

**STATE OF NEW MEXICO  
NEW MEXICO MILITARY INSTITUTE  
FOUNDATION, INC.**

**Financial Statements  
With Independent Auditor's Report Thereon  
June 30, 2008 and 2007**



## **INTRODUCTORY SECTION**



**NEW MEXICO MILITARY INSTITUTE FOUNDATION, INC.**

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**June 30, 2008 and 2007**

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**NEW MEXICO MILITARY INSTITUTE FOUNDATION, INC.**

**Board of Trustees**

**June 30, 2008**

**EXECUTIVE COMMITTEE**

Term Expires

|                     |                     |      |
|---------------------|---------------------|------|
| Don Brewer          | Chairman            | 2010 |
| James A. Solomon    | Vice-Chairman       | 2010 |
| Steve Elliott       | Secretary           | N/A  |
| Bill Armstrong, Jr. | Assistant Secretary | 2008 |
| Jim Matteucci       | Treasurer           | 2008 |
| Jesse F. Eckel      | Assistant Treasurer | 2010 |

**TRUSTEES**

|                       |                       |      |
|-----------------------|-----------------------|------|
| Bradford A. Christmas | Alumni Representative | N/A  |
| Nickie Vigil Garcia   | Member                | 2009 |
| Harris Kerr           | Alumni Representative | N/A  |
| Jesus Salazar         | Member                | 2008 |
| James H. Scroggin, II | Member                | 2010 |
| David R. Vandiver     | Member                | 2010 |
| Dick Waggoner         | Member                | 2010 |
| Marlin D. Wells       | Member                | 2009 |

**EX-OFFICIO MEMBER**

|                       |                |
|-----------------------|----------------|
| RADM David R. Ellison | Superintendent |
|-----------------------|----------------|

**PRESIDENT AND CHIEF EXECUTIVE OFFICER**

Jimmy L. Barnes, CPA





## **FINANCIAL SECTION**



MILLER & ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION

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## INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas  
New Mexico State Auditor and  
the Board of Trustees  
New Mexico Military Institute Foundation, Inc.  
Roswell, New Mexico

We have audited the accompanying basic financial statements of New Mexico Military Institute Foundation, Inc. (the "Foundation"), a component unit of the New Mexico Military Institute, a not-for-profit organization, as of June 30, 2008 and 2007, and the related statements of activities and cash flows for the years ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures, principles used and significant estimates made by management, as well as evaluating financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Foundation as of June 30, 2008 and 2007, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2008, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on



compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements taken as a whole. Additional information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

*Miller & Associates, CPA, P.C.*

Miller & Associates, CPA, P.C.  
September 17, 2008

**NEW MEXICO MILITARY INSTITUTE FOUNDATION, INC.**

**Statement of Financial Position**

**June 30, 2008 and 2007**

|  | Unrestricted |              | Temporarily Restricted |              |
|--|--------------|--------------|------------------------|--------------|
|  | 2008         | 2007         | 2008                   | 2007         |
| <b>ASSETS</b>                              |              |              |                        |              |
| Cash and cash equivalents                  | \$ 58,306    | \$ 322,710   | \$ 458,785             | \$ 1,573,157 |
| Accounts receivable                        | 50,531       | 26,194       | 500                    | -            |
| Prepaid expenses                           | 2,872        | 2,872        | -                      | -            |
| Pledges receivable                         | -            | -            | 560,483                | 723,470      |
| Investments                                | 5,610,694    | 5,980,914    | 6,086,351              | 7,182,258    |
| Office furniture and equipment, net        | 1,006        | 1,531        | -                      | -            |
| Land held for investment                   | 902,440      | 879,966      | -                      | -            |
| Other assets                               | -            | -            | -                      | -            |
| Beneficial interest in perpetual trust     | -            | -            | -                      | -            |
| Surrender value of life insurance policies | 463,655      | 432,609      | -                      | -            |
| Total assets                               | \$ 7,089,504 | \$ 7,646,796 | \$ 7,106,119           | \$ 9,478,885 |
| <br><b>LIABILITIES AND NET ASSETS</b>      |              |              |                        |              |
| Accounts payable                           | \$ 7,324     | \$ 22,225    | \$ 1,894               | \$ 57        |
| Annual leave payable                       | 13,493       | 17,617       | -                      | -            |
| Payable to NMMI                            | 69,298       | 98,452       | 63,138                 | 57,246       |
| Payable to NMMI Alumni Association         | -            | 3,231        | -                      | -            |
| Deferred support/revenue                   | 2,250        | -            | 404,373                | 457,367      |
| Total liabilities                          | 92,365       | 141,525      | 469,405                | 514,670      |
| <br>Net assets:                            |              |              |                        |              |
| Unrestricted                               | 6,997,139    | 7,505,271    | -                      | -            |
| Temporarily restricted                     | -            | -            | 6,636,714              | 8,964,215    |
| Permanently restricted                     | -            | -            | -                      | -            |
| Total net assets                           | 6,997,139    | 7,505,271    | 6,636,714              | 8,964,215    |
| Total liabilities and net assets           | \$ 7,089,504 | \$ 7,646,796 | \$ 7,106,119           | \$ 9,478,885 |

The accompanying notes are an integral part of these financial statements.

