

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

**Financial Statements  
June 30, 2011 and 2010**

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A COMPONENT UNIT OF WESTERN NEW MEXICO UNIVERSITY)**  
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**June 30, 2011 and 2010**

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

**Board of Directors  
June 30, 2011 and 2010**

Dr. Thomas E. Hines, President

William Perkins, Vice President

Richard Lawyer, Treasurer

Diane Torrez, Secretary

Dr. Mary Cowan

Jovita Gonzales

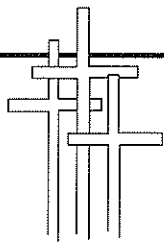
Bob Martin

Linda McGee

John Myers

Richard Peterson

Robert White



# Clifford, Ross & Cooper, LLC

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

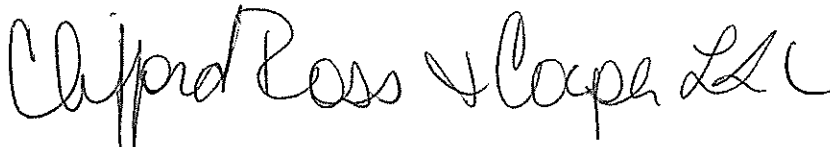
Board of Directors  
Western New Mexico University Foundation  
(A Component Unit of Western New Mexico University)  
Silver City, New Mexico

We have audited the accompanying statements of financial position of Western New Mexico University Foundation, Inc. (Foundation), a not-for-profit organization and component unit of Western New Mexico University, as of June 30 2011 and 2010, 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 2011 and 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2011, 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 cursive script that reads "Clifford Ross & Coape LLC".

Las Cruces, New Mexico  
October 22, 2011

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

**Statements of Financial Position**

**June 30, 2011 and 2010**

<b>ASSETS</b>	<u>2011</u>	<u>2010</u>
Cash and cash equivalents	\$ 660,156	\$ 294,988
Cash restricted for other organizations	209,332	161,565
Accounts receivable, net of \$500 and \$0- allowance for doubtful accounts, respectively	2,713	2,077
Investments, net	5,281,396	5,035,506
Inventory for resale	6,800	-
Capital assets, net of accumulated depreciation	<u>257,345</u>	<u>237,020</u>
<b>Total Assets</b>	<u><u>\$ 6,417,742</u></u>	<u><u>\$ 5,731,156</u></u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Due to Western New Mexico University	\$ 95,155	\$ 168,787
Deposits held for others	<u>209,332</u>	<u>161,565</u>
<b>Total Liabilities</b>	<u>304,487</u>	<u>330,352</u>
 <b>NET ASSETS</b>		
Unrestricted:		
Available for operations	(41,398)	26,176
Investment in capital assets	257,345	237,020
Temporarily restricted	503,390	434,364
Permanently restricted	<u>5,393,918</u>	<u>4,703,244</u>
<b>Total Net Assets</b>	<u>6,113,255</u>	<u>5,400,804</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 6,417,742</u></u>	<u><u>\$ 5,731,156</u></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, 2011 and 2010

	2011			2010				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES AND SUPPORT</b>								
Contributions	\$ 113,976	\$ 4,660	\$ 72,238	\$ 190,874	\$ 353,359	\$ 2,467	\$ 63,296	\$ 419,122
Donated items	46,667	-	-	46,667	-	-	-	-
In-kind contributions	40,983	-	-	40,983	39,177	-	-	39,177
Investment income, net	899	113,538	709,937	824,374	142,141	42,095	318,214	502,450
Other	1,100	-	-	1,100	-	-	-	-
Total revenues and support	203,625	118,198	782,175	1,103,998	534,677	44,562	381,510	960,749
Net Assets Released from Restrictions								
Satisfaction of program restrictions	140,673	(49,172)	(91,501)	-	178,213	271,231	(449,444)	-
Total Revenues, Support and Release of Restrictions	344,298	69,026	690,674	1,103,998	712,890	315,793	(67,934)	960,749
<b>EXPENSES</b>								
Program expenses	222,140	-	-	222,140	197,717	-	-	197,717
General and administrative expenses	169,407	-	-	169,407	179,427	-	-	179,427
Total Expenses	391,547	-	-	391,547	377,144	-	-	377,144
(Decrease) Increase in net assets	(47,249)	69,026	690,674	712,451	335,746	315,793	(67,934)	583,605
<b>NET ASSETS, BEGINNING OF YEAR</b>	263,196	434,364	4,703,244	5,400,804	(72,550)	118,571	4,771,178	4,817,199
<b>NET ASSETS, END OF YEAR</b>	\$ 215,947	\$ 503,390	\$ 5,393,918	\$ 6,113,255	\$ 263,196	\$ 434,364	\$ 4,703,244	\$ 5,400,804

