

**CENTRAL NEW MEXICO
COMMUNITY COLLEGE
FOUNDATION, INC.**
(A Component Unit of
Central New Mexico Community College)
Financial Statements
June 30, 2017 and 2016

(With Independent Auditor's Reports Thereon)



CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.
(A Component Unit of Central New Mexico Community College)

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CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Official Roster

June 30, 2017

OFFICERS

Joseph Varro Jr., President
Adrian Chavez, President-Elect
John Lewinger, Past President
Kathy Ulibarri, Treasurer
Clint Wells, Secretary

COMMITTEE CHAIRS

Joseph Varro Jr. - Chair, Executive Committee
Barbara Lewis - Chair, Finance & Investment Committee
Sherman McCorkle - Chair, Nominating Committee
Angela Silva - Chair, Development Committee

EMERITUS BOARD MEMEBERS

Carl Alongi

HONORARY BOARD MEMBERS

Donna and Jack Rust

BOARD MEMBERS

| | |
|--------------------|-------------------------|
| Sally Adams | Ann Lerner |
| Steven Anaya | John Lewinger |
| Bruce Beebe | Barbara Lewis |
| Candace Beeke | Natasha Martell Jackson |
| Frederick Bermudez | Sherman McCorkle |
| Thomas Briones | Kirk Meyer |
| Ross Busby | Janice Micali |
| Adrian Chavez | Diane Harrison Ogawa |
| Kent Cravens | Georgie Ortiz |
| Dale Dekker | Samantha Sengel |
| Gina Euell | Angela Silva |
| Joe Farr | Brent Spendlove |
| Ed Garcia | Joanne Suffis |
| Melissa Gonzales | Anthony D. Trujillo |
| Mark Gorham | Kathy Ulibarri |
| Keith Hartnett | Joseph Varro Jr. |
| Shad James | Clint Wells |
| Derrick Jones | Kathie Winograd |

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Central New Mexico Community College Foundation, Inc.
and
Mr. Wayne Johnson, New Mexico State Auditor:

Report on the Financial Statements

We have audited the accompanying financial statements of the Central New Mexico Community College Foundation, Inc. (the "Foundation") (a nonprofit organization and component unit of Central New Mexico Community College), as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, as listed in the table of contents.

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 audits. We conducted our audits 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, 2017 and 2016, and the respective changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4-7 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion on or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2017, 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, contract, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.



Albuquerque, New Mexico

October 31, 2017

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Management's Discussion and Analysis (Unaudited)

June 30, 2017 and 2016

As a component unit of the Central New Mexico Community College (College) Central New Mexico Community College Foundation, Inc. (Foundation) applies the provisions of Governmental Accounting Standards Board (GASB) Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Government - an amendment of GASB Statements No. 21 and No. 34.*

Overview of the Basic Financial Statements

The Foundation's annual report consists of management's discussion and analysis (MD&A), which provides a broad narrative overview of its financial activities for the fiscal years ended June 30, 2017 and 2016, and the following, which comprise the basic financial statements:

1. Statements of net position
2. Statements of revenues, expenses, and changes in net position
3. Statements of cash flows
4. Notes to financial statements

The financial statements give an overall picture of the Foundation's financial situation and should be read in conjunction with the MD&A.

The statements of net position of the Foundation provide both long-term and short-term information about the Foundation's overall financial status. The statements of revenues, expenses, and changes in net position provide information about the operating revenues and expenses, and the non-operating revenues of the Foundation. The statements of cash flows provide information about the sources and uses of cash by the Foundation. The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

Condensed Financial information

Condensed Assets, Liabilities, and Net Position

| | <u>2017</u> | <u>2016</u> |
|---------------------|----------------------|---------------------|
| Current assets | \$ 1,644,055 | \$ 1,485,288 |
| Noncurrent assets | 8,969,557 | 7,442,635 |
| Total assets | <u>\$ 10,613,612</u> | <u>\$ 8,927,923</u> |
| Current liabilities | \$ 250,712 | \$ 213,397 |
| Total liabilities | <u>250,712</u> | <u>213,397</u> |
| Net position: | | |
| Unrestricted | 395,888 | 361,831 |
| Restricted: | | |
| Expendable | 3,108,036 | 2,195,185 |
| Nonexpendable | 6,858,976 | 6,157,509 |
| Total net position | <u>\$ 10,362,900</u> | <u>\$ 8,714,525</u> |

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Management's Discussion and Analysis (Unaudited)

June 30, 2017 and 2016

Revenues, Expenses, and Changes in Net Position

| | <u>2017</u> | <u>2016</u> |
|---|----------------------|---------------------|
| Operating revenues: | | |
| Gifts and pledges | \$ 923,933 | \$ 697,017 |
| Grant revenue | 230,208 | 467,020 |
| Contributed services | 394,553 | 416,918 |
| Total operating revenues | <u>1,548,694</u> | <u>1,580,955</u> |
| Operating expenses: | | |
| Contributions to CNM: | | |
| Scholarships | 398,685 | 531,613 |
| Program support | 377,482 | 695,992 |
| Equipment and supplies | 180,015 | 110,962 |
| Fund raising | 82,650 | 87,722 |
| General and administrative | 406,419 | 424,922 |
| Uncollectible pledges | 7,821 | 2,283 |
| Total operating expenses | <u>1,453,072</u> | <u>1,853,494</u> |
| Operating income (loss) | <u>95,622</u> | <u>(272,539)</u> |
| Nonoperating revenues (expenses): | | |
| Investment income | 749,922 | 298,646 |
| Investment management fees | (58,607) | (45,975) |
| Total nonoperating revenues | <u>691,315</u> | <u>252,671</u> |
| | | |
| Income before changes in permanent endowments | <u>786,937</u> | <u>(19,868)</u> |
| | | |
| Contributions to permanent endowments: | | |
| Gifts and pledges | 681,423 | 270,879 |
| Change in net position | 1,468,360 | 251,010 |
| | | |
| Net position, beginning of year | 8,714,525 | 8,463,515 |
| Net position, end of year | <u>\$ 10,182,885</u> | <u>\$ 8,714,525</u> |

