Station and do not include other financial information of the University.

In evaluating how to define KENW-TV for financial reporting purposes, Management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB No.'s 14 and 39. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the financial statements to emphasize that it is legally separate from the government.

KENW-TV
A Department of Eastern New Mexico University
Notes to Financial Statements
June 30, 2011

NOTE 1: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. *Financial Reporting Entity (continued)*

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of the ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, KENW-TV does not have any component units required to be reported under GASB Statements No. 14 and No. 39.

B. *Basis of Presentation*

The Station's accounting policies conform with generally accepted accounting principles as prescribed by the Government Accounting Standards Board (GASB) including all applicable GASB pronouncements, as well as applicable Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The financial statements have been prepared in accordance with GASB Statement 34, *Basic Financial Statement and Management's Discussion and Analysis – for State and Local Governments*, and GASB 35, *Basic Financial Statements and Management's Discussion and Analysis of Public Colleges and Universities*.

C. *Basis of Accounting*

The Station's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Operating revenue and expenses are those incurred which relate directly to the primary operations of the Station, including programming, production, and broadcasting services. All other revenue and expenses are considered nonoperating.

KENW-TV
A Department of Eastern New Mexico University
Notes to Financial Statements
June 30, 2011

NOTE 1: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. *Deposits and Investments*

KENW-TV does not maintain any accounts that are considered cash, cash equivalents or investments.

E. *Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

F. *Capital Assets*

Capital assets are recorded at cost or, in the case of donated assets, at their fair market value at the date of receipts and are depreciated over the estimated useful lives of the related assets. Depreciation is computed using the straight-line method over five to twelve years estimated useful lives. The Station's capitalization policy for moveable equipment includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year.

G. *In-kind Contributions*

Donated facilities from the University consist of office and studio space together with related occupancy costs and are recorded in revenue and expense based on the allocable portion of original cost of the building and an estimated useful life, in accordance with instructions of the Corporation for Public Broadcasting.

Administrative support from the University consists of allocated finance department costs and certain other expenses incurred by the University on behalf of the Station.

H. *Due from Eastern New Mexico University*

This account classification includes certain cash accounts that the station has a claim on but is maintained in University accounts. Also included in this account classification are amounts due from the University to the Station.

I. *Grants Receivable*

Grants receivable represents the unfunded portion of awards earned by the Station. Management believes these amounts to be fully collectible and, therefore, has provided no allowance for doubtful grant accounts as of June 30, 2011. Grants receivable at June 30, 2011 and 2010 is \$1,400 and \$2,483, respectively.

KENW-TV
A Department of Eastern New Mexico University
Notes to Financial Statements
June 30, 2011

NOTE 1: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 all eligibility requirements have been met.

K. *Net Assets*

Net assets are classified into three components: invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- *Invested in Capital Assets* - This component of net assets consists of capital assets, net of accumulated depreciation.
- *Restricted* - This component of net assets consists of funds on which external restrictions have been imposed that limit the purpose for which such funds can be used. The Station has no restricted net assets at June 30, 2011 and 2010.
- *Unrestricted* - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets."

L. *Budgetary Policy*

The budget is established within the University's public service function of its current funds. The University may allocate funds between different departments or line items within the public service function without approval from the Budget Division of the State of New Mexico Department of Finance and Administration provided the total approved budget for the public service function is not exceeded. Budgets, as presented, are used as a management tool and represent the approved budgets for functional expenditures only, excluding capital outlay.

M. *Use of Estimates*

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

N. *Income Taxes*

As an instrumentality of the State of New Mexico, the income generated by Eastern New Mexico University in the exercise of its essential govern-

KENW-TV
A Department of Eastern New Mexico University
Notes to Financial Statements
June 30, 2011

NOTE 1: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. *Income Taxes (continued)*

mental 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 Eastern New Mexico University would be subject to tax under IRC Section 511(a)(2)(B).

NOTE 2: CAPITAL ASSETS

A summary of changes in capital assets are as follows:

	<u>Balance at June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2011</u>
Equipment	\$ 9,532,145	\$ 644,564	\$ -	\$ 10,176,709
Accumulated depreciation	<u>(7,822,328)</u>	<u>(626,238)</u>	<u>-</u>	<u>(8,448,566)</u>
Net capital assets	<u><u>\$ 1,709,817</u></u>	<u><u>\$ 18,326</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,728,143</u></u>
	<u>Balance at June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2010</u>
Equipment	\$ 9,451,388	\$ 80,757	\$ -	\$ 9,532,145
Accumulated depreciation	<u>(7,297,224)</u>	<u>(525,104)</u>	<u>-</u>	<u>(7,822,328)</u>
Net capital assets	<u><u>\$ 2,154,164</u></u>	<u><u>\$ (444,347)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,709,817</u></u>

Depreciation expense of \$626,238 and \$525,104 was charged to local programming and production for the years ended June 30, 2011 and 2010.

NOTE 3: INTERFUND TRANSACTIONS

KENW-TV administrative support is based on an allocation of actual indirect costs from ENMU, and the related expense of \$548,632 and \$671,447 for 2011 and 2010, respectively, is included in management and general expense. This method of reporting indirect costs conforms to CPB guidelines.

KENW-TV
A Department of Eastern New Mexico University
Notes to Financial Statements
June 30, 2011

NOTE 4: CONTINGENCIES

Insurance Coverage. The Station is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; and errors and omissions and natural disasters. The Station is insured under the Eastern New Mexico University's Risk Management for liability and casualty insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 5: STATE AND PRIVATE GRANTS

KENW-TV participates in state assisted grant programs. The disbursements of funds received under these programs require compliance with terms and conditions specified in the grant agreements and are subject to audit by grantor agencies. Any disallowed claims resulting from such audits could become a liability of KENW-TV. In the opinion of management, however, any such disallowed claims will not have a material effect on the financial statements of KENW-TV as of and for the year ended June 30, 2011.

KENW-TV
A Department of Eastern New Mexico University
Schedule of Budgeted and Actual Expenditures
June 30, 2011

	Original and Final Budget	Actual	Variance Positive/ (Negative)
Program services			
Local programming and production	\$ 1,894,786	\$ 1,671,230	\$ 223,556
Broadcasting	1,055,692	1,460,456	(404,764)
Program information	86,379	75,956	10,423
Total program services	<u>3,036,857</u>	<u>3,207,642</u>	<u>(170,785)</u>
Supporting services			
Fundraising and membership development	160,438	153,995	6,443
Management and general	821,779	801,194	20,585
Total supporting services	<u>982,217</u>	<u>955,189</u>	<u>27,028</u>
Total expenses	<u>\$ 4,019,074</u>	<u>\$ 4,162,831</u>	<u>\$ (143,757)</u>

The accompanying notes are an integral part of these financial statements

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COMPLIANCE SECTION

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Accounting & Consulting Group, LLP
Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Hector H. Balderas
New Mexico State Auditor and
the Board of Regents
Eastern New Mexico University
Portales, New Mexico

We have audited the basic financial statements of KENW-TV (a department of and a public broadcasting entity operated by Eastern New Mexico University), as of and for the year ended June 30, 2011, and have issued our report thereon dated October 26, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered KENW-TV's (a department of and a public broadcasting entity operated by Eastern New Mexico University) internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Station's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Station's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether KENW-TV's (a department of and a public broadcasting entity operated by Eastern New Mexico University) financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Regents, the audit committee, management, the New Mexico Legislature, Department of Finance and Administration and the State of New Mexico Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Roswell, New Mexico
October 26, 2011

