

**WESTERN NEW MEXICO UNIVERSITY  
FOUNDATION, INC.  
(A Component Unit of Western New Mexico University)**

**Financial Statements  
June 30, 2009 and 2008**

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A COMPONENT UNIT OF WESTERN NEW MEXICO UNIVERSITY)**  
**TABLE OF CONTENTS**  
**June 30, 2009 and 2008**

	Page
BOARD OF DIRECTORS.....	1
INDEPENDENT AUDITORS' REPORT.....	2-3
FINANCIAL STATEMENTS:	
Statements of Financial Position.....	4
Statements of Activities.....	5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7-21
ADDITIONAL INFORMATION	
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> .....	22-23
Summary of Prior Audit Findings.....	24
Schedule of Findings and Responses.....	25
Exit Conference.....	26

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.  
(A COMPONENT UNIT OF WESTERN NEW MEXICO UNIVERSITY)**

**Board of Directors  
June 30, 2009 and 2008**

F. Gene Gruber, President

Dr. Mary Cowan, Vice President

Richard Lawyer, Treasurer

Dr. Thomas Hines, Secretary

Fred Barraza

Joe Casey

John Myers

Murray Ryan

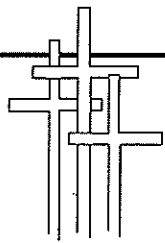
Jan Sherman

Whitney Shoup

Richard Peterson

Bob Martin

Robert White



# Clifford, Ross & Cooper, LLC

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Western New Mexico University Foundation  
(A Component Unit of Western New Mexico University)  
Silver City, New Mexico

We have audited the accompanying statements of financial position of the Western New Mexico University Foundation, Inc. (Foundation), a not-for-profit organization and component unit of Western New Mexico University, as of June 30, 2009 and 2008, and the related statements of activities, and cash flows for the years then 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 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 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 the overall 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 financial position of the Foundation as of June 30, 2009 and 2008, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

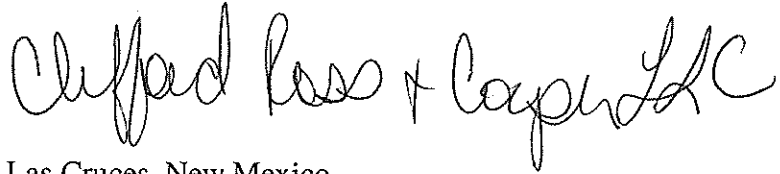
In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2009, on our consideration of the Foundation's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and

*Never Underestimate the Value of a CPA*

SERVING LAS CRUCES & EL PASO SINCE 1976

1155 COMMERCE, SUITE E • LAS CRUCES, NEW MEXICO 88011 • PH. (575) 524-1040 • (800) 524-1007 • FAX (575) 647-1136  
1790 LEE TREVINO, STE. 205 • EL PASO, TEXAS 79936 • PH (915) 593-3330

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.

A handwritten signature in black ink that reads "Clifford Ross + Caputo LLC". The signature is written in a cursive, flowing style.

Las Cruces, New Mexico  
October 27, 2009

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A COMPONENT UNIT OF WESTERN NEW MEXICO UNIVERSITY)**  
**Statements of Financial Position**  
**June 30, 2009 and 2008**

	<b>2009</b>	<b>2008</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 374,712	\$ 415,217
Cash restricted for other organizations	220,520	175,156
Accounts receivable, net of \$ -0- and \$8,488 allowance for doubtful accounts, respectively	253	60
Investments, net	4,359,605	5,107,168
Capital assets, net of accumulated depreciation	228,900	237,912
<b>Total Assets</b>	<b>\$ 5,183,990</b>	<b>\$ 5,935,513</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Due to Western New Mexico University	\$ 146,271	\$ 76,084
Deposits held for others	220,520	175,156
<b>Total Liabilities</b>	<b>366,791</b>	<b>251,240</b>
 <b>NET ASSETS</b>		
Unrestricted	(72,550)	109,502
Temporarily restricted	118,571	752,319
Permanently restricted	4,771,178	4,822,452
<b>Total Net Assets</b>	<b>4,817,199</b>	<b>5,684,273</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 5,183,990</b>	<b>\$ 5,935,513</b>

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

WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.  
(A COMPONENT UNIT OF WESTERN NEW MEXICO UNIVERSITY)  
Statements of Activities