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, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>Increase in Net Assets</b>	\$ 712,451	\$ 583,605
<b>Cash Flows From Operating Activities</b>		
<b>Adjustment to reconcile increase in net assets to net cash provided by operating activities:</b>		
Depreciation	18,128	11,993
Provision for uncollectible accounts	500	-
Unrealized (gain) loss on investments	164,658	(513,517)
<b>Changes in assets and liabilities:</b>		
Accounts receivable	(1,136)	(1,825)
Due to Western New Mexico University	12,379	4,450
Grants and awards payable	(86,011)	18,066
Other assets	(6,800)	-
Total adjustments	<u>101,718</u>	<u>(480,833)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>814,169</u>	<u>102,772</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of investments	(4,217,138)	(1,902,366)
Sale of investments	3,806,589	1,739,983
Retirement of collectable	150	-
Purchase of capital assets, net	(38,602)	(20,113)
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>(449,001)</u>	<u>(182,496)</u>
 <b>NET INCREASE (DECREASE) IN CASH</b>	 365,168	 (79,724)
 <b>CASH AT BEGINNING OF YEAR</b>	 <u>294,988</u>	 <u>374,712</u>
 <b>CASH AT END OF YEAR</b>	 <u>\$ 660,156</u>	 <u>\$ 294,988</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 2011 and 2010**

**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 2011 and 2010**

**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 2011 and 2010, the Foundation received \$40,983 and \$39,177, 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 2011 and 2010**

**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 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 years ended June 30 2011 and 2010.

**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 2011 and 2010.

**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 2011, 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 2011. 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 \$452,240 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, 2010, 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 2011. 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 2011 and 2010**

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

At June 30 2011 and 2010, the Foundation holds cash for the following organizations as follows:

	<u>2011</u>	<u>2010</u>
AAUW - Expanding your Horizons	\$ 15,877	\$ 7,300
Alcohol Awareness	1,268	1,968
Alimento Para el Nino	671	3,200
Alecksan, Lawrence	102	102
Alumni Affairs	-	940
Alumni Association	5,584	2,301
Alumni Garden	2,417	1,420
Alumni Great Race	1	1
Arts & Letters	40	40
Athletic Agency	330	1,530
Athletic Scholarship	4,446	3,946
AQIP	100	100
Bach-Library	892	892
Banks, Johnny	56	56
Biology Agency	2,057	2,057
Biology Club	205	205
Brancheau Photo Gallery	2,876	1,591
Capital Imp/Equipment	38	38
Carolyn Averback Soc. Book	300	300
CC Cobb Nursing	711	711
Child Dev. Center	9,002	7,756
Competitive Out-of-State	1,700	-
Computer Science	31	31
Connie Cope	3,469	3,469
Cornali Dog Park	50	50
Daniel's Fund	82	82
Development	45	45
Faculty/Staff Awards	500	500
Fine Arts Center Theatre	4,198	4,198
Fobert, Gloria	173	-
Friends of WNMU Art	665	665
Friends of Miller Library	3,434	2,864
Friends of the Choir	209	209
Friends of Music Fund	322	262
Gallup Grad Student Study Ctr.	55	55
GIA	16,494	23,798
GO Bonds (deficit)	-	(5,330)
Gonzales, Ruben Cultural Sch	630	606

