



Eastern New Mexico University
Foundation
Annual Financial Report
June 30, 2010



**STATE OF NEW MEXICO
EASTERN NEW MEXICO UNIVERSITY FOUNDATION
(a component unit of Eastern New Mexico University)
Financial Statements
With Independent Auditor's Report Thereon
June 30, 2010 and 2009**

INTRODUCTORY SECTION

EASTERN NEW MEXICO UNIVERSITY FOUNDATION

(a component unit of Eastern New Mexico University)

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EASTERN NEW MEXICO UNIVERSITY FOUNDATION

(a component unit of Eastern New Mexico University)

Official Roster

June 30, 2010

EXECUTIVE COMMITTEE

Mr. Stephen Doerr	President	Portales, NM
Mr. Lee Black	Vice President	Albuquerque, NM
Dr. Buck Wilson	Treasurer	Portales, NM
Dr. Renee Neely	Secretary	Portales, NM
Mrs. Noelle Bartl	Executive Director	Portales, NM
	Non-Voting, Ex-Officio	
	Director	
Dr. Albert Bettina	Director	Portales, NM
Dr. Jo Nell Brooks	Director	Portales, NM
Dr. Patrice Caldwell	Honorary Director	Portales, NM
	University Friends of	
	Music Representative	
Ms. Julie Canon	Director	Lubbock, TX
Mr. Larry Combs	Director	Portales, NM
Mrs. Anna Crook	Director	Clovis, NM
Dr. Thurman Elder	Director	Portales, NM
Mr. Ray Hammond	Director	Albuquerque, NM
Ms. Nikki Harmon	Director	Clovis, NM
Mr. Ron Holcomb	Director	Midland, TX
Mrs. Nikki Kull	Honorary Director	Tijeras, NM
	Alumni President	
Mrs. Janie Moberly	Director	Clovis, NM
Mr. Van Ragsdale	Director	Garland, TX
Ms. Fran Redinger	Director	Santa Fe, NM
Mr. Duane Ryan	Honorary Director	Portales, NM
	KENW Representative	
Mr. Robert J. Wachter	Director	Portales, NM
Mrs. Melveta Walker	Director	Portales, NM
Mr. Jerry Wright	Director	El Paso, TX
Dr. Steven Gamble	Ex-Officio Director	Portales, NM
	President of ENMU	
Mr. Scott Smart	Ex-Officio Director	Portales, NM
	VP of ENMU Business	
	Affairs	

FINANCIAL SECTION



Accounting & Consulting Group, LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of Eastern New Mexico University Foundation (the "Foundation"), a component unit of Eastern New Mexico University, a not-for-profit organization, as of June 30, 2010 and June 30, 2009, and the related statements of activities and cash flows for the years ended. These financial statements are the responsibility of the Foundation's management. 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.

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, 2010 and June 30, 2009, and the changes in net assets 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 November 10, 2010, 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* and should be considered in assessing the results of our audit.

Accounting + Consulting Group, LLP

Accounting & Consulting Group, LLP
Roswell, New Mexico
November 10, 2010

EASTERN NEW MEXICO UNIVERSITY FOUNDATION

(a component unit of Eastern New Mexico University)

Statements of Financial Position

June 30, 2010 and 2009

	2010	2009
ASSETS		
Cash and cash equivalents	\$ 291,772	\$ 511,396
Receivables	6,552	-
Other assets	66,776	58,236
Investments	6,911,787	5,735,284
Investments held in charitable gift annuity agreements	449,875	485,422
Total assets	<u>\$ 7,726,762</u>	<u>\$ 6,790,338</u>
LIABILITIES AND NET ASSETS		
Gift annuities payable	\$ 256,939	\$ 302,147
Accounts payable	208,735	27,786
Total liabilities	<u>465,674</u>	<u>329,933</u>
Net assets:		
Unrestricted	52,005	56,456
Temporarily restricted	986,634	916,726
Permanently restricted	6,222,449	5,487,223
Total net assets	<u>7,261,088</u>	<u>6,460,405</u>
Total liabilities and net assets	<u>\$ 7,726,762</u>	<u>\$ 6,790,338</u>

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

EASTERN NEW MEXICO UNIVERSITY FOUNDATION

(a component unit of Eastern New Mexico University)