Financial Analysis

The Foundation's total assets at June 30, 2017 of \$10,613,612 represent an increase of 18.9% from the previous year total of \$8,927,922 and increased total liabilities of \$37,315 resulting in net position of \$10,362,900, an increase of \$1,648,375 from the previous year net position of \$8,714,525. The increase in net position occurred primarily due to an increase in donations to The Foundation. The Foundation has investment management authority of the investment funds and manages the assets of the investment funds through the Finance and Investment Committee, which is comprised of members of the Foundation Board of Directors. The fair value of investments at June 30, 2017 was \$8,788,040.

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Management's Discussion and Analysis (Unaudited)

June 30, 2017 and 2016

The Foundation's total assets at June 30, 2016 of \$8,927,923 represent a decrease of less than 1% from the previous year total of \$8,990,958 and decreased total liabilities of \$314,046 resulting in net position of \$8,714,526 an increase of \$251,011 from the previous year net position of \$8,463,515. The increase in net position occurred primarily due to a reduction in deferred revenue. The Foundation has investment management authority of the investment funds and manages the assets of the investment funds through the Finance and Investment Committee, which is comprised of members of the Foundation Board of Directors. The fair value of investments at June 30, 2016 was \$7,126,270

Contributions to permanent endowments including gifts and pledges in 2017 were \$681,423. Total operating revenue and contributions to unrestricted and temporarily restricted funds, which includes donations, pledges, and noncash revenue, were \$1,334,156 for the fiscal year ended June 30, 2017.

Contributions to permanent endowments including gifts and pledges in 2016 were \$270,879. Total operating revenue and contributions to unrestricted and temporarily restricted funds, which includes donations, pledges, and noncash revenue, were \$1,164,037 for the fiscal year ended June 30, 2016.

The Foundation continues to support CNM programs such as CNM Connect, an innovative new model aimed at more thoroughly connecting students to the support services that can increase their chances for success; Making Money Work, which supports the online financial literacy program to high schools across New Mexico as dual credit; and the Rust Opportunity Fund, which provides emergency assistance to CNM students facing an unforeseen financial obstacle that may force them to drop out of school. Additionally, the Foundation has expanded support and fundraising for the Changing Lives, Building Community Fund which directly supports the Foundation's mission to provide the extra assistance necessary for students to obtain the quality educational opportunities they deserve; the Milestone Fund, a performance-based scholarship that provides incentive for students' academic performance and persistence in school; and the Student Success Fund, an incentive for students to complete a certificate or degree, knowing they will have the education, the qualifications, and the "tools of the trade" to compete and succeed in the job market.

For the fiscal years ended June 30, 2017 and 2016, non-operating revenues, which include interest and dividends, unrealized and realized gains or losses on investments, and investment management fees, were \$691,315 and \$252,671, respectively. Approximately 82.8% and 79.8% of the Foundation's assets are held as investments in 2017 and 2016, respectively. The Foundation's stated goal of CPI + 5% was 6.08% for the fiscal year. The endowment investments' net rate of return for fiscal years 2017 and 2016 was 9.01% and .86% respectively.

The CNM Foundation works to not only inspire disadvantaged students and families to dream big but also to equip them with the resources they need to achieve those dreams and transform their lives. We work to:

- Provide people with a solid foundation and support system to allow them to meet their goals and become the people that they, and society, want them to be. As students are provided with the resources and tools needed for change and growth, they can and will achieve their goals.
- Build processes for low-income and vulnerable populations to enter and be retained in the education system.

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Management's Discussion and Analysis (Unaudited)

June 30, 2017 and 2016

Economic Outlook

The Foundation is Central New Mexico Community College's (the College) private, non-profit organization created to leverage private resources and opportunities to maximize the College's operational and program funding. The Foundation also works to provide the extra financial assistance necessary for the citizens of the College's service area to obtain the educational opportunities they deserve. In support of the College, the Foundation will be working towards generating increasing revenues in times of economic instability to support the College's programs and students.

The College's economic outlook is closely related to its role as the state's largest community college. The College is dependent upon ongoing financial and political support from the state government. In FY 2017, state appropriations decreased \$3.5 million, a decrease of approximately 6.21%. State appropriations are expected to decrease by 0.8% in FY18.

The recent recession continues to impact philanthropy in New Mexico, including the Foundation, in that donors are being more conservative in their giving. However, investment earnings are reflecting positive returns and continuing to stabilize. It is anticipated that this pattern will continue over the next year. The Foundation continues to look to new strategies to meet the needs of the College and its students.

