

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

**Financial Statements  
June 30, 2010 and 2009**

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A COMPONENT UNIT OF WESTERN NEW MEXICO UNIVERSITY)**  
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**June 30, 2010 and 2009**

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

**Board of Directors**

**June 30, 2010 and 2009**

Dr. Mary Cowan, President

Dr. Thomas Hines, Vice President

Richard Lawyer, Treasurer

Joe Casey

Dr. Patricia Maguire

Bob Martin

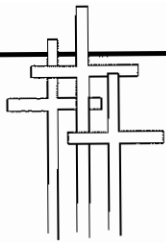
Linda McGee

John Myers

William Perkins

Richard Peterson

Diane Torrez



# Clifford, Ross & Cooper, LLC

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S 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, 2010 and 2009, 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 in the financial statements. An audit also includes assessing the accounting principles used and the 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.

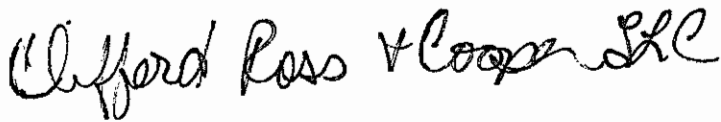
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Never Underestimate the Value of a CPA*

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In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2010, 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 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 & Cooper LLC". The signature is written in a cursive, somewhat stylized font.

Las Cruces, New Mexico  
October 22, 2010

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

**Statements of Financial Position**  
**June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 294,988	\$ 374,712
Cash restricted for other organizations	161,565	220,520
Accounts receivable, net of \$-0- and \$-0- allowance for doubtful accounts, respectively	2,077	253
Investments, net	5,035,506	4,359,605
Capital assets, net of accumulated depreciation	<u>237,020</u>	<u>228,900</u>
<b>Total Assets</b>	<u>\$ 5,731,156</u>	<u>\$ 5,183,990</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Due to Western New Mexico University	\$ 168,787	\$ 146,271
Deposits held for others	<u>161,565</u>	<u>220,520</u>
<b>Total Liabilities</b>	<u>330,352</u>	<u>366,791</u>
 <b>NET ASSETS</b>		
Unrestricted	263,196	(72,550)
Temporarily restricted	434,364	118,571
Permanently restricted	<u>4,703,244</u>	<u>4,771,178</u>
<b>Total Net Assets</b>	<u>5,400,804</u>	<u>4,817,199</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 5,731,156</u>	<u>\$ 5,183,990</u>

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, 2010 and 2009

	2010			2009				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES AND SUPPORT</b>								
Contributions	\$ 353,359	\$ 2,467	\$ 63,296	\$ 419,122	\$ 164,140	\$ 9,915	\$ 29,616	\$ 203,671
In-kind contributions	39,177	-	-	39,177	40,267	-	-	40,267
Investment income, net	142,141	42,095	318,214	502,450	(161,779)	(566,228)	(80,890)	(808,897)
Total revenues and support	534,677	44,562	381,510	960,749	42,628	(556,313)	(51,274)	(564,959)
Net Assets Released from Restrictions								
Satisfaction of program restrictions	178,213	271,231	(449,444)	-	77,435	(77,435)	-	-
Total Revenues, Support and Release of Restrictions	712,890	315,793	(67,934)	960,749	120,063	(633,748)	(51,274)	(564,959)
<b>EXPENSES</b>								
Program expenses	197,717	-	-	197,717	142,654	-	-	142,654
General and administrative expenses	179,427	-	-	179,427	159,461	-	-	159,461
Total Expenses	377,144	-	-	377,144	302,115	-	-	302,115
(Decrease) Increase in net assets	335,746	315,793	(67,934)	583,605	(182,052)	(633,748)	(51,274)	(867,074)
<b>NET ASSETS, BEGINNING OF YEAR</b>	(72,550)	118,571	4,771,178	4,817,199	109,502	752,319	4,822,452	5,684,273
<b>NET ASSETS, END OF YEAR</b>	\$ 263,196	\$ 434,364	\$ 4,703,244	\$ 5,400,804	\$ (72,550)	\$ 118,571	\$ 4,771,178	\$ 4,817,199

