

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

**Financial Statements  
June 30, 2014 and 2013**

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A COMPONENT UNIT OF WESTERN NEW MEXICO UNIVERSITY)**  
**TABLE OF CONTENTS**  
**June 30, 2014 and 2013**

	Page
BOARD OF DIRECTORS.....	1
INDEPENDENT AUDITOR'S REPORT.....	2-3
<b>FINANCIAL STATEMENTS:</b>	
Statements of Financial Position.....	4
Statements of Activities.....	5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7-26
<b>ADDITIONAL INFORMATION</b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	27-28
Schedule of Findings and Responses.....	29
Summary of Prior Audit Findings.....	30
Exit Conference.....	31

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

**Board of Directors**

**June 30, 2014 and 2013**

William Perkins, President

Richard Peterson, Vice President

Richard Lawyer, Treasurer

Diane Torrez, Secretary

Dr. Mary Cowan

Jovita Gonzales

James Hill

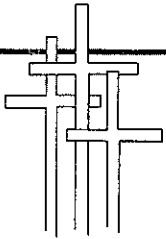
Linda McGee

John Myers

Howard Ness

Dr. Thomas E. Hines

Dr. Melinda McClanahan



# 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, 2014 and 2013, 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, 2014 and 2013, 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.

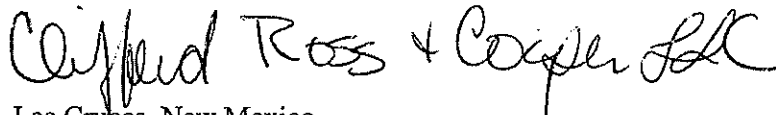
***Other Matters***

***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 October 29, 2014, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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  
October 29, 2014

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A COMPONENT UNIT OF WESTERN NEW MEXICO UNIVERSITY)**  
**Statements of Financial Position**  
**June 30, 2014 and 2013**

	2014	2013
<b>ASSETS</b>		
Cash and cash equivalents	\$ 748,022	\$ 577,778
Cash restricted for other organizations	264,712	220,671
Accounts receivable, net of \$-0- and \$-0- allowance for doubtful accounts, respectively	1,500	-
Investments, net	7,011,052	6,017,536
Inventory for resale	-	3,000
Capital assets, net of accumulated depreciation	12,672	14,563
<b>Total Assets</b>	<b>\$ 8,037,958</b>	<b>\$ 6,833,548</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 988	\$ 1,200
Due to Western New Mexico University	123,400	152,731
Deposits held for others	264,712	220,671
<b>Total Liabilities</b>	<b>389,100</b>	<b>374,602</b>
 <b>Net Assets</b>		
Unrestricted:		
Available for operations	(37,734)	(92,946)
Investment in capital assets	12,672	14,563
Temporarily restricted	102,879	33,561
Permanently restricted	7,571,041	6,503,768
<b>Total Net Assets</b>	<b>7,648,858</b>	<b>6,458,946</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 8,037,958</b>	<b>\$ 6,833,548</b>