| Permanently Restricted |                      | Totals               |                      |
|------------------------|----------------------|----------------------|----------------------|
| 2008                   | 2007                 | 2008                 | 2007                 |
| \$ -                   | \$ -                 | \$ 517,091           | \$ 1,895,867         |
| -                      | -                    | 51,031               | 26,194               |
| -                      | -                    | 2,872                | 2,872                |
| 33,919                 | 200,745              | 594,402              | 924,215              |
| 16,519,165             | 16,181,876           | 28,216,210           | 29,345,048           |
| -                      | -                    | 1,006                | 1,531                |
| -                      | -                    | 902,440              | 879,966              |
| 50,000                 | 50,000               | 50,000               | 50,000               |
| 934,360                | 978,969              | 934,360              | 978,969              |
| -                      | -                    | 463,655              | 432,609              |
| <u>\$ 17,537,444</u>   | <u>\$ 17,411,590</u> | <u>\$ 31,733,067</u> | <u>\$ 34,537,271</u> |

|      |      |          |           |
|------|------|----------|-----------|
| \$ - | \$ - | \$ 9,218 | \$ 22,282 |
| -    | -    | 13,493   | 17,617    |
| -    | -    | 132,436  | 155,698   |
| -    | -    | -        | 3,231     |
| -    | -    | 406,623  | 457,367   |
| -    | -    | 561,770  | 656,195   |

|                      |                      |                      |                      |
|----------------------|----------------------|----------------------|----------------------|
| -                    | -                    | 6,997,139            | 7,505,271            |
| -                    | -                    | 6,636,714            | 8,964,215            |
| 17,537,444           | 17,411,590           | 17,537,444           | 17,411,590           |
| <u>17,537,444</u>    | <u>17,411,590</u>    | <u>31,171,297</u>    | <u>33,881,076</u>    |
| <u>\$ 17,537,444</u> | <u>\$ 17,411,590</u> | <u>\$ 31,733,067</u> | <u>\$ 34,537,271</u> |

The accompanying notes are an integral part of these financial statements.

**NEW MEXICO MILITARY INSTITUTE FOUNDATION, INC.**

**Statement of Activities**

**June 30, 2008 and 2007**

|  | Unrestricted        |                     | Temporarily Restricted |                     |
|--|---------------------|---------------------|------------------------|---------------------|
|  | 2008                | 2007                | 2008                   | 2007                |
| <b>REVENUE</b>   |                     |                     |                        |                     |
| Support:   |                     |                     |                        |                     |
| Contributions  | \$ 93,189           | \$ 72,348           | \$ 58,473              | \$ 195,594          |
| Revenue, gains and (losses):   |                     |                     |                        |                     |
| Gain on sale of assets   | -                   | 211,413             | -                      | -                   |
| Other revenues   | 3,040               | 1,341               | -                      | -                   |
| Rental income  | 308,621             | 251,977             | -                      | -                   |
| Change in cash value of life insurance                                       | 31,045              | (36,588)            | -                      | -                   |
| Investment income (loss), net  | (365,254)           | 871,480             | (1,435,657)            | 3,521,208           |
| Total revenue, gains and (losses)  | (22,548)            | 1,299,623           | (1,435,657)            | 3,521,208           |
| <b>NET ASSETS RELEASED FROM RESTRICTION</b>                                  |                     |                     |                        |                     |
| Satisfaction of donor restriction:   | 950,317             | 856,518             | (950,317)              | (856,518)           |
| Total support, revenue, gains and (losses)                                   | 1,020,958           | 2,228,489           | (2,327,501)            | 2,860,284           |
| <b>EXPENSES</b>  |                     |                     |                        |                     |
| Program services   | 1,185,220           | 1,080,402           | -                      | -                   |
| Supporting services  | 302,309             | 280,353             | -                      | -                   |
| Real estate expenses   | 41,561              | 25,171              | -                      | -                   |
| Total expenses   | 1,529,090           | 1,385,926           | -                      | -                   |
| Increase (decrease) in net assets  | (508,132)           | 842,563             | (2,327,501)            | 2,860,284           |
| Net assets, beginning of year  | 7,505,271           | 6,662,708           | 8,964,215              | 6,125,931           |
| Transfer of temporarily restricted funds to permanently restricted endowment | -                   | -                   | -                      | (22,000)            |
| <b>NET ASSETS, end of year</b>   | <b>\$ 6,997,139</b> | <b>\$ 7,505,271</b> | <b>\$ 6,636,714</b>    | <b>\$ 8,964,215</b> |

The accompanying notes are an integral part of these financial statements.



| <b>Permanently Restricted</b> |                      | <b>Totals</b>        |                      |
|-------------------------------|----------------------|----------------------|----------------------|
| <b>2008</b>                   | <b>2007</b>          | <b>2008</b>          | <b>2007</b>          |
| \$ 170,463                    | \$ 253,412           | \$ 322,125           | \$ 521,354           |
| -                             | -                    | -                    | 211,413              |
| -                             | -                    | 3,040                | 1,341                |
| -                             | -                    | 308,621              | 251,977              |
| -                             | -                    | 31,045               | (36,588)             |
| (44,609)                      | 117,495              | (1,845,520)          | 4,510,183            |
| (44,609)                      | 117,495              | (1,502,814)          | 4,938,326            |
| -                             | -                    | -                    | -                    |
| 125,854                       | 370,907              | (1,180,689)          | 5,459,680            |
| -                             | -                    | 1,185,220            | 1,080,402            |
| -                             | -                    | 302,309              | 280,353              |
| -                             | -                    | 41,561               | 25,171               |
| -                             | -                    | 1,529,090            | 1,385,926            |
| 125,854                       | 370,907              | (2,709,779)          | 4,073,754            |
| 17,411,590                    | 17,018,683           | 33,881,076           | 29,807,322           |
| -                             | 22,000               | -                    | -                    |
| <u>\$ 17,537,444</u>          | <u>\$ 17,411,590</u> | <u>\$ 31,171,297</u> | <u>\$ 33,881,076</u> |

The accompanying notes are an integral part of these financial statements.