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 Years Ended June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Increase in Net Assets</b>	<u>\$ 583,605</u>	<u>\$ (867,074)</u>
<b>Cash Flows From Operating Activities</b>		
Adjustment to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	11,993	11,462
Provision for uncollectible accounts	-	(8,488)
Unrealized (gain) loss on investments	(513,517)	890,677
<b>Changes in assets and liabilities:</b>		
Accounts receivable	(1,825)	8,295
Due to Western New Mexico University	4,450	7,254
Grants and awards payable	18,066	62,933
Other assets	-	(2,450)
Total adjustments	<u>(480,833)</u>	<u>969,683</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>102,772</u>	<u>102,609</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of investments	(1,902,366)	(1,671,658)
Sale of investments	1,739,983	1,528,544
Purchase of capital assets	<u>(20,113)</u>	<u>-</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>(182,496)</u>	<u>(143,114)</u>
 <b>NET INCREASE (DECREASE) IN CASH</b>	 <b>(79,724)</b>	 <b>(40,505)</b>
 <b>CASH AT BEGINNING OF YEAR</b>	 <u>374,712</u>	 <u>415,217</u>
 <b>CASH AT END OF YEAR</b>	 <u>\$ 294,988</u>	 <u>\$ 374,712</u>

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, 2010 and 2009**

**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, 2010 and 2009**

**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 years ended June 30, 2010 and 2009, the Foundation received \$39,177 and \$40,267, 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, 2010 and 2009**

**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 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, 2010 and 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, 2010 and 2009.

**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, 2010, cash deposits did not exceed FDIC coverage for the operating account and 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, 2010. 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. The Foundation endowment securities also had a market appreciation of \$533,328 at year end to reflect market value. If and when the securities have a market appreciation, the amount available for expenditure must be authorized by the governing board. Effective July 1, 2009, in accordance with House Bill 454, revised guidelines for the Uniform Prudent Management of Institutional Funds Act were provided for the investment and expenditure of endowment funds which requires adherence by the Foundation. For endowment assets in prior years, 10% of the investment income was allocated to the corpus, 20% was allocated to the Foundation for coverage of operational expenses, and the remaining 70% was allocated to scholarships. However, the governing board authorized a spending limit of 2.5% of available portfolio funds for scholarship awards and 2% to cover administrative costs during fiscal year 2010. 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, 2010 and 2009**

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

At June 30, 2010 and 2009, the Foundation holds cash for the following organizations as follows:

	<u>2010</u>	<u>2009</u>
AAUW - Expanding your Horizons	\$ 7,300	\$ 3,077
Alcohol Awareness	1,968	5,000
Alimento Para el Nino	3,200	1,760
Alumni Affairs	940	-
Alumni Association	2,301	3,653
Alumni Garden	1,420	1,315
Alumni Great Race	1	1
Arts & Letters	40	40
Athletic Agency	1,530	3,980
Athletic Scholarship	3,946	3,488
AQIP	100	100
Bach-Library	892	892
Banks, Johnny	56	56
Biology Agency	2,057	2,057
Biology Club	205	205
Brancheau Photo Gallery	1,591	1,081
Capital Imp/Equipment	38	38
Carolyn Averback Soc. Book	300	-
CC Cobb Nursing	711	711
Child Dev. Center	7,756	6,511
Computer Science	31	31
Connie Cope	3,469	3,469
Cornali Dog Park	50	-
Daniel's Fund	82	5,254
Development	45	45
Endowed Faculty Chair	-	449
Endowed Faculty Development	-	10,171
Faculty/Staff Awards	500	500
Fine Arts Center Theatre	4,198	4,006
Friends of WNMU Art	665	700
Friends of Miller Library	2,864	3,164
Friends of the Choir	209	209
Friends of Music Fund	262	207
Gallup Grad Student Study Ctr.	55	55
General Scholarship	-	140
GIA	23,798	69,261
GO Bonds (deficit)	(5,330)	(5,330)
Gonzales, Ruben Cultural Sch	606	582

