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Certified Public Accountants

Shareholders

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KUNR 88.7-FM Radio
A Public Broadcasting Entity Licensed To
the Nevada System of Higher Education

Financial Statements

June 30, 2012 and 2011

KUNR 88.7-FM Radio

A Public Broadcasting Entity Licensed to
the Nevada System of Higher Education

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Independent Auditors' Report

To the Board of Regents of Nevada System of Higher Education, as Licensee
for KUNR 88.7-FM Radio
University of Nevada, Reno
Reno, Nevada

We have audited the accompanying basic financial statements of KUNR 88.7-FM Radio (KUNR), a public broadcasting entity licensed to the Nevada System of Higher Education, as of and for the years ended June 30, 2012 and 2011 as listed in the table of contents. These financial statements are the responsibility of KUNR's management. 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 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of KUNR 88.7-FM Radio, licensed to the Nevada System of Higher Education, as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages two through five be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Reno, Nevada
January 4, 2013

KUNR 88.7-FM Radio
Management's Discussion and Analysis
June 30, 2012

The following discussion and analysis of the financial statements of KUNR 88.7-FM Radio (KUNR) provides an overview of KUNR activities for the fiscal year ended June 30, 2012, with selected comparative information for the year ended June 30, 2011. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with the financial statements and footnotes. The discussion and analysis are designed to focus on current activities, resulting changes, and known facts. The financial statements, footnotes, and this discussion are the responsibility of management.

KUNR was established in 1963 as a non-commercial, listener-supported public radio station providing northern Nevada and northeastern California with a diverse mix of music, news, public affairs and cultural programming. KUNR is under the umbrella of the University of Nevada, Reno (UNR), located on the UNR campus, and supported by UNR staff.

Introduction

The financial statements are prepared in accordance with guidance found in the statements issued by the Governmental Accounting Standards Board (GASB), including the financial reporting format and underlying concepts for public higher education reporting of GASB Statement No. 35 "*Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*".

As required by accounting principles, the annual report consists of three basic financial statements that provide information on KUNR as a whole: the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows (direct method).

Financial Highlights

Overview of the Financial Statements

KUNR's financial position at June 30, 2012 and June 30, 2011 reflects net assets of \$584,687 and \$511,749, respectively. Changes in net assets represent the activity of KUNR, which result from revenue, expense, and gains and losses, and are summarized as follows:

	<u>2012</u>	<u>2011</u>
Total revenue	\$ 1,373,152	\$ 1,324,723
Total expense	<u>(1,300,214)</u>	<u>(1,267,051)</u>
Increase in net assets	<u>\$ 72,938</u>	<u>\$ 57,672</u>

The larger increase in net assets was primarily due to an increase in the general appropriation from UNR.

Statements of Net Assets

The Statement of Net Assets is a "point in time" financial statement presenting the financial position of KUNR. It uses the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided, and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged. Net assets is the difference between assets and liabilities and is one way to measure the financial health of KUNR.

The Statement of Net Assets presents end-of-year data concerning assets (current and noncurrent), liabilities (current and noncurrent), and net assets. In general, current assets are those that are

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Management's Discussion and Analysis
June 30, 2012

available to satisfy current liabilities. Current liabilities are usually those that will be paid within one year of the date of the Statement of Net Assets.

From the data presented, readers of the Statement of Net Assets are able to determine the assets available to continue the operations of KUNR and determine how much KUNR owes vendors, employees, lending institutions and other creditors. Finally, the Statement of Net Assets provides a picture of the net assets (assets minus liabilities) and their availability for expenditure by KUNR.

The following table presents condensed financial information from KUNR's Statements of Net Assets as of June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Assets		
Current assets	\$ 451,051	\$ 492,409
Capital assets, net	96,098	119,283
Other assets	<u>274,382</u>	<u>49,517</u>
Total Assets	<u>\$ 821,531</u>	<u>\$ 661,209</u>
Liabilities and Net Assets		
Current liabilities	<u>\$ 236,844</u>	<u>\$ 149,460</u>
Total Liabilities	<u>236,844</u>	<u>149,460</u>
Net assets		
Invested in capital assets, net of related debt	96,098	119,283
Restricted - expendable	274,382	49,517
Unrestricted	<u>214,207</u>	<u>342,949</u>
Total Net Assets	<u>584,687</u>	<u>511,749</u>
Total Liabilities and Net Assets	<u>\$ 821,531</u>	<u>\$ 661,209</u>

Current assets consist primarily of unrestricted cash, cash equivalents and underwriting receivables. As of June 30, 2012 and 2011, unrestricted cash and cash equivalents totaled \$273,771 and \$250,487, respectively. Other assets consist primarily of CPB grant funds not expended before the fiscal year end.