**NEW MEXICO MILITARY INSTITUTE FOUNDATION, INC.**

**Statement of Cash Flows**

**June 30, 2008 and 2007**

|   | <u>2008</u>        | <u>2007</u>         |
|---|--------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                    |                     |
| Increase in net assets  | \$ (2,709,779)     | \$ 4,073,754        |
| Adjustment to reconcile increase (decrease) in net assets<br>to net cash provided (used) by operating activities: |                    |                     |
| Depreciation  | 525                | 525                 |
| Realized and unrealized (gain) loss in investments  | 2,325,167          | (4,103,034)         |
| Gain on sale of assets  | -                  | (211,413)           |
| Property transferred to NMMI  | 89,232             | 59,858              |
| (Increase) decrease in cash value of life insurance policies  | (31,046)           | 36,588              |
| Contribution of stock   | -                  | (24,502)            |
| Change in net assets and liabilities:   |                    |                     |
| Accounts receivable   | (24,837)           | (26,194)            |
| Prepaid assets  | -                  | (63)                |
| Unconditional promise-to-give   | 329,813            | 136,085             |
| Accounts payable  | (13,064)           | 18,559              |
| Annual leave payable  | (4,124)            | 4,332               |
| Payable to related parties  | (26,493)           | 70,935              |
| Net cash provided (used) by operating activities  | <u>(64,606)</u>    | <u>35,430</u>       |
| <br><b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                    |                     |
| Proceeds from the sale of real estate   | -                  | 213,641             |
| Purchase of real estate   | (111,706)          | (83,542)            |
| Purchase of investments   | (1,591,061)        | (4,855,814)         |
| Proceeds from sale of investments   | 439,341            | 4,729,728           |
| Net cash provided (used) by investing activities  | <u>(1,263,426)</u> | <u>4,013</u>        |
| <br><b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                    |                     |
| Increase (Decrease) in deferred support   | <u>(50,744)</u>    | <u>40,988</u>       |
| Net cash provided (used) by financing activities  | <u>(50,744)</u>    | <u>40,988</u>       |
| <br>Net increase (decrease) in cash   | (1,378,776)        | 80,431              |
| <br>Cash, beginning of year   | <u>1,895,867</u>   | <u>1,815,436</u>    |
| <br>Cash, end of year   | <u>\$ 517,091</u>  | <u>\$ 1,895,867</u> |

The accompanying notes are an integral part of these financial statements.



**NEW MEXICO MILITARY INSTITUTE FOUNDATION, INC.**

**Notes to Financial Statements**

**June 30, 2008 and 2007**

**NOTE 1: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. *Organization***

The New Mexico Military Institute Foundation, Inc., (Foundation) is a not-for-profit corporation, which was incorporated in the State of New Mexico on October 9, 1945. The Foundation receives support from contributions, earnings on investments and rental of real estate.

The purpose of the Foundation is to create, maintain and administer assets for the benefit of the New Mexico Military Institute (the "Institute"), a state educational institution, located in Roswell, New Mexico. The earnings from these assets are to be used for research, scientific and literacy purposes; for increasing the buildings, equipment and other facilities of the Institute; to provide for scholarships for Institute cadets and to promote general growth, welfare and maintenance of the Institute. The Foundation is considered a component unit of the Institute in accordance with government Auditing Standards generally accepted in the United States of America and these financial statements include all activities over which the Foundation has responsibility.

The Foundation receives and is dependent on contributions and on rental income from ground leases and commercial buildings located in Chaves County, New Mexico. For the years ended June 30, 2008 and 2007, the Foundation received \$228,936 and \$449,006 respectively, in restricted contributions. For the years ended June 30, 2008 and 2007, the Foundation received \$308,621 and \$251,977, respectively, in rental income.

**B. *Basis of Presentation***

The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

The Foundation does not have any of the three characteristics which define a government. Therefore, the Foundation has adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to the following three classes of net assets (1) unrestricted net assets comprised of net assets not subject to donor-



NEW MEXICO MILITARY INSTITUTE FOUNDATION, INC.

Notes to Financial Statements

June 30, 2008 and 2007

NOTE 1: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Basis of Presentation (continued)*

imposed stipulations and all resources over which the Board of Trustees has discretionary control to use in carrying out the operations of the Foundation in accordance with its articles of incorporation and bylaws; gifts of long-lived assets, received without donor restrictions, are classified as unrestricted net assets, (2) temporarily restricted net assets comprised of net assets subject to donor imposed stipulations that may or will be met either by actions of the Foundation and/or passage of time, and (3) permanently restricted net assets comprised of net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation.

C. *Contributions*

Contributions are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence of any donor restrictions. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

D. *Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. *Income Taxes*

Income taxes are not provided for in the financial statements, as the Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Foundation is not classified as a private foundation and had no unrelated business income during the years ended June 30, 2008 and 2007.





**NEW MEXICO MILITARY INSTITUTE FOUNDATION, INC.**

**Notes to Financial Statements**

**June 30, 2008 and 2007**

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

F. *Cash and Cash Equivalents*

For purposes of the statement of cash flows, cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments in managed funds, bonds and contributions designated for long-term purposes or received with donor restrictions limiting their use to long-term purposes are not considered cash or cash equivalents.

For the years ended June 30, 2008 and 2007, the Foundation had non-cash investing activities relating to the contributions of stock in the amount of \$22,615 and \$24,502, respectively. For the years ended June 30, 2008 and 2007, the Foundation did not pay any income tax or interest expense.