With the economic condition has come greater fragility in the College's student population. The demand for emergency scholarships has increased. With stabilization of investment earning, the Foundation was able to distribute \$178,002 in earnings from endowments to provide student assistance in FY 2017. In addition, the Foundation provided \$220,683 from other fundraising activities for a total of \$398,685 to support student success in FY 2017. The Foundation has successfully implemented a program to raise funds from both new and existing donors to meet the needs during this period of economic uncertainty.

Contact Information

Additional information may be obtained by contacting the CNM Community College Foundation at (505) 224-4688. 525 Buena Vista Dr. SE, Albuquerque, NM 87106.

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Statements of Net Position

June 30, 2017 and 2016

| | 2017 | 2016 |
|---|----------------------|---------------------|
| Assets: | | |
| Current assets: | | |
| Cash and cash equivalents – unrestricted (note 2) | \$ 35,419 | \$ 52,827 |
| Cash and cash equivalents – restricted (note 2) | 829,474 | 1,169,766 |
| Pledges receivable – unrestricted, net (note 4) | 9,699 | - |
| Pledges receivable – restricted, net (note 4) | 752,124 | 252,042 |
| Grant receivable | 5,027 | 25 |
| Interest receivable - investments | 12,312 | 10,628 |
| Total current assets | 1,644,055 | 1,485,288 |
| Noncurrent assets: | | |
| Investments – restricted (note 3) | 8,788,040 | 7,126,270 |
| Pledges receivable – restricted, net (note 4) | 181,517 | 316,365 |
| Total noncurrent assets | 8,969,557 | 7,442,635 |
| Total assets | \$ 10,613,612 | \$ 8,927,923 |
| Liabilities: | | |
| Current liabilities: | | |
| Accounts payable | \$ 4,574 | \$ 2,946 |
| Due to CNM | 58,087 | 130,267 |
| Due to CNM Ingenuity | 36,500 | - |
| Unearned revenue | 151,551 | 80,185 |
| Total liabilities | \$ 250,712 | \$ 213,398 |
| Net position: | | |
| Unrestricted | \$ 395,888 | \$ 361,831 |
| Restricted: | | |
| Expendable: | | |
| Scholarships | 2,767,883 | 1,673,015 |
| Program Support | 340,153 | 522,170 |
| Nonexpendable: | | |
| Scholarships | 6,251,223 | 5,751,726 |
| Program Support | 607,753 | 405,783 |
| Total net position | \$ 10,362,900 | \$ 8,714,525 |

See accompanying notes to financial statements

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Statements of Revenues, Expenses, and Changes in Net Position

June 30, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|---|-----------------------------|----------------------------|
| Operating revenues: | | |
| Gifts and pledges | \$ 923,933 | \$ 586,055 |
| In-kind gifts | 180,015 | 110,962 |
| Grant revenue | 230,208 | 467,020 |
| Contributed services | 394,553 | 416,918 |
| Total operating revenues | <u>1,728,709</u> | <u>1,580,955</u> |
| Operating expenses: | | |
| Contributions to CNM: | | |
| Scholarships | 398,685 | 531,613 |
| Program support | 377,482 | 695,992 |
| In-kind gifts | 180,015 | 110,962 |
| Fundraising | 82,650 | 87,722 |
| General and administrative (Note 5) | 406,419 | 424,922 |
| Uncollectible pledges | 7,821 | 2,283 |
| Total operating expenses | <u>1,453,072</u> | <u>1,853,494</u> |
| Operating income (loss) | <u>275,637</u> | <u>(272,539)</u> |
| Nonoperating revenues (expenses): | | |
| Investment income | 749,922 | 298,646 |
| Investment management fees and taxes | (58,607) | (45,975) |
| Total nonoperating income | <u>691,315</u> | <u>252,671</u> |
| Income (loss) before other revenues, expenses, gains or losses | 966,952 | (19,868) |
| Additions to permanent endowment | <u>681,423</u> | <u>270,879</u> |
| Increase in net position | 1,648,375 | 251,010 |
| Net position, beginning of year | 8,714,525 | 8,463,515 |
| Net position, end of year | <u><u>\$ 10,362,900</u></u> | <u><u>\$ 8,714,525</u></u> |

See accompanying notes to financial statements

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Statements of Cash Flows

Years ended June 30, 2016 and 2015

| | <u>2017</u> | <u>2016</u> |
|---|-------------------|---------------------|
| Cash flows from operating activities: | | |
| Cash received from donors and grantors | \$ 755,090 | \$ 592,726 |
| Cash paid to beneficiaries and vendors for scholarships | (398,685) | (531,613) |
| Cash paid to CNM for scholarships and program support | (413,162) | (749,840) |
| Cash paid for operating expenses | (92,888) | (8,004) |
| Net cash provided by (used in) operating activities | <u>(149,645)</u> | <u>(696,731)</u> |
| Cash flows from noncapital financing activities: | | |
| Proceeds for endowments | <u>762,399</u> | <u>270,879</u> |
| Net cash provided by financing activities | <u>762,399</u> | <u>270,879</u> |
| Cash flows from investing activities: | | |
| Proceeds from sale or maturity of investments | 4,637,428 | 3,111,899 |
| Purchases of investments | (5,789,267) | (3,396,557) |
| Interest and dividends received | 239,992 | 298,219 |
| Investment management fees | (58,607) | (45,975) |
| Net cash (used in) provided by investing activities | <u>(970,454)</u> | <u>(32,414)</u> |
| Net increase (decrease) in cash and cash equivalents | (357,700) | (458,266) |
| Cash and cash equivalents, beginning of year | 1,222,593 | 1,547,748 |
| Cash and cash equivalents, end of year | <u>\$ 864,893</u> | <u>\$ 1,089,482</u> |
| Cash and cash equivalents, unrestricted | \$ 35,419 | \$ 52,827 |
| Cash and cash equivalents, restricted | 829,474 | 1,169,766 |
| Total | <u>\$ 864,893</u> | <u>\$ 1,222,593</u> |

