

CNM INGENUITY, INC.
(A component unit of Central New Mexico Community College)

FINANCIAL STATEMENTS

June 30, 2018 and 2017

(With Independent Auditor's Reports Thereon)



CNM In₃enuity, Inc.

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CNM INGENUITY, INC.
(A Component Unit of Central New Mexico Community College)

Table of Contents

	Page
Introductory Section	
Official Roster.....	1
Financial Section	
Independent Auditor's Report.....	2
Management's Discussion and Analysis.....	5
Statements of Net Position.....	9
Statements of Revenues, Expenses, and Changes in Net Position.....	10
Statements of Cash Flows.....	11
Notes to Financial Statements.....	13
Other Information	
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.....	25
Schedule of Findings and Responses.....	27
Exit Conference.....	28



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Introductory Section (Unaudited)

CNM In_⚡enuity, Inc.

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CNM INGENUITY, INC.
(A Component Unit of Central New Mexico Community College)

Official Roster

Board of Directors

Name	Title
Katharine Winograd	President
Kirby Jefferson	Vice President
Tracy Hartzler	Treasurer
Kyle Lee	Secretary
Dominic Pruitt	Member
Steve Maestas	Member
Bill Miera	Member
Henry South	Member
Lorna Wiggins	Member

Administrative Officials

Samantha Sengel	Chief Advancement Officer
Wanda Helms	CNM Comptroller

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Financial Section

CNM In₃enuity, Inc.



Independent Auditor's Report

To the Board of Directors
CNM Ingenuity, Inc.
(A Component Unit of Central New Mexico Community College)
Albuquerque, New Mexico
And
Mr. Wayne Johnson, New Mexico State Auditor

Report on the Financial Statements

We have audited the accompanying financial statements of the CNM Ingenuity, Inc. (Ingenuity, a nonprofit organization and component unit of Central New Mexico Community College), as of and for the year ended June 30, 2018 and the related notes to the financial statement which collectively comprise Ingenuity'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 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 CNM Ingenuity, Inc. (a component unit of Central New Mexico Community College) as of June 30, 2018, and the changes in its net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

June 30, 2017 Financial Statements


The financial statements of Ingenuity as of June 30, 2017, and for the year then ended were audited by other auditors. Those auditors expressed an unmodified opinion on those financial statements in their report dated October 31, 2017.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of 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 or provide any.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2018, on our consideration of Ingenuity’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 solely 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 effectiveness of Ingenuity’s internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering CNM Ingenuity, Inc.’s internal controls over financial reporting and compliance.



Albuquerque, NM
October 25, 2018

CNM INGENUITY, INC.
(A Component Unit of Central New Mexico Community College)
Management's Discussion and Analysis (Unaudited)
June 30, 2018 and 2017

As a component unit of Central New Mexico Community College (College), CNM Ingenuity, Inc. (Ingenuity) applies the provisions of Governmental Accounting Standards Board (GASB) statement No. 35, Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges / Universities - an amendment of GASB Statements No. 34.

Overview of the Basic Financial Statements

Ingenuity's annual report consists of Management's Discussion and Analysis (MD&A), which provides a broad narrative overview of the financial activities for the fiscal years ended June 30, 2018, and June 30, 2017, and the following, which comprise the basic financial statements:

1. Statements of net position, which present information of the Ingenuity's assets, liabilities, and resulting net positions.
2. Statements of revenues, expenses, and changes in net position, which provide information on the results of operations for the fiscal years.
3. Statements of cash flows, which present information on changes in cash balances and identify the source of cash flows resulting in those changes.
4. Notes to financial statements, which provide additional information that is essential to a full understanding of the data provided in the financial statements.

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

Condensed Assets, Liabilities, and Net Position

	2018	2017	2016
Current assets	\$ 10,446,790	\$ 12,820,463	\$ 1,358,763
Capital assets, net	4,578,619	3,032,770	1,799,972
Other noncurrent assets	5,119,392	300,186	66,007
Total assets	<u>\$ 20,144,801</u>	<u>\$ 16,153,419</u>	<u>\$ 3,224,742</u>
Current liabilities	<u>\$ 1,972,504</u>	<u>\$ 1,771,786</u>	<u>\$ 851,036</u>
Total liabilities	<u>1,972,504</u>	<u>1,771,786</u>	<u>851,036</u>
Net position:			
Unrestricted	13,343,551	11,112,916	573,734
Net investment in capital	4,578,618	3,032,770	1,799,972
Restricted- Expendable	250,128	235,947	-
Total net position	<u>\$ 18,172,297</u>	<u>\$ 14,381,633</u>	<u>\$ 2,373,706</u>

CNM INGENUITY, INC.
(A Component Unit of Central New Mexico Community College)
Management's Discussion and Analysis (Unaudited)
June 30, 2018 and 2017