Statement of Activities

For the Year Ended June 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUE				
Support:				
Contributions	<u>\$ 391,063</u>	<u>\$ 747,476</u>	<u>\$ 671,281</u>	<u>\$ 1,809,820</u>
Revenue, gains and (losses):				
Interest and dividends	23,573	3,833	163,896	191,302
Net realized gains	-	424	-	424
Net unrealized losses	(20,974)	-	(99,951)	(120,925)
Total revenue, gains and (losses)	<u>2,599</u>	<u>4,257</u>	<u>63,945</u>	<u>70,801</u>
NET ASSETS RELEASED FROM RESTRICTION				
Satisfaction of donor restriction	<u>681,825</u>	<u>(681,825)</u>	<u>-</u>	<u>-</u>
Total support, revenue, gains and (losses)	<u>1,075,487</u>	<u>69,908</u>	<u>735,226</u>	<u>1,880,621</u>
EXPENSES				
Program services				
Scholarships	297,128	-	-	297,128
Institutional support	534,562	-	-	534,562
Legislative	12,168	-	-	12,168
General and administrative	155,524	-	-	155,524
Fundraising	35,234	-	-	35,234
Charitable gift annuity distribution	45,250	-	-	45,250
Investment fees	72	-	-	72
Total expenses	<u>1,079,938</u>	<u>-</u>	<u>-</u>	<u>1,079,938</u>
Increase (decrease) in net assets	(4,451)	69,908	735,226	800,683
Net assets, beginning of year	<u>56,456</u>	<u>916,726</u>	<u>5,487,223</u>	<u>6,460,405</u>
NET ASSETS, end of year	<u><u>\$ 52,005</u></u>	<u><u>\$ 986,634</u></u>	<u><u>\$ 6,222,449</u></u>	<u><u>\$ 7,261,088</u></u>

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

EASTERN NEW MEXICO UNIVERSITY FOUNDATION

(a component unit of Eastern New Mexico University)

Statement of Activities

For the Year Ended June 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUE				
Support:				
Contributions	<u>\$ 169,162</u>	<u>\$ 461,564</u>	<u>\$ 154,965</u>	<u>\$ 785,691</u>
Revenue, gains and (losses):				
Interest and dividends	22,466	29,282	-	51,748
Net realized gains	-	368	-	368
Net unrealized losses	(415,610)	(512,799)	-	(928,409)
Total revenue, gains and (losses)	<u>(393,144)</u>	<u>(483,149)</u>	<u>-</u>	<u>(876,293)</u>
NET ASSETS RELEASED FROM RESTRICTION				
Satisfaction of donor restriction	<u>462,572</u>	<u>(462,572)</u>	<u>-</u>	<u>-</u>
Total support, revenue, gains and (losses)	<u>238,590</u>	<u>(484,157)</u>	<u>154,965</u>	<u>(90,602)</u>
EXPENSES				
Program services				
Scholarships	427,977	-	-	427,977
Institutional support	303,982	-	-	303,982
Legislative	2,531	-	-	2,531
General and administrative	118,731	-	-	118,731
Fundraising	49,796	-	-	49,796
Charitable gift annuity distribution	45,419	-	-	45,419
Investment fees	107	-	-	107
Total expenses	<u>948,543</u>	<u>-</u>	<u>-</u>	<u>948,543</u>
Increase (decrease) in net assets	(709,953)	(484,157)	154,965	(1,039,145)
Net assets, beginning of year	<u>766,409</u>	<u>1,400,883</u>	<u>5,332,258</u>	<u>7,499,550</u>
NET ASSETS, end of year	<u><u>\$ 56,456</u></u>	<u><u>\$ 916,726</u></u>	<u><u>\$ 5,487,223</u></u>	<u><u>\$ 6,460,405</u></u>

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

EASTERN NEW MEXICO UNIVERSITY FOUNDATION

(a component unit of Eastern New Mexico University)

Statements of Cash Flows

June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 800,683	\$ (1,039,145)
Adjustment to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Net realized loss (gain) on investments	(424)	(368)
Net unrealized loss (gain) on investments	120,925	928,409
Change in receivables	(6,552)	
Change in other assets	(8,540)	10,131
Change in accounts payable	180,949	27,786
Change in charitable gift annuities	(45,208)	(10,399)
Net cash provided (used) by operating activities	<u>1,041,833</u>	<u>(83,586)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(8,170,878)	(9,927,673)
Proceeds from sale of investments	6,909,421	9,924,455
Net cash provided (used) by investing activities	<u>(1,261,457)</u>	<u>(3,218)</u>
Net increase (decrease) in cash	(219,624)	(86,804)
Cash, beginning of year	<u>511,396</u>	<u>598,200</u>
Cash, end of year	<u>\$ 291,772</u>	<u>\$ 511,396</u>

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

EASTERN NEW MEXICO UNIVERSITY FOUNDATION

(a component unit of Eastern New Mexico University)

Notes to Financial Statements

June 30, 2010

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

A. *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.

B. *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 of the officers, board directors, and 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.

