



Eastern New Mexico University Foundation

Annual Financial Report

June 30, 2014



STATE OF NEW MEXICO
EASTERN NEW MEXICO UNIVERSITY FOUNDATION
(A COMPONENT UNIT OF EASTERN NEW MEXICO UNIVERSITY)
ANNUAL FINANCIAL REPORT
JUNE 30, 2014 AND 2013

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, 2014 and 2013

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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, 2014

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

Executive Committee

Mr. Stephen Doerr	President
Mr. Lee Black	Vice President
Dr. Buck Wilson	Treasurer
Dr. Renee Neely	Secretary

Board Members

Ms. Julie Canon	Board Member
Mr. Larry Combs	Board Member
Mr. Michael Dillard	Board Member
Mrs. Dora Dominguez	Board Member
Dr. Thurman Elder	Board Member
Mr. Ray Hammond	Board Member
Mrs. Niki Harmon	Board Member
Dr. Luke Hinshaw	Board Member
Mr. Ron Holcomb	Board Member
Mr. Leo Lovett	Board Member
Mrs. Janie Moberly	Board Member
Mr. Wayne Propst	Board Member
Mrs. Melveta Walker	Board Member
Mr. Jerry Wright	Board Member

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FINANCIAL SECTION

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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 nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and June 30, 2013, 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2014 and June 30, 2013, 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 31, 2014, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering 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 31, 2014

STATE OF NEW MEXICO
Eastern New Mexico University Foundation
(a component unit of Eastern New Mexico University)
Statements of Financial Position
June 30, 2014 and 2013

	2014	2013
Assets		
Cash and cash equivalents	\$ 251,869	\$ 241,276
Receivables	78,077	-
Other assets	108,456	108,456
Investments	13,964,799	11,557,047
Investments held in charitable gift annuity agreements	467,349	415,456
Prepaid expenses	495	-
<i>Total assets</i>	\$ 14,871,045	\$ 12,322,235
Liabilities		
Gift annuities payable	\$ 203,254	\$ 209,445
Accounts payable	194,792	19,216
<i>Total liabilities</i>	398,046	228,661
Net assets		
Unrestricted	442,068	456,183
Temporarily restricted	6,819,322	902,713
Permanently restricted	7,211,609	10,734,678
<i>Total net assets</i>	14,472,999	12,093,574
<i>Total liabilities and net assets</i>	\$ 14,871,045	\$ 12,322,235

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, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and support				
Support				
Contributions	\$ 123,091	\$ 1,866,825	\$ 241,288	\$ 2,231,204
Revenue, gains and (losses)				
Interest and dividends	61,459	586,275	-	647,734
Net realized gains	-	1,511,906	-	1,511,906
Net unrealized gains (losses)	148,712	171,613	-	320,325
Total revenue, gains and (losses)	210,171	2,269,794	-	2,479,965
Net assets released from restriction				
Satisfaction of donor restriction	1,947,296	(1,947,296)	-	-
Total support, revenue, gains and (losses)	2,280,558	2,189,323	241,288	4,711,169
Expenses				
Program services				
Scholarships	500,765	-	-	500,765
Institutional support	1,573,787	-	-	1,573,787
Legislative	14,997	-	-	14,997
General and administrative	74,687	-	-	74,687
Fundraising	101,633	-	-	101,633
Charitable gift annuity distribution	28,804	-	-	28,804
Total expenses	2,294,673	-	-	2,294,673
Increase (decrease) in net assets	(14,115)	2,189,323	241,288	2,416,496
Net assets, beginning of year	456,183	902,713	10,734,678	12,093,574
Restatement	-	3,727,286	(3,764,357)	(37,071)
Net assets, beginning of year restated	456,183	4,629,999	6,970,321	12,056,503
Net assets, end of year	\$ 442,068	\$ 6,819,322	\$ 7,211,609	\$ 14,472,999

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 positions 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)
Statements of Cash Flows
For the Years Ended June 30, 2014 and 2013

	2014	2013
Cash Flows from operating activities		
Contributions	\$ 2,152,632	\$ 1,029,466
Payments to suppliers	(2,162,359)	(1,148,472)
Net cash used by operating activities	(9,727)	(119,006)
Cash Flows from investing activities		
Purchase of investments	(627,414)	47,375
Interest income	647,734	164,248
Net cash provided by investing activities	20,320	211,623
Net increase in cash	10,593	92,617
Cash, beginning of year	241,276	148,659
Cash, end of year	\$ 251,869	\$ 241,276
Reconciliation of increase (decrease) in net assets to net cash provided (used) by operating activities		
Increase (decrease) in net assets	\$ 2,416,496	\$ 1,474,495
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities		
Unrealized (gain) loss	(320,325)	142,009
Investment (gain) loss	(2,159,640)	(1,737,375)
Change in assets and liabilities		
Receivables, net	(78,077)	-
Other assets	(495)	21,500
Accounts payable	138,505	(54,616)
Other liabilities	(6,191)	34,981
Net cash used by operating activities	\$ (9,727)	\$ (119,006)

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, 2014 and 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 \$2,434,458 and were reduced by the charitable gift annuities payable of \$203,254.

