

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

**Financial Statements
June 30, 2013 and 2012**

WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.
(A COMPONENT UNIT OF WESTERN NEW MEXICO UNIVERSITY)
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June 30, 2013 and 2012

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WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.
(A COMPONENT UNIT OF WESTERN NEW MEXICO UNIVERSITY)
Board of Directors
June 30, 2013 and 2012

William Perkins, President

Richard Peterson, Vice President

Richard Lawyer, Treasurer

Diane Torrez, Secretary

Dr. Mary Cowan

Jovita Gonzales

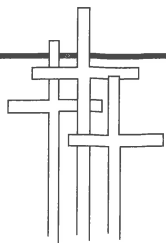
James Hill

Linda McGee

John Myers

Howard Ness

Thomas E. Hines



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

Report on the Financial Statements

We have audited the accompanying financial statements of Western New Mexico University Foundation, Inc. (Foundation), a nonprofit organization and component unit of Western New Mexico University, which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

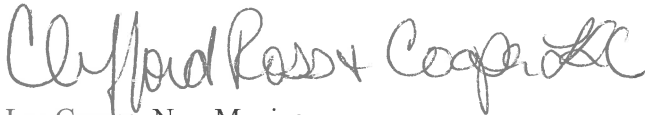
Other Matters

Other Information

Western New Mexico University Foundation, Inc. (a component unit of Western New Mexico University) has omitted the MD&A which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by GASB who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2013, on our consideration of Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.



Las Cruces, New Mexico
November 6, 2013

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

Statements of Financial Position

June 30, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	\$ 577,778	\$ 717,383
Cash restricted for other organizations	220,671	162,346
Accounts receivable, net of \$500 and \$0- allowance for doubtful accounts, respectively	-	300
Investments, net	6,017,536	5,522,159
Inventory for resale	3,000	3,000
Capital assets, net of accumulated depreciation	14,563	238,931
Total Assets	\$ 6,833,548	\$ 6,644,119
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 1,200	\$ 1,866
Due to Western New Mexico University	152,731	246,410
Deposits held for others	220,671	162,346
Total Liabilities	374,602	410,622
 NET ASSETS		
Unrestricted:		
Available for operations	(92,946)	(120,021)
Investment in capital assets	14,563	238,931
Temporarily restricted	33,561	19,628
Permanently restricted	6,503,768	6,094,959
Total Net Assets	6,458,946	6,233,497
Total Liabilities and Net Assets	\$ 6,833,548	\$ 6,644,119

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, 2013 and 2012

	2013			2012				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND SUPPORT								
Contributions	\$ 77,550	\$ 4,455	\$ 126,378	\$ 208,383	\$ 103,730	\$ 11,889	\$ 318,975	\$ 434,594
Donated items	-	-	-	-	5,202	-	-	5,202
In-kind contributions	130,298	-	-	130,298	95,733	-	-	95,733
Investment income, net	152	-	503,923	504,075	683	-	13,752	14,435
Gain (loss) on disposal of assets	(206,770)	-	-	(206,770)	(14,018)	-	-	(14,018)
Other	-	-	-	-	1,700	-	-	1,700
Total revenues and support	1,230	4,455	630,301	635,986	193,030	11,889	332,727	537,646
Net Assets Released from Restrictions								
Satisfaction of program restrictions	212,014	9,478	(221,492)	-	127,337	(495,651)	368,314	-
Total Revenues, Support and Release of Restrictions	213,244	13,933	408,809	635,986	320,367	(483,762)	701,041	537,646
EXPENSES								
Program expenses	112,417	-	-	112,417	204,278	-	-	204,278
General and administrative expenses	298,120	-	-	298,120	213,126	-	-	213,126
Total Expenses	410,537	-	-	410,537	417,404	-	-	417,404
(Decrease) Increase in net assets	(197,293)	13,933	408,809	225,449	(97,037)	(483,762)	701,041	120,242
NET ASSETS, BEGINNING OF YEAR	118,910	19,628	6,094,959	6,233,497	215,947	503,390	5,393,918	6,113,255
NET ASSETS, END OF YEAR	\$ (78,383)	\$ 33,561	\$ 6,503,768	\$ 6,458,946	\$ 118,910	\$ 19,628	\$ 6,094,959	\$ 6,233,497

