

Eastern New Mexico University Foundation

Annual Financial Report

June 30, 2016



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INTRODUCTORY SECTION

STATE OF NEW MEXICO
 Eastern New Mexico University Foundation
 (a component unit of Eastern New Mexico University)
 Table of Contents
 June 30, 2016 and 2015

	Exhibit	Page
INTRODUCTORY SECTION		
Table of Contents		4
Official Roster		5
FINANCIAL SECTION		
Independent Auditors' Report		8-9
Statement of Financial Position		10
Statement of Activities		11-12
Statement of Cash Flows		13
Notes to the Financial Statements		14-21
	Statement/ Schedule	Page
SUPPLEMENTARY INFORMATION		
SUPPORTING SCHEDULES		
Schedule of Vendor Information for Purchases Exceeding \$60,000 (Excluding GRT)	I	26-27
COMPLIANCE SECTION		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		30-31
Schedule of Findings and Questioned Costs	II	32
OTHER DISCLOSURES		33

STATE OF NEW MEXICO
Eastern New Mexico University Foundation
(a component unit of Eastern New Mexico University)
Official Roster
June 30, 2016

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
Mr. Jim Lucero	Board Member
Mr. Ron Holcomb	Board Member
Mrs. Janie Moberly	Board Member
Mr. Wayne Propst	Board Member
Mrs. Melveta Walker	Board Member

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FINANCIAL SECTION

Independent Auditors' Report

Timothy Keller
New Mexico State Auditor
To 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), as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

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. 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.

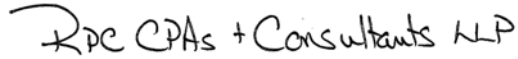
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2016 and 2015, and the changes in its financial position 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 25, 2016 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.



RPC CPAs + Consultants, LLP
Albuquerque, New Mexico
October 25, 2016

STATE OF NEW MEXICO
Eastern New Mexico University Foundation
(a component unit of Eastern New Mexico University)
Statements of Financial Position
June 30, 2016 and 2015

	2016	2015
Assets		
Cash and cash equivalents	\$ 265,222	\$ 450,093
Receivables	174,830	137,431
Other assets	108,456	108,456
Investments	13,479,189	14,668,313
Investments held in charitable gift annuity agreements	405,308	476,238
<i>Total assets</i>	\$ 14,433,005	\$ 15,840,531
 Liabilities		
Gift annuities payable	\$ 193,593	\$ 195,979
Accounts payable	16,012	131,925
<i>Total liabilities</i>	209,605	327,904
 Net assets		
Unrestricted	943,205	1,251,334
Temporarily restricted	5,348,972	6,523,897
Permanently restricted	7,931,223	7,737,396
<i>Total net assets</i>	14,223,400	15,512,627
<i>Total liabilities and net assets</i>	\$ 14,433,005	\$ 15,840,531

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, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and support				
Support				
Contributions	\$ 123,558	\$ 919,525	\$ 193,827	\$ 1,236,910
Revenue, gains and (losses)				
Interest and dividends	199,628	787,166	-	986,794
Net realized losses	-	(48,921)	-	(48,921)
Net unrealized losses	(140,569)	(1,813,377)	-	(1,953,946)
Total revenue, gains and (losses)	59,059	(1,075,132)	-	(1,016,073)
Net assets released from restriction				
Satisfaction of donor restriction	1,019,318	(1,019,318)	-	-
Total support, revenue, gains and (losses)	1,201,935	(1,174,925)	193,827	220,837
Expenses				
Program services				
Scholarships	262,135	-	-	262,135
Institutional support	1,026,062	-	-	1,026,062
Legislative	20,586	-	-	20,586
General and administrative	48,402	-	-	48,402
Fundraising	124,075	-	-	124,075
Charitable gift annuity distribution	28,804	-	-	28,804
Total expenses	1,510,064	-	-	1,510,064
Increase (decrease) in net assets	(308,129)	(1,174,925)	193,827	(1,289,227)
Net assets, beginning of year	1,251,334	6,523,897	7,737,396	15,512,627
Net assets, end of year	\$ 943,205	\$ 5,348,972	\$ 7,931,223	\$ 14,223,400

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
Reclassification (Note 8)	912,609	(1,012,328)	99,719	-
Net assets, end of year (reclassified)	<u>\$ 1,251,334</u>	<u>\$ 6,523,897</u>	<u>\$ 7,737,396</u>	<u>\$ 15,512,627</u>

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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from operating activities		
Contributions	\$ 1,199,511	\$ 1,963,034
Payments to suppliers for good and services	(1,628,363)	(1,990,719)
Net cash used by operating activities	<u>(428,852)</u>	<u>(27,685)</u>
Cash Flows from investing activities		
Purchase of investments	(2,208,722)	(134,434)
Sale of investments	1,465,909	-
Interest income	986,794	360,343
Net cash provided by investing activities	<u>243,981</u>	<u>225,909</u>
Net (decrease) increase in cash	(184,871)	198,224
Cash, beginning of year	<u>450,093</u>	<u>251,869</u>
Cash, end of year	<u>\$ 265,222</u>	<u>\$ 450,093</u>
Reconciliation of (decrease) increase in net assets to net cash provided (used) by operating activities		
(Decrease) increase in net assets	\$ (1,289,227)	\$ 1,039,628
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities		
Unrealized loss (gain)	1,953,946	(577,969)
Net realized losses	48,921	-
Investment (gain) loss	(986,794)	(360,343)
Change in assets and liabilities		
Receivables	(37,399)	(59,354)
Other assets	-	495
Accounts payable	(115,913)	(62,867)
Gift annuities payable	(2,386)	(7,275)
Net cash used by operating activities	<u>\$ (428,852)</u>	<u>\$ (27,685)</u>

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, 2016 and 2015

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 \$1,236,910.

