

**Eastern New Mexico University  
Foundation**

**ANNUAL FINANCIAL REPORT  
JUNE 30, 2018**



## INTRODUCTORY SECTION

**EASTERN NEW MEXICO UNIVERSITY FOUNDATION  
(A COMPONENT UNIT OF EASTERN NEW MEXICO UNIVERSITY)  
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JUNE 30, 2018**

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**EASTERN NEW MEXICO UNIVERSITY FOUNDATION  
(A COMPONENT UNIT OF EASTERN NEW MEXICO UNIVERSITY)  
OFFICIAL ROSTER  
JUNE 30, 2018**

**Ex-Officio Members**

Mrs. Noelle Bartl	Executive Director
Dr. Jeffrey Elwell	ENMU System - Chancellor
Mr. Scott Smart	ENMU System - Chief Financial Officer
Mr. Kenny Prince	Accountant, Eastern New Mexico University

**Honorary Directors**

Dr. Patrice Caldwell	University Friends of Music Representative
Dr. Greg Waggoner	Greyhound Club Representative
Mr. Brian Stein	Alumni Association President
Mr. Duane Ryan	KENW Representative
Mr. Terry Othick	Eastern New Mexico University Board of Regents Representative

**Executive Committee**

Mr. Stephen Doerr	President
Mr. Leo Lovett	Vice President
Dr. Buck Wilson	Treasurer
Dr. Renee Neely	Secretary

**Board Members**

Mr. Lee Black	Emeritus Member
Ms. Julie Canon	Board Member
Mr. Larry Combs	Board Member
Mrs. Dora Dominguez	Board Member
Mr. Victor Delgado	Board Member
Mr. Ray Hammond	Board Member
Mr. Jim Lucero	Board Member
Mr. Ron Holcomb	Board Member
Mrs. Janie Moberly	Board Member
Mr. Wayne Propst	Board Member
Mrs. Melveta Walker	Board Member
Mr. Kyle Lee	Board Member
Dr. Thurman Elder	Board Member

## FINANCIAL SECTION



## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Eastern New Mexico University Foundation  
Portales New Mexico and  
Wayne Johnson  
New Mexico State Auditor  
Santa Fe, New Mexico

### Report on the Financial Statements

We have audited the accompanying financial statements of Eastern New Mexico University Foundation (the "Foundation") (a non-profit organization and component unit of Eastern New Mexico University), as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 auditor's 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.

Board of Directors  
Eastern New Mexico University Foundation and  
Wayne Johnson  
New Mexico State Auditor

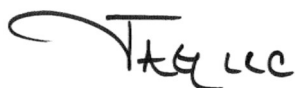
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2018 and 2017, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2018 on our consideration of the Foundation's 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* in considering the Foundation's internal control over financial reporting and compliance.



Jaramillo Accounting Group LLC (JAG)  
Albuquerque, New Mexico  
October 15, 2018

**EASTERN NEW MEXICO UNIVERSITY FOUNDATION**  
**(A COMPONENT UNIT OF EASTERN NEW MEXICO UNIVERSITY)**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 609,088	\$ 324,317
Receivables	80,900	125,350
Prepaid expenses	1,500	-
Other assets	148,456	108,456
Investments	19,298,740	16,096,545
Investments held in charitable gift annuity agreements	416,375	320,861
<b>Total assets</b>	<b>\$ 20,555,059</b>	<b>\$ 16,975,529</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 111,085	\$ 248,533
Gift annuities payable	236,166	156,018
<b>Total liabilities</b>	<b>347,251</b>	<b>404,551</b>
 <b>Net Assets</b>		
Unrestricted	1,140,109	904,239
Temporarily restricted	9,925,064	7,618,550
Permanently restricted	9,142,635	8,048,189
<b>Total net assets</b>	<b>20,207,808</b>	<b>16,570,978</b>
 <b>Total liabilities and net assets</b>	 <b>\$ 20,555,059</b>	 <b>\$ 16,975,529</b>