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

**NOTES TO FINANCIAL STATEMENTS**

**June 30 2011 and 2010**

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

	<u>2011</u>	<u>2010</u>
Hall of Fame Induction Fund	\$ 100	\$ 100
Instrumental Music Fund	204	204
Jeffers, Besse	753	601
Johnson/State Farm	349	349
Juried Student Art Exhibition	24	104
Kaiser Golf	282	232
Knight, Glenn	5,000	-
Literacy Program Adult Basic Ed	920	920
LULAC Scholarship	571	571
Mariachi Concert Fund	2,814	-
McCray Gallery	220	220
McGrath, Herb	7,845	13,896
MENC Fund	78	78
Men's Basketball	1,200	-
Moman Scholarship	2,263	2,863
MOT R. Bradfield	-	600
Multicultural Affairs & Stdnt Act.	8,025	8,025
Museum Climate Control Fund	5,000	5,000
Museum 35th Gala	5,456	-
Natural Science Agency	23,249	1
NEA Conference	568	568
Non-Toxic Paper & Printing Soc.	175	175
Occupational Therapy Fund	430	430
President's Discretionary Fund	-	(1,013)
President's Representational Fund	1,000	-
Regents	125	125
Salas, Oscar	540	540
Scholarship for Returning Students	3,280	-
School of Education	270	270
School of Social Work	1,115	-
Sculpture Fund	7,361	6,106
Sisneros	3,172	3,672
SOB Admin & Ec Operating Fund	300	-
Staff Development	644	584
Staff Recognition	1,184	880

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30 2011 and 2010**

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

	<u>2011</u>	<u>2010</u>
Steinway for Silver	7,279	6,639
Student Academic Scholar	1,722	1,722
Student Travel	-	383
Swimming Pool	175	175
SWNM Leadership Program	678	673
University Campaign	17,941	21,745
Veterans Scholarship	150	150
WNMU Clay Program	8,312	6,587
WNMU Dance Team	21	21
WNMU Friends of Music	400	400
WNMU Library Geology	774	774
WNMU Museum	3,366	3,370
WNMU Museum Acquisition Fund	3,792	3,792
Women's Athletic Cheerleading	75	75
Women's Basketball	100	-
ZIA Ambassadors	1,000	1,000
	<u>\$ 209,332</u>	<u>\$ 161,565</u>

**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.

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30 2011 and 2010**

**Note 3. INVESTMENTS (continued)**

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, 2011 and 2010 are as follows:

	<u>2011</u>	
	Market	Cost
Certificates of Deposit	\$ 116,026	\$ 110,000
Real Asset Funds	524,445	469,146
Fixed Income Mutual Funds	2,184,162	2,052,540
Equities Mutual Funds	307,283	330,000
Equities	<u>2,149,480</u>	<u>1,722,127</u>
Total investments	<u>\$5,281,396</u>	<u>\$4,683,813</u>
	<u>2010</u>	
	Market	Cost
Certificates of Deposit	\$ 170,535	\$ 163,219
Real Asset 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>

The following summarizes the investment return for the years ended June 30 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Interest and dividend income	\$ 175,782	\$ 137,655
Net realized gain/(loss)	196,352	( 168,533)
Net unrealized gain/(loss)	<u>452,240</u>	<u>533,328</u>
Investment income	<u>\$ 824,374</u>	<u>\$ 502,450</u>

The following summarizes the investments by maturity:

	<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>
Long-Term Investments					
Component Unit					
Items not subject to interest rate risk: Equity					
Securities and Bonds	\$5,145,530	\$ 6,029	\$581,359	\$1,103,419	\$3,454,723
Mutual Funds	-	-	-	-	-
U.S. Government					
Agency obligation	19,840	-	-	-	19,840
Certificates of deposit	<u>116,026</u>	<u>62,427</u>	<u>53,599</u>	<u>-</u>	<u>-</u>
Total long-term Investments	<u>\$5,281,396</u>	<u>\$ 68,456</u>	<u>\$634,958</u>	<u>\$1,103,419</u>	<u>\$3,474,563</u>

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30 2011 and 2010**

**Note 4. EXPENSES**

Expenses of the Foundation reported by natural classification for the fiscal years ended June 30 2011 and 2010, were as follows:

	<u>2011</u>	<u>2010</u>
Scholarship expense	\$222,140	\$197,717
Salaries	80,169	62,796
In-kind expense	40,983	39,177
Depreciation	18,128	11,993
Professional fees	11,832	8,595
Building expenses	-0-	57
Supplies and services	1,179	7,016
Miscellaneous expense	15,033	47,844
Directors insurance	900	900
Liability insurance	632	609
Property taxes	551	440
	<u>\$391,547</u>	<u>\$377,144</u>

**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.

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.