For the Years Ended June 30, 2009 and 2008

	2009			2008				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES AND SUPPORT</b>								
Contributions	\$ 164,140	\$ 9,915	\$ 29,616	\$ 203,671	\$ 65,495	\$ 311,233	\$ 251,772	\$ 628,500
In-kind contributions	40,267	-	-	40,267	43,650	-	-	43,650
Investment income, net	(161,779)	(566,228)	(80,890)	(808,897)	(52,591)	(184,069)	(26,296)	(262,956)
Total revenues and support	42,628	(556,313)	(51,274)	(564,959)	56,554	127,164	225,476	409,194
<b>Net Assets Released from Restrictions</b>								
Satisfaction of program restrictions	77,435	(77,435)	-	-	467,334	(467,334)	-	-
<b>Total Revenues, Support and Release of Restrictions</b>	120,063	(633,748)	(51,274)	(564,959)	523,888	(340,170)	225,476	409,194
<b>Expenses</b>								
Program expenses	142,654	-	-	142,654	327,521	-	-	327,521
General and administrative expenses	159,461	-	-	159,461	164,165	-	-	164,165
<b>Total Expenses</b>	302,115	-	-	302,115	491,686	-	-	491,686
<b>(Decrease) Increase in net assets</b>	(182,052)	(633,748)	(51,274)	(867,074)	32,202	(340,170)	225,476	(82,492)
<b>NET ASSETS, BEGINNING OF YEAR</b>	109,502	752,319	4,822,452	5,684,273	77,300	1,092,489	4,596,976	5,766,765
<b>NET ASSETS, END OF YEAR</b>	\$ (72,550)	\$ 118,571	\$ 4,771,178	\$ 4,817,199	\$ 109,502	\$ 752,319	\$ 4,822,452	\$ 5,684,273

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

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A COMPONENT UNIT OF WESTERN NEW MEXICO UNIVERSITY)**

**Statements of Cash Flows**

**For the Year Ended June 30, 2009 and 2008**

	<b>2009</b>	<b>2008</b>
<b>Increase in Net Assets</b>	<b>\$ (867,074)</b>	<b>\$ (82,492)</b>
<b>Cash Flows From Operating Activities</b>		
<b>Adjustment to reconcile increase in net assets to net cash provided by operating activities:</b>		
Depreciation	11,462	11,774
Provision for uncollectible accounts	(8,488)	(866)
Unrealized (gain) loss on investments	890,677	346,185
<b>Changes in assets and liabilities:</b>		
Accounts receivable	8,295	806
Due to Western New Mexico University	7,254	1,762
Grants and awards payable	62,933	(46,736)
Other assets	(2,450)	-
Total adjustments	969,683	312,925
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>102,609</b>	<b>230,433</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of investments	(1,671,658)	(4,948,278)
Sale of investments	1,528,544	4,536,764
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(143,114)</b>	<b>(411,514)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(40,505)</b>	<b>(181,081)</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>415,217</b>	<b>596,298</b>
<b>CASH AT END OF YEAR</b>	<b>\$ 374,712</b>	<b>\$ 415,217</b>

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



**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009 and 2008**

**Note 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Western New Mexico University Foundation, Inc. (Foundation) is a not-for-profit corporation which was incorporated in the State of New Mexico on October 5, 1982. The Foundation receives support from contributions and earnings on investments.

The purpose of the Foundation is to create, maintain and administer assets for the benefit of Western New Mexico University (University), a state educational institution, located in Silver City, New Mexico. The Foundation exists specifically for the purpose of generating, receiving, managing, investing or reinvesting, and prudently disbursing gifts, bequests, grants and any other donations of financial value to be used for the sole purpose of promoting, enhancing, and contributing to the accomplishment of the University's mission. The Foundation is considered a component unit of the University in accordance with the standards issued under the *Government Accounting Standards Board*. These financial statements include all activities over which the Foundation has responsibility.

The Foundation is presented as a discrete component unit on Western New Mexico University's financial statements due to:

1. The economic resources received by the Foundation are entirely for the direct benefit of the University's constituents.
2. The University has an ongoing economic interest in the net assets of the Foundation.

Per the written agreement between the Foundation and the University, the management of the Foundation is autonomous from the management of the University. Employees of the University and members of the Board of Regents of the University are not allowed to be voting members of the Board of Directors of the Foundation.