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 restricted net assets.

C. *Public Support and Revenue*

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.

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Notes to Financial Statements
June 30, 2014 and 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. *Promises to Give*

Contributions are recognized when the donor makes a promise to give to the Foundation. Contributions are reported as increases in unrestricted, temporarily, or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. The Foundation does not use a method to estimate uncollectible promises receivable. This is based on prior years' experience and management's analysis of specific promises made.

F. *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.

G. *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.

H. *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.

I. *Tax Exempt Status*

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

For the years ended June 30, 2014 and 2013, management of the Foundation believes it has adequate support for all material tax positions and that it is more likely than not, based on the technical merits, that the positions will be sustained upon examination. The Foundation recognizes interest and penalties, if any, related to taxes in interest expense.

All tax exempt entities are subject to review and audit by federal, state and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statutes. With few exceptions, the Foundation

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Notes to Financial Statements
June 30, 2014 and 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. *Tax Exempt Status (continued)*

is no longer subject to the U.S. federal income tax examination for years before 2009 or state income tax examinations for years before 2011.

J. *Use of Estimates*

Financial statement preparation in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the financial statement date, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates are used in preparing these financial statements, including the fair value of investments.

K. *Investment Valuation and Income Recognition*

The Foundation's investments are stated at fair value in the consolidated statement of financial position, with all gains and losses included in the consolidated statement of activities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for a discussion of fair value measurement.

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

Investments are made according to the investment policies adopted by the Foundation's Board of Directors. These guidelines provide for a balanced diversified portfolio with investments in equities, fixed income and other securities with performance measured against appropriate indices. Outside parties are contracted by the Foundation for the purpose of providing investment management.

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

NOTE 2: INVESTMENTS

The composition of investments is as follows as of June 30, 2014:

	Cost	Market
Investments		
Stocks	\$ 2,510	\$ 2,510
Mutual funds	13,441,029	14,429,638
	\$ 13,443,539	\$ 14,432,148

STATE OF NEW MEXICO
Eastern New Mexico University Foundation
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Notes to Financial Statements
June 30, 2014 and 2013

NOTE 2: INVESTMENTS (continued)

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>

Investment income is comprised of the following for the year ended June 30, 2014:

Interest and dividends	\$ 647,734
Net realized gains	1,511,906
Net unrealized gains	<u>320,325</u>
Total investment gain	<u><u>\$ 2,479,965</u></u>

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	<u>(142,009)</u>
Total investment gain	<u><u>\$ 1,595,366</u></u>

NOTE 3: DETAIL OF CASH ACCOUNTS

The following is the detail of the deposit and investment accounts at June 30, 2014 and 2013:

<u>Name of Bank/Broker</u>	<u>Account Type</u>	<u>Balance per Bank Statement</u>	<u>Reconciled Balance per Books</u>
June 30, 2014			
James Polk Stone National Bank	Checking-interest bearing	\$ 242,447	\$ 218,929
Edward Jones	Money market	32,932	32,932
		<u>\$ 275,379</u>	<u>\$ 251,861</u>
June 30, 2013			
James Polk Stone National Bank	Checking-interest bearing	\$ 346,662	\$ 141,531
Edward Jones	Money market	99,710	99,710
		<u>\$ 346,662</u>	<u>\$ 141,531</u>

The difference between the Balance per Bank Statement and the Balance per Books for the James Polk Stone National Bank account is \$23,518, 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, 2014, none of the Foundation’s bank balance of \$275,379 was uninsured and uncollateralized.

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NOTE 4: OTHER ASSETS

Other assets include real estate, jewelry and art work and are recorded at cost. The values of these other assets at June 30, 2014 and 2013 were \$351, \$4,425, and \$103,680 respectively.

NOTE 5: SERVICES FROM THE UNIVERSITY

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

During the years ended June 30, 2014 and 2013, the University paid the salaries and benefits for the Foundation's full-time executive director, administrative and accounting services valued at approximately \$195,015 and \$171,390, respectively.