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

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

For the Years Ended June 30, 2014 and 2013

	2014			2013				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES AND SUPPORT</b>								
Contributions	\$ 12,056	\$ 6,210	\$ 111,900	\$ 130,166	\$ 77,550	\$ 4,455	\$ 126,378	\$ 208,383
GIA scholarship contributions	-	82,514	-	82,514	-	-	-	-
In-kind contributions	136,819	-	-	136,819	130,298	-	-	130,298
Investment income, net	11	-	776,898	776,909	152	-	503,923	504,075
Fundraising events	43,133	-	-	43,133	-	-	-	-
Endowed scholarships transfer from WNMU	-	-	400,992	400,992	-	-	-	-
Gain (loss) on disposal of inventory	(2,600)	-	-	(2,600)	(206,770)	-	-	(206,770)
Total revenues and support	189,419	88,724	1,289,790	1,567,933	1,230	4,455	630,301	635,986
<b>Net Assets Released from Restrictions</b>								
Satisfaction of program restrictions	241,923	(19,406)	(222,517)	-	212,014	9,478	(221,492)	-
Total Revenues, Support and Release of Restrictions	431,342	69,318	1,067,273	1,567,933	213,244	13,933	408,809	635,986
<b>EXPENSES</b>								
Program expenses	98,937	-	-	98,937	112,417	-	-	112,417
General and administrative expenses	279,084	-	-	279,084	298,120	-	-	298,120
Total Expenses	378,021	-	-	378,021	410,537	-	-	410,537
(Decrease) Increase in net assets	53,321	69,318	1,067,273	1,189,912	(197,293)	13,933	408,809	225,449
<b>NET ASSETS, BEGINNING OF YEAR</b>	(78,383)	33,561	6,503,768	6,458,946	118,910	19,628	6,094,959	6,233,497
<b>NET ASSETS, END OF YEAR</b>	\$ (25,062)	\$ 102,879	\$ 7,571,041	\$ 7,648,858	\$ (78,383)	\$ 33,561	\$ 6,503,768	\$ 6,458,946

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, 2014 and 2013**

	2014	2013
<b>Increase in Net Assets</b>	<b>\$ 1,189,912</b>	<b>\$ 225,449</b>
<b>Cash Flows From Operating Activities</b>		
<b>Adjustment to reconcile increase in net assets to net cash provided by operating activities:</b>		
Depreciation	1,891	2,344
Loss on disposal of inventory	2,600	206,770
Unrealized/realized (gain) loss on investments	(667,211)	(305,315)
<b>Changes in assets and liabilities:</b>		
Accounts receivable	(1,500)	300
Due to Western New Mexico University	(29,331)	(93,678)
Accounts payable	(211)	(666)
Total adjustments	(693,762)	(190,245)
<b>Net Cash Provided (Used) by Operating Activities</b>	496,150	35,204
<b>Cash Flows From Investing Activities</b>		
Purchase of investments	(4,827,151)	(1,030,201)
Sale of investments	4,501,245	840,138
Retirement/sale of property and fixed assets	-	15,254
<b>Net Cash Provided (Used) by Investing Activities</b>	(325,906)	(174,809)
<b>NET INCREASE (DECREASE) IN CASH</b>	170,244	(139,605)
<b>CASH AT BEGINNING OF YEAR</b>	577,778	717,383
<b>CASH AT END OF YEAR</b>	\$ 748,022	\$ 577,778

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, 2014 and 2013**

**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, 2014 and 2013**

**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 or permanently restricted 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, 2014 and 2013, the Foundation received \$136,819 and \$130,298, 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, 2014 and 2013**

**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, 2014 and 2013.

**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, 2014 and 2013.

**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 high credit quality financial institutions in Grant County, which are members of the Federal Deposit Insurance Corporation (FDIC) with accounts insured up to \$250,000. During the year ended June 30, 2014, cash deposits did exceed FDIC coverage for the operating account at AmBank but not the money market account, and did not exceed the FDIC coverage at Wells Fargo. Investments are held by investment managers, which are members of the Securities Investor Protection Corporation. The Foundation did have pledged collateral for the excess deposits at AmBank at June 30, 2014. 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 \$667,211 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, 2014 and 2013**

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

At June 30, 2014 and 2013, the Foundation holds cash for the following organizations as follows:

	<u>2014</u>	<u>2013</u>
AAUW - Expanding your Horizons	\$ 4,789	\$ 8,969
Academic Affairs	3,000	-
Alcohol Awareness	1,168	1,168
Alimento Para el Nino	702	316
Alumni Affairs	5,170	4,339
Alumni Association	3,428	5,792
Alumni Garden	2,358	2,298
Alumni Golf Tournament	25,608	6,065
Alumni Great Race	15	15
Alumni Student Emergency	2,927	2,500
Athletic Agency	10,197	4,308
Athletic Fire Relief Fund	200	200
Athletic Scholarship	-	5,038
Bach-Library	892	892
Betty Cook/24 Club	1,000	3,950
Biology Agency	360	2,000
Biology Club	205	205
Brancheau Photo Gallery	1,510	1,510
Carolyn Averback Soc. Book	100	300
CASadvanza	8,944	-
CC Cobb Nursing	361	611
Child Development Center	4,679	4,674
College of Bus Admin & Economics	1,070	660
Faculty Development	8,710	6,710
Faculty/Staff Awards	500	500
Fiber Arts	400	-
Fine Arts Center Theatre	1,445	4,060
Fobert, Gloria	173	173
Football Agency	75	200
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, 2014 and 2013**