Condensed Summary of Revenues, Expenses, and Changes in Net Position

	2018	2017	2016
Operating revenues:			
Program revenue, charges for services	\$ 3,007,889	\$ 2,560,453	\$ 1,998,271
Contract and grant revenue	961,386	474,853	296,067
Rental revenue	186,895	100,314	41,739
Gift revenue	176,133	242,159	10,886
Total operating revenue	<u>4,332,303</u>	<u>3,377,779</u>	<u>2,346,963</u>
Operating expenses:			
General and administrative	4,145,414	3,096,822	2,784,761
Amortization	10,798	19,399	13,774
Depreciation	130,232	87,000	113,408
Total operating expenses	<u>4,286,444</u>	<u>3,203,221</u>	<u>2,911,943</u>
Operating income (loss)	<u>45,859</u>	<u>174,558</u>	<u>(564,980)</u>
Non-operating revenue			
Transfers from CNM	4,225,000	11,814,000	-
Investment income (loss) net	(480,195)	3,869	1,173
Gain on sale of assets	-	15,500	-
Total non-operating revenue	<u>3,744,805</u>	<u>11,833,369</u>	<u>1,173</u>
Increase (decrease) in net position	<u>3,790,664</u>	<u>12,007,927</u>	<u>(563,807)</u>
Net position, beginning of year	14,381,633	2,373,706	2,937,513
Net position, end of year	<u>\$ 18,172,297</u>	<u>\$ 14,381,633</u>	<u>\$ 2,373,706</u>

Financial Analysis

During the year ended June 30, 2015, CNM Ingenuity STEMulus Center merged with programs at the Workforce Training Center, fully integrating operations in June of 2016, formerly run as a part of the main college. This transition reflected the enterprise and commercialization responsibilities of CNM Ingenuity, Inc. as a non-traditional training innovation leader and public private partnership entity.

The preceding table summarized Ingenuity's assets, liabilities and net position as of June 30, 2018 and 2017. In addition, a condensed revenue, expenses and changes in net position for June 30, 2018 and June 30, 2017, is presented. Those results are summarized as follows:

- * At June 30, 2018, Ingenuity's total assets were \$20,144,801, which represents an increase of 25% over June 30, 2017 total assets of \$16,153,419. Ingenuity's total liabilities as of June 30, 2018 were \$1,972,504, which represents an increase of 11% from the previous year total of \$1,771,786. This results in a net position of \$18,172,297, an increase of 26% from the previous year net position of \$14,381,633.

CNM INGENUITY, INC.
(A Component Unit of Central New Mexico Community College)
Management's Discussion and Analysis (Unaudited)
June 30, 2018 and 2017

- * Total operating revenue was \$ \$4,332,303 for the fiscal year ended June 30, 2018, an increase of \$954,524, or 28%, from the previous year total of \$3,377,779. Most notable was an increase in contract and grant revenue of \$486,533, or 102%, from the previous year (see Statements of Revenues, Expenses and Changes in Net Position).
- * Many of the programs under Ingenuity became operational in FY16. Ingenuity focuses on serving the community by providing innovative and top-quality, highly demanded non-credit courses. Program revenue was \$3,007,889 and \$2,560,453 for the year ended June 30, 2018 and 2017 respectively.
- * Operating expenses total was \$4,286,444 for the year ended June 30, 2018, which represents an increase of 34% from the previous year total of \$3,203,221. The two most significant categories are contract services and salaries/benefits comprising 22% and 40% of total expense respectively. Contract services represents a substantial expense due to fact that several of the programs utilize instructional facilitators, independent contractors, and contacted services to support the expansion of program offerings. The salaries and benefits increase to \$1,697,331 in FY18 from \$1,411,733 in FY17 due to hiring of staff required to support all course and program offerings efficiently.
- * For FY18 and FY17, non-operating revenues include interest income and transfers from CNM. There are no non-operating expenses for either fiscal year.
- * During FY18, Ingenuity's capital assets increased by \$1,545,848, which represents an increase of 51% from the previous year total of \$3,032,770. During the fiscal year, Ingenuity purchased an additional 13 residential real estate units as well as semi-trucks and trailers for use in the commercial driver's license (CDL) training program.

Economic Outlook

Ingenuity was created in 2014 to diversify the College's revenues through emergent training methods, cooperative public private agreements in technology and entrepreneurship, and the increased utilization of College's assets. The specific mission of Ingenuity is to promote the public welfare and prosperity of the people of New Mexico and foster economic development within both the private and public sectors of the New Mexico community. Ingenuity has successfully expanded the College's innovative program offerings during the previous fiscal years. This has been accomplished through creative program offerings and participation provided by Ingenuity initiatives such as Deep Dive Coding, FUSE Makerspace, Workforce Training, IGNITE Community Accelerator and many others.

During FY18, Deep Dive Coding (DDC) led Ingenuity's operations at the STEMulus Center. DDC, Ingenuity's immersive computer coding boot camp program, graduated nine cohorts of students in FY18, each with increasing enrollment and tuition, and is approved for credit for prior learning at the College. DDC is maturing to an umbrella brand, and has three different coding programs (each with multiple cohorts) with plans to expand to meet changing community needs in the future.

CNM INGENUITY, INC.
(A Component Unit of Central New Mexico Community College)
Management's Discussion and Analysis (Unaudited)
June 30, 2018 and 2017

FUSE Makerspace (FUSE) is a collaborative workspace where hobbyists, engineers, entrepreneurs and artists can use high-end, state-of-the-art equipment to bring their ideas to fruition. FUSE works on a paid membership model and acts as an incubation center for a number of small business ventures, and partners with the College's prototyping certificate program.

