



**Eastern New Mexico University Foundation**  
**Annual Financial Report**  
**June 30, 2011 and 2012**





**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, 2012 AND 2011**



## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO**  
Eastern New Mexico University Foundation  
(a component unit of Eastern New Mexico University)  
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June 30, 2012

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**STATE OF NEW MEXICO**  
Eastern New Mexico University Foundation  
(a component unit of Eastern New Mexico University)  
Official Roster  
June 30, 2012

**Ex-Officio Members**

Mrs. Noelle Bartl	Executive Director
Dr. Steven Gamble	President of ENMU
Mr. Scott Smart	VP of ENMU Business Affairs

**Honorary Directors**

Dr. Patrice Caldwell	University Friends of Music Representative
Dr. Jeff Geiser	Bench Club Representative
Mr. Steve Harmon	Alumni Association President
Mr. Duane Ryan	KENW Representative
Mr. Brett Leach	Regent Representative

**Directors**

Mr. Stephen Doerr	President
Mr. Lee Black	Vice President
Dr. Buck Wilson	Treasurer
Dr. Renee Neely	Secretary
Dr. Albert Bettina	Director
Dr. Jo Nell Brooks	Director
Ms. Julie Canon	Director
Mr. Larry Combs	Director
Mrs. Anna Crook	Director
Mr. Michael Dillard	Director
Mrs. Dora Dominguez	Director
Dr. Thurman Elder	Director
Mr. Ray Hammond	Director
Mrs. Niki Harmon	Director
Mr. Ron Holcomb	Director
Mr. Leo Lovett	Director
Mrs. Janie Moberly	Director
Mr. Wayne Propst	Director
Mr. Van Ragsdale	Director
Ms. Fran Redinger	Director
Mrs. Melveta Walker	Director
Mr. Jerry Wright	Director

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**FINANCIAL SECTION**

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Accounting & Consulting Group, LLP  
Certified Public Accountants

## Independent Auditor's Report

Hector H. Balderas  
New Mexico State Auditor and  
the Board of 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, 2012 and June 30, 2011, and the related statements of activities and cash flows for the years then 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, 2012 and June 30, 2011, 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 October 22, 2012, 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  
October 22, 2012

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**STATE OF NEW MEXICO**  
Eastern New Mexico University Foundation  
(a component unit of Eastern New Mexico University)  
Statements of Financial Position  
June 30, 2012 and 2011

	<b>2012</b>	<b>2011</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 148,659	\$ 630,051
Other assets	129,956	138,456
Investments	10,138,885	9,775,453
Investments held in charitable gift annuity agreements	449,875	485,422
<i>Total assets</i>	\$ 10,867,375	\$ 11,029,382
 <b>Liabilities and Net Assets:</b>		
Gift annuities payable	\$ 174,464	\$ 102,732
Accounts payable	73,832	8,592
<i>Total liabilities</i>	248,296	111,324
 <i>Net assets:</i>		
Unrestricted	353,126	541,762
Temporarily restricted	1,006,765	1,142,570
Permanently restricted	9,259,188	9,233,726
<i>Total net assets</i>	10,619,079	10,918,058
<i>Total liabilities and net assets</i>	\$ 10,867,375	\$ 11,029,382