**Fair Value Measurement**

The fair values of substantially all reported assets and liabilities which represent financial instruments (none of which are held for trading purposes) approximate the carrying value of such amounts.

**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.

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009 and 2008**

**Note 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (continued)**

The Foundation reports 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-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.

**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.

**Capital Assets**

Building, furniture, fixtures, equipment and leasehold improvements are recorded at cost or fair market value at date of donation or acquisition. The Foundation capitalizes expenditures in excess of \$1,000 and a useful life of more than one year. Depreciation is provided for using the straight-line method over the following estimated useful lives:

Building	40 years
Leasehold improvements	40 years
Furniture, fixtures and equipment	5 to 20 years

**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.

**Donated Services**

For the year ended June 30, 2009 and 2008, the Foundation received \$40,267 and \$43,650, respectively in donated services from the University and has reflected this amount in the accompanying financial statements.

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009 and 2008**

**Note 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Donated Services (continued)**

Contributed services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services are recorded as an in-kind revenue and an in-kind expense, and are included with general and administrative expenses in the accompanying financial statements.

**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 year ended June 30, 2009.

**Statement of Cash Flows**

For purposes of the statement of cash flows, 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. There were no cash equivalents at June 30, 2009 and 2008.

**Concentration of Credit Risk**

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash balances and investments in managed funds. Cash is on deposit with a high credit quality financial institution in Grant County, which is a member of the Federal Deposit Insurance Corporation (FDIC) with accounts insured up to \$250,000. During the year ended June 30, 2009, cash deposits did not exceed FDIC coverage for the operating account and \$-0- for the money market account. Investments are held by investment managers, which are members of the Securities Investor Protection Corporation. The Foundation did not have any collateralized deposits at June 30, 2009. Performance is reviewed by the Investment Committee of the Board of Directors on a monthly basis.

**Investment Allocation**

In accordance with the Foundation's written "Policy on Donations and Recognition of Donors", as part of its normal transactions it allocates investment income between unrestricted, temporarily restricted and permanently restricted net asset categories. For unrestricted and temporarily restricted net assets, investment income is allocated in proportion to its total net asset balance. For permanently restricted net assets, 10% of the investment income is allocated to the corpus, 20% is allocated to the Foundation for coverage of operational expenses, and the remaining 70% is allocated to scholarships. The Foundation's investment securities are carried at fair value.

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009 and 2008**

**Note 2. CASH RESTRICTED FOR OTHER ORGANIZATIONS**

At June 30, 2009 and 2008, the Foundation holds cash for the following organizations as follows:

	<u>2009</u>	<u>2008</u>
AAUW - Expanding your Horizons	\$ 3,077	\$ 3,163
Alcohol Awareness	5,000	5,000
Alimento para el Nino	1,760	1,071
Alumni Association	3,653	4,139
Alumni Garden	1,315	1,304
Alumni Great Race	1	-
Arts & Letters	40	40
Athletic Agency	3,980	810
Athletic Scholarship	3,488	2,960
AQIP	100	100
Bach-Library	892	892
Banks, Johnny	56	56
Bill Winters Memorial	-	80
Biology Agency	2,057	2,057
Biology Club	205	205
Brancheau Photo Gallery	1,081	1,081
Capital Imp/Equipment	38	38
Career & Tech Teacher Ed	-	100
CC Cobb Nursing	711	711
Child Dev. Center	6,511	6,232
Computer Science	31	31
Connie Cope	3,469	1,374
Daniel's Fund	5,254	10,400
Development	45	45
Endowed Faculty Chair	449	449
Endowed Faculty Development	10,171	8,171
Faculty/Staff Awards	500	500
Fine Arts Center Theatre	4,006	3,706
Friends of WNMU Art	700	700
Friends of Miller Library	3,164	1,114
Friends of the Choir	209	209
Friends of Music Fund	207	147
Gallup Grad Student Study Ctr.	55	55
General Scholarship	140	140
GIA	69,261	20,744
GO Bonds (deficit)	(5,330)	(5,330)