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

	<u>2014</u>	<u>2013</u>
Friends of Miller Library	\$ 4,369	\$ 4,119
Friends of Music Fund	1,887	-
Gallup Grad Student Study Ctr.	-	387
Geology Field Trip Fund	480	20
Grants in Aid	-	17,732
Gilbert Scholarship	-	3,538
Golf Agency	1,570	1,570
Grant County Chicano Music Project	188	9,068
Grant County Chicano Music Scholar	5,000	-
Harry Benjamin Arts Sales & Exp	41,585	-
Kaiser Golf	-	782
Knight, Glenn	5,000	-
Mariachi Concert Fund	500	1,484
Martin Nursing Scholarship	-	1,750
McCray Gallery	1,332	1,332
McCray Gallery-Mariachi	1,484	-
McGrath, Herb	4,472	4,500
Men's Basketball	2,484	2,384
Moman Scholarship	-	2,263
Multicultural Affairs & Stdnt Act.	3,021	8,025
Museum Climate Control Fund	5,345	5,345
Museum 35th Gala	956	956
Nan Ranch Collection	6,962	7,917
Nursing Agency	2,075	1,490
Outdoor Program	100	-
Parrish School	-	1,750
President's Representational Fund	1,000	-
Regents	125	125

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014 and 2013**

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

	2014	2013
Scholarship for Returning Students	\$ -	\$ 3,220
Scholarship Gala	784	-
School of Education	370	370
School of Social Work	-	1,743
Sculpture Fund	7,361	7,361
Sechler-Rhodes PEO School	-	2,450
Shoup, Whitney Scholarship	-	300
Sisneros, Pete	-	3,172
Staff Development	679	679
Staff Recognition	689	867
Steinway for Silver	5,950	7,234
Student Academic Scholarship	-	1,722
Student Health Disabilities	4,716	-
SW Consultant & Training	11,040	902
Swimming Pool	175	175
SWNM Leadership Program	2,372	1,946
Symphony Orchestra	6,940	-
Tax Help Program	35	35
University Campaign	9,178	14,486
WNMU Booster Club Fund	2,554	2,554
WNMU Clay Program	11,899	12,208
WNMU Golf Tournament	1,126	-
WNMU Library Geology	999	999
WNMU Museum	2,152	5,575
WNMU Museum 40 for the 40th	4,578	-
WNMU Museum Acquisition Fund	1,433	1,533
Women's Basketball	2,000	1,180
Women's Lecture Series	1,000	-
Worthen, Elmer Scholarship	-	901
ZIA Ambassadors	1,000	1,000
Inactive Accounts	5,096	3,404
	\$ 264,712	\$ 220,671

**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, 2014 and 2013**

**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 \$65,949 and \$60,625, respectively. The market value and cost of investments at June 30, 2014 and 2013 are as follows:

	<u>2014</u>	
	Market	Cost
Real Asset Funds/Other Assets	\$ 1,467,705	\$ 1,276,590
Mutual Funds	2,517,798	2,475,983
U.S. Treasury Stock	21,267	15,000
Equities/Fixed Income	<u>3,004,282</u>	<u>2,528,001</u>
Total investments	<u>\$ 7,011,052</u>	<u>\$ 6,295,574</u>
	<u>2013</u>	
	Market	Cost
Certificates of Deposit	\$ 51,133	\$ 50,000
Real Asset Funds	1,110,411	994,793
Fixed Income Mutual Funds	2,299,681	1,949,481
U.S. Treasury Stock	21,349	15,000
Equities	<u>2,534,962</u>	<u>2,167,327</u>
Total investments	<u>\$ 6,017,536</u>	<u>\$ 5,176,601</u>