**EASTERN NEW MEXICO UNIVERSITY FOUNDATION**  
**(A COMPONENT UNIT OF EASTERN NEW MEXICO UNIVERSITY)**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue and support</b>				
Support				
Contributions	\$ 264,997	\$ 1,419,539	\$ 1,094,446	\$ 2,778,982
<b>Revenue, gains (losses)</b>				
Interest and dividends	22,881	424,251	-	447,132
Net realized losses	(1,586)	(36,092)	-	(37,678)
Net unrealized gains	130,784	2,076,197	-	2,206,981
<b>Total revenue, gains</b>	<u>152,079</u>	<u>2,464,356</u>	<u>-</u>	<u>2,616,435</u>
<b>Net assets released from restriction</b>				
Satisfaction of donor restriction	<u>1,577,381</u>	<u>(1,577,381)</u>	<u>-</u>	<u>-</u>
<b>Total support, revenue, gains</b>	<u>1,994,457</u>	<u>2,306,514</u>	<u>1,094,446</u>	<u>5,395,417</u>
<b>Expenses</b>				
Program services				
Scholarships	408,617	-	-	408,617
Institutional support	1,099,505	-	-	1,099,505
General and administrative	32,108	-	-	32,108
Fundraising	181,953	-	-	181,953
Charitable gift annuity distribution	36,404	-	-	36,404
<b>Total expenses</b>	<u>1,758,587</u>	<u>-</u>	<u>-</u>	<u>1,758,587</u>
<b>Increase in net assets</b>	235,870	2,306,514	1,094,446	3,636,830
Net assets, beginning of year	<u>904,239</u>	<u>7,618,550</u>	<u>8,048,189</u>	<u>16,570,978</u>
<b>Net assets, end of year</b>	<u>\$ 1,140,109</u>	<u>\$ 9,925,064</u>	<u>\$ 9,142,635</u>	<u>\$ 20,207,808</u>

**EASTERN NEW MEXICO UNIVERSITY FOUNDATION**  
**(A COMPONENT UNIT OF EASTERN NEW MEXICO UNIVERSITY)**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue and support</b>				
Support				
Contributions	\$ 200,421	\$ 1,207,290	\$ 121,646	\$ 1,529,357
<b>Revenue, gains and (losses)</b>				
Interest and dividends	53	695,765	-	695,818
Net realized losses	(4,751)	(1,223)	-	(5,974)
Net unrealized gains	86,301	1,590,028	-	1,676,329
<b>Total revenue, gains</b>	<u>81,603</u>	<u>2,284,570</u>	<u>-</u>	<u>2,366,173</u>
<b>Net assets released from restriction</b>				
Satisfaction of donor restriction	1,226,962	(1,222,282)	(4,680)	-
<b>Total support, revenue, gains</b>	<u>1,508,986</u>	<u>2,269,578</u>	<u>116,966</u>	<u>3,895,530</u>
<b>Expenses</b>				
Program services				
Scholarships	363,853	-	-	363,853
Institutional support	1,003,505	-	-	1,003,505
General and administrative	20,757	-	-	20,757
Fundraising	130,138	-	-	130,138
Charitable gift annuity distribution	29,699	-	-	29,699
<b>Total expenses</b>	<u>1,547,952</u>	<u>-</u>	<u>-</u>	<u>1,547,952</u>
<b>Increase (decrease) in net assets</b>	(38,966)	2,269,578	116,966	2,347,578
Net assets, beginning of year	943,205	5,348,972	7,931,223	14,223,400
<b>Net assets, end of year</b>	<u>\$ 904,239</u>	<u>\$ 7,618,550</u>	<u>\$ 8,048,189</u>	<u>\$ 16,570,978</u>