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009 and 2008**

**Note 2. CASH RESTRICTED FOR OTHER ORGANIZATIONS (continued)**

	<u>2009</u>	<u>2008</u>
Gonzales, Ruben Cultural Sch	\$ 582	\$ 558
Hall of Fame Induction Fund	100	100
Instrumental Music Fund	204	204
Jeffers, Besse	554	495
Johnson/State Farm	349	349
Juried Student Art Exhibition	4	4
Kaiser Golf	456	1,317
Knight Maintenance Fund	-	10,000
Lawrence Alecksen	102	102
Literacy Program Adult Basic Ed	920	920
LULAC Scholarship	571	571
McCray Gallery	220	220
McGrath, Herb	14,193	15,013
MENC Fund	78	78
Moman Scholarship	-	972
Multicultural Affairs & Stdnt Act.	8,325	3,000
Museum Climate Control Fund	5,000	5,000
NEA Conference	568	568
Non-Toxic Paper & Printing Soc.	175	175
Occupational Therapy Fund	430	430
President's Discretionary Fund	(1,013)	(1,013)
Salas, Oscar	540	540
School of Education	270	270
Sculpture Fund	4,691	2,930
Staff Development	524	464
Staff Recognition	467	143
Steinway for Silver	8,579	6,799
Student Academic Scholar	1,722	1,722
Student Travel	383	583
University Campaign	21,714	28,613
Veterans Scholarship	150	150
WNMU Clay Program	4,030	5,647
WNMU Dance Team	21	21
WNMU Museum	13,274	9,676
WNMU Museum Acquisition Fund	3,792	3,792
WNMU Friends of Music	400	400
WNMU Library Geology	774	774
Women's Athletic Cheerleading	75	75
ZIA Ambassadors	1,000	1,000
	<u>\$ 220,520</u>	<u>\$ 175,156</u>

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009 and 2008**

**Note 3. INVESTMENTS**

The Foundation's investments are made for long-term growth and income with preservation of principal and are registered in the name of the WNMU Foundation. Investments shall be made in bonds or money market funds with at least an A+ rating or mutual funds with at least an A rating as identified by Standard & Poor's, Moody's Investor Service, or the Wall Street Journal. Recognizing that the Foundation's investment objectives include growth and income, a diversified portfolio will appropriately meet the objectives of the Foundation with consequently moderate risk. Management and the Investment Committee along with the Organization's Investment Managers continually review the investments to monitor the risk.

Investments in managed funds, government securities, equities 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 investments was determined based on the publicly reported market prices of the respective securities and funds.

Unrealized gains and losses are included in net investment income in the accompanying statements of activities. Investment income and gains restricted by donors are reported as temporarily restricted or permanently restricted increases in net assets, as applicable. Losses on investments of a donor-restricted endowed fund are used to 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.

The market value and cost of investments at June 30, 2009 and 2008 are as follows:

	<u>2009</u>	
	Market	Cost
Certificates of Deposit	\$ 133,138	\$ 129,000
Real Estate Funds	26,480	88,056
Fixed Income Mutual Funds	1,754,709	1,599,122
Equities Mutual Funds	186,512	205,961
Equities	<u>2,258,766</u>	<u>3,068,996</u>
Total investments	<u>\$4,359,605</u>	<u>\$5,091,135</u>
	<u>2008</u>	
	Market	Cost
Certificates of Deposit	\$ 60,679	\$ 60,000
Real Estate Funds	68,508	88,211
Fixed Income Mutual Funds	1,813,013	1,663,656
Equities Mutual Funds	486,111	412,213
Equities	<u>2,678,857</u>	<u>2,793,387</u>
Total investments	<u>\$5,107,168</u>	<u>\$5,017,467</u>

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009 and 2008**

**Note 3. INVESTMENTS (CONTINUED)**

The following summarizes the investment return for the years ended June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Interest and dividend income	\$ 154,764	\$ 136,794
Net realized gain/(loss)	( 75,409)	2,288,802
Net unrealized gain/(loss)	<u>( 888,252)</u>	<u>(2,688,552)</u>
Investment income	<u>\$( 808,897)</u>	<u>\$ (262,956)</u>

**Note 4. EXPENSES**

Expenses of the Foundation reported by natural classification for the fiscal years ended June 30, 2009 and 2008, were as follows:

	<u>2009</u>	<u>2008</u>
Scholarship expense	\$142,654	\$327,521
Salaries	59,523	53,344
In-kind expense	40,267	43,650
Depreciation	11,462	11,774
Professional fees	10,720	16,546
Building expenses	691	-0-
Supplies and services	10,575	7,465
Miscellaneous expense	24,881	29,381
Directors insurance	900	900
Liability insurance	-0-	665
Property taxes	442	440
	<u>\$302,115</u>	<u>\$491,686</u>

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009 and 2008**

**Note 5. CAPITAL ASSETS**

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. There were no restricted fixed assets at year end.