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, 2013 and 2012

	2013	2012
Increase in Net Assets	\$ 225,449	\$ 120,242
Cash Flows From Operating Activities		
Adjustment to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	2,344	14,676
Provision for uncollectible accounts	-	(500)
Loss on disposal of assets	206,770	13,269
Unrealized/realized (gain) loss on investments	(305,315)	27,631
Changes in assets and liabilities:		
Accounts receivable	300	2,413
Due to Western New Mexico University	(93,679)	153,121
Accounts payable	(665)	1,866
Grants and awards payable	-	45,120
Total adjustments	(190,245)	257,596
Net Cash Provided (Used) by Operating Activities	35,204	377,838
Cash Flows From Investing Activities		
Purchase of investments	(1,030,201)	(2,734,499)
Sale of investments	840,138	2,414,716
Retirement/sale of property and fixed assets	15,254	749
Purchase of capital assets, net		(1,577)
Net Cash Provided (Used) by Investing Activities	(174,809)	(320,611)
 NET INCREASE (DECREASE) IN CASH	 (139,605)	 57,227
 CASH AT BEGINNING OF YEAR	 717,383	 660,156
 CASH AT END OF YEAR	 \$ 577,778	 \$ 717,383

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, 2013 and 2012

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, 2013 and 2012

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, 2013 and 2012, the Foundation received \$132,899 and \$95,733, 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, 2013 and 2012

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, 2013 and 2012.

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, 2013 and 2012.

Custodial 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, 2013, 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, 2013. 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 increase of \$495,377 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, the governing board has authorized a spending limit of 2.5% of available portfolio funds for scholarship awards and 2% to cover administrative costs. The Foundation's investment securities are carried at fair market value.

WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.
(A Component Unit of Western New Mexico University)
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

Note 2. CASH RESTRICTED FOR OTHER ORGANIZATIONS

At June 30, 2013 and 2012, the Foundation holds cash for the following organizations as follows:

	<u>2013</u>	<u>2012</u>
AAUW - Expanding your Horizons	\$ 8,969	\$ 11,589
Alcohol Awareness	1,168	1,168
Alimento Para el Nino	316	610
Alecksan, Lawrence	-	102
Alumni Affairs	4,339	3,176
Alumni Association	5,792	6,159
Alumni Garden	2,298	2,188
Alumni Golf Tournament	6,065	-
Alumni Great Race	15	-
Alumni Student Emergency	2,500	-
Arts & Letters	-	40
Athletic Agency	4,308	1,308
Athletic Fire Relief Fund	200	200
Athletic Scholarship	5,038	4,738
AQIP	-	100
Bach-Library	892	892
Banks, Johnny	-	56
Betty Cook/24 Club	3,950	-
Biology Agency	2,000	2,057
Biology Club	205	205
Brancheau Photo Gallery	1,510	1,405
Capital Imp/Equipment	-	38
Carolyn Averback Soc. Book	300	300
CC Cobb Nursing	611	711
Child Dev. Center	4,674	4,660
College of Bus Admin & Ec Cops	660	-
Computer Science	-	31
Connie Cope	-	-
Cornali Dog Park	-	50
Daniel's Fund	-	82
Development	-	45
Faculty Development	6,710	4,710
Faculty/Staff Awards	500	500
Fine Arts Center Theatre	4,060	4,160
Fobert, Gloria	173	173
Football Agency	200	4,444
Friends of WNMU Art	665	665

WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.
(A Component Unit of Western New Mexico University)
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

Note 2. CASH RESTRICTED FOR OTHER ORGANIZATIONS (continued)