**EASTERN NEW MEXICO UNIVERSITY FOUNDATION**  
**(A COMPONENT UNIT OF EASTERN NEW MEXICO UNIVERSITY)**  
**STATEMENTS OF CASH FLOWS**  
**JUNE 30, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>Cash Flows from Operating Activities</b>		
Contributions	\$ 2,781,932	\$ 1,578,837
Payments to suppliers for goods and services	<u>(1,815,887)</u>	<u>(1,353,006)</u>
<b>Net cash provided by operating activities</b>	<u>966,045</u>	<u>225,831</u>
 <b>Cash Flows from Investing Activities</b>		
Purchase of investments	(1,128,406)	(862,554)
Sale of investments	-	-
Interest income	<u>447,132</u>	<u>695,818</u>
<b>Net cash used in investing activities</b>	<u>(681,274)</u>	<u>(166,736)</u>
 <b>Net increase in cash</b>	<b>284,771</b>	<b>59,095</b>
Cash and cash equivalents, beginning of year	<u>324,317</u>	<u>265,222</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 609,088</u></u>	<u><u>\$ 324,317</u></u>
 <b>Reconciliation of increase (decrease) in net assets to net cash provided by (used in) operating activities</b>		
Increase in net assets	\$ 3,636,830	\$ 2,347,578
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Unrealized gains	(2,206,981)	(1,676,329)
Net realized losses	37,678	5,974
Investment gains	(447,132)	(695,818)
Change in assets and liabilities		
Receivables	44,450	49,480
Prepaid expenses	(1,500)	-
Other assets	(40,000)	-
Accounts payable	(137,448)	140,006
Gift annuities payable	<u>80,148</u>	<u>54,940</u>
<b>Net cash provided by operating activities</b>	<u><u>\$ 966,045</u></u>	<u><u>\$ 225,831</u></u>

**EASTERN NEW MEXICO UNIVERSITY FOUNDATION**  
**(A COMPONENT UNIT OF EASTERN NEW MEXICO UNIVERSITY)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization.** The Eastern New Mexico University Foundation (the "Foundation") is operated exclusively for the benefit of charitable, educational and scientific research at Eastern New Mexico University (the "University") located in Portales, New Mexico. The Foundation's support comes primarily from individual and corporate donor contributions.

For accounting presentation purposes, the Foundation is reported in the financial statements of the University as a component unit in accordance with the requirements of Governmental Accounting Standards Board Pronouncement No. 39, *Determining whether Certain Organizations Are Component Units - an amendment of GASB Statement No. 14*.

The accompanying financial statements present only the financial position, results of operations and cash flows of the Foundation and are not intended to present fairly the financial position of the University and results of its operations and cash flows of its proprietary fund types. The Foundation does not have a legally adopted budget and, therefore, does not present budgets in its financial statements. The Foundation has no component units or operating affiliates and associates.

**Basis of Presentation.** The Foundation's financial statements have been prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The Foundation follows the accounting standards issued under the Financial Accounting Standards Board (FASB) as opposed to the standards issued under the Governmental Accounting Standards Board (GASB). The Foundation does not meet any of the following three criteria in its relationship with the University that would require the Foundation to be considered a government for accounting purposes: All the officers, and a majority of board members are independent of the University, there is no potential for unilateral dissolution by the University with the net assets of the Foundation reverting to the University, and the Foundation does not have the ability to enforce and enact a tax levy.

Annual contributions are generally available for unrestricted use in the related year unless specifically restricted by the donor. Total contributions for the years ended June 30, 2018 and 2017 were \$2,778,982 and \$1,529,357, respectively.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, temporarily restricted net assets are reclassified and reported in the Statements of Activities as net assets released from restrictions.

Endowment contributions and investments are permanently restricted by the donor. Investment earnings used for distributions are recorded in unrestricted net assets. Investment earnings with donor restrictions are recorded in temporarily restricted net assets.

**EASTERN NEW MEXICO UNIVERSITY FOUNDATION**  
**(A COMPONENT UNIT OF EASTERN NEW MEXICO UNIVERSITY)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2018 AND 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Public Support and Revenue.** Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets (or that require specialized skills) are provided by individuals possessing those skills and would typically need to be purchased (if not provided by donation) and are recorded as general and administrative expenses and contribution revenue in the accompanying financial statements. A number of volunteers have also donated significant amounts of their time in the Foundation's activities. Their donated time has not been recorded in the accompanying financial statements as it does not meet the criteria for revenue recognition.