The following summarizes the investment return for the years ended June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Interest and dividend income	\$ 175,648	\$ 191,759
Net realized gain/(loss)	796,442	67,625
Net unrealized gain/(loss)	<u>(129,232)</u>	<u>305,316</u>
Investment income	842,858	564,700
Less investment fees	<u>(65,949)</u>	<u>( 60,625)</u>
Investment income, net	<u>\$ 776,909</u>	<u>\$ 504,075</u>

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014 and 2013**

**Note 3. INVESTMENTS (continued)**

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					
Items not subject to interest rate risk:					
Equity Securities and Bonds	\$3,004,282	\$ -	\$ -	\$ -	\$3,004,282
Fixed Income	2,517,798	207,801	748,629	339,137	1,222,231
Real Estate/Other	1,467,705	-	-	-	1,467,705
U.S. Government					
Agency obligation	<u>21,267</u>	-	-	-	<u>21,267</u>
Total long-term investments	<u>\$7,011,052</u>	<u>\$207,801</u>	<u>\$ 748,629</u>	<u>\$ 339,137</u>	<u>\$5,715,485</u>

**Note 4. EXPENSES**

Expenses of the Foundation reported by natural classification for the fiscal years ended June 30, 2014 and 2013, were as follows:

	<u>2014</u>	<u>2013</u>
Scholarship expense	\$ 98,937	\$ 112,417
Salaries	25,692	23,136
In-kind expense	136,819	130,298
Depreciation	1,891	2,344
Professional fees	24,504	21,833
Fundraising	29,236	40,797
Supplies and services	3,322	2,162
Miscellaneous expense	2,439	10,900
Rosina Patterson disbursements	3,913	14,670
Directors insurance	900	900
Liability insurance	-0-	381
President's discretionary	50,175	50,137
Property taxes	<u>193</u>	<u>562</u>
Total expenses	<u>\$378,021</u>	<u>\$ 410,537</u>



**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014 and 2013**

**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.

	Balance June 30, 2013	Additions	Reclasses	Retirements	Balance June 30, 2014
<b>Capital assets not being depreciated</b>					
Land	\$ 8,120	\$ -	\$ -	\$ -	\$ 8,120
<b>Capital assets not being depreciated</b>	<u>8,120</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,120</u>
<b>Capital assets</b>					
Software	1,448	-	-	-	1,448
Furniture, fixtures & equipment	84,908	-	-	-	84,908
<b>Capital assets</b>	<u>86,356</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,356</u>
<b>Accumulated depreciation for</b>					
Software	(1,447)	-	-	-	(1,447)
Furniture, fixtures & equipment	(78,466)	(1,891)	-	-	(80,357)
<b>Total accumulated depreciation</b>	<u>(79,913)</u>	<u>(1,891)</u>	<u>-</u>	<u>-</u>	<u>(81,804)</u>
<b>Capital assets, net</b>	<u>\$ 14,563</u>	<u>\$ (1,891)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,672</u>
<b>Capital assets summary</b>					
Capital assets not being depreciated	\$ 8,120	\$ -	\$ -	\$ -	\$ 8,120
Other capital assets, at cost	86,356	-	-	-	86,356
<b>Total cost of capital assets</b>	<u>94,476</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,476</u>
<b>Accumulated depreciation</b>	<u>(79,913)</u>	<u>(1,891)</u>	<u>-</u>	<u>-</u>	<u>(81,804)</u>
<b>Capital assets, net</b>	<u>\$ 14,563</u>	<u>\$ (1,891)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,672</u>