See accompanying notes to financial statements

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Statements of Cash Flows

Years ended June 30, 2017 and 2016

**Reconciliation of operating (loss) income to net cash provided by
(used in) operating activities:**

| | <u>2017</u> | <u>2016</u> |
|---|---------------------|---------------------|
| Operating income (loss) | \$ 275,637 | \$ (272,539) |
| Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities: | | |
| Uncollectible pledges | 7,821 | 2,283 |
| Change in assets and liabilities: | | |
| Pledges receivable | (455,910) | (112,670) |
| Other receivable | (14,507) | 241 |
| Account payable | 1,628 | (18,073) |
| Due to CNM | (35,680) | 51,947 |
| Deferred revenue | 71,366 | (347,920) |
| Total adjustments | <u>(425,282)</u> | <u>(424,192)</u> |
| Net cash provided by (used in) operating activities | <u>\$ (149,645)</u> | <u>\$ (696,731)</u> |

**Supplemental disclosure of noncash investing, capital,
and financing activities:**

| | | |
|---|------------|------------|
| In-kind contributions | \$ 180,015 | \$ 110,962 |
| Distributions to CNM of in-kind contributions | (180,015) | (110,962) |
| Investment unrealized and realized gains | 509,930 | 427 |

See accompanying notes to financial statements

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Notes to Financial Statements

June 30, 2017 and 2016

(1) Summary of Significant Accounting Policies

(a) Organization

Central New Mexico Community College Foundation (the Foundation) was organized in 1985 as a not-for-profit New Mexico corporation under Section 501(c)(3) of the Internal Revenue Code. The Foundation is classified as a publicly supported organization (not a private foundation). The Foundation was incorporated for the purpose of providing support to Central New Mexico Community College (the College) and is authorized through its articles of incorporation to receive and hold any property, real or personal, bequeathed, given in trust, or in any other way for the use or benefit of the College, or any student or instructor therein, or for the carrying on for the College in any line of work, teaching or investigation, which the donor, grantor, or testator may designate.

(b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

As a component unit of the College, the Foundation presents its financial statements in accordance with U.S. generally accepted accounting standards as established by the Governmental Accounting Standards Board (GASB).

The Foundation applies the business-type activity accounting and the Foundation's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

The Foundation follows Government Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities; an amendment of GASB Statement 34*. The financial statement presentation required by these statements provides a comprehensive perspective of the Foundation's assets, liabilities and net position, revenues, expenses, changes in net position, and cash flows.

(c) Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

(d) Management's Estimates and Assumptions

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 the reported amounts of assets and liabilities, deferred outflows and inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Notes to Financial Statements

June 30, 2017 and 2016

(e) Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Foundation considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Restricted cash and cash equivalents are restricted by donors for the use in a particular CNM program or purpose.

(f) Investments

Investments consist primarily of money market mutual funds, federal agency obligations, corporate obligations, and marketable securities. Marketable securities are carried at fair value based on quoted market prices. Money market mutual funds are carried at amortized cost, which approximates fair value. The change in fair value is reported as investment income in the statements of revenues, expenses, and changes in net position.

(g) Agreements

An agreement between the Foundation and the College was entered into on December 2, 1991, and most recently amended on April 26, 2017. The agreement formalizes the relationship between the Foundation and the College and establishes the sole purpose for the Foundation as soliciting, managing, and distributing private gifts and donations given for the benefit of the College. The Foundation also agreed to be the custodian and manager of any endowments received from private donors or other affiliated organizations. The College agreed to provide staff support, office and meeting space, related physical support services, and other services at no cost to the Foundation. The estimated value of these services is not recorded in the accompanying financial statements.

(h) Net Position

Unrestricted net position represent resources whose use is not limited or restricted by donors. Unrestricted net position has arisen from exchange transactions and receipt of unrestricted contributions. Board designated net position arises from the board designating a purpose for certain unrestricted net position funds. Restricted expendable net position includes resources in which the Foundation is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties. Unexpendable restricted net position consists of endowment funds in which the donors have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate, in perpetuity and invested for the purpose of producing present and future income to be expended according to the donor's direction.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Foundation's policy is to first apply the expense toward restricted resources, and then toward unrestricted resources.

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Notes to Financial Statements

June 30, 2017 and 2016

(i) Classification of Revenues and Expenses

Operating income reported in the financial statements includes revenues and expenses related to the primary continuing operations of the Foundation. Principal operating revenues include nonendowed donations and pledges and grant revenues. Principal operating expenses include distributions to the College, fundraising and general and administrative expenses.

Nonoperating revenues and expenses include investment income, investment management fees and donor permanent endowment contributions.