G. *Annual Leave*

Accumulated unpaid vacation is accrued when incurred. In the event of separation, an employee may be eligible for payment of accumulated unpaid vacation up to a maximum of 20 days. Accumulated sick leave is not paid upon separation of employment.

H. *Concentration of Risk*

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash balances, accounts receivable and investments in managed funds and bonds. Cash is on deposit with a financial institution in Chaves County, which is a member of the Federal Deposit Insurance Corporation (FDIC) with accounts insured up to \$100,000. During the year ended June 30, 2008, cash deposited did not exceed FDIC coverage. During the year ended June 30, 2007 cash deposited exceeded FDIC coverage by \$34,923. Investments are held by investment managers, which are members of Securities Investor Protection Corporation. The Foundation's accounts receivable are due from third parties. The Foundation's maximum risk of accounting loss associated with accounts receivable are generally not required. Credit losses are provided for in the financial statements when deemed necessary.



NEW MEXICO MILITARY INSTITUTE FOUNDATION, INC.

Notes to Financial Statements

June 30, 2008 and 2007

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

I. *Life Insurance*

The Foundation is the owner and beneficiary of numerous life insurance policies gifted to it by donors. The policies are presented at their aggregate cash value at June 30, 2008 and 2007. Increases in cash value during the year are recognized as earned revenue.

J. *Donated Facilities and Services*

The Institute provided office space including building maintenance, utilities and janitorial services to the Foundation at no charge, as more fully described in Note 10.

**NOTE 2: PLEDGES RECEIVABLE**

Pledges receivable are unconditional and due in varying amounts and periods. Unconditional pledges receivable at June 30, 2008 totaled \$887,407, excluding a present value discount of \$293,005. At June 30, 2007 pledges receivable totaled \$1,307,053, excluding a present value discount of \$382,838. Of the pledges outstanding at June 30, 2008, the Foundation anticipates collecting \$594,402 during the years ended June 30, 2009 through June 30, 2025. Of the pledges outstanding at June 30, 2007, the Foundation collected \$209,822, during the year ended June 30, 2008.

Pledges receivable at June 30, 2008 are as follows:

|   |                   |
|---|-------------------|
| Receivable in less than one year        | \$ 88,403         |
| Receivable in one to five years         | 217,816           |
| Receivable in more than five years      | 581,188           |
| Total pledges receivable                | <u>887,407</u>    |
| Less discounts to net present value     | <u>(293,005)</u>  |
| Net pledges receivable at June 30, 2008 | <u>\$ 594,402</u> |

Pledges receivable in more than one year are discounted approximately 4%.

**NOTE 3: INVESTMENTS**

Investments in managed funds and bonds, with readily determinable fair market values, are recorded at their fair market values in the statements of financial position. The fair value of the managed funds and bonds were determined based on the publicly reported over-the-counter market prices of the respective securities.



**NEW MEXICO MILITARY INSTITUTE FOUNDATION, INC.**

**Notes to Financial Statements**

**June 30, 2008 and 2007**

**NOTE 3: INVESTMENTS (continued)**

Unrealized gains and losses are included in net investment income in the accompanying statement of activities. Investment income and gains restricted by donors are reported as temporarily restricted or permanently restricted income and gains restricted by donors are reported as temporarily restricted or permanently restricted increases in net assets as applicable. In accordance with SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, losses on Investments of donor restricted endowed fund should reduce the accumulated earnings of related temporarily restricted net assets to zero with any remaining loss allocated to unrestricted net assets.

Net investment income consists of interest, dividends, realized and unrealized gains and losses less management fees and foreign income taxes paid.

The Foundation maintains pooled investment accounts for its unrestricted, temporarily restricted and permanently restricted assets. Realized gains and losses and earnings on investments are allocated monthly to the net assets based on the relationship of the cost of respective net asset and accumulated earnings to the total cost and accumulated earnings of the pooled investment accounts, as adjusted for additions to or deductions from those accounts.

| Managed Funds/Bonds      | 2008                 |                      | 2007                 |                      |
|--------------------------|----------------------|----------------------|----------------------|----------------------|
|                          | Market               | Cost                 | Market               | Cost                 |
| Dodge & Cox              | \$ 4,754,959         | \$ 3,733,774         | \$ 5,389,209         | \$ 3,429,488         |
| Newport Asia Fund        | 445,162              | 500,000              | -                    | -                    |
| Pine Grove               | 3,156,597            | 2,150,000            | 2,991,679            | 2,150,000            |
| Pimco Funds              | 4,485,199            | 4,566,105            | 4,544,904            | 4,571,063            |
| Private Advisors Fund    | 3,255,016            | 2,150,000            | 3,234,571            | 2,150,000            |
| Longleaf Partners Fund   | 948,097              | 1,236,671            | 1,152,981            | 1,092,139            |
| Wellington Micro Cap     | 1,569,734            | 1,184,601            | 1,939,387            | 1,218,359            |
| Wellington Trust Company | 8,109,974            | 5,984,886            | 9,058,488            | 5,855,414            |
| Fortress Partners Fund   | 1,491,472            | 1,500,000            | 1,033,829            | 1,000,000            |
|                          | <u>28,216,210</u>    | <u>23,006,037</u>    | <u>29,345,048</u>    | <u>21,466,463</u>    |
| Less:                    |                      |                      |                      |                      |
| Deferred support         | (404,373)            | (404,373)            | (457,367)            | (457,367)            |
| Foundation Investments   | <u>\$ 27,811,837</u> | <u>\$ 22,601,664</u> | <u>\$ 28,887,681</u> | <u>\$ 21,009,096</u> |