	Balance June 30, 2008	Additions	Reclasses	Retirements	Balance June 30, 2009
<b>Capital assets not being depreciated</b>					
Land	\$ 35,000	\$ -	\$ -	\$ -	\$ 35,000
Collections	87,825	2,450	-	-	90,275
<b>Capital assets not being depreciated</b>	<b>122,825</b>	<b>2,450</b>	<b>-</b>	<b>-</b>	<b>125,275</b>
<b>Capital assets</b>					
Buildings	100,000	-	-	-	100,000
Leasehold improvements	14,668	-	-	-	14,668
Software	1,024	-	-	-	1,024
Furniture, fixtures & equipment	105,705	-	-	-	105,705
<b>Capital assets</b>	<b>221,397</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>221,397</b>
<b>Accumulated depreciation for</b>					
Buildings	(42,500)	(2,500)	-	-	(45,000)
Leasehold improvements	(3,484)	(367)	-	-	(3,851)
Software	(1,024)	-	-	-	(1,024)
Furniture, fixtures & equipment	(59,302)	(8,595)	-	-	(67,897)
<b>Total accumulated depreciation</b>	<b>(106,310)</b>	<b>(11,462)</b>	<b>-</b>	<b>-</b>	<b>(117,772)</b>
<b>Capital assets, net</b>	<b>\$ 237,912</b>	<b>\$ (9,012)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 228,900</b>
<b>Capital assets summary</b>					
Capital assets not being depreciated	\$ 122,825	\$ 2,450	\$ -	\$ -	\$ 125,275
Other capital assets, at cost	221,397	-	-	-	221,397
<b>Total cost of capital assets</b>	<b>344,222</b>	<b>2,450</b>	<b>-</b>	<b>-</b>	<b>346,672</b>
<b>Accumulated depreciation</b>	<b>(106,310)</b>	<b>(11,462)</b>	<b>-</b>	<b>-</b>	<b>(117,772)</b>
<b>Capital assets, net</b>	<b>\$ 237,912</b>	<b>\$ (9,012)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 228,900</b>

	Balance June 30, 2007	Additions	Reclasses	Retirements	Balance June 30, 2008
<b>Capital assets not being depreciated</b>					
Land	\$ 35,000	\$ -	\$ -	\$ -	\$ 35,000
Collections	87,825	-	-	-	87,825
<b>Capital assets not being depreciated</b>	<b>122,825</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>122,825</b>
<b>Capital assets</b>					
Buildings	100,000	-	-	-	100,000
Leasehold improvements	14,668	-	-	-	14,668
Software	1,024	-	-	-	1,024
Furniture, fixtures & equipment	105,705	-	-	-	105,705
<b>Capital assets</b>	<b>221,397</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>221,397</b>
<b>Accumulated depreciation for</b>					
Buildings	(40,000)	(2,500)	-	-	(42,500)
Leasehold improvements	(3,117)	(367)	-	-	(3,484)
Software	(682)	(342)	-	-	(1,024)
Furniture, fixtures & equipment	(50,737)	(8,565)	-	-	(59,302)
<b>Total accumulated depreciation</b>	<b>(94,536)</b>	<b>(11,774)</b>	<b>-</b>	<b>-</b>	<b>(106,310)</b>
<b>Capital assets, net</b>	<b>\$ 249,686</b>	<b>\$ (11,774)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 237,912</b>
<b>Capital assets summary</b>					
Capital assets not being depreciated	\$ 122,825	\$ -	\$ -	\$ -	\$ 122,825
Other capital assets, at cost	221,397	-	-	-	221,397
<b>Total cost of capital assets</b>	<b>344,222</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>344,222</b>
<b>Accumulated depreciation</b>	<b>(94,536)</b>	<b>(11,774)</b>	<b>-</b>	<b>-</b>	<b>(106,310)</b>
<b>Capital assets, net</b>	<b>\$ 249,686</b>	<b>\$ (11,774)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 237,912</b>



**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009 and 2008**

**Note 5. CAPITAL ASSETS (CONTINUED)**

The Foundation is housed in a building owned by the University. The Foundation does not pay rent for the use of the facility. In-kind contribution revenue and in-kind expense in the amount of \$7,200 has been recorded for facility usage.