EASTERN NEW MEXICO UNIVERSITY FOUNDATION

(a component unit of Eastern New Mexico University)

Notes to Financial Statements

June 30, 2010

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

C. Public Support and Revenue

Annual contributions are generally available for unrestricted use in the related year unless specifically restricted by the donor. Total contributions for the year amounted to \$2,054,919 and were reduced by the charitable gift annuities payable of \$256,939.

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 statement 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 or permanently restricted net assets based on the nature of the restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial 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 are recorded as general and administrative expenses 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.

D. Cash and Cash Equivalents

For purposes of the statement 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.

EASTERN NEW MEXICO UNIVERSITY FOUNDATION

(a component unit of Eastern New Mexico University)

Notes to Financial Statements

June 30, 2010

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

D. *Cash and Cash Equivalents (continued)*

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.

E. *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.

F. *Investments*

Investments are carried at fair value. Net realized and unrealized gains and losses are reflected in the statement 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.

G. *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.

H. *Tax Exempt Status*

The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and has been determined to be an organization which is not a private foundation.

EASTERN NEW MEXICO UNIVERSITY FOUNDATION

(a component unit of Eastern New Mexico University)

Notes to Financial Statements

June 30, 2010

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

I. *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.

J. *Fair Value of Assets and Liabilities*

FAS 157 defines fair value as 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. FAS 157 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

EASTERN NEW MEXICO UNIVERSITY FOUNDATION
(a component unit of Eastern New Mexico University)
Notes to Financial Statements
June 30, 2010

NOTE 2: INVESTMENTS

The composition of investments is as follows as of June 30, 2010:

	<u>Cost</u>	<u>Market</u>
Investments		
Mutual funds	<u>\$ 7,353,325</u>	<u>\$ 7,361,662</u>

The composition of investments is as follows as of June 30, 2009:

	<u>Cost</u>	<u>Market</u>
Investments		
Certificates of deposits	\$ 6,382,000	\$ 6,207,627
Mutual funds	-	13,079
	<u>\$ 6,382,000</u>	<u>\$ 6,220,706</u>
Total investments		

Investment income (loss) is comprised of the following for the year ended June 30, 2010:

Interest and dividends	\$ 191,302
Net realized gains	424
Net unrealized losses	<u>(120,925)</u>
Total investment gain	<u>\$ 70,801</u>

Investment income (loss) is comprised of the following for the year ended June 30, 2009:

Interest and dividends	\$ 51,748
Net realized gains	368
Net unrealized losses	<u>(928,409)</u>
Total investment loss	<u>\$ (876,293)</u>

EASTERN NEW MEXICO UNIVERSITY FOUNDATION

(a component unit of Eastern New Mexico University)

Notes to Financial Statements

June 30, 2010

NOTE 3: DETAIL OF DEPOSIT AND INVESTMENT ACCOUNTS

The following is the detail of the deposit and investment accounts at June 30, 2010:

<u>Name of Bank/Broker</u>	<u>Account Type</u>	<u>Balance per Bank Statement</u>	<u>Reconciled Balance per Books</u>
Deposit Accounts			
James Polk Stone National Bank	Deposit	\$ 270,901	\$ 266,799
Edward Jones	Deposit	24,973	24,973
		<u>\$ 295,874</u>	<u>\$ 291,772</u>
Investment Accounts			
Edward Jones	Deposit	<u>\$ 7,361,662</u>	<u>\$ 7,361,662</u>

The difference between the Balance per Bank Statement and the Balance per Books for the James Polk Stone National Bank account is \$4,102, 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, 2010, \$0 of the Foundation's bank balance of \$295,874 was uninsured and uncollateralized.

NOTE 4: OTHER ASSETS

Other assets include real estate, jewelry and art work and are recorded at cost.

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, 2010 and 2009, the University paid the salaries and benefits for the Foundation's full-time executive director, administrative and accounting services valued at approximately \$206,101 and \$203,146, respectively.

EASTERN NEW MEXICO UNIVERSITY FOUNDATION

(a component unit of Eastern New Mexico University)

Notes to Financial Statements

June 30, 2010

NOTE 5: SERVICES FROM THE UNIVERSITY (continued)

During the years ended June 30, 2010 and 2009, the University contributed the Foundation's printing, postage, utilities, travel, and data processing costs valued at approximately \$10,546 and \$20,288, 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.