**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30 2011 and 2010**

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

	Balance June 30, 2010	Additions	Reclasses	Retirements	Balance June 30, 2011
<b>Capital assets not being depreciated</b>					
Land	\$ 35,000	\$ 8,120	\$ -	\$ -	\$ 43,120
Collections	90,425	4,500	-	(150)	94,775
<b>Capital assets not being depreciated</b>	<b>125,425</b>	<b>12,620</b>	<b>-</b>	<b>(150)</b>	<b>137,895</b>
<b>Capital assets</b>					
Buildings	100,000	-	-	-	100,000
Leasehold improvements	14,668	-	-	-	14,668
Software	1,448	-	-	-	1,448
Furniture, fixtures & equipment	117,146	25,982	-	-	143,128
<b>Capital assets</b>	<b>233,262</b>	<b>25,982</b>	<b>-</b>	<b>-</b>	<b>259,244</b>
<b>Accumulated depreciation for</b>					
Buildings	(47,500)	(2,500)	-	-	(50,000)
Leasehold improvements	(4,218)	(367)	-	-	(4,585)
Software	(29)	(483)	-	-	(512)
Furniture, fixtures & equipment	(69,919)	(14,778)	-	-	(84,697)
<b>Total accumulated depreciation</b>	<b>(121,666)</b>	<b>(18,128)</b>	<b>-</b>	<b>-</b>	<b>(139,794)</b>
<b>Capital assets, net</b>	<b>\$ 237,021</b>	<b>\$ 20,474</b>	<b>\$ -</b>	<b>\$ (150)</b>	<b>\$ 257,345</b>
<b>Capital assets summary</b>					
Capital assets not being depreciated	\$ 125,425	\$ 12,620	\$ -	\$ (150)	\$ 137,895
Other capital assets, at cost	233,262	25,982	-	-	259,244
<b>Total cost of capital assets</b>	<b>358,687</b>	<b>38,602</b>	<b>-</b>	<b>(150)</b>	<b>397,139</b>
<b>Accumulated depreciation</b>	<b>(121,666)</b>	<b>(18,128)</b>	<b>-</b>	<b>-</b>	<b>(139,794)</b>
<b>Capital assets, net</b>	<b>\$ 237,021</b>	<b>\$ 20,474</b>	<b>\$ -</b>	<b>\$ (150)</b>	<b>\$ 257,345</b>

	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)	233,261
<b>Total cost of capital assets</b>	<b>346,672</b>	<b>20,113</b>	<b>-</b>	<b>(8,099)</b>	<b>358,686</b>
<b>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>

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30 2011 and 2010**

**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); 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. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to: ERB, P.O. Box 26129, Santa Fe, NM 87502. The report is also available on ERB's website at [www.nmerb.org](http://www.nmerb.org).

*Funding Policy.* Effective July 1, 2010, plan members were required by statute to contribute 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually were required to contribute 9.4% of their gross salary. Western New Mexico University Foundation, Inc. was required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 20.9% of the gross covered salary of employees earning more than \$20,000 annually. The contribution requirements of plan member and the Foundation are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The contribution requirements for the years ending June 30, 2011, 2010 and 2009 were \$10,013, \$8,566 and \$8,389 respectively, which equal the amount of the required contribution for each fiscal year.

When employing retired PERA members, the Foundation must remit 12.4% of applicable wages to ERB when member's annual salary is less than \$20,000. The rate is 10.9% when salary is in excess of \$20,000. The Foundation has not employed any retired PERA members, therefore made no contributions for fiscal year ending June 30, 2011.