Current liabilities consist primarily of deferred underwriting revenue. Deferred underwriting revenue is the portion of the underwriting contracts received in the current year for programming in the next fiscal year.

Net assets are divided into three major categories:

- *Invested in capital assets, net of related debt* represents KUNR's total investment in capital assets, net of outstanding debt obligations, which are currently zero.
- *Restricted - expendable* net assets are available for expenditure by KUNR but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets.
- *Unrestricted* net assets are available to KUNR for any lawful purpose.

Statements of Revenue, Expense and Changes in Net Assets

Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenue, Expense and Changes in Net Assets. The statement presents the operating results of KUNR, as well as the non-operating revenue and expense.

Revenue includes underwriting, grants, gifts, contributions and special event revenues generated in accomplishing KUNR's purpose of providing commercial-free public radio. Operating expense is expense incurred to acquire or produce the goods and services provided to carry out the mission of KUNR.

The following table presents condensed financial information from KUNR's Statements of Revenue, Expense and Changes in Net Assets for the years ended June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Operating Income		
Operating revenue	\$ 1,372,728	\$ 1,324,723
Operating expense	<u>1,300,214</u>	<u>1,267,051</u>
Operating Income	<u>72,514</u>	<u>57,672</u>
Other Income (Expense)	<u>424</u>	<u>-</u>
Change in Net Assets	72,938	57,672
Net Assets, Beginning of Year	<u>511,749</u>	<u>454,077</u>
Net Assets, End of Year	<u>\$ 584,687</u>	<u>\$ 511,749</u>

Statements of Cash Flows

The Statement of Cash Flows presents detailed information about the cash activities of KUNR during the year. The statement helps users assess KUNR's ability to generate net cash flows, its ability to meet obligations as they come due, and its need for external financing.

KUNR uses the direct method presentation, which indicates the cash effects categorized by operations, non-capital financing activities, capital and related financing activities, and investing activities.

The following table presents condensed financial information from KUNR's Statements of Cash Flows for the years ended June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Net cash flows from operating activities	\$ 256,119	\$ (30,663)
Net cash flows from capital and related financing activities	<u>2,992</u>	<u>(20,453)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	259,111	(51,116)
Cash and Cash Equivalents, Beginning of Year	<u>279,042</u>	<u>330,158</u>
Cash and Cash Equivalents, End of Year	<u>\$ 538,153</u>	<u>\$ 279,042</u>

Capital Asset and Debt Administration

KUNR has no long-term debt activity.

Request for Information

This financial report is designed to provide donors, members, foundations and taxpayers with a general overview of the KUNR's finances and to account for the funding it receives. Additional details can be requested by mail at the following address:

KUNR 88.7-FM Radio
University of Nevada, Reno
Mail Stop 294
Reno, Nevada 89557-0294

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Statements of Net Assets

As of June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 273,771	\$ 250,487
Due from other University fund	-	2,596
Underwriting receivables	165,880	155,067
Contributions receivable	2,213	29,255
Prepaid expenses	9,187	55,004
	<u>451,051</u>	<u>492,409</u>
<i>Total Current Assets</i>		
	<u>451,051</u>	<u>492,409</u>
<i>Capital Assets, net</i>	<u>96,098</u>	<u>119,283</u>
<i>Other Assets</i>		
Restricted cash	264,382	28,555
Restricted grants receivable	10,000	20,962
	<u>274,382</u>	<u>49,517</u>
<i>Total Other Assets</i>		
	<u>274,382</u>	<u>49,517</u>
Total Assets	<u><u>\$ 821,531</u></u>	<u><u>\$ 661,209</u></u>
Liabilities and Net Assets		
<i>Current Liabilities</i>		
Accounts payable	\$ 9,587	\$ 21,659
Accrued salaries and benefits	55,663	6,623
Due to other University fund	-	7,113
Deferred underwriting and grant revenue	171,594	114,065
	<u>236,844</u>	<u>149,460</u>
<i>Total Liabilities</i>		
	<u>236,844</u>	<u>149,460</u>
<i>Net Assets</i>		
Invested in capital assets, net of related debt	96,098	119,283
Restricted - expendable	274,382	49,517
Unrestricted	214,207	342,949
	<u>584,687</u>	<u>511,749</u>
<i>Total Net Assets</i>		
	<u>584,687</u>	<u>511,749</u>
Total Liabilities and Net Assets	<u><u>\$ 821,531</u></u>	<u><u>\$ 661,209</u></u>

The accompanying notes are an integral part of these financial statements.

