



# **Eastern New Mexico University Foundation**

**(a component unit of Eastern New Mexico University)**

Annual Financial Report

June 30, 2015 and June 30, 2014





## **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, 2015 and 2014

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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, 2015

**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	Greyhound Club Representative
Mr. Randy Fowler	Alumni Association President
Mr. Duane Ryan	KENW Representative
Mrs. Susan Tatum	Eastern New Mexico University Board of Regents Representative

**Executive Committee**

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

**Board Members**

Mr. Lee Black	Board Member
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
Dr. Luke Hinshaw	Board Member
Mr. Ron Holcomb	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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**Accounting & Consulting Group, LLP**  
Certified Public Accountants

## **Independent Auditors' Report**

Timothy Keller  
New Mexico State Auditor and  
The Board of Directors  
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 nonprofit organization and component unit of Eastern New Mexico University, which comprise the statements of financial position as of June 30, 2015 and 2014, 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.

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, 2015 and June 30, 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2015, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP  
Roswell, New Mexico  
October 27, 2015

**STATE OF NEW MEXICO**  
Eastern New Mexico University Foundation  
(a component unit of Eastern New Mexico University)  
Statements of Financial Position  
June 30, 2015 and 2014

	<b>2015</b>	<b>2014</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 450,093	\$ 251,869
Receivables	137,431	78,077
Other assets	108,456	108,456
Investments	14,668,313	13,964,799
Investments held in charitable gift annuity agreements	476,238	467,349
Prepaid expenses	-	495
<i>Total assets</i>	\$ 15,840,531	\$ 14,871,045
 <b>Liabilities</b>		
Gift annuities payable	\$ 195,979	\$ 203,254
Accounts payable	131,925	194,792
<i>Total liabilities</i>	327,904	398,046
 <b>Net assets</b>		
Unrestricted	338,725	442,068
Temporarily restricted	7,536,225	6,819,322
Permanently restricted	7,637,677	7,211,609
<i>Total net assets</i>	15,512,627	14,472,999
<i>Total liabilities and net assets</i>	\$ 15,840,531	\$ 14,871,045

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, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and support				
Support				
Contributions	\$ 60,735	\$ 1,535,090	\$ 426,068	\$ 2,021,893
Revenue, gains and (losses)				
Interest and dividends	28,744	331,599	-	360,343
Net unrealized gains (losses)	48,544	529,425	-	577,969
Total revenue, gains and (losses)	77,288	861,024	-	938,312
Net assets released from restriction				
Satisfaction of donor restriction	1,679,211	(1,679,211)	-	-
Total support, revenue, gains and (losses)	1,817,234	716,903	426,068	2,960,205
Expenses				
Program services				
Scholarships	439,482	-	-	439,482
Institutional support	1,240,850	-	-	1,240,850
Legislative	15,928	-	-	15,928
General and administrative	87,050	-	-	87,050
Fundraising	108,463	-	-	108,463
Charitable gift annuity distribution	28,804	-	-	28,804
Total expenses	1,920,577	-	-	1,920,577
Increase (decrease) in net assets	(103,343)	716,903	426,068	1,039,628
Net assets, beginning of year	442,068	6,819,322	7,211,609	14,472,999
Net assets, end of year	\$ 338,725	\$ 7,536,225	\$ 7,637,677	\$ 15,512,627

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)  
Statements of Cash Flows  
For the Years Ended June 30, 2015 and 2014

	<b>2015</b>	<b>2014</b>
Cash Flows from operating activities		
Contributions	\$ 1,963,034	\$ 2,152,632
Payments to suppliers for good and services	(1,990,719)	(2,162,359)
Net cash used by operating activities	(27,685)	(9,727)
Cash Flows from investing activities		
Purchase of investments	(134,434)	(627,414)
Interest income	360,343	647,734
Net cash provided by investing activities	225,909	20,320
Net increase in cash	198,224	10,593
Cash, beginning of year	251,869	241,276
Cash, end of year	\$ 450,093	\$ 251,869
Reconciliation of increase (decrease) in net assets to net cash provided (used) by operating activities		
Increase (decrease) in net assets	\$ 1,039,628	\$ 2,416,496
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities		
Unrealized (gain) loss	(577,969)	(320,325)
Investment (gain) loss	(360,343)	(2,159,640)
Change in assets and liabilities		
Receivables, net	(59,354)	(78,077)
Other assets	495	(495)
Accounts payable	(62,867)	138,505
Other liabilities	(7,275)	(6,191)
Net cash used by operating activities	\$ (27,685)	\$ (9,727)

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 the Financial Statements  
June 30, 2015 and 2014

**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 \$2,217,872 and were reduced by the charitable gift annuities payable of \$195,979.

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 the Financial Statements  
June 30, 2015 and 2014

**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, 2015 and 2014, 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 the Financial Statements  
 June 30, 2015 and 2014

**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 2010 or state income tax examinations for years before 2012.

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, and the present value of annuities.