The following summarizes the investment return for the years ended June 30:

|                               | 2008                  | 2007                |
|-------------------------------|-----------------------|---------------------|
| Interest and dividend income  | \$ 574,119            | \$ 506,189          |
| Net realized gains (losses)   | 349,615               | 1,159,202           |
| Net unrealized gains (losses) | (2,674,782)           | 2,943,832           |
| Investment expenses           | (94,472)              | (99,040)            |
| Investment income             | <u>\$ (1,845,520)</u> | <u>\$ 4,510,183</u> |



**NEW MEXICO MILITARY INSTITUTE FOUNDATION, INC.**

**Notes to Financial Statements**

**June 30, 2008 and 2007**

**NOTE 4: OFFICE FURNITURE AND EQUIPMENT**

Office furniture and equipment are depreciated, utilizing the straight-line method of depreciation, over estimated useful lives of 3 to 10 years. The Foundation capitalizes expenditures for purchases of office furniture and equipment in excess of \$1,000. Office furniture and equipment are stated at cost or fair market value if donated.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be utilized to acquire office furniture and equipment are reported as increases in restricted net assets. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expiration of donor restrictions when the donated or acquired assets are placed in service and reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Depreciation expense for the years ended June 30, 2008 and 2007 was \$525 and \$525, respectively. Office furniture and equipment at June 30, 2008 and 2007 consisted of the following:

|                                    | <u>2008</u>     | <u>2007</u>     |
|------------------------------------|-----------------|-----------------|
| Office furniture and equipment     | \$ 19,667       | \$ 19,667       |
| Accumulated depreciation           | (18,661)        | (18,136)        |
| Net office furniture and equipment | <u>\$ 1,006</u> | <u>\$ 1,531</u> |

**NOTE 5: LAND HELD FOR INVESTMENT**

All land held for investment is capitalized at historical cost. It is the Foundation's policy not to adjust to the current market value. Land is sold at the direction of the trustees. During the year ended June 30, 2008, the Foundation did not sell any land. During the year ended June 30, 2007, the Foundation sold land in the Parkwood Subdivision on North Main Street for \$217,200, incurred selling expenses of approximately \$3,559 and realized a gain of \$211,413.

**NOTE 6: OTHER ASSETS**

In a prior year, the Foundation received a gift of a sketchbook appraised at \$50,000 and recorded a contribution in the permanently restricted fund. The sketchbook is considered a historical treasure and is to be permanently displayed on the Institute campus for educational purposes.





**NEW MEXICO MILITARY INSTITUTE FOUNDATION, INC.**

**Notes to Financial Statements**

**June 30, 2008 and 2007**

**NOTE 7: DEFERRED SUPPORT**

The principal amount of life gifts, charitable remainder unitrusts and accumulated earnings, which are temporarily restricted, are included in investments in the Statements of Financial Position and will be reflected as support in the Statements of Activities when the term of the life income gifts have been met and the income is no longer restricted. At June 30, 2008 and 2007 the following amounts for charitable remainder unitrusts are recorded as deferred support:

|                        | 2008              | 2007              |
|------------------------|-------------------|-------------------|
| Ralph R. Conner        | \$ 404,373        | \$ 457,367        |
| Total Deferred Support | <u>\$ 404,373</u> | <u>\$ 457,367</u> |

**NOTE 8: OPERATING LEASE AGREEMENTS WITH TENANTS**

Lease agreements between the Foundation and tenants of its property are for terms up to sixty years and generally included provisions for escalation based upon the Consumer Price Index, as well as renewal options at the end of the primary term.

Minimum future rental income on noncancellable leases as of June 30, 2008 is:

|            |                     |
|------------|---------------------|
| 2009       | \$ 252,270          |
| 2010       | 252,270             |
| 2011       | 258,270             |
| 2012       | 262,269             |
| 2013       | 262,269             |
| Thereafter | 6,666,380           |
|            | <u>\$ 7,953,728</u> |

**NOTE 9: OPERATING LEASES - COPIER**

The Foundation has entered into lease agreements for a copier. For financial reporting purposes, the lease is classified as an operating lease. The future minimum lease payments at June 30 are:

|      |                  |
|------|------------------|
| 2009 | \$ 4,004         |
| 2010 | 4,004            |
| 2011 | 4,004            |
| 2012 | 4,004            |
|      | <u>\$ 16,016</u> |



**NEW MEXICO MILITARY INSTITUTE FOUNDATION, INC.**

**Notes to Financial Statements**

**June 30, 2008 and 2007**

**NOTE 10: RELATED PARTY TRANSACTIONS**

The Institute provides office space including building maintenance, utilities, and janitorial services to the Foundation at no charge. For the years ended June 30, 2008 and 2007, \$4,000 and \$4,000 were recorded as a contribution for the use of office space with a corresponding amount recorded as rent expense.

**A. *Operating Expenses, Support and Scholarship Awards***

For the years ended June 30, 2008 and 2007, various expenses were paid by the Institute on behalf of the Foundation, which have been reimbursed. At June 30, 2008 and 2007, \$132,436 and \$155,698, respectively, were due to the Institute for operating expenses and support. For the years ended June 30, 2008 and 2007, the Foundation provided \$1,185,220 and \$1,080,402, respectively, in scholarships and awards for the benefit of Institute cadets and faculty.

**B. *Funds Held in an Agency Capacity***

During the years ended June 30, 2008 and 2007, the Foundation received \$0 and \$5,000, respectively from a third party with the funds designated for capital improvement projects and certain other allowable expenditures of the Institute. Interest and dividends earned during the year June 30, 2008 on what remained at June 30, 2007 was \$1,087. Interest and dividends earned on these funds during the year June 30, 2007 was \$175,036. During the years ended June 30, 2008 and 2007, the Foundation expended funds of \$1,087 and \$9,043,811, respectively, upon requisition by the Institute.