KUNR 88.7-FM RADIO

A Public Broadcasting Entity Licensed to
the Nevada System of Higher Education
Statements of Revenue, Expense and Changes in Net Assets
For the Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating Revenue		
Contributions and underwriting	\$ 464,827	\$ 480,659
Membership and subscription	412,869	425,431
CPB Community Service Grant	184,382	184,008
General appropriation from UNR	165,446	90,053
UNR facilities and administrative support	120,179	120,352
In-kind donations	23,445	23,370
ISDN studio service fees	1,580	850
	<u>1,372,728</u>	<u>1,324,723</u>
Total Operating Revenue		
	<u>1,372,728</u>	<u>1,324,723</u>
Operating Expense		
<i>Program Services</i>		
Local programming and production	259,997	241,012
Broadcasting	469,098	425,591
	<u>729,095</u>	<u>666,603</u>
<i>Total Program Services</i>		
	<u>729,095</u>	<u>666,603</u>
<i>Supporting Services</i>		
Management and general	327,612	330,302
Fundraising	243,507	270,146
	<u>571,119</u>	<u>600,448</u>
<i>Total Supporting Services</i>		
	<u>571,119</u>	<u>600,448</u>
Total Operating Expense	<u>1,300,214</u>	<u>1,267,051</u>
Operating Income	<u>72,514</u>	<u>57,672</u>
Other Income (Expense)		
Gain on disposition of assets	424	-
	<u>424</u>	<u>-</u>
Total Other Income (Expense)		
	<u>424</u>	<u>-</u>
Changes in Net Assets	72,938	57,672
Net Assets, Beginning of Year	<u>511,749</u>	<u>454,077</u>
Net Assets, End of Year	<u>\$ 584,687</u>	<u>\$ 511,749</u>

The accompanying notes are an integral part of these financial statements.

KUNR 88.7-FM RADIO

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Statements of Cash Flows

For the Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities		
General appropriation from UNR	\$ 168,046	\$ 112,742
Membership contributions	432,797	426,546
Community service grants	205,344	183,521
Program underwriting	315,932	296,522
Grant revenues	152,194	38,723
Other income	1,580	850
Payments to vendors	(487,796)	(606,777)
Payments to employees	(531,978)	(482,790)
	<u>256,119</u>	<u>(30,663)</u>
Net Cash Provided (Used) by Operating Activities		
	<u>256,119</u>	<u>(30,663)</u>
Cash Flows from Capital and Related Financing Activities		
Equipment acquisitions, net of donated items	-	(20,453)
Proceeds from disposition of capital assets	2,992	-
	<u>2,992</u>	<u>(20,453)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities		
	<u>2,992</u>	<u>(20,453)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	259,111	(51,116)
Cash and Cash Equivalents, Beginning of Year	<u>279,042</u>	<u>330,158</u>
Cash and Cash Equivalents, End of Year	<u>\$ 538,153</u>	<u>\$ 279,042</u>

The accompanying notes are an integral part of these financial statements.

KUNR 88.7-FM RADIO

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Statements of Cash Flows

For the Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets		
Cash and cash equivalents in current assets	\$ 273,771	\$ 250,487
Restricted cash in other assets	<u>264,382</u>	<u>28,555</u>
Total Cash and Cash Equivalents	<u>\$ 538,153</u>	<u>\$ 279,042</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 72,938	\$ 57,672
<i>Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities</i>		
Depreciation	20,617	19,180
Gain on disposition of assets	(424)	-
Donated fixed assets	-	(5,020)
Non-cash reduction to UNR appropriation	-	22,750
Change in operating assets and liabilities		
Prepaid expenses	45,817	(44,986)
Due from other University fund	2,596	(61)
Underwriting receivables	(10,813)	(18,551)
Grants receivable	10,962	(487)
Contributions receivable	27,042	5,500
Accounts payable	(12,072)	5,428
Accrued salaries & benefits	49,040	(757)
Due to other University fund	(7,113)	-
Deferred underwriting and grant revenue	<u>57,529</u>	<u>(71,331)</u>
Total Adjustments	<u>183,181</u>	<u>(88,335)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 256,119</u>	<u>\$ (30,663)</u>

The accompanying notes are an integral part of these financial statements.