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010 and 2009**

<u>Note 2.</u>	<u>CASH</u>	<u>RESTRICTED</u>	<u>FOR</u>	<u>OTHER</u>	<u>ORGANIZATIONS</u>	<u>(continued)</u>
			<u>2010</u>		<u>2009</u>	
Hall of Fame Induction Fund	\$		100		\$	100
Instrumental Music Fund			204			204
Jeffers, Besse			601			554
Johnson/State Farm			349			349
Juried Student Art Exhibition			104			4
Kaiser Golf			232			456
Lawrence Alecksen			102			102
Literacy Program Adult Basic Ed			920			920
LULAC Scholarship			571			571
McCray Gallery			220			220
McGrath, Herb			13,896			14,193
MENC Fund			78			78
Moman Scholarship			2,863			-
MOT R. Bradfield			600			-
Multicultural Affairs & Stdnt Act.			8,025			8,325
Museum Climate Control Fund			5,000			5,000
Natural Science Agency			1			-
NEA Conference			568			568
Non-Toxic Paper & Printing Soc.			175			175
Occupational Therapy Fund			430			430
President's Discretionary Fund			(1,013)			(1,013)
Regents			125			-
Salas, Oscar			540			540
School of Education			270			270
Sculpture Fund			6,106			4,691
Sisneros			3,672			-
Staff Development			584			524
Staff Recognition			880			467
Steinway for Silver			6,639			8,579
Student Academic Scholar			1,722			1,722
Student Travel			383			383
Swimming Pool			175			-
SWNM Leadership Program			673			-
University Campaign			21,745			21,714
Veterans Scholarship			150			150
WNMU Clay Program			6,587			4,030
WNMU Dance Team			21			21
WNMU Museum			3,370			13,274
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>\$ 161,565</u>			<u>\$ 220,520</u>

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010 and 2009**

**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, 2010 and 2009 are as follows:

	<u>2010</u>	
	Market	Cost
Certificates of Deposit	\$ 170,535	\$ 163,219
Real Estate Funds	36,340	85,697
Fixed Income Mutual Funds	2,276,054	2,004,529
Equities Mutual Funds	173,424	175,907
Equities	<u>2,379,153</u>	<u>2,695,902</u>
Total investments	<u>\$5,035,506</u>	<u>\$5,125,254</u>
	<u>2009</u>	
	Market	Cost
Certificates of Deposit	\$ 133,138	\$ 129,000
Real Estate Funds	26,479	88,057
Fixed Income Mutual Funds	1,754,709	1,599,122
Equities Mutual Funds	186,512	205,961
Equities	<u>2,258,767</u>	<u>3,068,995</u>
Total investments	<u>\$4,359,605</u>	<u>\$5,091,135</u>

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010 and 2009**

**Note 3. INVESTMENTS (CONTINUED)**

The following summarizes the investment return for the years ended June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Interest and dividend income	\$ 137,655	\$ 154,764
Net realized gain/(loss)	( 168,533)	( 75,109)
Net unrealized gain/(loss)	<u>533,328</u>	<u>( 888,552)</u>
Investment income	<u>\$ 502,450</u>	<u>\$ ( 808,897)</u>

The following summarizes the investments by maturity:

Long-Term Investments	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>Greater Than 10 Years</u>
Component Unit					
Items not subject to interest rate risk: Equity					
Securities and Bonds	\$4,844,323	\$ -	\$732,086	\$760,333	\$3,351,904
Mutual Funds	-	-	-	-	-
U.S. Government					
Agency obligation	20,648	-	-	-	20,648
Certificates of deposit	<u>170,535</u>	<u>53,658</u>	<u>116,877</u>	<u>-</u>	<u>-</u>
Total long-term Investments	<u>\$5,035,506</u>	<u>\$53,658</u>	<u>\$848,963</u>	<u>\$760,333</u>	<u>\$3,372,552</u>

**Note 4. EXPENSES**

Expenses of the Foundation reported by natural classification for the fiscal years ended June 30, 2010 and 2009, were as follows:

	<u>2010</u>	<u>2009</u>
Scholarship expense	\$197,717	\$142,654
Salaries	62,796	59,523
In-kind expense	42,281	40,267
Depreciation	11,993	11,462
Professional fees	8,595	10,720
Building expenses	57	691
Supplies and services	7,016	10,575
Miscellaneous expense	44,740	24,881
Directors insurance	900	900
Liability insurance	609	-0-
Property taxes	<u>440</u>	<u>442</u>
	<u>\$377,144</u>	<u>\$302,115</u>