**NOTE 11: ERA PENSION PLAN**

The Foundation's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (ERA) (Chapter 22, Article 11 NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits and cost-of-living adjustments to plan members and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to ERA, PO Box 26129, Santa Fe, New Mexico 87502.

Plan members are required to contribute 7.825% of their gross salary. The Foundation is required to contribute 10.90% of the gross salary. The contribution requirements of plan members and the Foundation are established in Chapter 22,



**NEW MEXICO MILITARY INSTITUTE FOUNDATION, INC.**

**Notes to Financial Statements**

**June 30, 2008 and 2007**

**NOTE 11: ERA PENSION PLAN (continued)**

Article 11 NMSA 1978. The requirements may be amended by acts of legislature. The Foundation's contributions to ERA for the years ending June 30, 2008 and 2007 were \$19,687 and \$16,939, respectively.

**NOTE 12: POST-EMPLOYMENT BENEFITS**

The Retiree Health Care Act (Act) (Chapter 10, Article 7C NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The Retiree Health Care Authority is the administrator of the plan. The purpose is to provide eligible retirees, their spouses, dependents, and surviving spouses and dependents with health insurance consisting of a plan, or optional plans, of benefits that can be purchased by funds

flowing into the Retiree Health Care Fund and by co-payments or out-of-pocket payment of eligible retirees. Eligible employers are institutions of higher education, school districts or other entities participating in the Public School Insurance Authority, state agencies, state courts, magistrate courts, municipalities or counties, which are affiliated under or covered by the Education Retirement Act, Public Employees Retirement Act, Volunteer Firefighters Retirement Act, Judicial Retirement Act or the Magistrate Retirement Act.

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the Retiree Health Care Act on the person's behalf, unless that person retired on or before July 1, 1995, in which event the time period for contributions becomes the time between July 1, 1990, and the date of retirement; or (2) retirees defined by the act who retired prior to July 1, 1990. Each participating employer makes contributions to the fund of approximately 1% of each participating employee's annual salary. Each participating employee contributes to the fund an employee contribution equal to one-half of one percent of the employee's annual salary. Each participating retiree pays a monthly premium.

Contributions from participating employers and participating employees become the property of the Retiree Health Care Fund and are not refundable under any circumstances, including termination of employment or termination of the participating employer's operation or participation in the Retiree Health Care Act. The employer, employee, and retiree contributions are required to be remitted to the Retiree Health Care Authority on a monthly basis.

The Retiree Health Care Authority issues a separate, publicly available, audited financial report that includes post employment benefit expenditures of premiums and claims paid, participant contributions (employer, employee and retiree), and



**NEW MEXICO MILITARY INSTITUTE FOUNDATION, INC.**

**Notes to Financial Statements**

**June 30, 2008 and 2007**

**NOTE 12: POST-EMPLOYMENT BENEFITS (continued)**

net expenditures for the fiscal year. The report also includes the appropriate number of retirees participating in the plan and be obtained by writing to the Retiree Health Care Authority, Albuquerque State Government Center, 4308 Carlisle Blvd. NE, Suite 104, Albuquerque, NM 87107. For the years ended June 30, 2008 and 2007, the Foundation remitted \$2,348 and \$2,169, respectively, in employer contributions to the Retiree Health Care Authority.





## **ADDITIONAL INFORMATION**



**NEW MEXICO MILITARY INSTITUTE FOUNDATION, INC.**  
**Schedule 1 - Program and Supporting Services Expenses**  
**June 30, 2008 and 2007**

|  | <u>Unrestricted</u> |                   | <u>Temporarily Restricted</u> |                   | <u>Totals</u>       |                     |
|--|---------------------|-------------------|-------------------------------|-------------------|---------------------|---------------------|
|  | <u>2008</u>         | <u>2007</u>       | <u>2008</u>                   | <u>2007</u>       | <u>2008</u>         | <u>2007</u>         |
| Program services:                              |                     |                   |                               |                   |                     |                     |
| NMMI support                                   | \$ 209,450          | \$ 207,629        | \$ 400,668                    | \$ 377,041        | \$ 610,118          | \$ 584,670          |
| NMMI activites/projects                        | -                   | -                 | 549,649                       | 479,477           | 549,649             | 479,477             |
| NMMI Alumni support                            | 25,455              | 16,255            | -                             | -                 | 25,455              | 16,255              |
| Total program services                         | <u>234,905</u>      | <u>223,884</u>    | <u>950,317</u>                | <u>856,518</u>    | <u>1,185,222</u>    | <u>1,080,402</u>    |
| Supporting services:                           |                     |                   |                               |                   |                     |                     |
| Management and general                         | 302,309             | 280,353           | -                             | -                 | 302,309             | 280,353             |
| Real estate expense                            | 41,561              | 25,171            | -                             | -                 | 41,561              | 25,171              |
| Total supporting services                      | <u>343,870</u>      | <u>305,524</u>    | <u>-</u>                      | <u>-</u>          | <u>343,870</u>      | <u>305,524</u>      |
| Total program and supporting services expenses | <u>\$ 578,775</u>   | <u>\$ 529,408</u> | <u>\$ 950,317</u>             | <u>\$ 856,518</u> | <u>\$ 1,529,092</u> | <u>\$ 1,385,926</u> |

Temporarily restricted program services are presented as unrestricted program services on the Statement of Activities, page 5 of the financial statements. For financial reporting purposes, temporarily restricted program services are reclassified to unrestricted program services when the donor restriction has been met, either by actually spending the gift or by spending unrestricted money which satisfies the restriction.