	Balance June 30, 2012	Additions	Reclasses	Retirements	Balance June 30, 2013
<b>Capital assets not being depreciated</b>					
Land	\$ 43,120	\$ -	\$ -	\$ (35,000)	\$ 8,120
Collections	94,775	-	-	(94,775)	-
<b>Capital assets not being depreciated</b>	<u>137,895</u>	<u>-</u>	<u>-</u>	<u>(129,775)</u>	<u>8,120</u>
<b>Capital assets</b>					
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
<b>Capital assets</b>	<u>252,911</u>	<u>-</u>	<u>-</u>	<u>(166,555)</u>	<u>86,356</u>
<b>Accumulated depreciation for</b>					
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)
<b>Total accumulated depreciation</b>	<u>(151,126)</u>	<u>(2,344)</u>	<u>-</u>	<u>73,557</u>	<u>(79,913)</u>
<b>Capital assets, net</b>	<u>\$ 239,680</u>	<u>\$ (2,344)</u>	<u>\$ -</u>	<u>\$ (222,773)</u>	<u>\$ 14,563</u>
<b>Capital assets summary</b>					
Capital assets not being depreciated	\$ 137,895	\$ -	\$ -	\$ (129,775)	\$ 8,120
Other capital assets, at cost	252,911	-	-	(166,555)	86,356
<b>Total cost of capital assets</b>	<u>390,806</u>	<u>-</u>	<u>-</u>	<u>(296,330)</u>	<u>94,476</u>
<b>Accumulated depreciation</b>	<u>(151,126)</u>	<u>(2,344)</u>	<u>-</u>	<u>73,557</u>	<u>(79,913)</u>
<b>Capital assets, net</b>	<u>\$ 239,680</u>	<u>\$ (2,344)</u>	<u>\$ -</u>	<u>\$ (222,773)</u>	<u>\$ 14,563</u>

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014 and 2013**

**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.* 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. The Organization contributed 13.15% of gross covered salary in fiscal year 2014. In fiscal year 2015, the Organization will contribute 13.9% of gross covered salary.

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, 2014, 2013, and 2012 were \$16,275, \$12,641 and \$8,364 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.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014 and 2013**

**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(b) Deferred Compensation Plan was implemented in Fall 1997 and provides an additional voluntary retirement savings option for all employees. Under the plan beginning in calendar year 2014, 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 post-employment health care 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.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014 and 2013**

**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, 2014, the statute required each participating employer 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, 2014, 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, 2014, 2013, and 2012, the University remitted for the Foundation \$2,477 \$2,313 and \$1,651, respectively, which equal the required contributions for each year.

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014 and 2013**

**Note 7. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at June 30, 2014 and 2013 are for the following programs:

	<u>2014</u>	<u>2013</u>
Athletic Scholarship	\$ 5,338	\$ -
Barbara Brown AAUW	76	-
Cook, Betty/24Club	1,217	-
Casa de la Cultural Scholarship	1,075	1,000
Cope, Connie	3,619	3,619
De Dominico, Paul Scholarship	-	2,300
Drangmeister, Christine/24 Club	1,990	-
Foy, Thomas P. Scholarship	1,000	-
Gershenson/Bradberry	1,460	1,210
Grants in Aid	12,953	17,732
Gilbert Scholarship	4,472	-
Gonzales, Ruben	680	14
Harry Benjamin Expressive Arts	3,771	1,205
Hall, Ron & Jane Scholarship	4,710	3,260
Howard, Kevan Brett Scholarship	1,200	-
Martin Nursing Scholarship	250	-
Moman Scholarship	4,389	-
NAN Research	2,390	-
Rhoades/Sechler PEO Scholarship	2,950	-
Rolling Stones	750	-
Rotary Scholarship	21,875	-
Scholarship for Returning Students	3,220	3,221
School of Social Work Scholarship	2,363	-
Sherman, Tonya Memorial Scholarship	1,500	-
Shoup, Whitney & LaVera Scholarship	150	-
Sisneros, Pete Scholarship	3,172	-
Student Academic Scholarship	1,722	-
Team Gilbert	4,425	-
Town & Country Garden Club	7,077	-
University Fund Scholarship	1,868	-
Worthen, Elmer Scholarship	1,217	-
	<u>\$ 102,879</u>	<u>\$ 33,561</u>