NOTE 7: NET ASSETS RELEASED FROM DONOR RESTRICTIONS

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, 2010 and 2009, were as follows:

	<u>2010</u>	<u>2009</u>
Purpose restrictions accomplished:		
General use for departments	\$ 417,946	\$ 103,060
Student aid	162,804	288,140
Building, grounds, equipment, facilities	101,075	71,372
	<u>\$ 681,825</u>	<u>\$ 462,572</u>

NOTE 8: NET ASSETS

Temporarily restricted net assets are restricted for:

	<u>2010</u>	<u>2009</u>
Tuition assistance and institutional support	\$ 986,634	\$ 916,726

Permanently restricted net assets are restricted for:

	<u>2010</u>	<u>2009</u>
Permanent endowments, income to be used for tuition assistance and institutional support	\$ 6,222,449	\$ 5,487,223

EASTERN NEW MEXICO UNIVERSITY FOUNDATION

(a component unit of Eastern New Mexico University)

Notes to Financial Statements

June 30, 2010

NOTE 9: FAIR VALUE OF ASSETS AND LIABILITIES

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying Statement of Financial Position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Assets

Level 1 Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities included exchange traded equities.

Level 2 If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 securities include governmental and corporate bonds, foreign obligations, and collateralized mortgage backed securities.

Level 3 These investments include partnerships and hedge funds whose values are determined based on financial data provided by the individual funds and partnerships. Investments classified within Level 3 have significant unobservable inputs as they trade infrequently or not at all.

In certain cases where Level 1 or Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy.

The following table presents the fair value measurements of assets recognized in the accompanying Statement of Financial Position measured at fair value on a recurring basis and the level within the FAS 157 fair value hierarchy in which the fair value measurements fall at June 30, 2010:

	Quoted Prices in Active Markets For Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Balance as of June 30, 2010
Assets at Fair Market Value				
Equities	\$ 7,361,662	\$ -	\$ -	\$ 7,361,662

EASTERN NEW MEXICO UNIVERSITY FOUNDATION

(a component unit of Eastern New Mexico University)

Notes to Financial Statements

June 30, 2010

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

The Foundation's investment policy was approved May 5, 2005. Certain provisions of the Foundation's investment policy are currently being revised in order to comply with the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and FASB Statement 124, *Accounting for Certain Investments Held by Not-for Profit Organizations*. The provisions undergoing revision relate to net asset allocation of realized/unrealized gains and losses and reporting for appropriation of investment earnings and realized/unrealized gains and losses. 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.

EASTERN NEW MEXICO UNIVERSITY FOUNDATION

(a component unit of Eastern New Mexico University)

Notes to Financial Statements

June 30, 2010

NOTE 10: ENDOWMENTS (continued)

It is the intent of the Foundation to diversify as much as possible. The following guidelines are established as an asset allocation strategy to protect against inflation and promote growth:

<u>Long Term Allowable</u>		
<u>Asset Class</u>	<u>Target</u>	<u>Range</u>
Equities	70%	30%-75%
Fixed	30%	25%-70%
Cash Equivalents	0%	10% maximum

Endowment Net Asset Composition by Type of Fund as of June 20, 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment investment funds	\$ -	\$ -	\$ 6,222,449	\$ 6,222,449

Changes in Endowment Net Asset for the Year Ended June 20, 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ -	\$ 5,487,223	\$ 5,487,223
Investment income	-	-	163,896	163,896
Net depreciation (realized and unrealized)	-	-	(99,951)	(99,951)
Contributions	-	-	671,281	671,281
Appropriation of endowment assets for expenditure	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,222,449</u>	<u>\$ 6,222,449</u>

COMPLIANCE SECTION



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 Trustees
Eastern New Mexico University Foundation
Portales, New Mexico

We have audited the basic 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 June 30, 2010 and June 30, 2009, and the related statements of activities and cash flows for the years then ended and have issued our report thereon dated November 10, 2010. 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 the Foundation's 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 Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 Foundation'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 the Foundation's 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 Foundation's Board of Trustees, the Foundation's 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
November 10, 2010

EASTERN NEW MEXICO UNIVERSITY FOUNDATION
(a component unit of Eastern New Mexico University)
Schedule of Findings and Responses
June 30, 2010

A. FINDINGS – FINANCIAL STATEMENT AUDIT

There were no current year findings

B. PRIOR YEAR AUDIT FINDINGS

There were no prior year findings

EASTERN NEW MEXICO UNIVERSITY FOUNDATION

(a component unit of Eastern New Mexico University)

Other Disclosures

June 30, 2010

Financial Statement Preparation

The financial statements together with the related footnotes and supporting schedules were prepared by Accounting & Consulting Group, LLP for the Foundation as of and for the year ended June 30, 2010.

Exit Conference

Foundation Officials

Steve Doerr, President – Executive Committee

Lee Black (via teleconference),

Vice President – Executive Committee

Buck Wilson, Secretary/Treasurer – Executive Committee

Noelle Bartle, Executive Director

Scott Smart, Vice President of Business Affairs – ENMU

Kenny Prince, Accountant

Auditors

Jeff McWhorter, Partner