	<u>2013</u>	<u>2012</u>
Friends of Miller Library	\$ 4,119	\$ 3,824
Friends of the Choir	-	209
Friends of Music Fund	387	382
Gallup Grad Student Study Ctr.	-	55
Geology Field Trip Fund	20	129
GIA	17,732	2,690
Gilbert Scholarship	3,538	-
Golf Agency	1,570	-
Grant Cty Chicano Music Project	9,068	-
Hall of Fame Induction Fund	-	100
Instrumental Music Fund	-	204
Johnson/State Farm	-	349
Juried Student Art Exhibition	-	24
Kaiser Golf	782	282
Knight, Glenn	-	262
Literacy Program Adult Basic Ed	-	920
Lordsburg Property	-	632
LULAC Scholarship	-	571
Mariachi Concert Fund	1,484	764
Martin Nursing School	1,750	-
McCray Gallery	1,332	533
McGrath, Herb	4,500	5,998
MENC Fund	-	78
Men's Basketball	2,384	2,284
Moman Scholarship	2,263	2,263
Multicultural Affairs & Stdnt Act.	8,025	8,025
Museum Acquisition	1,000	3,000
Museum Climate Control Fund	5,345	5,000
Museum 35th Gala	956	1,956
Nan Ranch Collection	7,917	-
Natural Science Agency	-	3,751
NEA Conference	-	568
Non-Toxic Paper & Printing Soc.	-	175
Nursing Agency	1,490	135
Occupational Therapy Fund	-	430
Parrish School	1,750	-
President's Representational Fund	-	1,090
Regents	125	125
Salas, Oscar	-	540

WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.
(A Component Unit of Western New Mexico University)
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

Note 2. CASH RESTRICTED FOR OTHER ORGANIZATIONS (continued)

	<u>2013</u>	<u>2012</u>
Scholarship for Returning Students	\$ 3,220	\$ 3,280
School of Education	370	320
School of Social Work	1,743	2,315
Sculpture Fund	7,361	7,361
Sechler-Rhodes PEO School	2,450	-
Shoup, Whitney Scholarship	300	
Sisneros, Pete	3,172	3,172
SOB Admin & Ec Operating Fund	-	420
Staff Development	679	679
Staff Recognition	867	1,047
Steinway for Silver	7,234	7,764
Student Academic Scholar	1,722	1,722
SW Consultant & Training	902	620
Swimming Pool	175	175
SWNM Leadership Program	1,946	599
Tax Help Program	35	-
University Campaign	14,486	17,753
WNMU Booster Club Fund	2,554	-
WNMU Clay Program	12,208	7,923
WNMU Dance Team	-	21
WNMU Friends of Music	-	400
WNMU Library Geology	999	974
WNMU Museum	5,575	576
WNMU Museum Acquisition Fund	533	140
Women's Athletic Cheerleading	-	75
Women's Basketball	1,180	100
Worthen, Elmer Scholarship	901	-
ZIA Ambassadors	1,000	1,000
Inactive Accounts	3,404	-
	<u>\$ 220,671</u>	<u>\$ 162,346</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.

WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.
(A Component Unit of Western New Mexico University)
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

Note 3. INVESTMENTS (continued)

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, net of investment fees in the amount of \$60,625 and \$57,571, respectively. The market value and cost of investments at June 30, 2013 and 2012 are as follows:

		<u>2013</u>	
	Market	\$	Cost
Certificates of Deposit	\$ 51,133	\$	50,000
Real Asset Funds/Other Assets	1,110,411		994,793
Mutual Funds	2,299,681		1,949,481
U.S. Treasury Stock	21,349		15,000
Equities/Fixed Income	<u>2,534,962</u>		<u>2,167,327</u>
Total investments	<u>\$6,017,536</u>		<u>\$5,176,601</u>
		<u>2012</u>	
	Market	\$	Cost
Certificates of Deposit	\$ 53,023	\$	50,383
Real Asset Funds	596,222		558,534
Fixed Income Mutual Funds	2,340,908		2,197,807
Equities Mutual Funds	309,843		300,746
Equities	<u>2,222,163</u>		<u>1,599,695</u>
Total investments	<u>\$5,522,159</u>		<u>\$4,707,165</u>

The following summarizes the investment return for the years ended June 30, 2013 and 2012:

	<u>2013</u>		<u>2012</u>	
	\$	2013	\$	2012
Interest and dividend income	\$	191,759	\$	171,681
Net realized gain/(loss)		67,625		(22,806)
Net unrealized gain/(loss)		<u>305,316</u>		<u>(76,869)</u>
Investment income		564,700		72,006
Less investment fees		<u>(60,625)</u>		<u>(57,571)</u>
Investment income, net	\$	<u>504,075</u>	\$	<u>14,435</u>

WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.
(A Component Unit of Western New Mexico University)
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

Note 3. INVESTMENTS (continued)