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014 and 2013**

**Note 8. PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets at June 30, 2014 and 2013 are for the following programs:

	<u>2014</u>	<u>2013</u>
Alumni Scholarship	\$ 59,680	\$ 52,438
Besse, JR Capt. Scholarship	68,749	62,806
Bingaman, Beth	36,182	33,607
Bingaman, Jesse	39,707	36,838
Brancheau Family Scholarship	53,073	33,777
CCCC O'Malley School of Business	92,092	78,600
Endowed Professor Blalock Fund	219,060	220,827
Endowed Faculty Nursing	38,023	38,512
Expressive Arts State Match/CCCC Kasten	51,726	52,429
Fisher, Ralph Scholarship	61,847	57,285
Forward, Lennie Scholarship	64,501	59,543
Forward Library Fund	413,776	375,624
Foy, Joan Carney Scholarship	36,294	33,703
General Scholarship	47,030	11,598
Glaser, A.	49,571	47,104
Goodell Scholarship	47,884	-0-
James, Dr. Hadden & Eunice Scholarship	179,980	167,172
Kennedy, Eric Memorial Scholarship	139,899	129,938
Levy, Daniel Scholarship	36,290	33,316
Martin, Robert & Ione	46,900	48,812
Matson, Marie Scholarship	109,204	101,423
NM Legislative Merit Scholarship	199,359	-0-
NM Merit Scholarship	67,625	-0-
O'Malley, Mike & Catherine	195,023	176,760
Parrish, Frank & Bernice Scholarship	30,193	27,904
Parrish, Frank & Bernice State Match	47,185	49,100
Patterson, Rosina	621,694	526,453
Reese, Jack & A. Scholarship	255,565	236,949
Rhoades/Sechler Scholarship	655,639	607,479
Schula, Loraine Scholarship	132,726	121,478
Sevy, Robert Natural Science	229,774	210,919
Smithson, Olive Marlowe Scholarship	1,722,543	1,599,915
Snodgrass Scholarship	90,399	83,955
Strickling, Nancy & Jerry Scholarship	386,107	350,506
Thompson, Dr. Scholarship	62,783	58,304
Worthen, Elmer	13,188	10,435
Gilbert Scholarship	21,267	21,349
Various other scholarships	<u>948,503</u>	<u>746,910</u>
	<u>\$7,571,041</u>	<u>\$6,503,768</u>

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014 and 2013**

**Note 9. DEPOSIT ACCOUNTS AND INVESTMENTS**

<u>Account</u>	<u>Type of Balance</u>	<b>2014</b>		
		<u>Bank Balance</u>	<u>Reconciling Items</u>	<u>Book Balance</u>
<b><u>CASH</u></b>				
<b>AmBank</b>				
Checking	Checking	\$ 293,715	\$ (5,871)	\$ 287,844
Operations	Money Market	8,630	-	8,630
<b>Wells Fargo</b>				
Checking	Checking	162,038	2,408	164,446
Program	Money Market	19,785	-	19,785
Program	Money Market	524,661	-	524,661
<b>Charles Schwab</b>				
Program	Money Market	2,103	-	2,103
Program	Money Market	5,265	-	5,265
		<u>\$ 1,016,197</u>	<u>\$ (3,463)</u>	<u>\$ 1,012,734</u>
<b><u>INVESTMENTS</u></b>				
<b>Wells Fargo</b>				
Fixed Income		\$ 2,517,798	\$ -	\$ 2,517,798
Mutual Funds		2,630,101	-	2,630,101
Real Assets		1,214,373	-	1,214,373
US Treasury Bond		21,267	-	21,267
<b>Charles Schwab</b>				
Equities		360,994		360,994
Alternative Investments		253,331		253,331
<b>BP Amoco</b>				
		13,188	-	13,188
		<u>\$ 7,011,052</u>	<u>\$ -</u>	<u>\$ 7,011,052</u>

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014 and 2013**

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

Collateralization of Deposits: At June 30, 2014 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	\$ 421,038
Amounts insured by the Securities Investor Protection Corporation	551,814
Uncollateralized	<u>43,345</u>
Total Cash and Time Deposit Bank Balances	1,016,197
Other reconciling items on demand deposit accounts	<u>( 3,463)</u>
Total Reported Cash Balance	<u>\$1,012,734</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, 2014, \$43,345 of the Organization's bank balance of \$464,383 was uninsured. AmBank has provided 50% pledged collateral of \$21,857 for the uninsured portion.