The land, buildings and leasehold improvements are located in Hidalgo, New Mexico. The assets are being leased to a non-profit entity for \$100 per month and have been listed with a real estate broker for the prior three years. Assets held for sale are required to be segregated from assets held for use unless it is not likely that the assets will be disposed of within a year. Because the assets have been for sale for more than a year, they have been included in assets held for use and the assets continue to be depreciated.

**Note 6. EMPLOYEE BENEFITS**

**Workers' Compensation Insurance**

The University is insured for workers' compensation through the State of New Mexico General Services Department-Risk Management Division (RMD). The University provides funding for the Foundation's employees. RMD provides workers' compensation for all employees as required by state law. The University remits payments to RMD for this coverage based on premium statements received from RMD. The University does not charge the Foundation for this expense.

**Retirement Plan**

The Foundation's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Board (ERB) (Chapter 22, Article 11, NMSA 1978) of the State of New Mexico; the University provides funding for the Foundation's employees. 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 benefits, disability benefits, survivor benefits and cost of living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. Information pertaining to the actuarially computed present value of vested accumulated plan benefits and nonvested accumulated plan benefits, the plan's net assets available for benefits and the assumed rate of return used in computing the present value, and ten-year historical trend information presenting ERB's progress in accumulating sufficient assets to pay benefits when due is not available as it relates to individual government agencies participating in the plan. Actuarial pension data for the State of New Mexico, as employer, is provided at the statewide level in a separately issued audit report of the ERA, which may be obtained by contacting ERB, PO Box 26129, Santa Fe, NM 87502. The report is also available on ERB's website at [www.nmerb.org](http://www.nmerb.org).

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009 and 2008**

**Note 6. EMPLOYEE BENEFITS (CONTINUED)**

**Retirement Eligibility**

The benefit for retirement at age 60, or after 25 years of service before age 60, is an annual sum equal to the "final average salary" multiplied by the total number of years of service credit times 2.35%.

A member is eligible to retire when:

1. The member's age and earned service credit add up to the sum of 75 or more, or
2. The member is age 65 or more with at least five years of earned service credit, or
3. The member has earned service credit at allowed service credit rates totaling 25 or more years.

A further requirement to be eligible to retire is that one must be a "member" having at least one year of employment after July 1, 1957, and at least five years of contributory employment. The cost of such contributions is 18.725% of the average salary of the last five years for each year of contributory employment needed, plus 3% compounded interest from July 1, 1957, to the date of payment.

When a member has completed five or more years of "earned service credit" and has made contributions for at least five years, the member may terminate employment, leave contributions in the retirement fund and retire (1) when the member's age and years of "earned service credit" (covered employment in New Mexico) add up to the sum of 75 or more, or (2) the member may retire at age 65, if the member has at least five years of "earned service credit". Eligible members who have one year of employment after July 1, 1957, but less than the required five, may receive credit for the additional years by making a contribution to the fund. The amount of the required contribution equals that which would have been made had the employee been covered by ERA for five years, less any amounts already contributed, while earning the average salary for the period of actual employment.

**Funding Policy**

By New Mexico Statute, covered employees are required to contribute 7.9% of their gross salary; the University is required to contribute 11.65%. The employer contribution will increase .75% each year until July 1, 2011 when the employer contribution will be 13.9%. The contribution requirements for the years ended June 30, 2009, 2008, and 2007 were \$8,389, \$7,465, and \$6,688, respectively, which equal the amount of the required contributions for each fiscal year.

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009 and 2008**

**Note 6. EMPLOYEE BENEFITS (CONTINUED)**

**Retirement Health Care Plan**

The Retiree Health Care Act (Act) (Chapter 10, Article 7C NMSA 1978) provides comprehensive care 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 the out-of-pocket payments of eligible retirees.

Monies flow to the Retiree Health Care Fund on a pay-as-you-go basis from eligible employers and eligible retirees. Eligible employers consist of 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 Educational 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 retires before the employer's NMRHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement;
- (2) Retirees defined by the Act who retired prior to July 1, 1990; and former legislators who served at least two years.