(j) Revenue Recognition and Donations and Pledges

Annual contributions are generally available for unrestricted use in the year donated unless specifically restricted by the donor. Grants and other contributions of cash and other assets are reported as restricted if they are received with donor stipulations that limit the use of the donated assets. Contributions of donated noncash assets are recorded at their estimated fair values in the period received.

The Foundation records pledge receivables as assets and revenue if the pledges are evidenced by unconditional promises to give those items in the future and when all applicable eligibility requirements are met. The Foundation considers an executed charitable endowment gift agreement or a letter from the donor as evidence of an unconditional promise. Unconditional promises to give due in subsequent years are recorded at the present value of their net realizable value, using risk free interest rates applicable to the years in which the promises are received to discount the amounts. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year end.

(k) Unearned Revenue

For voluntary non-exchange transactions, the Foundation recognizes receivables and revenues when all applicable requirements, including time requirements are met. Unearned revenues are reported when resources received before the eligibility requirements are met and/or donor/grantor requires unspent funds to be returned. Resources received in advance where all eligibility requirements have been met are recorded as revenues when received. Unearned revenue at June 30, 2017 and 2016 are \$151,551 and \$80,185, respectively.

(l) Income Taxes

The Foundation is an organization described in Internal Revenue Code (IRC) Section 501(c)(3) and as such is exempt from federal and state income tax on its related income under Section 501(a). Furthermore, as a publicly supported organization, it is classified as a public charity and not a private foundation under Section 509(a)(1). The Foundation had no unrelated business income during fiscal years 2017 and 2016; therefore, no provision for income taxes is included in the financial statements.

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Notes to Financial Statements

June 30, 2017 and 2016

(2) Cash and Cash Equivalents

(a) Custodial credit risk

Custodial credit risk is the risk that in the event of a bank failure, the entity's deposits may not be returned to it. The Foundation's operating accounts had deposits totaling \$344,052 and \$424,805 as of June 30, 2017 and 2016 respectively. Prior to February 2017, amounts above \$265,000 were invested in overnight sweep accounts and collateralized at 102% of the invested balance. The Foundation limits the amount of credit exposure with any one financial institution and believes that no significant concentration of credit risk exists with respect to cash and cash equivalents.

A summary of insured and collateralized accounts at June 30, 2017 and 2016 is as follows:

| | <u>2017</u> | <u>2016</u> |
|--|----------------------|------------------|
| Nusenda checking account balance (fully insured) | \$ 20,006 | \$ - |
| Wells Fargo checking account balance | \$ 344,052 | \$ 424,805 |
| FDIC Insurance | 250,000 | 250,000 |
| Collateralization: | | |
| <u>CUSIP</u> | <u>Maturity Date</u> | <u>Type</u> |
| 3128MJTQ3 | 11/01/2043 | FN-30 |
| Uninsured and under collateralized balance | <u>\$ 94,052</u> | <u>\$ 40,345</u> |

(b) Detail of the cash accounts at:

| Depository/account name | Account type | June 30, 2017 | | |
|--|--------------|-------------------|----------------------|-----------------------|
| | | Bank balance | Reconciling items | Reconciled balance |
| Wells Fargo: | | | | |
| Checking | Cash | \$ 344,052 | \$ (2,367) | \$ 341,685 |
| Nusenda | Cash | 20,006 | - | 20,006 |
| Merrill Lynch: | | | | |
| Temp Restricted | Money Market | 336,007 | - | 336,007 |
| Endow Core | Money Market | 160,672 | - | 160,672 |
| Eloy Reyes | Money Market | 6,523 | - | 6,523 |
| | | <u>\$ 867,260</u> | <u>\$ (2,367)</u> | <u>\$ 864,893</u> |
| Cash and cash equivalents – unrestricted | | | | \$ 35,419 |
| Cash and cash equivalents – restricted | | | | 829,474 |
| Total cash and cash equivalents | | | | <u>\$ 864,893</u> |

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Notes to Financial Statements

June 30, 2017 and 2016

| Depository/account name | Account type | Bank balance | June 30, 2016 | |
|--|--------------|---------------------|----------------------|-----------------------|
| | | | Reconciling items | Reconciled balance |
| Wells Fargo: | | | | |
| Checking | Cash | \$ 424,805 | \$ (250) | \$ 424,555 |
| Merrill Lynch: | | | | |
| Temp Restricted | Money Market | 581,942 | - | 581,942 |
| Endow Core | Money Market | 206,044 | - | 206,044 |
| Eloy Reyes | Money Market | 10,052 | - | 10,052 |
| | | <u>\$ 1,222,843</u> | <u>\$ (250)</u> | <u>\$ 1,222,593</u> |
| Cash and cash equivalents – unrestricted | | | | \$ 52,827 |
| Cash and cash equivalents – restricted | | | | 1,169,766 |
| Total cash and cash equivalents | | | | <u>\$ 1,222,593</u> |

(3) Investments

Investments reported by the Foundation represent investments contributed to the Foundation that are held by an outside investment firm. The Foundation has an Investment Policy which includes investment objectives to preserve principals and achieve moderate growth. Management attempts to reduce risk through diversification of the investment portfolio among instruments and issuers.

Included in investment income in the statements of revenues, expenses, and changes in fund net position at June 30, 2017 and 2016, are realized gains/(loses) of \$401,601 and (\$97,637), respectively.