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010 and 2009**

**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, 2009	Additions	Reclasses	Retirements	Balance June 30, 2010
<b>Capital assets not being depreciated</b>					
Land	\$ 35,000	\$ -	\$ -	\$ -	\$ 35,000
Collections	90,275	150	-	-	90,425
<b>Capital assets not being depreciated</b>	<b>125,275</b>	<b>150</b>	<b>-</b>	<b>-</b>	<b>125,425</b>
<b>Capital assets</b>					
Buildings	100,000	-	-	-	100,000
Leasehold improvements	14,668	-	-	-	14,668
Software	1,024	1,448	-	(1,024)	1,448
Furniture, fixtures & equipment	105,705	18,515	-	(7,075)	117,145
<b>Capital assets</b>	<b>221,397</b>	<b>19,963</b>	<b>-</b>	<b>(8,099)</b>	<b>233,261</b>
<b>Accumulated depreciation for</b>					
Buildings	(45,000)	(2,500)	-	-	(47,500)
Leasehold improvements	(3,851)	(367)	-	-	(4,218)
Software	(1,024)	(29)	-	1,024	(29)
Furniture, fixtures & equipment	(67,897)	(9,097)	-	7,075	(69,919)
<b>Total accumulated depreciation</b>	<b>(117,772)</b>	<b>(11,993)</b>	<b>-</b>	<b>8,099</b>	<b>(121,666)</b>
<b>Capital assets, net</b>	<b>\$ 228,900</b>	<b>\$ 8,120</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 237,020</b>
<b>Capital assets summary</b>					
Capital assets not being depreciated	\$ 125,275	\$ 150	\$ -	\$ -	\$ 125,425
Other capital assets, at cost	221,397	19,963	-	(8,099)	249,459
<b>Total cost of capital assets</b>	<b>346,672</b>	<b>20,113</b>	<b>-</b>	<b>(8,099)</b>	<b>374,884</b>
<b>Accumulated depreciation</b>	<b>(117,772)</b>	<b>(11,993)</b>	<b>-</b>	<b>8,099</b>	<b>(137,864)</b>
<b>Capital assets, net</b>	<b>\$ 228,900</b>	<b>\$ 8,120</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 237,020</b>

	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>



**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
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**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).

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**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**

During the regular 2009 legislative session, House Bill 854 amended the contribution rates to include a temporary increase in certain employee contribution rates and a corresponding temporary decrease in the employer contribution rates. From July 1, 2009 through June 30, 2011, each member is required to contribute 7.9% of their annual salary except members whose annual salary is greater than \$20,000 are required to contribute 9.4% of their annual salary. In addition, the employer contribution rate increased by 0.75% to 12.4% for those members earning less than \$20,000 and the employer contribution rate decreased by this same percentage or 0.75% to 10.9% for those with earnings in excess of \$20,000. The employer contribution for those earning less than \$20,000 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, 2010, 2009 and 2008 were \$8,566, \$8,389 and \$7,577, respectively, which equal the amount of the required contributions for each fiscal year.

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**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.

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**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, 2010, 2009 and 2008, the University remitted for the Foundation \$1,526, \$1,404 and \$1,355, respectively, in employee contributions to the Retiree Health Care Authority.

**Note 7. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at June 30, 2010 and 2009, are for the following programs:

	<u>2010</u>	<u>2009</u>
Biology Merit Scholarship	\$ 11,431	\$ 3,094
Forward Library Fund	-0-	9,421
James, Hayden & Eunice	-0-	5,151
Hatfield Scholarship	-0-	4,770
Kilpatrick, Arlene Museum Fund	879	509
Patterson, R. Scholarship	367,984	21,785
Sechler/Rhoades Fund	-0-	2,728
Smithson, Olive Marlowe Scholarship	-0-	25,629
Stevens Family Museum Fund	-0-	145
Strickling, Nancy & Jerry Scholarship	-0-	9,769
Student Emergency Loan Fund	9,255	2,867
Wygant Loan Fund	-0-	3,794
Various other scholarships	<u>44,815</u>	<u>28,909</u>
	<u>\$ 434,364</u>	<u>\$ 118,571</u>

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
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**Note 8. PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets at June 30, 2010 and 2009, are for the following programs:

	<u>2010</u>	<u>2009</u>
Besse, JR Capt. Scholarship	\$ 51,306	\$ 51,030
Director Chair Fund	13,516	8,215
Endowed Professor Blaylock Fund	221,270	201,080
Fisher, Ralph Scholarship	47,482	51,210
Forward, Lennie Scholarship	50,848	51,030
Forward Library Fund	306,849	327,360
James, Dr. Haden & Eunice Scholarship	146,303	145,545
Kilpatrick, Arlene Museum Fund	14,451	14,278
Matson, Marie Scholarship	86,316	98,234
Nursing Scholarship	53,955	55,264
Reese, Jack & A. Scholarship	204,913	219,443
Sechler/Rhoades Fund	521,352	524,960
Schula, Loraine Scholarship	100,593	115,271
Smithson, Olive Marlowe Scholarship	1,383,294	1,531,570
Snodgrass Scholarship	69,867	53,999
Stevens Family Museum Fund	4,708	5,036
Strickling, Nancy & Jerry Scholarship	356,429	353,330
Thompson, Dr. Scholarship	48,925	50,524
Wygant Loan Fund	110,606	111,069
Various other Scholarships	910,261	802,730
	<u>\$4,703,244</u>	<u>\$4,771,178</u>