**Fund Contributions**

Each participating employer makes contributions to the fund in the amount of 1.3% of each participating employee's annual salary. Each employee contributes to the fund an amount equal to .65% of the employee's salary. Each participating retiree pays a monthly premium for the medical plus basic life plan and an additional participation fee of five dollars (\$5.00) if the eligible participant retired prior to the employer's NMRHCA effective date or is a former legislator. Participants may also enroll in optional plans of coverage.

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009 and 2008**

**Note 6. EMPLOYEE BENEFITS (CONTINUED)**

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 net expenditures for the fiscal year. The report also includes the approximate number of retirees participating in the plan. That report may be obtained by writing to the Retiree Health Care Authority, 4308 Carlisle Boulevard, NE, Suite 104, Albuquerque, NM 87107.

For the fiscal years ended June 30, 2009, 2008 and 2007, the University remitted for the Foundation \$1,404, \$1,335 and \$1,273, respectively, in employee contributions to the Retiree Health Care Authority.

**Note 7. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at June 30, 2009 and 2008, are for the following programs:

	<u>2009</u>	<u>2008</u>
Biology Merit Scholarship	\$ 3,094	\$ 15,041
Forward Library Fund	9,421	45,804
James, Hayden & Eunice	5,151	25,044
Hatfield Scholarship	4,770	19,283
Kilpatrick, Arlene Museum Fund	509	1,079
Patterson, R. Scholarship	21,785	397,300
Sechler/Rhoades Fund	2,728	17,031
Smithson, Olive Marlowe Scholarship	25,629	141,828
Stevens Family Museum Fund	145	705
Strickling, Nancy & Jerry Scholarship	9,769	47,495
Student Emergency Loan Fund	2,867	7,900
Wygant Loan Fund	3,794	18,447
Various other scholarships	28,909	15,362
	<u>\$ 118,571</u>	<u>\$ 752,319</u>

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009 and 2008**

**Note 8. PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets at June 30, 2009 and 2008, are for the following programs:

	<u>2009</u>	<u>2008</u>
Besse, JR Capt. Scholarship	\$ 51,030	\$ 52,200
Director Chair Fund	8,215	15,404
Endowed Professor Blaylock Fund	201,080	203,621
Fisher, Ralph Scholarship	51,210	52,382
Forward, Lennie Scholarship	51,030	52,200
Forward Library Fund	327,360	334,861
James, Dr. Haden & Eunice Scholarship	145,545	148,880
Kilpatrick, Arlene Museum Fund	14,278	14,605
Matson, Marie Scholarship	98,234	100,484
Nursing Scholarship	55,264	51,159
Reese, Jack & A. Scholarship	219,443	224,474
Sechler/Rhoades Fund	524,960	536,987
Schula, Loraine Scholarship	115,271	117,913
Smithson, Olive Marlowe Scholarship	1,531,570	1,566,663
Snodgrass Scholarship	53,999	55,236
Stevens Family Museum Fund	5,036	5,152
Strickling, Nancy & Jerry Scholarship	353,330	361,425
Thompson, Dr. Scholarship	50,524	51,682
Wygant Loan Fund	111,069	113,614
Various other Scholarships	<u>802,730</u>	<u>763,510</u>
	<u>\$4,771,178</u>	<u>\$4,822,452</u>

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009 and 2008**

**Note 9. DEPOSIT ACCOUNTS AND INVESTMENTS**

<u>Account</u>	<u>Type of Balance</u>	<u>Bank Balance</u>	<u>Reconciling Items</u>	<u>Book Balance</u>
<b><u>CASH</u></b>				
<b>AmBank</b>				
Checking	Checking	\$ 69,616	\$ (554)	\$ 69,062
Operations	Money Market	102,650	(23)	102,627
<b>Wells Fargo</b>				
Checking	Checking	61,560	(255)	61,305
Program	Money Market	257,926		257,926
Program	Money Market	34,853		34,853
<b>Merrill Lynch</b>				
Program	Money Market	14,364		14,364
<b>Smith Barney</b>				
Program	Money Market	52,550		52,550
Program	Money Market	2,545		2,545
		<u>\$ 596,064</u>	<u>\$ (832)</u>	<u>\$ 595,232</u>
<b><u>INVESTMENTS</u></b>				
<b>Merrill Lynch</b>				
Fixed Income		\$ 68,035	\$ -	\$ 68,035
Equities		200,700	-	200,700
Mutual Funds		50,316	-	50,316
<b>Wells Fargo</b>				
Fixed Income		484,772	-	484,772
Fixed Income		1,182,563	-	1,182,563
Alternative Investments		-	-	-
Equities		1,993,529	-	1,993,529
Real Estate		26,480	-	26,480
US Treasury Bond		19,338	-	19,338
<b>Smith Barney</b>				
Certificates of deposit		114,138	-	114,138
Equities		188,814	-	188,814
<b>BP Amoco</b>				
		11,920	-	11,920
<b>Western Bank CD</b>				
		19,000	-	19,000
		<u>\$ 4,359,605</u>	<u>\$ -</u>	<u>\$ 4,359,605</u>