During the years ended June 30, 2014 and 2013, the University contributed the Foundation's printing, postage, utilities, travel, and data processing costs valued at approximately \$10,051 and \$11,912, 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: RESTATEMENT

Net assets for the Foundation were restated by (\$37,071). Permanently restricted interest and dividends, net realized gains, and net unrealized gains (losses) were restated by (\$3,749,814) because gains in prior years were temporarily restricted, not permanently restricted, and transferred to temporarily restricted net assets, which were restated by \$3,749,814. Temporarily restricted net assets was restated by (\$22,528) and permanently restricted net assets were restated by (\$14,543) in a transfer to the ENMU-Ruidoso Foundation.

NOTE 8: 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, 2014 and 2013, were as follows:

	<u>2014</u>	<u>2013</u>
Purpose restrictions accomplished:		
General use for departments	\$ 328,733	\$ 429,137
Student aid	381,765	492,510
Building, grounds, equipment, facilities	1,236,798	8,328
	<u>\$ 1,947,296</u>	<u>\$ 929,975</u>

NOTE 9: NET ASSETS

Temporarily restricted net assets are restricted for:

	<u>2014</u>	<u>2013</u>
Tuition assistance and institutional support	\$ 6,819,322	\$ 902,713

STATE OF NEW MEXICO
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Notes to Financial Statements
June 30, 2014 and 2013

NOTE 9: NET ASSETS (continued)

Permanently restricted net assets are restricted for:

	2014	2013
Permanent endowments, income to be used for tuition assistance and institutional support	\$ 7,211,609	\$ 10,734,678

NOTE 10: FAIR VALUE MEASUREMENTS

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

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

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

Level 3 Level 3 inputs are significant unobservable inputs for the asset or liability.

The level of the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table sets forth by level within the fair value hierarchy, the Foundation's financial instruments at fair value as of June 30, 2014:

	Level 1	Level 2	Level 3	Total
Assets at Fair Market Value, June 30, 2014				
Growth funds	\$ 5,292,225	\$ -	\$ -	\$ 5,292,225
Value funds	3,768,527	-	-	3,768,527
Allocation funds	1,747,157	-	-	1,747,157
Blend funds	1,897,361	-	-	1,897,361
Stock funds	1,711,129	-	-	1,711,129
Emerging market funds	5,078	-	-	5,078
High yield bond funds	8,161	-	-	8,161
Stocks	2,510	-	-	2,510
Total, June 30, 2014	\$ 14,432,148	\$ -	\$ -	\$ 14,432,148
Assets at Fair Market Value, June 30, 2013				
Mutual funds	\$ 11,972,503	\$ -	\$ -	\$ 11,972,503
Total, June 30, 2013	\$ 11,972,503	\$ -	\$ -	\$ 11,972,503

STATE OF NEW MEXICO
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 Notes to Financial Statements
 June 30, 2014 and 2013

NOTE 11: 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 ASC 958, *Accounting for Certain Investments Held by Not-for-Profit Organizations*.

The primary objective of endowed investments will be to achieve as high a level of growth and income distributions as possible without assuming excessive risk. It is the intent of the Foundation to diversify as much as possible. The following guidelines are established as an asset allocation strategy to protect against inflation and promote growth:

Endowment Net Assets Composition by Type of Fund as of June 30, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment investment funds	\$ -	\$ -	\$ 7,211,609	\$ 7,211,609

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

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Notes to Financial Statements
June 30, 2014 and 2013

NOTE 11: ENDOWMENTS (continued)

Changes in Endowment Net Assets for the Year Ended June 30, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ -	\$ 10,734,678	\$ 10,734,678
Restatement	-	-	(3,764,357)	(3,764,357)
Endowment net assets, beginning of year restated	-	-	6,970,321	6,970,321
Investment income	-	-	-	-
Net gain (loss) (realized and unrealized)	-	-	-	-
Contributions	-	-	241,288	241,288
Appropriation of endowment assets for expenditure	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,211,609</u>	<u>\$ 7,211,609</u>

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>

COMPLIANCE SECTION

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**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, 2014 and June 30, 2013, 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 31, 2014.

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 31, 2014

STATE OF NEW MEXICO
Eastern New Mexico University Foundation
(a component unit of Eastern New Mexico University)
Schedule of Findings and Responses
June 30, 2014

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, 2014

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, 2014.

Exit Conference

An exit conference was held on October 31, 2014. In attendance were the following:

Foundation Officials

Steve Doerr, President – Executive Committee
Dr. Buck Wilson, Treasurer – Executive Committee
Noelle Bartl, Executive Director
Kenny Prince, Accountant

Auditors

Shelley Olson, CPA – Manager