A summary of investments held by the Foundation at June 30, 2017 and 2016 is as follows:

| | <u>2017</u> | <u>Percentage</u> | <u>2016</u> | <u>Percentage</u> |
|------------------------|---------------------|-------------------|---------------------|-------------------|
| CDs maturing > 90 days | \$ 247,831 | 3% | \$ - | 0% |
| Federal agency | 1,046,720 | 12% | 851,000 | 12% |
| Corporate obligations | 600,786 | 7% | 519,281 | 7% |
| Corporate stock | 5,210,912 | 59% | 4,309,479 | 61% |
| Mutual Funds | 1,681,792 | 19% | 1,446,510 | 20% |
| Total Investments | <u>\$ 8,788,041</u> | <u>100%</u> | <u>\$ 7,126,270</u> | <u>100%</u> |

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Notes to Financial Statements

June 30, 2017 and 2016

Detail of investments held by the Foundation at June 30, 2017 and 2016.

| Depository/account name | Account type | 2017 | 2016 |
|----------------------------|----------------------------|---------------------|---------------------|
| Merrill Lynch: | | | |
| Temp Restricted | CD Maturing > 90 days | \$ 247,830 | \$ - |
| Temp Restricted | Corporate stock | | 1,588 |
| Endow Core Portfolio | Federal agency obligations | 963,223 | 774,105 |
| Endow Core | Corporate obligations | 560,112 | 492,167 |
| Endow Core Portfolio | Corporate stock | 4,936,946 | 4,043,514 |
| Endow Core Portfolio | Mutual Funds | 1,681,792 | 1,446,510 |
| Eloy Reyes | Federal agency obligations | 83,497 | 76,894 |
| Eloy Reyes | Corporate obligations | 40,674 | 27,115 |
| Eloy Reyes | Corporate stock | 273,966 | 264,377 |
| | | <u>\$ 8,788,040</u> | <u>\$ 7,126,270</u> |

(a) Investment Policy

Investment portfolio management is the responsibility of the Foundation's management. The Foundation's Finance and Investment Committee revised the investment policy which was approved in July 2015. The fundamental goal of the policy is to produce the maximum return possible while preserving the Foundation's assets. Investments are divided into three main portfolios (pools): (1) Temporary Restricted, (2) Endowments (Restricted), and (3) Eloy Reyes Title V Memorial Endowment for La Comunidad.

Temporary Restricted Portfolio investments will consist of money market or other conservative investments with an average maturity of less than three years meeting the following criteria: (1) Certificates of deposit are authorized to the extent of FDIC insurance coverage; (2) portfolio can contain U.S. Treasury bills and notes and U.S. agency securities; (3) the average credit quality of the fixed income portfolio shall be AA or higher as defined by Moody's with an effective maturity of less than 3 years; and (4) no single issuer of debt or equity should make up more than 5% of the Portfolio except for U.S. government obligations. The following table sets out the asset allocation guidelines.

| Restricted Pool | Long-term Policy Weight | Rebalancing Range % | Appropriate benchmark |
|-------------------------|----------------------------|------------------------|-------------------------------|
| Asset Class | % | Range % | Appropriate benchmark |
| Short term fixed income | 75 | 0-90 | Merrill Lynch 1-5 US Treasury |
| Cash | 25 | 10-50 | 3 Month T-Bills |
| Total | <u>100</u> | | |

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

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Notes to Financial Statements

June 30, 2017 and 2016

Endowment Portfolio investments consist of equity securities, Certificates of deposit (to the extent of FDIC insurance coverage), U.S. Treasury bills and notes and U.S. agency securities. Investment managers may purchase fixed income securities issued by U.S. corporations that carry a credit rating characterized as below investment grade Moody's (lower than Baa3) at the time of purchase.

The fixed income portion of the portfolio is limited to a 15% allocation to high yield bonds. Investment managers may also purchase fixed income securities issued by non-U.S. sovereign governments or corporations. The fixed income portion of the portfolio is limited to a 10% allocation to Non U.S. bonds. Up to 25% of the Portfolio can be invested in foreign issues of debt or equity. No single issuer of debt or equity should make up more than 5% of the Portfolio except for U.S. government obligations. On June 30, 2017, the portfolio consisted of 12.3% of U.S. government obligations.

| Endowment Pool | Long-term Policy Weight | Rebalancing | Appropriate benchmark |
|-------------------------|----------------------------|-------------|-------------------------------|
| Asset Class | % | Range % | |
| U.S. large cap equities | 20 | 10-30 | Russell 1000 |
| U.S. small-mid equities | 5 | 0-20 | Russell 2500 |
| International equities | 5 | 0-15 | MSCI World Ex. USA |
| Global fixed income | 65 | 50-75 | Barclays Aggregate Bond Index |
| Cash | 5 | 0-20 | 3 Month T-Bills |
| Total | <u>100</u> | | |

(b) Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Mutual funds and external investment pools are not exposed to custodial credit risk. The following is a summary of investments held by the Foundation and the exposure to custodial credit risk at June 30, 2017 and 2016.

| | <u>2017</u> | <u>2016</u> |
|---------------------------------------|---------------------|---------------------|
| Custodial credit risk: | | |
| Federal agency | \$ 1,046,720 | \$ 851,000 |
| Corporate | 600,786 | 519,281 |
| Corporate stock | 5,210,912 | 4,309,479 |
| Not subject to custodial credit risk: | | |
| Certificate of deposit | 247,831 | - |
| Mutual Funds | 1,681,792 | 1,446,510 |
| Total Investments | <u>\$ 8,788,041</u> | <u>\$ 7,126,270</u> |