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30 2011 and 2010**

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

*Plan Description.* The Foundation contributes to the New Mexico Retiree health Care Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the funds for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which the 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; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. The report and further information can be obtained by writing to the Retiree Health Care Authority at: 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

*Funding Policy.* The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us)

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
**June 30 2011 and 2010**

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

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2011, the statute requires each participating employer to contribute 1.666% of each participating employee's annual salary; each participating employee was required to contribute .833% of their salary. In the fiscal years ending June 30, 2012 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY12	1.834%	.917%
FY13	2.000%	1.000%

Also, employers joining the program after January 1, 1998 are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee, and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

For the fiscal years ended June 30 2011, 2010 and 2009, the University remitted for the Foundation \$2,274, \$1,526 and \$1,404, respectively, in employee contributions to the Retiree Health Care Authority.

**Note 7. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at June 30 2011 and 2010 are for the following programs:

	<u>2011</u>	<u>2010</u>
Biology Merit Scholarship	\$ -0-	\$ 11,431
Hall, Ron	420	-0-
Johnson, Alvin "A"	3,080	-0-
Kilpatrick, Arlene Museum Fund	-0-	879
MOT Scholarship R. Bradfield	1,160	-0-
Patterson, R. Scholarship	498,730	367,984
Student Emergency Loan Fund	-0-	9,255
Various other scholarships	-0-	44,815
	<u>\$ 503,390</u>	<u>\$ 434,364</u>

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30 2011 and 2010**

**Note 8. PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets at June 30 2011 and 2010 are for the following programs:

	<u>2011</u>	<u>2010</u>
Besse, JR Capt. Scholarship	\$ 59,704	\$ 51,306
Bingaman, Jesse	35,765	31,418
CCCC O'Malley School of Business	59,289	40,903
Endowed Professor Blalock Fund	224,559	221,270
Expressive Arts State Match/CCCC Kasten	53,050	52,672
Fisher, Ralph Scholarship	54,508	47,482
Forward, Lennie Scholarship	57,598	50,848
Forward Library Fund	357,070	306,849
Glaser, A.	45,276	-0-
James, Dr. Haden & Eunice Scholarship	162,864	146,303
Kennedy, Eric Memorial Scholarship	126,162	110,606
Levy, Daniel	31,557	27,930
Martin, Robert & Ione	76,446	16,317
Matson, Marie Scholarship	98,405	86,316
Nursing Staff Development	39,464	53,861
O'Malley, Mike & Catherine	134,624	111,482
Parrish, Frank & Bernice	52,061	52,677
Reese, Jack & A. Scholarship	231,222	204,913
Sechler/Rhoades Fund	587,844	521,352
Schula, Loraine Scholarship	115,477	100,593
Smithson, Olive Marlowe Scholarship	1,556,894	1,383,294
Snodgrass Scholarship	81,302	69,867
Strickling, Nancy & Jerry Scholarship	342,318	356,429
Thompson, Dr. Scholarship	56,328	48,925
Various other Scholarships	754,131	609,629
	<u>\$5,393,918</u>	<u>\$4,703,244</u>

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30 2011 and 2010**

**Note 9. DEPOSIT ACCOUNTS AND INVESTMENTS**

<u>Account</u>	<u>Type of Balance</u>	<u>2011</u>		<u>Book Balance</u>
		<u>Bank Balance</u>	<u>Reconciling Items</u>	
<b><u>CASH</u></b>				
<b>AmBank</b>				
Checking	Checking	\$ 62,398	\$ (1,074)	\$ 61,324
Operations	Money Market	168,086	(499)	167,587
<b>Wells Fargo</b>				
Checking	Checking	32,024	-	32,024
Program	Money Market	590,604	-	590,604
Program	Money Market	3,496	-	3,496
<b>Smith Barney</b>				
Program	Money Market	6,303	-	6,303
Program	Money Market	8,150	-	8,150
		<u>\$ 871,061</u>	<u>\$ (1,573)</u>	<u>\$ 869,488</u>
<b><u>INVESTMENTS</u></b>				
<b>Wells Fargo</b>				
Fixed Income		\$ 552,274	\$ -	\$ 552,274
Fixed Income		1,611,631	-	1,611,631
Equities		1,770,575	-	1,770,575
Alternative Investments		307,281	-	307,281
Equities		-	-	-
Real Assets		524,445	-	524,445
US Treasury Bond		19,840	-	19,840
<b>Smith Barney</b>				
Certificates of deposit		116,026	-	116,026
Equities		368,251	-	368,251
<b>BP Amoco</b>				
		11,073	-	11,073
<b>Western Bank CD</b>				
		-	-	-
<b>Gallup Foundation CD</b>				
		-	-	-
		<u>\$ 5,281,396</u>	<u>\$ -</u>	<u>\$ 5,281,396</u>

