



Eastern New Mexico University Foundation

Annual Financial Report

June 30, 2013 and 2012



STATE OF NEW MEXICO

EASTERN NEW MEXICO UNIVERSITY FOUNDATION
(A COMPONENT UNIT OF EASTERN NEW MEXICO UNIVERSITY)

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT THEREON

JUNE 30, 2013 AND 2012

INTRODUCTORY SECTION

STATE OF NEW MEXICO
Eastern New Mexico University Foundation
(a component unit of Eastern New Mexico University)
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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, 2013

Ex-Officio Members

Mrs. Noelle Bartl	Executive Director
Dr. Steven Gamble	President of Eastern New Mexico University
Mr. Scott Smart	Vice President of Eastern New Mexico University Business Affairs
Mr. Kenny Prince	Eastern New Mexico University Accountant

Honorary Directors

Dr. Patrice Caldwell	University Friends of Music Representative
Dr. Jeff Geiser	Bench Club Representative
Mrs. Sandi Black	Alumni Association President
Mr. Duane Ryan	KENW Representative
Mrs. Jane Christensen	Eastern New Mexico University Board of Regents Representative

Directors

Mr. Stephen Doerr	President
Mr. Lee Black	Vice President
Dr. Buck Wilson	Treasurer
Dr. Renee Neely	Secretary
Ms. Julie Canon	Director
Mr. Larry Combs	Director
Mr. Michael Dillard	Director
Mrs. Dora Dominguez	Director
Dr. Thurman Elder	Director
Mr. Ray Hammond	Director
Mrs. Niki Harmon	Director
Dr. Luke Hinshaw	Director
Mr. Ron Holcomb	Director
Mr. Leo Lovett	Director
Mrs. Janie Moberly	Director
Mr. Wayne Propst	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 Auditors' Report

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

Report on the Financial Statements

We have audited 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, which comprise the statements of financial position as of June 30, 2013 and June 30, 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

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 the 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 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 auditors' 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 Foundation'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 Foundation'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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2013 and June 30, 2012, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2013, 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* considering Eastern New Mexico University Foundation's internal control over financial reporting and compliance.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Roswell, New Mexico
October 29, 2013

STATE OF NEW MEXICO
 Eastern New Mexico University Foundation
 (a component unit of Eastern New Mexico University)
 Statements of Financial Position
 June 30, 2013 and 2012

	2013	2012
Assets		
Cash and cash equivalents	\$ 241,276	\$ 148,659
Other assets	108,456	129,956
Investments	11,557,047	10,138,885
Investments held in charitable gift annuity agreements	415,456	449,875
<i>Total assets</i>	\$ 12,322,235	\$ 10,867,375
Liabilities		
Gift annuities payable	\$ 209,445	\$ 174,464
Accounts payable	19,216	73,832
<i>Total liabilities</i>	228,661	248,296
Net assets		
Unrestricted	456,183	353,126
Temporarily restricted	902,713	1,006,765
Permanently restricted	10,734,678	9,259,188
<i>Total net assets</i>	12,093,574	10,619,079
<i>Total liabilities and net assets</i>	\$ 12,322,235	\$ 10,867,375

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, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and support				
Support				
Contributions	\$ 126,573	\$ 658,551	\$ 222,842	\$ 1,007,966
Revenue, gains and (losses)				
Interest and dividends	14,299	17,375	132,574	164,248
Net realized gains	-	-	1,573,127	1,573,127
Net unrealized gains (losses)	161,047	149,997	(453,053)	(142,009)
Total revenue, gains and (losses)	175,346	167,372	1,252,648	1,595,366
Net assets released from restriction				
Satisfaction of donor restriction	929,975	(929,975)	-	-
Total support, revenue, gains and (losses)	1,231,894	(104,052)	1,475,490	2,603,332
Expenses				
Program services				
Scholarships	492,511	-	-	492,511
Institutional support	456,040	-	-	456,040
Legislative	17,024	-	-	17,024
General and administrative	115,013	-	-	115,013
Fundraising	22,587	-	-	22,587
Charitable gift annuity distribution	25,662	-	-	25,662
Total expenses	1,128,837	-	-	1,128,837
Increase (decrease) in net assets	103,057	(104,052)	1,475,490	1,474,495
Net assets, beginning of year	353,126	1,006,765	9,259,188	10,619,079
Net assets, end of year	\$ 456,183	\$ 902,713	\$ 10,734,678	\$ 12,093,574

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
Revenue and support				
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 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)
Net positions released from restriction				
Satisfaction of donor restriction	761,931	(761,931)	-	-
Total support, revenue, gains and (losses)	917,583	(135,805)	25,462	807,240
Expenses				
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
Net assets, end of year	\$ 353,126	\$ 1,006,765	\$ 9,259,188	\$ 10,619,079

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
For the Years Ended June 30, 2013 and 2012

	2013	2012
Cash Flows from Operating Activities		
Contributions	\$ 1,029,466	\$ 1,012,452
Payments to suppliers	(1,148,472)	(969,247)
Net cash provided (used) by operating activities	(119,006)	43,205
Cash Flows from Investing Activities		
Purchase of investments	47,375	(803,370)
Interest income	164,248	278,773
Net cash provided (used) by investing activities	211,623	(524,597)
Net increase (decrease) in cash	92,617	(481,392)
Cash, beginning of year	148,659	630,051
Cash, end of year	\$ 241,276	\$ 148,659
Reconciliation of increase (decrease) in net assets to net cash provided (used) by operating activities		
Increase (decrease) in net assets	\$ 1,474,495	\$ (298,979)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities		
Unrealized (gain) loss	142,009	478,274
Investment (gain) loss	(1,737,375)	(281,562)
Change in assets and liabilities		
Other assets	21,500	8,500
Accounts payable	(54,616)	65,240
Other liabilities	34,981	71,732
Net cash provided/(used) by operating activities	\$ (119,006)	\$ 43,205

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, 2013

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 \$1,217,411 and were reduced by the charitable gift annuities payable of \$209,445.