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
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**Note 9. DEPOSIT ACCOUNTS AND INVESTMENTS**

Account	Type of Balance	2010		
		Bank Balance	Reconciling Items	Book Balance
<b><u>CASH</u></b>				
<b>AmBank</b>				
Checking	Checking	\$ 62,128	\$ (38)	\$ 62,090
Operations	Money Market	136,110	(31)	136,079
<b>Wells Fargo</b>				
Checking	Checking	69,852	(255)	69,597
Program	Money Market	158,312	-	158,312
Program	Money Market	5,925	-	5,925
<b>Merrill Lynch</b>				
Program	Money Market	13,143	-	13,143
<b>Smith Barney</b>				
Program	Money Market	7,180	-	7,180
Program	Money Market	4,227	-	4,227
		<u>\$ 456,877</u>	<u>\$ (324)</u>	<u>\$ 456,553</u>
<b><u>INVESTMENTS</u></b>				
<b>Merrill Lynch</b>				
Fixed Income		\$ 68,852	\$ -	\$ 68,852
Equities		221,042	-	221,042
Mutual Funds		53,391	-	53,391
<b>Wells Fargo</b>				
Fixed Income		522,225	-	522,225
Fixed Income		1,664,328	-	1,664,328
Alternative Investments		120,033	-	120,033
Equities		1,881,097	-	1,881,097
Real Estate		36,341	-	36,341
US Treasury Bond		20,648	-	20,648
<b>Smith Barney</b>				
Certificates of deposit		116,877	-	116,877
Equities		269,794	-	269,794
<b>BP Amoco</b>				
		7,220	-	7,220
<b>Western Bank CD</b>				
		19,439	-	19,439
<b>Gallup Foundation CD</b>				
		34,219	-	34,219
		<u>\$ 5,035,506</u>	<u>\$ -</u>	<u>\$ 5,035,506</u>

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
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**Note 9. DEPOSIT ACCOUNTS AND INVESTMENTS (CONTINUED)**

Collateralization of Deposits: At June 30, 2010 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	\$268,090
Amounts insured by the Securities Investor Protection Corporation	188,787
Uncollateralized	<u>-0-</u>
Total Cash and Time Deposit Bank Balances	456,877
Other reconciling items on demand deposit accounts	<u>( 324)</u>
Total reported cash balance	<u>\$456,553</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, 2010, \$-0- of the Organization's bank balance of \$268,090 was uninsured and uncollateralized. There are no collateralized deposits required.

**Note 10. UNRESTRICTED NET ASSETS**

The deficiency in unrestricted net assets for the year ended June 30, 2009 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 and to increase gains.

**Note 11. NEW ACCOUNTING STANDARD**

In August 2008, the FASB issued Staff Position (FSP) FAS 117-1, "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and Enhanced Disclosures for all Endowment Funds." The guidance is intended to improve the quality and consistency of financial reporting of endowments held by not-for-profit organizations. The FSP provides guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of UPMIFA. UPMIFA, which serves as a model act for states to modernize their laws governing donor restricted endowment funds, was enacted by the State of New Mexico on April 7, 2009 in House Bill 454. Therefore, the guidance for classifying net assets is effective for the Foundation's fiscal year ending June 30, 2010. The adoption of this FSP's provision does not have a significant effect on its net asset classification.

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
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**Note 12. INTERPRETATION OF RELEVANT LAW**

The Foundation's endowment consists of approximately 75 Individual funds established for a variety of purposes. Its endowment includes only donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets and maintained as such for appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA and donors' restrictions on use. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Foundation and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the organization.
7. The investment policies of the organization.