KUNR 88.7-FM Radio

A Public Broadcasting Entity Licensed to
the Nevada System of Higher Education
Notes to Financial Statements
June 30, 2012 and 2011

1. Nature of Organization and Significant Accounting Policies

Nature of Organization

KUNR 88.7-FM Radio (KUNR) is licensed to the Board of Regents, Nevada System of Higher Education (NSHE) and is an outreach service of the University of Nevada, Reno (UNR). KUNR broadcasts over northern Nevada and parts of eastern California.

Basis of Presentation

The financial statements of KUNR have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis* and Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*.

For financial reporting purposes, KUNR is considered a special-purpose unit of the UNR, engaged only in business-type activities. Accordingly, KUNR’s financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting applicable to public colleges and universities. Under the accrual basis, revenues are recorded as earned and expenses are recorded as incurred.

In preparing these financial statements, the management has evaluated events and transactions for potential recognition or disclosure through January 4, 2013, the date the financial statements were issued.

Estimates

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

Revenue Recognition

Support:

Contributions and grants are recognized as income when all eligibility requirements are met, provided that the promise is verifiable, the resources are measurable and the collection is probable.

Program and Production Underwriting:

KUNR enters into underwriting agreements with various patrons. These agreements involve cash or in-kind contributions for sponsorship of programs and often overlap fiscal periods.

Revenue is recognized over the period of the underwriting agreement. Deferred underwriting revenue is recorded for the remaining unexpired portion of the agreement at the end of each fiscal year.

Cash and Cash Equivalents

Most of KUNR’s cash and cash equivalents are pooled with those of other campuses and divisions of the NSHE and consist primarily of deposits in money market funds, which are not federally insured.

KUNR 88.7-FM Radio

A Public Broadcasting Entity Licensed to
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June 30, 2012 and 2011

Capital Assets

Capital assets purchased are recorded at cost. Assets donated are recorded at fair market value at the date of the gift. KUNR capitalizes assets purchased for greater than \$5,000 and with a useful life or more than one year. Assets are depreciated using the straight-line method based on useful lives of five to twenty years.

Net Assets

KUNR's net assets are classified as follows:

Invested in capital assets:

This represents KUNR's total investment in capital assets. KUNR has no outstanding debt obligations related to its capital assets.

Restricted:

The restricted net assets of KUNR primarily consist of cash from donors and grantors with the specification that the funds be used for acquisition of equipment, programming, and building improvements.

Unrestricted:

Unrestricted net assets represent resources that may be used to meet current expenses for any lawful purpose.

In-kind Contributions

In-kind contributions such as donated supplies, promotional items and compact disks are recorded as revenue and expense in the accompanying Statements of Revenue, Expense and Changes in Net Assets at their estimated fair market value.

Donated Services

Donated services are recognized as contributions if the services create or enhance non-financial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by KUNR. Volunteers also provide assistance in program and supporting services throughout the year; however, such services are not recognized as contributions in the financial statements since the recognition criteria has not been met.

Income Taxes

KUNR is as an outreach service of the University of Nevada, Reno within the Nevada System of Higher Education, which is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Consequently, KUNR is not subject to federal or state income taxes.

Comparative Statements

Prior year information on accompanying financial statements reflects certain reclassifications that conform to classifications in the current year and has no impact on net assets.

KUNR 88.7-FM Radio

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Notes to Financial Statements
June 30, 2012 and 2011

2. Capital Assets

KUNR's capital assets consisted of the following:

	June 30, 2012			June 30, 2011		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Transmission equipment	\$ 323,609	\$ (293,705)	\$ 29,904	\$ 323,609	\$ (287,484)	\$ 36,125
Studio and broadcast equipment	446,827	(399,900)	46,927	449,282	(392,749)	56,533
Furniture and fixtures	50,665	(47,079)	3,586	55,136	(50,833)	4,303
Software	20,495	(20,495)	-	20,495	(20,495)	-
Automobiles	20,454	(4,773)	15,681	23,754	(1,432)	22,322
	<u>\$ 862,050</u>	<u>\$ (765,952)</u>	<u>\$ 96,098</u>	<u>\$ 872,276</u>	<u>\$ (752,993)</u>	<u>\$ 119,283</u>

Depreciation expense totaled \$20,617 and \$19,180 for the years ended June 30, 2012 and 2011, respectively, and is included in broadcasting expense on the Statements of Revenue, Expense and Changes in Net Assets.

3. Concentrations of Revenue

The following schedule shows the concentrations of KUNR's revenue.