The following summarizes the investments by maturity:

Long-Term Investments Component Unit	<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>
Items not subject to interest rate risk: Equity					
Securities and Bonds	\$2,534,962	\$ 228,843	\$ 383,024	\$547,995	\$1,375,100
Mutual Funds	2,299,681	-	-	-	2,299,681
Real Estate/Other	1,110,411	-	-	-	1,110,411
U.S. Government					
Agency obligation	21,349	-	-	-	21,349
Certificates of deposit	51,133	51,133	-	-	-
Total long-term investments	<u>\$6,017,536</u>	<u>\$279,976</u>	<u>\$383,024</u>	<u>\$547,995</u>	<u>\$4,806,541</u>

Note 4. EXPENSES

Expenses of the Foundation reported by natural classification for the fiscal years ended June 30, 2013 and 2012, were as follows:

	<u>2013</u>	<u>2012</u>
Scholarship expense	\$112,417	\$ 204,278
Salaries	23,136	26,126
In-kind expense	132,899	95,733
Depreciation	2,344	14,676
Professional fees	21,833	19,822
Fundraising	40,797	2,750
Supplies and services	2,162	3,050
Miscellaneous expense	8,299	4,515
Rosina Patterson disbursements	14,670	14,848
Directors insurance	900	900
Liability insurance	381	632
President's discretionary	50,137	29,466
Property taxes	562	608
	<u>\$410,537</u>	<u>\$ 417,404</u>

WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.
(A Component Unit of Western New Mexico University)
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

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 were being leased to a non-profit entity for \$100 per month. The property was sold at a loss during 2012; the loss of \$76,963 is recorded in the statement of activities along with losses of \$129,807 for assets transferred to Western New Mexico University. 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.

WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.
(A Component Unit of Western New Mexico University)
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

Note 5. CAPITAL ASSETS (continued)

	Balance June 30, 2012	Additions	Reclasses	Retirements	Balance June 30, 2013
Capital assets not being depreciated					
Land	\$ 43,120	\$ -	\$ -	\$ (35,000)	\$ 8,120
Collections	94,026	-	-	(94,026)	-
Capital assets not being depreciated	137,146	-	-	(129,026)	8,120
Capital assets					
Buildings	100,000	-	-	(100,000)	-
Leasehold improvements	14,668	-	-	(14,668)	-
Software	1,448	-	-	-	1,448
Furniture, fixtures & equipment	136,795	-	-	(51,887)	84,908
Capital assets	252,911	-	-	(166,555)	86,356
Accumulated depreciation for					
Buildings	(52,500)	-	-	52,500	-
Leasehold improvements	(4,952)	-	-	4,952	-
Software	(994)	(453)	-	-	(1,447)
Furniture, fixtures & equipment	(92,680)	(1,891)	-	16,105	(78,466)
Total accumulated depreciation	(151,126)	(2,344)	-	73,557	(79,913)
Capital assets, net	\$ 238,931	\$ (2,344)	\$ -	\$ (222,024)	\$ 14,563
Capital assets summary					
Capital assets not being depreciated	\$ 137,146	\$ -	\$ -	\$ (129,026)	\$ 8,120
Other capital assets, at cost	252,911	-	-	(166,555)	86,356
Total cost of capital assets	390,057	-	-	(295,581)	94,476
Accumulated depreciation	(151,126)	(2,344)	-	73,557	(79,913)
Capital assets, net	\$ 238,931	\$ (2,344)	\$ -	\$ (222,024)	\$ 14,563