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Eastern New Mexico University Foundation  
(a component unit of Eastern New Mexico University)  
Statement of Activities  
For the Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue and Support:</b>				
Support:				
Contributions	\$ 191,243	\$ 629,925	\$ 182,784	\$ 1,003,952
Revenue, gains and (losses):				
Interest and dividends	26,703	8,237	243,833	278,773
Net realized losses	-	-	-	-
Net realized gains	-	-	2,789	2,789
Net unrealized gains (losses)	(62,294)	(12,036)	(403,944)	(478,274)
Total revenue, gains and (losses)	(35,591)	(3,799)	(157,322)	(196,712)
<b>Net Assets Released from Restriction:</b>				
Satisfaction of donor restriction	761,931	(761,931)	-	-
Total support, revenue, gains and (losses)	917,583	(135,805)	25,462	807,240
<b>Expenses:</b>				
Program services:				
Scholarships	493,298	-	-	493,298
Institutional support	482,303	-	-	482,303
Legislative	10,418	-	-	10,418
General and administrative	74,290	-	-	74,290
Fundraising	24,996	-	-	24,996
Charitable gift annuity distribution	20,911	-	-	20,911
Investment fees	3	-	-	3
Total expenses	1,106,219	-	-	1,106,219
Increase (decrease) in net assets	(188,636)	(135,805)	25,462	(298,979)
Net assets, beginning of year	541,762	1,142,570	9,233,726	10,918,058
<b>Net Assets, End of Year</b>	<b>\$ 353,126</b>	<b>\$ 1,006,765</b>	<b>\$ 9,259,188</b>	<b>\$ 10,619,079</b>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Eastern New Mexico University Foundation  
(a component unit of Eastern New Mexico University)  
Statement of Activities  
For the Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue and Support:</b>				
Support:				
Contributions	\$ 502,621	\$ 682,805	\$ 1,225,483	\$ 2,410,909
Revenue, gains and (losses):				
Interest and dividends	28,321	5,939	209,451	243,711
Net realized losses	(12,300)	-	-	(12,300)
Net realized gains	-	-	4,461	4,461
Net unrealized gains (losses)	257,878	40,471	1,571,882	1,870,231
Total revenue, gains and (losses)	273,899	46,410	1,785,794	2,106,103
<b>Net Assets Released from</b>				
<b>Restriction:</b>				
Satisfaction of donor restriction	573,279	(573,279)	-	-
Total support, revenue, gains and (losses)	1,349,799	155,936	3,011,277	4,517,012
<b>Expenses:</b>				
Program services:				
Scholarships	355,182	-	-	355,182
Institutional support	345,539	-	-	345,539
Legislative	8,650	-	-	8,650
General and administrative	115,680	-	-	115,680
Fundraising	19,953	-	-	19,953
Charitable gift annuity distribution	15,038	-	-	15,038
Investment fees	-	-	-	-
Total expenses	860,042	-	-	860,042
Increase (decrease) in net assets	489,757	155,936	3,011,277	3,656,970
Net assets, beginning of year	52,005	986,634	6,222,449	7,261,088
<b>Net Assets, End of Year</b>	<b>\$ 541,762</b>	<b>\$ 1,142,570</b>	<b>\$ 9,233,726</b>	<b>\$ 10,918,058</b>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Eastern New Mexico University Foundation  
(a component unit of Eastern New Mexico University)  
Statements of Cash Flows  
June 30, 2012 and 2011

	<b>2012</b>	<b>2011</b>
<b>Cash Flows from Operating Activities:</b>		
Contributions	\$ 1,012,452	\$ 2,345,781
Payments to suppliers	(969,247)	(1,214,392)
Net cash provided (used) by operating activities	43,205	1,131,389
<b>Cash Flows from Investing Activities:</b>		
Purchase of investments	(803,370)	(1,036,821)
Interest income	278,773	243,711
Net cash provided (used) by investing activities	(524,597)	(793,110)
Net increase (decrease) in cash	(481,392)	338,279
Cash, beginning of year	630,051	291,772
Cash, end of year	\$ 148,659	\$ 630,051
<b>Reconciliation of Net Operating Revenues (Expenses) to Net Cash Used by Operating Activities:</b>		
Increase (decrease) in net assets	\$ (298,979)	\$ 3,656,970
Adjustments to reconcile operating income/(loss) to net cash provided/(used) by operations:		
Unrealized (gain) loss	478,274	(1,870,231)
Investment (gain) loss	(281,562)	(235,872)
Change in assets and liabilities:		
Receivables, net	-	6,552
Other assets	8,500	(71,679)
Accounts payable	65,240	(200,144)
Other liabilities	71,732	(154,207)
Net cash provided/(used) by operating activities	\$ 43,205	\$ 1,131,389

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
Eastern New Mexico University Foundation  
(a component unit of Eastern New Mexico University)  
Notes to Financial Statements  
June 30, 2012

**NOTE 1: 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.

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 \$1,178,416 and were reduced by the charitable gift annuities payable of \$174,464.