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Notes to Financial Statements

June 30, 2017 and 2016

(c) Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the Foundation. The following table provides information on the credit ratings associated with the Foundation's investment in debt securities at June 30, 2017 and 2016.

| | Rating | 2017 Fair Value | 2016 Fair Value |
|---------------------------------------|---------------|----------------------------|----------------------------|
| Corporate Stock (Level 1): | Unrated | \$ 5,210,912 | \$ 4,309,479 |
| Mutual Funds (Level 1) | Unrated | 1,681,792 | 1,446,510 |
| Total unrated securities | | <u>\$ 6,892,704</u> | <u>\$ 5,755,989</u> |
| | | | |
| Federal agency obligations (Level 1): | | | |
| Federal home loan mortgage corp. | AA+ | \$ 446,999 | \$ 269,351 |
| Federal national mortgage assoc. | AA+ | 332,435 | 272,522 |
| US treasury notes | AAA | 72,082 | 120,292 |
| US treasury bills | AAA | 998 | - |
| US treasury bonds | AAA | 129,063 | 130,331 |
| US treasury inflation bonds | AAA | 65,143 | 58,504 |
| | | <u>1,046,720</u> | <u>851,000</u> |
| | | | |
| Corporate obligations (Level 2): | | | |
| Corporate bonds | AAA | 1,988 | 2,032 |
| Corporate bonds | AA+ | 2,030 | 43,279 |
| Corporate bonds | AA | 1,013 | - |
| Corporate bonds | AA - | 48,888 | - |
| Corporate bonds | A+ | 5,202 | 4,351 |
| Corporate bonds | A | 33,143 | 29,885 |
| Corporate bonds | A- | 250,259 | 162,473 |
| Corporate bonds | BBB+ | 256,246 | 219,047 |
| Corporate bonds | BBB | 1,029 | 58,216 |
| Corporate bonds | BBB- | 988 | - |
| | | <u>600,786</u> | <u>519,281</u> |
| Total rated securities | | <u>\$ 1,647,506</u> | <u>\$ 1,370,281</u> |
| | | | |
| Total securities | | <u>\$ 8,540,210</u> | <u>\$ 7,126,270</u> |

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Notes to Financial Statements

June 30, 2017 and 2016

(d) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The Foundation does not have a formal investment policy that limits investment maturities as a means of managing its exposure to changing interest rates.

A summary of the investments and the respective maturities at June 30, 2017 and 2016 and the exposure to interest rate risk is as follows:

| Investment Type | 2017 - Investment maturities | | | |
|----------------------------|------------------------------|------------------|------------|------------|
| | Fair Value | Less than 1 year | 1-5 years | 5 years + |
| Federal agency obligations | \$ 1,046,720 | \$ 2,993 | \$ 251,963 | \$ 791,764 |
| Corporate obligations | 600,786 | 3,042 | 224,960 | 372,784 |

| Investment Type | 2016 - Investment maturities | | | |
|----------------------------|------------------------------|------------------|------------|------------|
| | Fair Value | Less than 1 year | 1-5 years | 5 years + |
| Federal agency obligations | \$ 851,000 | \$ 2,006 | \$ 188,836 | \$ 660,158 |
| Corporate obligations | 519,281 | - | 166,790 | 352,491 |

The Foundation categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting Principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Foundation has the following recurring fair value measurements as of June 30, 2017:

U.S Treasury securities of \$1,046,720 are valued using quoted prices in an active market for identical assets (Level 1 inputs)

Corporate bonds of \$600,786 are valued using a matrix pricing model (Level 2 inputs).

(e) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the Foundation's investment in a single issuer. Investments in any one issuer that represent 5% or more of total investments are considered to be exposed to the concentrated risk. Investments issued by the U.S. government and investments in mutual funds are excluded from this requirement. The Foundation had 12.3% of the portfolio on June 30, 2017 and 11.9% of the investment portfolio on June 30, 2016 in U.S. government obligations, which exceeds the 5% limitation in any single type of security per the Foundation's investment policy statement (IPS). However, under section J of the IPS, U.S. government obligations are excepted from the 5% limit.

(f) Foreign Currency Risk

Foreign currency risk is the potential risk of loss arising from investments denominated in foreign currencies when there are changes in exchange rates. The potential risk of loss arising from changes in exchange rates can be significant. At June 30, 2017 and 2016, the Foundation held no investments denominated in foreign currencies and therefore had no foreign currency risk.

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Notes to Financial Statements

June 30, 2017 and 2016

(4) Pledges Receivable

Pledges receivable consisted of the following at June 30:

| | <u>2017</u> | <u>2016</u> |
|--|-------------------|-------------------|
| Amounts receivable in less than one year | \$ 732,548 | \$ 265,185 |
| Amounts receivable in more than one year | 240,067 | 316,365 |
| Less discounts to net present value | (9,823) | (1,512) |
| Less allowance for doubtful pledges | (19,452) | (11,631) |
| Total pledge receivables, net | <u>\$ 943,340</u> | <u>\$ 568,407</u> |
| | | |
| Current unrestricted | \$ 9,699 | \$ - |
| Current restricted | 752,124 | 252,042 |
| Noncurrent restricted | 181,517 | 316,365 |
| Total pledge receivables, net | <u>\$ 943,340</u> | <u>\$ 568,407</u> |

Noncurrent pledges receivable are discounted at the U.S. Treasury Bill 90 day rate of 1.01% and 0.26% for the years ended June 30, 2017 and 2016 respectively.