**Cash and Cash Equivalents.** For purposes of the Statements of Cash Flows, debt instruments with an original maturity of three months or less are considered cash equivalents, except for those instruments, including cash, restricted by donors. The Foundation maintains its cash balances in several financial institutions and investment company accounts, which are not federally insured or which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Promises to Give.** Contributions are recognized when the donor makes a promise to give to the Foundation. Contributions are reported as increases in unrestricted, temporarily, or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Unconditional promises to give are recorded as receivables. The Foundation considers these receivables to be fully collectible and, accordingly, no allowance for doubtful accounts is required. This is based on prior years' experience and management's analysis of specific promises made.

**Investments Held in Charitable Gift Annuity Agreements.** The Foundation has established several charitable gift annuity agreements. Under the terms of these agreements, donors make gifts to the Foundation of assets, normally cash or marketable securities. In return, the donor and/or another designated beneficiary receive, from the Foundation, periodic payments for the life of the beneficiary. Upon the death of the beneficiary, assets remaining in the charitable gift annuity are used in accordance with the donor's wishes. The Foundation records the assets held in charitable gift annuities at their fair value. A liability equal to the estimated present value of the future required distributions to the beneficiary is recorded and readjusted annually.

**Prepaid Expenses.** Prepaid expenses include payments to vendors that reflect costs applicable to future accounting periods.

**Investments.** Investments are carried at fair value. The fair market value of investments at June 30, 2018 and 2017 were \$19,715,115 and \$16,417,406, respectively. The cost of investments at June 30, 2018 and 2017 were \$20,783,528 and \$16,081,884, respectively. Net realized and unrealized gains and losses are reflected in the Statements of Activities. Interest, dividends and gains and losses from permanently restricted net assets are recorded as temporarily restricted for use as stipulated by the donor.

**Charitable Gift Annuities Payable.** Charitable gift annuities payable in the accompanying Statements of Financial Position represent the net present value of periodic annuity payments over the estimated remaining lives of the income beneficiaries computed using the applicable IRS discount rates.

**EASTERN NEW MEXICO UNIVERSITY FOUNDATION**  
**(A COMPONENT UNIT OF EASTERN NEW MEXICO UNIVERSITY)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2018 AND 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Tax Exempt Status.** The Foundation's activities are generally exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code; however, unrelated business activities would be subject to income tax. Since the Foundation is exempt from federal and state income tax liability, no provision is made for current or deferred income tax expense.

For the years ended June 30, 2018 and 2017, management of the Foundation believes it has adequate support for all material tax positions and that it is more likely than not, based on the technical merits, that the positions will be sustained upon examination. The Foundation recognizes interest and penalties, if any, related to taxes in interest expense.

All tax-exempt entities are subject to review and audit by federal, state and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statutes. With few exceptions, the Foundation is no longer subject to the U.S. federal income tax examination for years before 2014 or state income tax examinations for years before 2014.

**Use of Estimates.** Financial statement preparation 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 the disclosure of contingent assets and liabilities at the financial statement date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates are used in preparing these financial statements, including the fair value of investments and the present value of annuities.

**Investment Valuation and Income Recognition.** The Foundation's investments are stated at fair value in the Statements of Financial Position, with all gains and losses included in the Statements of Activities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for a discussion of fair value measurement.

Investments acquired by gift are recorded at their fair value at the date of the gift. The Foundation's policy is to liquidate all gifts of investments as soon as possible after the gift.

Investments are made according to the investment policies adopted by the Foundation's Board of Directors. These guidelines provide for a balanced diversified portfolio with investments in equities, fixed income and other securities with performance measured against appropriate indices. However, the investment policy, as amended on February 12, 2011, provides the investment committee flexibility to adjust investments as necessary to respond to market conditions. Outside parties are contracted by the Foundation for the purpose of providing investment management.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized gains or losses on the sale of marketable securities are calculated using the specific identification method. Unrealized gains and losses represent the change in the fair value of the individual investments for the year, or since the acquisition date, if acquired during the year.