Source	Percentage of Support	
	2012	2011
Contributions and underwriting	34%	36%
Membership and subscriptions	30%	32%
CPB Community Service Grant	13%	14%
General appropriation - UNR	12%	7%
In-kind donations and facilities and administrative support	11%	11%
	<u>100%</u>	<u>100%</u>

4. CPB Community Service Grants

The Corporation for Public Broadcasting (CPB) is a private, non-profit grant making organization. CPB distributes annual Community Service Grants to qualifying public telecommunications entities. A majority of the funds from these grants may be used according to the Communications Act of 1934, which provides that funds may be used at the discretion of recipients for purposes related primarily to the production or acquisition of programming. The remaining restricted portion of the funds from these grants is required to be spent on national program production and acquisition. Under these grants, KUNR recognized \$184,382 in revenue during fiscal year 2012, which was unexpended at June 30, 2012. Management estimates that KUNR spends approximately 90% to 100% of this grant for national program acquisition.

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5. Donated Facilities and Administrative Support

Donated facilities and administrative support from UNR was calculated based upon the College and Universities Rate Agreement, which is a rate schedule negotiated with the Federal Government Department of Health and Human Services. The Negotiated Federal Rate is applied to KUNR's expenses in a prescribed formula in order to determine the allocation of facilities and administrative support. Total donated facilities and administrative support was \$120,179 and \$120,352 for the years ended June 30, 2012 and 2011, respectively.

6. Contributed Services

KUNR receives contributed services for its annual financial statement audit. The amount of such revenue recognized was \$16,500 and \$15,600 for the years ended June 30, 2012 and 2011, respectively.

7. Public Employees Retirement System

KUNR is staffed by employees of the Nevada System of Higher Education, a public employer participating in the Public Employees Retirement System of the State of Nevada (PERS). PERS is a cost-sharing multiple-employer program.

PERS issues a comprehensive annual financial report that includes financial statements and required supplementary information. The report may be obtained by writing to PERS at 693 W. Nye Lane, Carson City, NV 89703-1599.

In addition to PERS, certain exempt employees have the option of participating in various retirement plans provided through the Teachers Insurance and Annuity Association and the College Retirement Equities Fund, VALIC, and Fidelity Investments. Under these defined contribution plans, the employer and participants make annual contributions to purchase individual, fixed or variable annuities equivalent to retirement benefits earned or to participate in a variety of mutual funds.

8. Concentrations of Credit Risk

Most of KUNR's cash funds are pooled with those of other campuses and divisions of the NSHE and consist primarily of deposits in money market funds, which are not federally insured. The management does not believe it is exposed to any significant credit risk related to cash and cash equivalents.

9. Obligation Under License Agreement

In July 1998, KUNR entered into a license agreement for the rental of the transmitter site on McClellan Peak. In September 2008 the license was renewed for an additional five years. Beginning July 1, 2008, the rental payment is \$1,250 per month, increasing 5% each year.

The following table represents the future rental payments for the years ending June 30,

2013	<u>\$ 18,233</u>
Total rental payments	<u><u>\$ 18,233</u></u>

Rental expenses for the years ended June 30, 2012 and 2011 were \$17,365 and \$16,538, respectively.

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June 30, 2012 and 2011

10. Related Party Transactions

KUNR received general appropriation from UNR of \$165,446 and \$90,053 for the years ended June 30, 2012 and 2011, respectively.

KUNR utilizes UNR facilities as further discussed in Note 5. Total donated facilities and administrative support were \$120,179 and \$120,352 for the years ended June 30, 2012 and 2011, respectively.

Due From Other University Funds are amounts due from UNR for wages and benefits. Included in underwriting receivables are small amounts due from UNR for program underwriting. Revenue recognized from UNR and related auxiliaries for underwriting for the years ended June 30, 2012 and 2011 was \$25,361 and \$18,362, respectively.

Due to Other University Funds are amounts payable to UNR for a prior year inter-fund transfer. KUNR pays approximately \$7,000 per year to UNR for its telephone service, which is included in support service expenses.

All financial statement line items referring to "University" or "UNR" would be considered related party transactions.

11. Regulatory Matters

KUNR is in the process of settling prior year issues regarding construction permits and licenses for two of its translators with the FCC. KUNR has proposed voluntarily contributions of \$6,000 for the remediation of these matters. The proposals are pending, and there is no assurance that the FCC will accept the proposals and the FCC is not precluded from initiating an enforcement action that would seek civil penalties.