	Balance June 30, 2011	Additions	Reclasses	Retirements	Balance June 30, 2012
Capital assets not being depreciated					
Land	\$ 43,120	\$ -	\$ -	\$ -	\$ 43,120
Collections	94,775	-	-	(749)	94,026
Capital assets not being depreciated	137,895	-	-	(749)	137,146
Capital assets					
Buildings	100,000	-	-	-	100,000
Leasehold improvements	14,668	-	-	-	14,668
Software	1,448	-	-	-	1,448
Furniture, fixtures & equipment	143,128	6,779	-	(13,112)	136,795
Capital assets	259,244	6,779	-	(13,112)	252,911
Accumulated depreciation for					
Buildings	(50,000)	(2,500)	-	-	(52,500)
Leasehold improvements	(4,585)	(367)	-	-	(4,952)
Software	(511)	(483)	-	-	(994)
Furniture, fixtures & equipment	(84,697)	(11,327)	-	3,344	(92,680)
Total accumulated depreciation	(139,793)	(14,677)	-	3,344	(151,126)
Capital assets, net	\$ 257,346	\$ (7,898)	\$ -	\$ (10,517)	\$ 238,931
Capital assets summary					
Capital assets not being depreciated	\$ 137,895	\$ -	\$ -	\$ (749)	\$ 137,146
Other capital assets, at cost	259,244	6,779	-	(13,112)	252,911
Total cost of capital assets	397,139	6,779	-	(13,861)	390,057
Accumulated depreciation	(139,793)	(14,677)	-	3,344	(151,126)
Capital assets, net	\$ 257,346	\$ (7,898)	\$ -	\$ (10,517)	\$ 238,931

WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.
(A Component Unit of Western New Mexico University)
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

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.

Funding Policy. Member Contributions - Plan members whose annual salary is \$20,000 or less are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over \$20,000 are required to make the following contributions to the Plan: 9.40% of their gross salary in fiscal year 2013; 10.1% of their gross salary in fiscal year 2014; and 10.7% of their gross salary in fiscal year 2015 and thereafter. Employer Contributions - In fiscal year 2013, 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 10.9% of the gross covered salary of employees earning more than \$20,000 annually. In the future the Organization will contribute the following percentages of the gross covered salary of employees: 13.15% of gross covered salary in fiscal year 2014; and 13.9% of gross covered salary in fiscal year 2015.

The contribution requirements of plan members 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, 2013, 2012, and 2011 were \$12,641, \$8,364 and \$10,013 respectively.

Alternate Retirement Plan-ERB. There is an additional alternate retirement plan administered through the Educational Retirement Board which certain employees (faculty or other professionals) employed on or after July 1, 1991, may elect instead. Contribution rates for an employee who elects to participate in the alternate plan are 9.4% of gross salary and 7.9% of gross salary for the Foundation. The University is also required to contribute to the Educational Retirement Board an additional 3% of the gross salary of each employee so that the University's total contribution for each participating employee is 10.9% of the employee's gross salary.

WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

Note 6. EMPLOYEE BENEFITS (continued)

Alternative Retirement Plan-403(b). In addition to the ERB plan, the University sponsors a 403(b) defined savings contribution plan for its employees. The University does not contribute or match any funds in the 403(b) savings program.

Alternative Retirement Plan-457(b). In October 1997, the University's Governing Board adopted the State of New Mexico's Deferred Compensation Plan. The 457 Deferred Compensation Plan was implemented fall 1997 and provides an additional voluntary retirement savings option for all employees. Under the plan in calendar year 2012, employees may voluntarily contribute up to a maximum of \$17,000 if under age 50, and up to a maximum of \$22,500 if the employee is 50 or older. The University does not contribute or match any funds in the 457(b) savings program.

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.

WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.
(A Component Unit of Western New Mexico University)
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

Note 6. EMPLOYEE BENEFITS (continued)

The employer, employee, and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

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. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3,4, or 5; municipal fire member coverage plan 3,4, or 5; municipal detention officer member plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employers to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

For the fiscal years ended June 30, 2013, 2012, and 2011, the University remitted for the Foundation \$2,313 \$1,651 and \$1,516, respectively.

Note 7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2013 and 2012 are for the following programs:

	<u>2013</u>	<u>2012</u>
Benjamin, Harry Expressive Arts	\$ 1,205	-0-
Casa de la Cultural Scholarship	1,000	-0-
Cope, Connie	3,619	3,569
De Dominico, Paul Scholarship	2,300	-0-
Early Childhood	-0-	5,000
Gershenson Bradberry	1,210	1,060
GIA	17,732	-0-
Gonzales, Ruben	14	654
Hall, Ron	3,260	2,060
Larisch, Peggy Scholarship	-0-	3,110
NAN Ranch Research	-0-	955
Scholarship for Returning Students	3,221	3,220
	<u>\$ 33,561</u>	<u>\$ 19,628</u>

WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.
(A Component Unit of Western New Mexico University)
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