**EASTERN NEW MEXICO UNIVERSITY FOUNDATION**  
**(A COMPONENT UNIT OF EASTERN NEW MEXICO UNIVERSITY)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2018 AND 2017**

**NOTE 2. INVESTMENTS**

The composition of investments as of June 30, 2018 and 2017 follows:

	<u>2018</u>	<u>2017</u>
Mutual funds - cash and equivalents	\$ 1,406,910	\$ 1,481,167
Mutual funds - US equities	12,348,952	10,299,181
Mutual funds - Non-US equities	5,778,596	4,515,519
Mutual funds - US bonds	125,978	13,122
Mutual funds - Non-US bonds	<u>54,679</u>	<u>108,418</u>
	<u>\$ 19,715,115</u>	<u>\$ 16,417,407</u>

Investment income (loss) is comprised of the following for the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 447,132	\$ 695,818
Net realized losses	(37,678)	(5,974)
Net unrealized gains	<u>2,206,981</u>	<u>1,676,329</u>
	<u>\$ 2,616,435</u>	<u>\$ 2,366,173</u>

**NOTE 3. FAIR VALUE MEASUREMENTS**

Investments are measured at fair value. Generally accepted accounting principles establish a fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of the fair value hierarchy are as follows:

Level 1 - Level 1 inputs are unadjusted and quoted market prices in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date. Level 1 inputs provide the most reliable measure of fair value as of the measurement date.

Level 2 - Level 2 inputs are based on significant observable inputs, including unadjusted quoted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3 - Level 3 inputs are significant unobservable inputs for the asset or liability. The level of the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

**EASTERN NEW MEXICO UNIVERSITY FOUNDATION**  
**(A COMPONENT UNIT OF EASTERN NEW MEXICO UNIVERSITY)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2018 AND 2017**

**NOTE 3. FAIR VALUE MEASUREMENTS (CONTINUED)**

Stocks are valued based on the daily quoted market prices.

The following table sets forth by level within the fair value hierarchy, the Foundation's financial instruments at fair value as of June 30, 2018 and 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets at Fair Market Value, June 30, 2018</b>				
Mutual funds - cash and equivalents	\$ 1,406,910	\$ -	\$ -	\$ 1,406,910
Mutual funds - equities	18,127,548	-	-	18,127,548
Mutual funds -bonds	<u>180,657</u>	<u>-</u>	<u>-</u>	<u>180,657</u>
<b>Total, June 30, 2018</b>	<b><u>\$ 19,715,115</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 19,715,115</u></b>
<b>Assets at Fair Market Value, June 30, 2017</b>				
Mutual funds - cash and equivalents	\$ 1,481,167	\$ -	\$ -	\$ 1,481,167
Mutual funds - equities	14,814,700	-	-	\$ 14,814,700
Mutual funds -bonds	<u>121,540</u>	<u>-</u>	<u>-</u>	<u>121,540</u>
<b>Total, June 30, 2017</b>	<b><u>\$ 16,417,407</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 16,417,407</u></b>

**NOTE 4. OTHER ASSETS**

Other assets include real estate, jewelry and art work and are recorded at fair value. The values of these other assets at June 30, 2018 and 2017 were \$148,456 and \$108,456, respectively.

**NOTE 5. SERVICES FROM THE UNIVERSITY**

Donated services are not recorded since no objective basis is available to measure the value of such services, even though a number of volunteers have donated significant amounts of their time in the Foundation's administration and fund-raising activities.

During the years ended June 30, 2018 and 2017, the University paid the salaries and benefits for the Foundation's full-time executive director, administrative, and accounting services valued at \$216,385 and \$212,824, respectively.

During the years ended June 30, 2018 and 2017, the University contributed the Foundation's printing, postage, utilities, travel, and data processing costs valued at approximately \$59,000 and \$74,000, respectively.

**NOTE 6. COMPARATIVE DATA AND RECLASSIFICATIONS**

Comparative data for the prior year have been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the Foundation's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with current year's presentation.