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, 2013

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
 (a component unit of Eastern New Mexico University)
 Notes to Financial Statements
 June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. *Tax Exempt Status (continued)*

Tax, for the years ending 2010, 2011, and 2012 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.

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, 2013:

	<u>Cost</u>	<u>Market</u>
Investments		
Stocks	\$ 314,122	\$ 480,593
Mutual funds	10,702,963	11,491,910
	<u>\$ 11,017,085</u>	<u>\$ 11,972,503</u>

STATE OF NEW MEXICO
Eastern New Mexico University Foundation
(a component unit of Eastern New Mexico University)
Notes to Financial Statements
June 30, 2013

NOTE 2: INVESTMENTS (continued)

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

Investment income (loss) is comprised of the following for the year ended June 30, 2013:

Interest and dividends	\$ 164,248
Net realized gains	1,573,127
Net unrealized losses	(142,009)
Total investment gain	\$ 1,595,366

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)
Total investment loss	\$ (196,712)

NOTE 3: DETAIL OF DEPOSIT AND INVESTMENT ACCOUNTS

The following is the detail of the deposit and investment accounts at June 30, 2013:

Name of Bank/Broker	Account Type	Balance per Bank Statement	Reconciled Balance per Books
Deposit Accounts			
James Polk Stone			
National Bank	Deposit	\$ 346,662	\$ 141,566
Edward Jones	Deposit	99,710	99,710
		\$ 446,372	\$ 241,276
Investment Accounts			
Edward Jones	Stocks	\$ 480,593	\$ 480,593
Edward Jones	Mutual funds	11,491,910	11,491,910
		\$ 11,972,503	\$ 11,972,503

The difference between the Balance per Bank Statement and the Balance per Books for the James Polk Stone National Bank account is \$205,096, 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, 2013, \$96,662 of the Foundation’s bank balance of \$446,372 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, 2013

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, 2013 and 2012, the University paid the salaries and benefits for the Foundation's full-time executive director, administrative and accounting services valued at approximately \$171,390 and \$171,567, respectively.

During the years ended June 30, 2013 and 2012, the University contributed the Foundation's printing, postage, utilities, travel, and data processing costs valued at approximately \$11,912 and \$13,422, 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, 2013 and 2012, were as follows:

	<u>2013</u>	<u>2012</u>
Purpose restrictions accomplished:		
General use for departments	\$ 429,137	\$ 368,155
Student aid	492,510	327,297
Building, grounds, equipment, facilities	8,328	66,479
	<u>\$ 929,975</u>	<u>\$ 761,931</u>

STATE OF NEW MEXICO
Eastern New Mexico University Foundation
(a component unit of Eastern New Mexico University)
Notes to Financial Statements
June 30, 2013

NOTE 8: NET ASSETS

Temporarily restricted net assets are restricted for:

	2013	2012
Tuition assistance and institutional support	\$ 902,713	\$ 1,006,765

Permanently restricted net assets are restricted for:

	2013	2012
Permanent endowments, income to be used for tuition assistance and institutional support	\$ 10,734,678	\$ 9,259,188

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 include 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, 2013:

	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, 2013
Assets at Fair Market Value				
Mutual funds	\$ 11,972,503	\$ -	\$ -	\$ 11,972,503

STATE OF NEW MEXICO
 Eastern New Mexico University Foundation
 (a component unit of Eastern New Mexico University)
 Notes to Financial Statements
 June 30, 2013

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. 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 FASB Statement 124, *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. The following guidelines are established as an asset allocation strategy to protect against inflation and promote growth:

<u>Long Term Allowable</u>		
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, 2013

NOTE 10: ENDOWMENTS (continued)

Endowment Net Assets Composition by Type of Fund as of June 30, 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment investment funds	\$ -	\$ -	\$ 10,734,678	\$ 10,734,678

Endowment Net Assets 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

Changes in Endowment Net Assets for the Year Ended June 30, 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ -	\$ 9,259,188	\$ 9,259,188
Investment income	-	-	132,574	132,574
Net gain (loss) (realized and unrealized)	-	-	1,120,074	1,120,074
Contributions	-	-	222,842	222,842
Appropriation of endowment assets for expenditure	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,734,678</u>	<u>\$ 10,734,678</u>

Changes in Endowment Net Assets 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 gain (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>

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, 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 financial statements of Eastern New Mexico University Foundation (the "Foundation"), a component unit of Eastern New Mexico University, a not-for-profit organization, which comprise the statements of financial position as of June 30, 2013 and June 30, 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 29, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Foundation's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances 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. 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.

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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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, 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*.

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.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Roswell, New Mexico
October 29, 2013

STATE OF NEW MEXICO
Eastern New Mexico University Foundation
(a component unit of Eastern New Mexico University)
Schedule of Findings and Responses
June 30, 2013

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, 2013

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, 2013.

Exit Conference

An exit conference was held on October 29, 2013. In attendance were the following:

Foundation Officials

Steve Doerr, President – Executive Committee
Renee Neely, Secretary – Executive Committee
Noelle Bartl, Executive Director
Kenny Prince, Accountant
Scott Smart, Vice President of Business Affairs – ENMU

Auditors

Shelley Olson, CPA – Supervisor