Note 8. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at June 30, 2013 and 2012 are for the following programs:

	<u>2013</u>	<u>2012</u>
Alumni Scholarship	\$ 52,438	-0-
Besse, JR Capt. Scholarship	62,806	\$ 58,911
Bingaman, Jesse	36,838	35,290
CCCC O'Malley School of Business	78,600	64,280
Endowed Professor Blalock Fund	220,827	225,724
Expressive Arts State Match/CCCC Kasten	52,429	53,681
Fisher, Ralph Scholarship	57,285	53,834
Forward, Lennie Scholarship	59,543	56,833
Forward Library Fund	375,624	352,328
Glaser, A.	47,104	44,675
James, Dr. Haden & Eunice Scholarship	167,172	160,701
Kennedy, Eric Memorial Scholarship	129,938	124,693
Martin, Robert & Ione	48,812	57,290
Matson, Marie Scholarship	101,423	97,099
O'Malley, Mike & Catherine	176,760	154,684
Patterson, Rosina	526,453	474,594
Parrish, Frank & Bernice	49,100	57,290
Reese, Jack & A. Scholarship	236,949	228,151
Sechler/Rhoades Fund	607,479	589,174
Sevy, Robert Natural Science	210,919	-0-
Schula, Loraine Scholarship	121,478	113,944
Smithson, Olive Marlowe Scholarship	1,599,915	1,536,218
Snodgrass Scholarship	83,955	80,222
Strickling, Nancy & Jerry Scholarship	350,506	337,772
Thompson, Dr. Scholarship	58,304	55,580
Worthen, Elmer	10,435	10,594
Gilbert Scholarship (WF TBills)	21,349	27,132
Various other scholarships	<u>959,327</u>	<u>1,044,265</u>
	<u>\$6,503,768</u>	<u>\$6,094,959</u>

WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.
(A Component Unit of Western New Mexico University)
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

Note 9. DEPOSIT ACCOUNTS AND INVESTMENTS

<u>Account</u>	<u>Type of Balance</u>	<u>2013 Bank Balance</u>	<u>Reconciling Items</u>	<u>Bank Balance</u>
<u>CASH</u>				
AmBank				
Checking	Checking	\$ 147,287	\$ (116)	\$ 147,171
Operations	Money Market	91,962	-	91,962
Wells Fargo				
Checking	Checking	84,161	(2,840)	81,321
Program	Money Market	384,014	-	384,014
Program	Money Market	79,463	-	79,463
Charles Schwab				
Program	Money Market	7,457	-	7,457
Program	Money Market	7,061	-	7,061
		<u>\$ 801,405</u>	<u>\$ (2,956)</u>	<u>\$ 798,449</u>
 <u>INVESTMENTS</u>				
Wells Fargo				
Fixed Income/Equities		\$2,507,296	\$ -	\$2,507,296
Mututal Funds		2,299,681	-	2,299,681
Real Estate/Other Assets		966,009	-	966,009
US Treasury Bond		21,349	-	21,349
Charles Schwab				
Certificate of deposit		51,133	-	51,133
Equities		17,231	-	17,231
Other Assets		144,402	-	144,402
BP Amoco				
		10,435	-	10,435
		<u>\$6,017,536</u>	<u>\$ -</u>	<u>\$6,017,536</u>

WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.
(A Component Unit of Western New Mexico University)
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

Note 9. DEPOSIT ACCOUNTS AND INVESTMENTS (continued)

Collateralization of Deposits: At June 30, 2013, 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	\$323,410
Amounts insured by the Securities Investor Protection Corporation	477,995
Uncollateralized	<u>-0-</u>
Total Cash and Time Deposit Bank Balances	801,405
Other reconciling items on demand deposit accounts	<u>(2,956)</u>
Total Reported Cash Balance	<u>\$798,449</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, 2013, \$-0- of the Organization's bank balance of \$347,667 was uninsured and uncollateralized. There are no collateralized deposits required.