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.

**STATE OF NEW MEXICO**  
Eastern New Mexico University Foundation  
(a component unit of Eastern New Mexico University)  
Notes to Financial Statements  
June 30, 2012

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

C. *Public Support and Revenue(continued)*

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. 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. The Foundation's Forms 990, *Return of Organization Exempt from Income*

**STATE OF NEW MEXICO**  
 Eastern New Mexico University Foundation  
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 Notes to Financial Statements  
 June 30, 2012

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

H. *Tax Exempt Status(continued)*

*Tax*, for the years ending 2009, 2010, and 2011 are subject to examination by the IRS, generally for three years after they were filed

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.

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.

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.

**NOTE 2: INVESTMENTS**

The composition of investments is as follows as of June 30, 2012:

	Cost	Market
Investments		
Stocks	\$ 417,218	\$ 541,137
Mutual funds	8,311,495	10,047,623
	\$ 8,728,713	\$ 10,588,760

**STATE OF NEW MEXICO**  
Eastern New Mexico University Foundation  
(a component unit of Eastern New Mexico University)  
Notes to Financial Statements  
June 30, 2012

**NOTE 2: INVESTMENTS (continued)**

The composition of investments is as follows as of June 30, 2011:

	Cost	Market
Investments		
Mutual funds	\$ 8,162,053	\$ 10,260,875

Investment income (loss) is comprised of the following for the year ended June 30, 2012:

Interest and dividends	\$ 278,773
Net realized gains	2,789
Net unrealized losses	(478,274)
<b>Total investment loss</b>	<b>\$ (196,712)</b>

Investment income (loss) is comprised of the following for the year ended June 30, 2011:

Interest and dividends	\$ 243,711
Net realized gains	4,461
Net realized losses	(12,300)
Net unrealized gains	1,870,231
<b>Total investment gain</b>	<b>\$ 2,106,103</b>

**NOTE 3: DETAIL OF DEPOSIT AND INVESTMENT ACCOUNTS**

The following is the detail of the deposit and investment accounts at June 30, 2012:

Name of Bank/Broker	Account Type	Balance per Bank Statement	Reconciled Balance per Books
<b>Deposit Accounts</b>			
James Polk Stone			
National Bank	Deposit	\$ 68,035	\$ 66,169
Edward Jones	Deposit	82,490	82,490
		\$ 150,525	\$ 148,659
<b>Investment Accounts</b>			
Edward Jones	Stocks	\$ 541,137	\$ 541,137
Edward Jones	Mutual funds	10,047,623	10,047,623
		\$ 10,588,760	\$ 10,588,760

The difference between the Balance per Bank Statement and the Balance per Books for the James Polk Stone National Bank account is \$1,866, 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, 2012, \$0 of the Foundation’s bank balance of \$150,525 was uninsured and uncollateralized.

**STATE OF NEW MEXICO**  
 Eastern New Mexico University Foundation  
 (a component unit of Eastern New Mexico University)  
 Notes to Financial Statements  
 June 30, 2012

**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, 2012 and 2011, the University paid the salaries and benefits for the Foundation's full-time executive director, administrative and accounting services valued at approximately \$171,567 and \$157,069, respectively.