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30 2011 and 2010**

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

Collateralization of Deposits: At June 30 2011 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	\$262,508
Amounts insured by the Securities Investor Protection Corporation	608,553
Uncollateralized	<u>-0-</u>
Total Cash and Time Deposit Bank Balances	871,061
Other reconciling items on demand deposit accounts	<u>( 1,573)</u>
Total reported cash balance	<u>\$869,488</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 2011, \$-0- of the Organization's bank balance of \$262,508 was uninsured and uncollateralized. There are no collateralized deposits required.

**Note 10. 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, 2010 in House Bill 454. Therefore, the guidance for classifying net assets is effective for the Foundation's fiscal year ending June 30 2011 and 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.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30 2011 and 2010**

**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 2011:**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-Restricted Endowment Funds	\$215,947	\$503,390	\$5,393,918	\$6,113,255
Board-Designated Endowment Funds	-0-	-0-	-0-	-0-
<b>Total Funds</b>	<u>\$ 215,947</u>	<u>\$503,390</u>	<u>\$5,393,918</u>	<u>\$6,113,255</u>



**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30 2011 and 2010**

**Note 12. INTERPRETATION OF RELEVANT LAW (continued)**

**Changes in Endowment Net Assets for the Fiscal Year Ended June 30 2011:**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, Beginning of year	\$263,196	\$ 434,364	\$4,703,244	\$5,400,804
Investment return:				
Investment income	899	113,538	82,598	197,035
Net appreciation (realized and unrealized)	-0-	-0-	627,339	627,339
Contributions	340,899	4,660	72,238	417,797
Appropriation of assets for expenditure:				
Spending rate	(389,047)	(49,172)	(91,501)	(529,720)
Additional from Board designated funds	--	--	--	--
	<u>( 47,249)</u>	<u>69,026</u>	<u>690,674</u>	<u>712,451</u>
Endowment net assets, End of Year	<u>\$215,947</u>	<u>\$503,390</u>	<u>\$5,393,918</u>	<u>\$6,113,255</u>

**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.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30 2011 and 2010**

**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 (depreciation) (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>

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30 2011 and 2010**

**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.

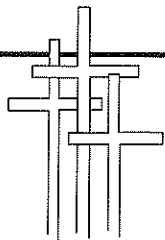
Level 2—Measurement based upon marketplace inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are 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 2011 and 2010, 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, 2011.



# 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 2011 and 2010, and have issued our report thereon dated October 22, 2011. 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*

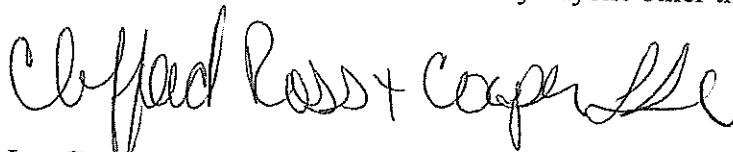
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Compliance and Other Matters

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, 2011

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

**SUMMARY OF PRIOR AUDIT FINDINGS**  
**Year Ended June 30 2011**

<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 2011**

**None**

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

**EXIT CONFERENCE**  
**Year Ended June 30 2011**

An Exit Conference was held on November 14, 2011, 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  
Charlotte McGaughey, CPA, Accountant  
Vance Redfern, Executive Director  
Sherri Bays, Vice-President of Business Affairs, WNMU

**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.