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009 and 2008**

**Note 9. DEPOSIT ACCOUNTS AND INVESTMENTS (continued)**

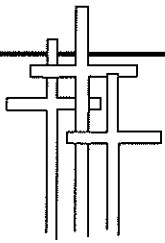
Collateralization of Deposits: At June 30, 2009 the recorded values of cash and time deposits with financial institutions were as follows. Bank balances (which differ from the reported values due to reconciling items) are categorized as follows:

Amounts insured by Federal Deposit Insurance Corporation	\$233,826
Amounts insured by the Securities Investor Protection Corporation	362,238
Uncollateralized	<u>-0-</u>
Total Cash and Time Deposit Bank Balances	596,064
Other reconciling items on demand deposit accounts	<u>( 832)</u>
Total reported cash balance	<u>\$595,232</u>

Custodial Credit Risk-Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the deposit may not be returned to it. The Foundation does not have a deposit policy for custodial risk. As of June 30, 2009, \$-0- of the Organization's bank balance of \$233,826 was uninsured and uncollateralized. There are no collateralized deposits required.

**Note 10. UNRESTRICTED NET ASSETS**

The deficiency in unrestricted net assets was due to the allocation of a portion of the unrealized loss on investments. Management and the Investment Committee of the Organization monitor the funds continually along with the Investment Managers to minimize the losses on investments.



# Clifford, Ross & Cooper, LLC

CERTIFIED PUBLIC ACCOUNTANTS

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Trustees  
Western New Mexico University Foundation, Inc.  
(A Component Unit of Western New Mexico University)  
Silver City, New Mexico

We have audited the financial statements of the Western New Mexico University Foundation, Inc. (A Component Unit of Western New Mexico University) (Foundation), as of and for the years ended June 30, 2009 and 2008, and have issued our report thereon dated October 27, 2009. 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 Western New Mexico University Foundation, Inc. (A Component Unit of Western New Mexico University) internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Western New Mexico University Foundation, Inc. (A Component Unit of Western New Mexico University) internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 organization'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 organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

*Never Underestimate the Value of a CPA*

SERVING LAS CRUCES & EL PASO SINCE 1976

1155 COMMERCE, SUITE E • LAS CRUCES, NEW MEXICO 88011 • PH. (575) 524-1040 • (800) 524-1007 • FAX (575) 647-1136  
1790 LEE TREVINO, STE. 205 • EL PASO, TEXAS 79936 • PH (915) 593-3330




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 organization's internal control.

Our consideration of the 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 the 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 financial statements of Western New Mexico University Foundation, Inc. (A Component Unit of Western New Mexico University) 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 Western New Mexico University Foundation, Inc.'s management, the Board of Trustees, and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.



Las Cruces, New Mexico  
October 27, 2009

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**

**SUMMARY OF PRIOR AUDIT FINDINGS**  
**Year Ended June 30, 2008**

<b>Prior-Year Finding Description</b>	<b>Status</b>
None	

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**

**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2009**

**None**

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**

**EXIT CONFERENCE**  
**Year Ended June 30, 2009**

An Exit Conference was held on November 3, 2009, with the following in attendance:

**Western New Mexico University Foundation, Inc.**

Yolee O'Connell, Comptroller, WNMU  
John Myers, Board Member  
Richard Lawyer, Treasurer, Board Member  
Dr. Tom Hines, Secretary, Board Member  
Suzanne Triviz-Harrigan, Executive Assistant  
Vicki Hill, Accountant

**Clifford, Ross & Cooper, LLC**

Denise S. Cooper, CPA  
Partner

The financial statements were prepared with the assistance of Clifford, Ross & Cooper, LLC, from the books and records of Western New Mexico University Foundation, Inc.