**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, 2014 and 2013. 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, 2014 and 2013**

**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, 2014:**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-Restricted Endowment Funds	\$( 25,062)	\$ 102,879	\$7,571,041	\$7,648,858
Board-Designated Endowment Funds	-0-	-0-	-0-	-0-
<b>Total Funds</b>	<u>\$( 25,062)</u>	<u>\$ 102,879</u>	<u>\$7,571,041</u>	<u>\$7,648,858</u>

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014 and 2013**

**Note 11. INTERPRETATION OF RELEVANT LAW (continued)**

**Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2014:**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, Beginning of year	\$( 78,383)	\$ 33,561	\$6,503,768	\$6,458,946
Investment return:				
Investment income	11	-0-	175,637	175,648
Net appreciation (realized and unrealized)	-0-	-0-	667,211	667,211
Contributions	178,952	69,318	224,425	472,695
Appropriation of assets for expenditure:				
Spending rate	(125,642)	-0-	-0-	(125,642)
Additional from Board designated funds	--	--	--	--
	<u>53,321</u>	<u>69,318</u>	<u>1,067,273</u>	<u>1,189,912</u>
Endowment net assets, End of year	<u>\$( 25,062)</u>	<u>\$ 102,879</u>	<u>\$7,571,041</u>	<u>\$7,648,858</u>

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014 and 2013**

**Note 11. INTERPRETATION OF RELEVANT LAW (continued)**

**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-
<b>Total Funds</b>	<u>\$ (78,383)</u>	<u>\$ 33,561</u>	<u>\$6,503,768</u>	<u>\$6,458,946</u>

**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>

**WESTERN NEW MEXICO UNIVERSITY FOUNDATION, INC.**  
**(A Component Unit of Western New Mexico University)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014 and 2013**

**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 amount 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.

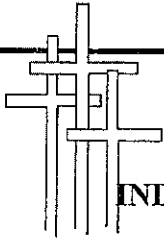
At June 30, 2014 and 2013, The Foundation's investments consist of cash equivalents, governmental and corporate bonds, common stocks and mutual funds. Shares of common stocks, mutual funds, corporate bonds and governmental bonds are valued at quoted market prices for identical assets. The valuations 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 2013 Financial Statements to conform to the classifications used in 2014.

**Note 14. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through October 29, 2014, the date these financial statements were available to be issued.



# 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. (Foundation) (a nonprofit organization), (a component unit of Western New Mexico University), which comprise the statements of financial position as of June 30, 2014 and 2013, 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 October 29, 2014.

## 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.

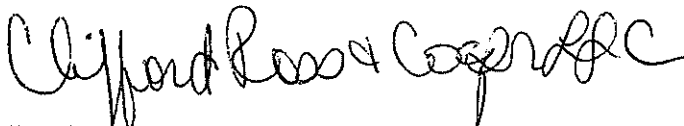
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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  
October 29, 2014

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

**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2014**

None

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

**SUMMARY OF PRIOR AUDIT FINDINGS**  
**Year Ended June 30, 2014**

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



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

**EXIT CONFERENCE**  
**Year Ended June 30, 2014**

An Exit Conference was held on October 29, 2014, with the following in attendance:

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

Jovita Gonzales, Board Member  
James Hill, Board Member  
Dr. Joseph Shepard, President WNMU  
Kelley Riddle, Accountant, WNMU  
Cynthia Martinez, Accountant, WNMU  
Sheree Frederick, Executive Assistant  
Charlotte McGaughey, CPA, Accountant  
Vance Redfern, Executive Director

**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.