**EASTERN NEW MEXICO UNIVERSITY FOUNDATION**  
**(A COMPONENT UNIT OF EASTERN NEW MEXICO UNIVERSITY)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2018 AND 2017**

**NOTE 7. NET ASSETS RELEASED FROM DONOR RESTRICTION**

Net assets released from donor restrictions after incurring expenses that satisfied the restricted purposes or after the occurrence of other events specified by donors during the fiscal years ended June 30, 2018 and 2017, were as follows:

	<u>2018</u>	<u>2017</u>
Purpose restrictions accomplished		
General use for departments	\$ 671,336	\$ 504,132
Student aid	391,417	363,853
Building, grounds, equipment, facilities	<u>514,628</u>	<u>358,977</u>
	<u>\$ 1,577,381</u>	<u>\$ 1,226,962</u>

**NOTE 8. NET ASSET RESTRICTIONS**

Permanently restricted net assets are restricted for:

	<u>2018</u>	<u>2017</u>
Permanent endowments, income to be used for tuition assistance and institutional support	\$ 9,142,635	\$ 8,048,189

Temporarily restricted net assets are restricted for:

Temporarily restricted net assets are restricted for tuition assistance and institutional support	\$ 9,925,064	\$ 7,618,550
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**NOTE 9. DETAIL OF CASH ACCOUNTS**

The following is the detail of the deposit and investment accounts at June 30, 2018:

<u>Name of Bank/Broker</u>	<u>Account Type</u>	<u>Balance per Bank Statement</u>	<u>Reconciling Items</u>	<u>Reconciled Balance per Books</u>
<b>James Polk Stone</b>				
Community Bank	Checking-interest bearing	\$ 400,846	\$ (28,634)	\$ 372,212
Edward Jones	Money Market	<u>236,876</u>	<u>-</u>	<u>236,876</u>
		<u>\$ 637,722</u>	<u>\$ (28,634)</u>	<u>\$ 609,088</u>

The June 30, 2018 difference between the Balance per Bank Statement and the Balance per Books for the James Polk Stone National Bank account is \$28,634, of which the entire amount is due to outstanding checks that have been written by the Foundation and not yet cleared the Bank.

**EASTERN NEW MEXICO UNIVERSITY FOUNDATION  
(A COMPONENT UNIT OF EASTERN NEW MEXICO UNIVERSITY)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018 AND 2017**

**NOTE 9. DETAIL OF CASH ACCOUNTS (CONTINUED)**

The following is the detail of the deposit and investment accounts at June 30, 2017:

<u>Name of Bank/Broker</u>	<u>Account Type</u>	<u>Balance per Bank Statement</u>	<u>Reconciling Items</u>	<u>Reconciled Balance per Books</u>
James Polk Stone				
Community Bank	Checking-interest bearing	\$ 838,562	\$ (609,507)	\$ 229,055
Edward Jones	Money Market	<u>95,262</u>	<u>-</u>	<u>95,262</u>
		<u>\$ 933,824</u>	<u>\$ (609,507)</u>	<u>\$ 324,317</u>

The June 30, 2017 difference between the Balance per Bank Statement and the Balance per Books for the James Polk Stone National Bank account is \$609,507, of which the entire amount is due to outstanding checks that have been written by the Foundation and not yet cleared the Bank.

*Custodial Credit Risk.* Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned to it. As of June 30, 2018, \$150,846 of the Foundation's bank balance of \$400,846 was uninsured and uncollateralized.

**NOTE 10. ENDOWMENTS**

The Foundation's endowment consists of funds established for tuition assistance and institutional support. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the governing body to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Foundation's endowment policy requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with applicable State laws and internal policies. The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes and mission of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

**EASTERN NEW MEXICO UNIVERSITY FOUNDATION**  
**(A COMPONENT UNIT OF EASTERN NEW MEXICO UNIVERSITY)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2018 AND 2017**

**NOTE 10. ENDOWMENTS (CONTINUED)**

The Foundation's investment policy was approved May 5, 2005. The Foundation's disbursement policy was revised September 30, 2013 in order to comply with the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and ASC 958, *Accounting for Certain Investments Held by Not-for-Profit Organizations*.