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 and contribution revenue 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.

STATE OF NEW MEXICO
Eastern New Mexico University Foundation
(a component unit of Eastern New Mexico University)
Notes to the Financial Statements
June 30, 2016 and 2015

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. Unconditional promises to give are recorded as receivables. The Foundation considers these receivables to be fully collectible and, accordingly, no allowance for doubtful accounts is required. 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, 2016 and 2015, 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.

STATE OF NEW MEXICO
 Eastern New Mexico University Foundation
 (a component unit of Eastern New Mexico University)
 Notes to the Financial Statements
 June 30, 2016 and 2015

NOTE 1: Summary of Significant Accounting Policies (continued)

I. *Tax Exempt Status (continued)*

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 is no longer subject to the U.S. federal income tax examination for years before 2013 or state income tax examinations for years before 2013.

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 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, 2016:

	<u>Cost</u>	<u>Market</u>
Investments		
Stocks	\$ 1,373	\$ 1,373
Mutual Funds	7,081,590	13,883,124
	<u>\$ 7,082,963</u>	<u>\$ 13,884,497</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, 2016 and 2015

NOTE 2: Investments (continued)

The composition of investments is as follows as of June 30, 2015:

	<u>Cost</u>	<u>Market</u>
Investments		
Stocks	\$ 1,373	\$ 1,373
Mutual Funds	8,294,268	15,143,178
	<u>\$ 8,295,641</u>	<u>\$ 15,144,551</u>

Investment income (loss) is comprised of the following for the year ended June 30, 2016:

Interest and dividends	\$ 986,794
Net realized losses	(48,921)
Net unrealized losses	(1,953,946)
	<u>\$ (1,016,073)</u>

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

Interest and dividends	\$ 360,343
Net unrealized gain	577,969
	<u>\$ 938,312</u>

NOTE 3: 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.

STATE OF NEW MEXICO
Eastern New Mexico University Foundation
(a component unit of Eastern New Mexico University)
Notes to the Financial Statements
June 30, 2016 and 2015

NOTE 3: Fair Value Measurements (continued)

The following table sets forth by level within the fair value hierarchy, the Foundation's financial instruments at fair value as of June 30, 2016 and 2015:

	Level 1	Level 2	Level 3	Total
Assets at Fair Market Value, June 30, 2016				
Growth funds	\$ 10,310,185	\$ -	\$ -	\$ 10,310,185
Value funds	3,572,939	-	-	3,572,939
Stocks	1,373	-	-	1,373
Total, June 30, 2016	\$ 13,884,497	\$ -	\$ -	\$ 13,884,497
Assets at Fair Market Value, June 30, 2015				
Growth funds	\$ 11,581,920	\$ -	\$ -	\$ 11,581,920
Value funds	3,561,263	-	-	3,561,263
Stocks	1,373	-	-	1,373
Total, June 30, 2015	\$ 15,144,556	\$ -	\$ -	\$ 15,144,556

NOTE 4: Other Assets

Other assets include real estate, jewelry and art work and are recorded at fair value. The values of these other assets at June 30, 2016 and 2015 was \$108,456 for both years.

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, 2016 and 2015, the University paid the salaries and benefits for the Foundation's full-time executive director, administrative and accounting services valued at approximately \$189,789 and \$191,538, respectively.

During the years ended June 30, 2016 and 2015, the University contributed the Foundation's printing, postage, utilities, travel, and data processing costs valued at approximately \$46,089 and \$8,761, 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.

STATE OF NEW MEXICO
 Eastern New Mexico University Foundation
 (a component unit of Eastern New Mexico University)
 Notes to the Financial Statements
 June 30, 2016 and 2015

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, 2016 and 2015, were as follows:

	<u>2016</u>	<u>2015</u>
Purpose restrictions accomplished:		
General use for departments	\$ 81,147	\$ 364,946
Student aid	262,111	438,361
Building, grounds, equipment, facilities	676,060	875,904
	<u>\$ 1,019,318</u>	<u>\$ 1,679,211</u>

NOTE 8: Net Assets

Temporarily restricted net assets are restricted for:

	<u>2016</u>	<u>2015</u>
Tuition assistance and institutional support	\$ 5,348,972	\$ 6,523,897

Permanently restricted net assets are restricted for:

	<u>2016</u>	<u>2015</u>
Permanent endowments, income to be used for tuition assistance and institutional support	\$ 7,931,223	\$ 7,737,396

Unrestricted net assets was increased by \$912,609, temporarily restricted net assets was decreased by \$1,012,328 and permanently restricted net assets was increased by \$99,719 for an overall net change of \$0 in order to properly present net assets in the respective categories as explained in Note 1 of these notes to the financial statements.