**Endowment Net Asset Composition by Type of Fund at June 30, 2010:**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-Restricted Endowment Funds	\$263,196	\$434,364	\$4,703,244	\$5,400,804
Board-Designated Endowment Funds	-0-	-0-	-0-	-0-
Total Funds	<u>\$ 263,196</u>	<u>\$434,364</u>	<u>\$4,703,244</u>	<u>\$5,400,804</u>



**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
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**Note 12. INTERPRETATION OF RELEVANT LAW (CONTINUED)**

**Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2010:**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, Beginning of year	\$ (72,550)	\$ 118,571	\$4,771,178	\$4,817,199
Investment return:				
Investment income	919	9,034	127,702	137,655
Net appreciation (realized and unrealized)	141,222	33,061	190,512	364,795
Contributions	570,749	273,698	63,296	907,743
Appropriation of assets for expenditure:				
Spending rate	( 377,144)	--	(449,444)	(826,588)
Additional from Board designated funds	--	--	--	--
	<u>335,746</u>	<u>315,793</u>	<u>(67,934)</u>	<u>583,605</u>
Endowment net assets, End of Year	<u>\$263,196</u>	<u>\$434,364</u>	<u>\$4,703,244</u>	<u>\$5,400,804</u>

**Endowment Net Asset Composition by Type of Fund at June 30, 2009:**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-Restricted Endowment Funds	\$(72,550)	\$118,571	\$4,771,178	\$4,817,199
Board-Designated Endowment Funds	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Funds	<u>\$(72,550)</u>	<u>\$118,571</u>	<u>\$4,771,178</u>	<u>\$4,817,199</u>

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
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**Note 12. INTERPRETATION OF RELEVANT LAW (CONTINUED)**

**Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2009:**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, Beginning of year	\$109,502	\$752,319	\$4,822,452	\$5,684,273
Investment return:				
Investment income	1,312	7,406	146,046	154,764
Net appreciation (depreciation) (realized and unrealized)	(163,091)	(573,634)	(226,936)	(963,661)
Contributions	281,842	9,915	29,616	321,373
Appropriation of assets for expenditure:				
Spending rate	(302,115)	(77,435)	--	(379,550)
Additional from Board designated funds	--	--	--	--
	<u>(182,052)</u>	<u>(633,748)</u>	<u>(51,274)</u>	<u>(867,074)</u>
Endowment net assets, End of Year	<u>\$(72,550)</u>	<u>\$118,571</u>	<u>\$4,771,178</u>	<u>\$4,817,199</u>

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$-0- and \$(72,550) as of June 30, 2010 and 2009, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation of certain programs that was deemed prudent by the Board.

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
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**June 30, 2010 and 2009**

**Note 13. FAIR VALUE MEASUREMENT**

Western New Mexico University Foundation, Inc.'s (Foundation) financial instruments consist primarily of cash and cash equivalents, investments, accounts receivable, accounts payable and due to other Organizations. The carrying amount of cash and cash equivalents, accounts receivable, and accounts payable approximate their fair value due to the short-term nature of such instruments. The Foundation uses the following hierarchical disclosure framework:

Level 1—Measurement based upon quoted prices for identical assets in an active market as of the reporting date.

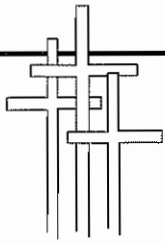
Level 2—Measurement based upon marketplace inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—Measurement based on the Foundation's assumptions about a hypothetical marketplace because observable market inputs are not available as of the reporting date. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair values of its assets and liabilities. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs have the lowest priority.

At June 30, 2010 and 2009, The Foundation's investments consist of cash equivalents, governmental and corporate bonds, common stocks and mutual funds. Shares of common stocks, mutual funds, corporate bonds and governmental bonds are valued at quoted market prices for identical assets. The valuations of the Foundation's investments according to the fair value hierarchy are all Level 1.

**Note 14. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through the date these financial statements were available to be issued-October 22, 2010.



# 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, 2010 and 2009, and have issued our report thereon dated October 22, 2010. 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.'s (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.'s (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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

*Never Underestimate the Value of a CPA*

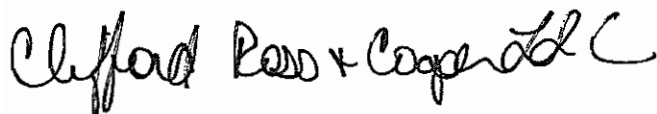
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Western New Mexico University Foundation, Inc.'s (A Component Unit of Western New Mexico University) 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 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 22, 2010

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

**SUMMARY OF PRIOR AUDIT FINDINGS**  
**Year Ended June 30, 2010**

<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, 2010**

None

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

**EXIT CONFERENCE**  
**Year Ended June 30, 2010**

An Exit Conference was held on November 4, 2010, 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  
Linda McGee, Board Member  
Suzanne Triviz-Harrigan, Executive Assistant  
Vicki Hill, Accountant  
Vance Redfern, Executive Director

**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.