Note 10. ENDOWMENTS OF NOT-FOR-PROFIT ORGANIZATIONS

In August 2008, the FASB issued Staff Position (FSP) FAS ASC 958-205-45-28 through 45-32, "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, 2013 and 2012. 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, 2013 and 2012

Note 11. 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, 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-Restricted Endowment Funds	\$ (78,383)	\$ 33,561	\$6,503,768	\$6,458,946
Board-Designated Endowment Funds	-0-	-0-	-0-	-0-
Total Funds	<u>\$(78,383)</u>	<u>\$ 33,561</u>	<u>\$6,503,768</u>	<u>\$6,458,946</u>

WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.
(A Component Unit of Western New Mexico University)
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

Note 11. INTERPRETATION OF RELEVANT LAW (continued)

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, Beginning of year	\$118,910	\$ 19,628	\$6,094,959	\$6,233,497
Investment return:				
Investment income	152	-0-	191,608	191,760
Net appreciation (realized and unrealized)	-0-	-0-	312,315	312,315
Contributions	207,848	13,933	126,378	348,159
Appropriation of assets for expenditure:				
Spending rate	(405,293)	-0-	(221,492)	(626,785)
Additional from Board designated funds	--	--	--	--
	<u>(197,293)</u>	<u>13,933</u>	<u>408,809</u>	<u>225,449</u>
Endowment net assets, End of Year	<u>\$(78,383)</u>	<u>\$ 33,561</u>	<u>\$6,503,768</u>	<u>\$6,458,946</u>

Endowment Net Asset Composition by Type of Fund at June 30, 2012:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-Restricted Endowment Funds	\$118,910	\$ 19,628	\$6,094,959	\$6,233,497
Board-Designated Endowment Funds	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Funds	<u>\$118,910</u>	<u>\$ 19,628</u>	<u>\$6,094,959</u>	<u>\$6,233,497</u>

WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.
(A Component Unit of Western New Mexico University)
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

Note 11. INTERPRETATION OF RELEVANT LAW (continued)

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2012:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, Beginning of year	\$215,947	\$ 503,390	\$5,393,918	\$6,113,255
Investment return:				
Investment income	157,929	-0-	13,752	171,681
Net appreciation (realized and unrealized)	(99,675)	-0-	-0-	(99,675)
Contributions	319,684	11,889	687,289	1,018,862
Appropriation of assets for expenditure:				
Spending rate	(474,975)	(495,651)	-0-	(970,626)
Additional from Board designated funds	--	--	--	--
	<u>(97,037)</u>	<u>(483,762)</u>	<u>701,041</u>	<u>120,242</u>
Endowment net assets, End of Year	<u>\$118,910</u>	<u>\$ 19,628</u>	<u>\$6,094,959</u>	<u>\$6,233,497</u>

WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.
(A Component Unit of Western New Mexico University)
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

Note 12. 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.

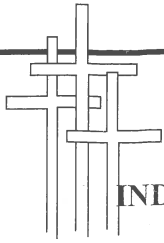
At June 30, 2013 and 2012, The Foundation's investments consist of cash equivalents, governmental and corporate bonds, common stocks and mutual funds. Shares of common stocks, mutual funds, corporate bonds and governmental bonds are valued at quoted market prices for identical assets. The valuations of the Foundation's investments according to the fair value hierarchy are all Level 1.

Note 13. RECLASSIFICATIONS

Certain reclassifications have been made to the 2012 Financial Statements to confirm to the classifications used in 2013.

Note 14. SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date these financial statements were available to be issued November 6, 2013.



Clifford, Ross & Cooper, LLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Western New Mexico University Foundation, Inc. (a nonprofit organization), (a component unit of Western New Mexico University), (Foundation) which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 6, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Las Cruces, New Mexico
November 6, 2013

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

SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2013

None

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

SUMMARY OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2013

Prior-Year Finding Description	Status
None	

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

**EXIT CONFERENCE
Year Ended June 30, 2013**

An Exit Conference was held on November 6, 2013, with the following in attendance:

Western New Mexico University Foundation, Inc.

Yolee O'Connell, Comptroller, WNMU
Richard Lawyer, Treasurer, Board Member
Sheree Frederick, Executive Assistant
Charlotte McGaughey, CPA, Accountant
Vance Redfern, Executive Director
Sherri Bays, Vice-President of Business Affairs, WNMU
James Hill, Board Member
John Myers, Board Member
Linda McGee, Board Member
Jovita Gonzales, Board Member

Clifford, Ross & Cooper, LLC

Denise S. Cooper, CPA, CFE
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.