The primary objective of endowed investments will be to achieve as high a level of growth and income distributions as possible without assuming excessive risk. It is the intent of the Foundation to diversify as much as possible.

Endowment Net Assets Composition by Type of Fund as of June 30, 2018:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment investment funds	\$ -	\$ -	\$ 9,142,635	\$ 9,142,635

Endowment Net Assets Composition by Type of Fund as of June 30, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment investment funds	\$ -	\$ -	\$ 8,048,189	\$ 8,048,189

Changes in Endowment Net Assets for the year ended June 30, 2018:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ -	\$ 8,048,189	\$ 8,048,189
Net gain (loss) (realized and unrealized)	-	-	-	-
Contributions	-	-	<u>1,094,446</u>	<u>1,094,446</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,142,635</u>	<u>\$ 9,142,635</u>

**EASTERN NEW MEXICO UNIVERSITY FOUNDATION**  
**(A COMPONENT UNIT OF EASTERN NEW MEXICO UNIVERSITY)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2018 AND 2017**

**NOTE 10. ENDOWMENTS (CONTINUED)**

Changes in Endowment Net Assets for the year ended June 30, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ -	\$ 7,931,223	\$ 7,931,223
Net gain (loss) (realized and unrealized)	-	-	-	-
Contributions			121,646	121,646
Reclassification of donor restriction	-	-	(4,680)	(4,680)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,048,189</u>	<u>\$ 8,048,189</u>

**NOTE 11. SUBSEQUENT EVENTS**

The Foundation has evaluated events subsequent to June 30, 2018 that would possibly require adjustment or disclosure in these financial statements through October 15, 2018, the date that these financial statements were available to be issued.

No events have occurred subsequent to June 30, 2018 that would require adjustment or modification to the contents of these financial statements.

## COMPLIANCE SECTION



**INDEPENDENT AUDITOR'S 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**

Board of Directors  
Eastern New Mexico University Foundation  
Portales, New Mexico and  
Wayne Johnson  
New Mexico State Auditor  
Santa Fe, New Mexico

We have audited, in accordance with the 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, the accompanying financial statements of Eastern New Mexico University Foundation (the "Foundation"), a component unit of Eastern New Mexico University, a not-for-profit organization, as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Foundation's financial statements and have issued our report thereon dated October 15, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audits of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

*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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Board of Directors  
Eastern New Mexico University Foundation and  
Wayne Johnson  
New Mexico State Auditor

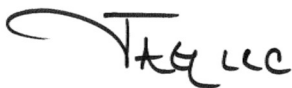
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "JAG LLC". The signature is stylized, with a large, sweeping initial "J" that loops around the "A" and "G".

Jaramillo Accounting Group LLC (JAG)  
Albuquerque, New Mexico  
October 15, 2018

**EASTERN NEW MEXICO UNIVERSITY FOUNDATION  
(A COMPONENT UNIT OF EASTERN NEW MEXICO UNIVERSITY)  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2018**

**FINDINGS – FINANCIAL STATEMENT AUDIT**

There were no current year findings noted.

**PRIOR YEAR AUDIT FINDINGS**

There were no prior year findings noted.



**EASTERN NEW MEXICO UNIVERSITY FOUNDATION  
(A COMPONENT UNIT OF EASTERN NEW MEXICO UNIVERSITY)  
EXIT CONFERENCE  
JUNE 30, 2018**

An exit conference was held on October 4, 2018. In attendance were the following:

Foundation Officials

Stephen Doerr, President, Board of Directors  
Noelle Bartl, Executive Director  
Kenny Prince, Accountant, Eastern New Mexico University

Jaramillo Accounting Group LLC (JAG)

Audrey J. Jaramillo, CPA, CFE, Managing Partner  
Scott Eliason, CPA, Partner

*Eastern New Mexico University Foundation prepared these financial statements.*