K. *Investment Valuation and Income Recognition*

The Foundation's investments are stated at fair value in the statement of financial position, with all gains and losses included in the 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, 2015:

	Cost	Market
Investments		
Stocks	\$ 1,373	\$ 1,373
Mutual funds	8,294,268	15,143,178
	\$ 8,295,641	\$ 15,144,551

**STATE OF NEW MEXICO**  
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Notes to the Financial Statements  
June 30, 2015 and 2014

**NOTE 2: Investments (continued)**

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

Investment income is comprised of the following for the year ended June 30, 2015:

Interest and dividends	\$ 360,343
Net unrealized gains	577,969
<b>Total investment gain</b>	<b>\$ 938,312</b>

Investment income (loss) 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 losses	320,325
<b>Total investment gain</b>	<b>\$ 2,479,965</b>

**NOTE 3: Detail of Cash Accounts**

The following is the detail of the deposit and investment accounts at June 30, 2015 and 2014:

Name of Bank/Broker	Account Type	Balance per Bank Statement	Reconciled Balance per Books
<b>June 30, 2015</b>			
James Polk Stone Community Bank	Checking-interest bearing	\$ 387,795	\$ 374,058
Edward Jones	Money market	76,035	76,035
		\$ 463,830	\$ 450,093
<b>June 30, 2014</b>			
James Polk Stone Community Bank	Checking-interest bearing	\$ 242,447	\$ 218,929
Edward Jones	Money market	32,932	32,932
		\$ 275,379	\$ 251,861

The difference between the Balance per Bank Statement and the Balance per Books for the James Polk Stone National Bank account is \$13,737, 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, 2015, \$137,795 of the Foundation’s bank balance of \$463,830 was uninsured and uncollateralized.

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Eastern New Mexico University Foundation  
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Notes to the Financial Statements  
June 30, 2015 and 2014

**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, 2015 and 2014 were \$108,456 and \$108,456, respectively.

**NOTE 5: Services from the University**

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

During the years ended June 30, 2015 and 2014, the University paid the salaries and benefits for the Foundation's full-time executive director, administrative and accounting services valued at approximately \$191,538 and \$195,015, respectively.

During the years ended June 30, 2015 and 2014, the University contributed the Foundation's printing, postage, utilities, travel, and data processing costs valued at approximately \$8,761 and \$10,051, 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 Restriction**

Net assets released from donor restrictions after incurring expenses that satisfied the restricted purposes or after the occurrence of other events specified by donors during the fiscal years ended June 30, 2015 and 2014, were as follows:

	<u>2015</u>	<u>2014</u>
Purpose restrictions accomplished:		
General use for departments	\$ 364,946	\$ 328,733
Student aid	438,361	381,765
Building, grounds, equipment, facilities	875,904	1,236,798
	<u>\$ 1,679,211</u>	<u>\$ 1,947,296</u>

**NOTE 8: Net Assets**

Temporarily restricted net assets are restricted for:

	<u>2015</u>	<u>2014</u>
Tuition assistance and institutional support	\$ 7,536,225	\$ 6,819,322

Permanently restricted net assets are restricted for:

	<u>2015</u>	<u>2014</u>
Permanent endowments, income to be used for tuition assistance and institutional support	\$ 7,637,677	\$ 7,211,609

**STATE OF NEW MEXICO**  
 Eastern New Mexico University Foundation  
 (a component unit of Eastern New Mexico University)  
 Notes to the Financial Statements  
 June 30, 2015 and 2014

**NOTE 9: Fair Value Measurements**

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

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

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

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

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

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

*Stocks* are valued based on the daily quoted market prices.

The following table sets forth by level within the fair value hierarchy, the Foundation's financial instruments at fair value as of June 30, 2015 and 2014:

	Level 1	Level 2	Level 3	Total
<b>Assets at Fair Market Value, June 30, 2015</b>				
Growth funds	\$ 11,581,920	\$ -	\$ -	\$ 11,581,920
Value funds	3,561,263	-	-	3,561,263
Stocks	1,373	-	-	1,373
<b>Total, June 30, 2015</b>	<b>\$ 15,144,556</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,144,556</b>
<b>Assets at Fair Market Value, June 30, 2014</b>				
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
<b>Total, June 30, 2014</b>	<b>\$ 14,432,148</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,432,148</b>

**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

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 Eastern New Mexico University Foundation  
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 June 30, 2015 and 2014

**NOTE 10: Endowments (continued)**

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, 2015:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Restricted</u>	<u>Total</u>
Donor-restricted endowment investment funds	\$ -	\$ -	\$ 7,637,677	\$ 7,637,677

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

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

Changes in Endowment Net Assets for the Year Ended June 30, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ -	\$ 7,211,609	\$ 7,211,609
Investment income	-	-	-	-
Net gain (loss) (realized and unrealized)	-	-	-	-
Contributions	-	-	426,068	426,068
Appropriation of endowment assets for expenditure	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,637,677</u>	<u>\$ 7,637,677</u>

**STATE OF NEW MEXICO**  
Eastern New Mexico University Foundation  
(a component unit of Eastern New Mexico University)  
Notes to the Financial Statements  
June 30, 2015 and 2014

**NOTE 10: 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>

**NOTE 11. Subsequent Events**

The Foundation has evaluated events subsequent to June 30, 2015 that would possibly require adjustment or disclosure in these financial statements, through October 27, 2015, the date that these financial statements were available to be issued.

No events have occurred subsequent to June 30, 2015 that would require adjustment of modification to the contents of these statements.

**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  
INDEPENDENT AUDITOR'S REPORT**

Timothy Keller  
New Mexico State Auditor and  
The Board of Directors  
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, 2015 and June 30, 2014, 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 27, 2015.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 27, 2015

**STATE OF NEW MEXICO**  
Eastern New Mexico University Foundation  
(a component unit of Eastern New Mexico University)  
Schedule of Findings and Responses  
June 30, 2015

**A. FINDINGS – FINANCIAL STATEMENT AUDIT**

There were no current year findings noted

**B. PRIOR YEAR AUDIT FINDINGS**

There were no prior year findings noted

**STATE OF NEW MEXICO**  
Eastern New Mexico University Foundation  
(a component unit of Eastern New Mexico University)  
Other Disclosures  
June 30, 2015

**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, 2015.

**Exit Conference**

An exit conference was held on October 27, 2015. In attendance were the following:

Foundation Officials

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

Auditors

Jessica Huff, CPA – In-charge Senior  
Shelley Olson, CPA – Manager