**NEW MEXICO MILITARY INSTITUTE FOUNDATION, INC.**

**Schedule 2 - Budget Comparison - Unrestricted Net Assets**

**June 30, 2008 and 2007**

|   | <u>Unaudited<br/>Budget</u> | <u>2008<br/>Actual</u> | <u>Variance</u>     | <u>2007<br/>Actual</u> |
|---|-----------------------------|------------------------|---------------------|------------------------|
| <b>Revenues</b>                                 |                             |                        |                     |                        |
| <b>Rents:</b>                                   |                             |                        |                     |                        |
| 1900 North Main/ Dairy Queen                    | \$ 21,400                   | \$ 21,400              | \$ -                | \$ 21,400              |
| 2200 North Main/ Denny's                        | 25,992                      | 34,432                 | 8,440               | 30,759                 |
| 2000 North Main/ Sally Port Inn                 | 129,876                     | 129,879                | 3                   | 128,819                |
| 2110 North Main/ Whataburger                    | 27,000                      | 78,910                 | 51,910              | 27,000                 |
| College and Main/ F & H Investments             | 44,000                      | 44,000                 | -                   | 44,000                 |
| <b>Total rents</b>                              | <u>248,268</u>              | <u>308,621</u>         | <u>60,353</u>       | <u>251,978</u>         |
| <b>Other revenues and gains:</b>                |                             |                        |                     |                        |
| Contributions                                   | -                           | 3,675                  | 3,675               | 6,778                  |
| Earnings from unrestricted investments          | 177,000                     | 158,286                | (18,714)            | 305,611                |
| Gain on sale of assets                          | -                           | -                      | -                   | 211,413                |
| Change in cash value of life insurance policies | -                           | 31,045                 | 31,045              | (36,588)               |
| In-kind revenue                                 | 4,000                       | 4,000                  | -                   | 4,000                  |
| Fundraising support                             | 117,000                     | 85,514                 | (31,486)            | 61,512                 |
| Other income or fund transfers                  | 2,700                       | 3,040                  | 340                 | 1,341                  |
| Unrealized gain on investments                  | -                           | (523,540)              | (523,540)           | 565,869                |
| <b>Total other revenues</b>                     | <u>300,700</u>              | <u>(237,980)</u>       | <u>(538,680)</u>    | <u>1,119,936</u>       |
| <b>Total rents and other revenues</b>           | <u>\$ 548,968</u>           | <u>\$ 70,641</u>       | <u>\$ (478,327)</u> | <u>\$ 1,371,914</u>    |
| <b>Expenditures</b>                             |                             |                        |                     |                        |
| <b>Foundation expenditures:</b>                 |                             |                        |                     |                        |
| Accounting and auditing                         | 15,000                      | 14,970                 | 30                  | 17,691                 |
| Auto allowance/travel                           | 600                         | 315                    | 285                 | 297                    |
| Computer hardware and software                  | 3,500                       | 2,872                  | 628                 | 3,404                  |
| Depreciation                                    | -                           | 525                    | (525)               | 525                    |
| Executive committee contingency                 | 3,500                       | 494                    | 3,006               | 2,392                  |
| Executive director professional development     | 2,000                       | 1,271                  | 729                 | 855                    |
| Director's insurance                            | 11,000                      | 9,806                  | 1,194               | 9,507                  |
| Legal service                                   | 10,000                      | 1,952                  | 8,048               | 3,287                  |
| Miscellaneous                                   | 2,000                       | 734                    | 1,266               | 522                    |
| Office supplies                                 | 38,500                      | 19,398                 | 19,102              | 12,370                 |
| Rent expense                                    | 4,000                       | 4,000                  | -                   | 4,000                  |
| Salaries, taxes and benefits                    | 266,100                     | 241,562                | 24,538              | 222,460                |
| Travel  | 1,500                       | 4,410                  | (2,910)             | 3,043                  |
| <b>Total Foundation expenditures</b>            | <u>357,700</u>              | <u>302,309</u>         | <u>55,391</u>       | <u>280,353</u>         |