NOTE 9: Detail of Cash Accounts

The following is the detail of the deposit and investment accounts at June 30, 2016 and 2015:

<u>Name of Bank/Broker</u>	<u>Account Type</u>	<u>Balance per Bank Statement</u>	<u>Reconciled Balance per Books</u>
June 30, 2016			
James Polk Stone			
Community Bank	Checking-interest bearing	\$ 128,934	\$ 116,240
Edward Jones	Money Market	148,982	148,982
		<u>\$ 277,916</u>	<u>\$ 265,222</u>
June 30, 2015			
James Polk Stone			
Community Bank	Checking-interest bearing	\$ 387,795	\$ 374,058
Edward Jones	Money Market	76,035	76,035
		<u>\$ 463,830</u>	<u>\$ 450,093</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, 2016 and 2015

NOTE 9: Detail of Cash Accounts (continued)

The difference between the Balance per Bank Statement and the Balance per Books for the James Polk Stone National Bank account is \$12,694, 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, 2016, none of the Foundation’s bank balance of \$277,916 was uninsured and uncollateralized.

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 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, 2016:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Restricted</u>	<u>Total</u>
Donor-restricted endowment investment funds	\$ -	\$ -	\$ 7,931,223	\$ 7,931,223

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	\$ -	\$ -	\$ 7,737,396	\$ 7,737,396

STATE OF NEW MEXICO
Eastern New Mexico University Foundation
(a component unit of Eastern New Mexico University)
Notes to the Financial Statements
June 30, 2016 and 2015

NOTE 10: Endowments (continued)

Changes in Endowment Net Assets for the Year Ended June 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ -	\$ 7,737,396	\$ 7,737,396
Net gain (loss) (realized and unrealized)	-	-	-	-
Contributions	-	-	193,827	193,827
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,931,223</u>	<u>\$ 7,931,223</u>

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
Contributions	-	-	426,068	426,068
Reclassification	-	-	99,719	99,719
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,737,396</u>	<u>\$ 7,737,396</u>

NOTE 11: Subsequent Events

The Foundation has evaluated events subsequent to June 30, 2016 that would possibly require adjustment or disclosure in these financial statements, through October 25, 2016, the date that these financial statements were available to be issued.

No events have occurred subsequent to June 30, 2016 that would require adjustment of modification to the contents of these statements.

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SUPPLEMENTARY INFORMATION

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SUPPORTING SCHEDULE

STATE OF NEW MEXICO

Eastern New Mexico University Foundation

(a component unit of Eastern New Mexico University)

Schedule of Vendor Information for Purchases Exceeding \$60,000 (Excluding GRT)

June 30, 2016 and 2015

<i>Agency Number</i>	<i>Agency Name</i>	<i>Agency Type</i>	<i>RFB#/RFP# (If applicable)</i>	<i>Type of Procurement</i>	<i>Vendor Name</i>	<i>Did Vendor Win Contract?</i>	<i>\$ Amount of Awarded Contract</i>
955-A	Eastern New Mexico University Foundation	Higher Education Institutions	2016	No items meeting the \$60,000 threshold reporting requirement were noted		for the current year.	

See independent auditors' report.

<i>\$ Amount of Amended Contract</i>	<i>Physical address of vendor (City, State)</i>	<i>Did the Vendor provide documentation of eligibility for in-state preference?</i>	<i>Did the Vendor provide documentation of eligibility for veterans' preference?</i>	<i>Brief Description of the Scope of Work</i>	<i>If the procurement is attributable to a Component Unit, Name of Component Unit</i>
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See independent auditors' report.

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COMPLIANCE SECTION

**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 AUDITORS' REPORT

Timothy Keller
New Mexico State Auditor
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 accompanying financial statements of Eastern New Mexico University Foundation (the "Foundation"), a component unit of Eastern New Mexico University, a not-for-profit organization, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements and have issued our report thereon dated October 25, 2016.

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 opinions 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.

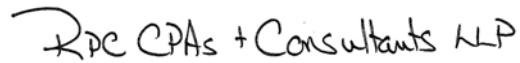
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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



RPC CPAs + Consultants, LLP
Albuquerque, New Mexico
October 25, 2016

STATE OF NEW MEXICO
Eastern New Mexico University Foundation
(a component unit of Eastern New Mexico University)
Schedule of Findings and Responses
June 30, 2016

Schedule II

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, 2016

Financial Statement Preparation

The financial statements together with the related footnotes and supporting schedules were prepared by RPC CPAs+ Consultants, LLP for the Foundation as of and for the year ended June 30, 2016.

Exit Conference

An exit conference was held on October 25, 2016. In attendance were the following:

Foundation Officials

Mr. Stephen Doerr, President
Noelle Bartl, Executive Director
Buck Wilson, Treasurer
Kenny Prince, Accountant

Auditors

Robert Cordova, CPA, A&A Partner
Jessica Small (Huff), CPA, In-charge Senior