During the years ended June 30, 2012 and 2011, the University contributed the Foundation's printing, postage, utilities, travel, and data processing costs valued at approximately \$13,422 and \$12,947, 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, 2012 and 2011, were as follows:

	<u>2012</u>	<u>2011</u>
Purpose restrictions accomplished:		
General use for departments	\$ 368,155	\$ 327,581
Student aid	327,297	229,885
Building, grounds, equipment, facilities	66,479	15,813
	<u>\$ 761,931</u>	<u>\$ 573,279</u>

**STATE OF NEW MEXICO**  
 Eastern New Mexico University Foundation  
 (a component unit of Eastern New Mexico University)  
 Notes to Financial Statements  
 June 30, 2012

**NOTE 8: NET ASSETS**

Temporarily restricted net assets are restricted for:

	<b>2012</b>	<b>2011</b>
Tuition assistance and institutional support	\$ 1,006,765	\$ 1,142,570

Permanently restricted net assets are restricted for:

	<b>2012</b>	<b>2011</b>
Permanent endowments, income to be used for tuition assistance and institutional support	\$ 9,259,188	\$ 9,233,726

**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, 2012:

	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, 2012
<b>Assets at Fair Market Value</b>				
Mutual funds	\$ 10,588,760	\$ -	\$ -	\$ 10,588,760

**STATE OF NEW MEXICO**  
 Eastern New Mexico University Foundation  
 (a component unit of Eastern New Mexico University)  
 Notes to Financial Statements  
 June 30, 2012

**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. 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:

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

**STATE OF NEW MEXICO**  
Eastern New Mexico University Foundation  
(a component unit of Eastern New Mexico University)  
Notes to Financial Statements  
June 30, 2012

**NOTE 10: ENDOWMENTS (continued)**

Endowment Net Asset Composition by Type of Fund as of June 30, 2012:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment investment funds	\$ -	\$ -	\$ 9,259,188	\$ 9,259,188

Endowment Net Asset Composition by Type of Fund as of June 30, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment investment funds	\$ -	\$ -	\$ 9,233,726	\$ 9,233,726

Changes in Endowment Net Asset for the Year Ended June 30, 2012:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ -	\$ 9,233,726	\$ 9,233,726
Investment income	-	-	243,833	243,833
Net loss (realized and unrealized)	-	-	(401,155)	(401,155)
Contributions	-	-	182,784	182,784
Appropriation of endowment assets for expenditure	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,259,188</u>	<u>\$ 9,259,188</u>

Changes in Endowment Net Asset for the Year Ended June 30, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ -	\$ 6,222,449	\$ 6,222,449
Investment income	-	-	209,451	209,451
Net gain (realized and unrealized)	-	-	1,576,343	1,576,343
Contributions	-	-	1,225,483	1,225,483
Appropriation of endowment assets for expenditure	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,233,726</u>	<u>\$ 9,233,726</u>



**COMPLIANCE SECTION**

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**Accounting & Consulting Group, LLP**  
Certified Public Accountants

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

Hector H. Balderas  
New Mexico State Auditor and  
the Board of 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, 2012 and June 30, 2011, and the related statements of activities and cash flows for the years then ended and have issued our report thereon dated October 22, 2012. 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

Management of the Foundation is responsible for establishing and maintaining effective 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  
October 22, 2012

**STATE OF NEW MEXICO**  
Eastern New Mexico University Foundation  
(a component unit of Eastern New Mexico University)  
Schedule of Findings and Responses  
June 30, 2012

**A. FINDINGS – FINANCIAL STATEMENT AUDIT**

There were no current year findings

**B. PRIOR YEAR AUDIT FINDINGS**

There were no prior year findings

**STATE OF NEW MEXICO**  
Eastern New Mexico University Foundation  
(a component unit of Eastern New Mexico University)  
Other Disclosures  
June 30, 2012

**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, 2012.

**Exit Conference**

An exit conference was held on October 22, 2012. In attendance were the following:

Foundation Officials

Steve Doerr, President – Executive Committee  
Lee Black, Vice President – Executive Committee  
Noelle Bartl, Executive Director  
Kenny Prince, Accountant

Auditors

Jeff McWhorter, Partner  
Shelley Olson, Supervisor