(5) General and Administrative Expenses

General and administrative expenses consisted of the following for the years ended June 30:

| | <u>2017</u> | <u>2016</u> |
|-----------------------------------|-------------------|-------------------|
| Bank charges | \$ 3,195 | \$ 1,321 |
| Board expenses | 3,392 | 3,759 |
| Contributed Services | 394,553 | 416,918 |
| Insurance expense | 2,486 | 707 |
| Printing and publication | 2,482 | 2,108 |
| Supplies and postage and shipping | 311 | 109 |
| Total G&A Expenses | <u>\$ 406,419</u> | <u>\$ 424,922</u> |

(6) Risk Management

The Foundation is physically housed within the College that provides office space, personnel, utilities, and general operating expenses to the Foundation. The Foundation's exposure to various risks of loss related to torts; theft, damage, or destruction of assets; errors and omissions; injuries to employees; and natural disasters fall within the College's insurance coverage. The College uses the New Mexico Public Schools Insurance Authority (NMPSIA) which was formed on April 5, 1985.

In addition, the Foundation has director and officer liability insurance with a third-party.

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Notes to Financial Statements

June 30, 2017 and 2016

(7) Related Party Transactions

The College provides office space, personnel, utilities, and general operating expenses to the Foundation at no cost. No value has been assigned to these amounts for financial reporting purposes. In addition, the Foundation will incur certain expenditures including various scholarships and programs that are paid through the College. The Foundation will reimburse the College for these items it has paid on behalf of the Foundation.

During the years ending 2017 and 2016, members of the board of directors made new gifts and pledges to the Foundation of \$23,263 and \$47,519, respectively. The Foundation had pledge receivables due from various members of the board of directors at June 30, 2017 and 2016 of \$8,578 and \$10,773, respectively.

(8) Endowments

On July 1, 2009 the Uniform Prudent Management of Institutional Funds Act became effective in New Mexico. If a donor has not provided specific instructions, state law permits the Board of Directors to authorize for expenditure the interest, dividends and net appreciation (realized and unrealized) of the investments of endowment funds.

The endowment spending policy is subject to annual review and provides that the annual amount of potential distributions from each endowment fund shall be limited to a maximum of 5% of the average of the last five fiscal years' fair value of the endowment fund. At the end of each fiscal year, the Foundation's board of directors will determine the potential distribution amount for each endowment fund for the ensuing fiscal year. At June 30, 2017 and 2016 the net appreciation of \$1,561,462 and \$1,083,821, respectively, was available to be spent, for specific restricted purposes.

As of June 30, 2017 and 2016, the value of the Foundation's endowment portfolio was \$8,420,439 and \$7,246,331, respectively and the corpus was \$6,858,976 and \$6,157,509, respectively.

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

To the Board of Directors of
Central New Mexico Community College Foundation, Inc.
and
Mr. Wayne Johnson, New Mexico State Auditor

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 Central New Mexico Community College Foundation, Inc. (the Foundation) (a nonprofit organization and a component unit of the Central New Mexico Community College), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Ingenuity’s basic financial statements, and have issued our report thereon dated October 31, 2017.

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 Foundation’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.



Albuquerque, New Mexico
October 31, 2017

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.
(A Component Unit of Central New Mexico Community College)
Schedule of Findings and Responses
June 30, 2016 and 2015

Section A - Summary of Auditor's Results

Financial Statements

| | |
|--|-------------------|
| <u>Type of auditor's report issued:</u> | <u>Unmodified</u> |
| Internal control over financial reporting: Material weakness reported? | No |
| Significant deficiencies reported not considered to be material weaknesses? | None noted |
| Noncompliance material to financial statements noted? | No |
| Other matters as required by New Mexico State Statute, 12-6-5, NMSA 1978. | No |

Section B - Financial Statement Findings

None

Section C - Status of Prior Year Findings

None

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Exit Conference

An exit conference was held in a closed session on October 30, 2017, to discuss the audit report and current and prior year auditor's comments. The parties agreed to the factual accuracy of the comments contained herein. In attendance were the following individuals:

Representing Central New Mexico Community College Foundation

| | |
|--------------------|---|
| Adrian Chavez | Foundation Board President |
| Clint Wells | Secretary / Executive Director |
| Barbara Lewis | President-Elect |
| Katherine Ulibarri | Board Treasurer |
| Georgie Ortiz | BOD Member/Chair Finance & Investment Committee |
| Mark Gorham | BOD Member |
| Tom Briones | BOD Member |
| Ross Busby | BOD Member |
| Samantha Sengel | BOD Member |
| Kirt Meyer | BOD Member |
| Brenda Martinez | Foundation Staff |
| Roberta Ricci | Foundation Staff |
| Wanda Helms | CNM Comptroller |
| Andrea Vaughan | Non-Profit Accountant |

Representing Axiom CPAs and Business Advisors LLC

| | |
|---------------|----------------------|
| Jaime Rumbaoa | Partner |
| Bryan Runyan | Assurance Supervisor |