**NEW MEXICO MILITARY INSTITUTE FOUNDATION, INC.**

**Schedule 2 - Budget Comparison - Unrestricted Net Assets**

**June 30, 2008 and 2007**

|                                   | <u>Unaudited<br/>Budget</u> | <u>2008<br/>Actual</u> | <u>Variance</u>  | <u>2007<br/>Actual</u> |
|-----------------------------------|-----------------------------|------------------------|------------------|------------------------|
| Expenditures - continued          |                             |                        |                  |                        |
| NMMI support:                     |                             |                        |                  |                        |
| VP of Enrollment                  | \$ 700                      | \$ 176                 | \$ 524           | \$ 747                 |
| AFI Reception                     | 3,000                       | 5,018                  | (2,018)          | 3,156                  |
| Associate Dean                    | 600                         | -                      | 600              | 465                    |
| Basic/Advanced Camp               | 2,600                       | -                      | 2,600            | -                      |
| Athletic Director                 | 750                         | 452                    | 298              | 432                    |
| Cadet activities                  | 20,000                      | 29,000                 | (9,000)          | 20,000                 |
| Dean of Academics                 | 3,500                       | 4,577                  | (1,077)          | 3,241                  |
| Executive VP                      | 1,250                       | 2,153                  | (903)            | 917                    |
| VP of Development                 | 1,000                       | -                      | 1,000            | -                      |
| Commandant of Cadets              | 1,350                       | 1,349                  | 1                | 1,205                  |
| MS IV Development                 | 2,050                       | 782                    | 1,268            | 75                     |
| Miscellaneous                     | 125,000                     | 98,461                 | 26,539           | 130,162                |
| VP of Facilities                  | 1,250                       | 1,090                  | 160              | 1,457                  |
| Professor of Military Science     | 1,500                       | 290                    | 1,210            | 1,307                  |
| Scholarships                      | 50,000                      | 45,950                 | 4,050            | 21,419                 |
| Senior Army Instructor            | 1,000                       | 163                    | 837              | -                      |
| Superintendent                    | 20,000                      | 18,081                 | 1,919            | 22,976                 |
| Superintendent's travel           | 4,500                       | 1,908                  | 2,592            | 70                     |
| Total NMMI support                | <u>240,050</u>              | <u>209,450</u>         | <u>30,600</u>    | <u>207,629</u>         |
| NMMI Alumni support:              |                             |                        |                  |                        |
| Alumni Association Support        | <u>15,000</u>               | <u>25,455</u>          | <u>(10,455)</u>  | <u>16,255</u>          |
| Commercial real estate:           |                             |                        |                  |                        |
| Grounds maintenance               | 2,500                       | 2,121                  | 379              | 3,437                  |
| Miscellaneous real estate expense | 4,000                       | 77                     | 3,923            | 2                      |
| Property insurance                | 7,500                       | 6,268                  | 1,232            | 6,324                  |
| Property tax                      | 32,000                      | 29,589                 | 2,411            | 15,021                 |
| Remediation expenses              | -                           | 3,506                  | (3,506)          | 387                    |
| Total commercial real estate      | <u>46,000</u>               | <u>41,561</u>          | <u>4,439</u>     | <u>25,171</u>          |
| Total expenditures                | <u>\$ 658,750</u>           | <u>\$ 578,775</u>      | <u>\$ 79,975</u> | <u>\$ 529,408</u>      |





**NEW MEXICO MILITARY INSTITUTE FOUNDATION, INC**  
**Schedule of Deposit and Investment Accounts**  
**June 30, 2008 and 2007**

|                           | Account Name                        | Account Type | Recorded<br>Deposit/Investment<br>Amount | Bank Balance         |
|---------------------------|-------------------------------------|--------------|--|----------------------|
| <b>Checking Accounts:</b> |                                     |              |  |                      |
| Wells Fargo Bank          | Operating                           | Checking     | 36,982                                   | 37,981               |
| Wells Fargo Bank          | Restricted                          | Checking     | 23,645                                   | 28,322               |
|                           |                                     |              | <u>60,627</u>                            | <u>66,303</u>        |
| <b>Investments:</b>       |                                     |              |  |                      |
| Wells Fargo               | Wells Fargo Treasury Fund           | Money Market | 456,464                                  | 456,464              |
| Dodge & Cox               | D&C International Stock Fund        | Investment   | 4,754,959                                | 4,754,959            |
| Fortress Investment Group | Fortress Partners Fund              | Investment   | 1,491,471                                | 1,488,141            |
| Longleaf Partners         | Longleaf Partners Fund              | Investment   | 948,097                                  | 948,097              |
| Newport Asia              | Newport Asia Institutional Fund     | Investment   | 445,162                                  | 445,162              |
| Pine Grove                | Pine Grove Offshore Fund            | Investment   | 3,156,597                                | 3,156,597            |
| Pimco                     | Pimco Short Term Fund               | Investment   | 4,485,200                                | 4,485,200            |
| Private Advisors          | Private Advisors Hedged Equity Fund | Investment   | 3,255,016                                | 3,255,762            |
| Wellington                | Wellington Micro Cap                | Investment   | 1,569,735                                | 1,569,735            |
| Wellington                | Wellington Management CTF           | Investment   | 8,109,974                                | 8,109,974            |
|                           |                                     |              | <u>28,672,675</u>                        | <u>\$ 28,670,091</u> |



## **COMPLIANCE SECTION**



MILLER & ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION

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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  
New Mexico Military Institute Foundation, Inc.  
Roswell, New Mexico

We have audited the basic financial statements of New Mexico Military Institute Foundation, Inc. (the "Foundation"), a component unit of the New Mexico Military Institute, a not-for-profit organization, as of June 30, 2008 and 2007, and the related statements of activities and cash flows for the years ended and have issued our report thereon dated September 17, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Foundation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Foundation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the



Foundation's financial statements that is more than inconsequential will not be prevented or detected by the Foundation's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Foundation's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Foundation's Board of Trustees, the Foundation's management, the New Mexico Legislature, Department of Finance and Administration and the State of New Mexico Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

*Miller & Associates, CPA, P.C.*

Miller & Associates, CPA, P.C.  
September 17, 2008





**NEW MEXICO MILITARY INSTITUTE FOUNDATION, INC.**  
**Schedule of Findings and Responses**  
**June 30, 2008 and 2007**

**A. FINDINGS – FINANCIAL STATEMENT AUDIT**

There were no current year findings

**B. PRIOR YEAR AUDIT FINDINGS**

There were no prior year findings



**NEW MEXICO MILITARY INSTITUTE FOUNDATION, INC.**

**Schedule of Findings and Responses**

**June 30, 2008 and 2007**

**Financial Statement Preparation**

The financial statements together with the related footnotes and supporting schedules were prepared by Miller & Associates, CPA, P.C. for the Foundation as of and for the year ended June 30, 2008.

**Exit Conference**

An exit conference was held on September 17, 2008 to discuss the financial statements and this report. Ryan Miller, Principal, and Ellie Gallagher represented Miller & Associates, CPA, PC. Jimmy Barnes, President & CEO, and Jim Matteucci, Treasurer, represented New Mexico Military Institute Foundation.