The IGNITE Community Accelerator, is a business accelerator program provided by Ingenuity. It completed one cohort in FY 18 with two more scheduled for FY 19, including nine businesses participating in an innovative hybrid program incorporating FUSE makerspace into the Ignite Community Accelerator. Through IGNITE, nine small businesses graduated from the program in FY 2018. CNM's Fast Track Business Degree and Entrepreneurial Mindset programs are also operated by Ingenuity.

During 2018, workforce development has continued to be a significant component of Ingenuity's strategy. Non-credit workforce development training was provided to 3,156 participants representing 34 organizations. Ingenuity expanded programming in FY18. Among these programs are Financial Coaching, Linesman School, Commercial Driver's License, Nursing Transition to Practice, Supervisor Academy and Cyber Academy. Ingenuity has developed a strategic plan to increase its affiliate relationships for non-credit open enrollment training where possible. Further, Ingenuity sees an opportunity to streamline the process of developing and providing open enrollment courses through automation, increasing participation from the community in an increasing variety of classes.

The Space Solutions segment of Ingenuity had an excellent year in FY18 with further expansion planned for FY19. Space Solutions, an initiative to make under-utilized CNM space available for lease and for use by community partnerships, continued to expand operations in this last year. This has led to many new arrangements with industry partners, and it has led to formal partnerships with the New Mexico and Albuquerque film offices. Ingenuity Testing Services remains the largest and most successful high-stakes testing center in New Mexico.

Ingenuity has made tremendous progress on behalf of Central New Mexico Community College and the local economy since 2014. Ingenuity will continue to fulfill mission by forging links between New Mexico's educational institutions, businesses, industries, and government.

Contact Information

Additional information may be obtained by contacting the CNM Ingenuity, Inc. at (505) 224-5953. 525 Buena Vista Dr. SE, Albuquerque, NM 87106.

CNM INGENUITY, INC.
(A Component Unit of Central New Mexico Community College)
Statements of New Position
June 30, 2018 and 2017

	2018	2017
Assets:		
<i>Current Assets:</i>		
Cash and cash equivalents (Note 3)	\$ 9,913,443	\$ 1,889,271
Accounts receivable, net of doubtful allowance (Note 4)	397,760	280,886
Pledge receivable, current portion (Note 5)	50,000	49,039
Due from CNM (Note 11)	-	10,502,419
Inventory (Note 6)	14,642	24,000
Prepaid expense	70,945	74,848
Total current assets	10,446,790	12,820,463
<i>Capital Assets, net (Note 7):</i>	4,578,619	3,032,770
<i>Long-Term Assets:</i>		
Long term pledge receivable, net of discount (Note 5)	141,823	186,908
Advance royalties (Note 8)	35,810	46,608
Intangible assets (Note 10)	90,000	-
Investments, net (Note 9)	4,797,374	-
Private equity investment (Note 9)	54,385	66,670
Total noncurrent assets	5,119,392	300,186
Total assets	\$ 20,144,801	\$ 16,153,419
Liabilities:		
<i>Current Liabilities:</i>		
Accounts payable	\$ 95,071	\$ 123,847
Accrued liabilities	30,626	1,015
Due to CNM (Note 11)	397,281	212,012
Deposits payable	50	8,440
Unearned revenue (Note 12)	1,449,476	1,426,472
Total liabilities	1,972,504	1,771,786
Net position:		
Unrestricted	13,343,550	11,112,916
Net investment in capital assets	4,578,619	3,032,770
Restricted		
<i>Expendable</i>	250,128	235,947
Total net position	\$ 18,172,297	\$ 14,381,633

See accompanying notes to financial statements.

CNM INGENUITY, INC.
(A Component Unit of Central New Mexico Community College)
Statements of Revenues, Expenses, and Changes in Net Position
June 30, 2018 and 2017

	2018	2017
Operating revenue:		
Program revenue, charges for services	\$ 3,007,889	\$ 2,560,453
Contract and grant revenue	961,386	474,853
Rental revenue	186,895	100,314
Gift revenue	176,133	242,159
Total operating revenue	4,332,303	3,377,779
Operating expense:		
General and administrative (Note 13)	4,145,414	3,096,822
Amortization	10,798	19,399
Depreciation	130,232	87,000
Total operating expense	4,286,444	3,203,221
Operating income (loss)	45,859	174,558
Non-operating revenue		
Transfers from (to) CNM (Note 11)	4,225,000	11,814,000
Interest and investment income (loss), net	(480,195)	3,869
Gain on sale of assets	-	15,500
Total non-operating revenue	3,744,805	11,833,369
Increase (decrease) in net position	3,790,664	12,007,927
Net position, beginning of year	14,381,633	2,373,706
Net position, end of year	\$ 18,172,297	\$ 14,381,633

See accompanying notes to financial statements.

CNM INGENUITY, INC.
(A Component Unit of Central New Mexico Community College)
Statements of Cash Flows
June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Cash received from program revenue, charges for services	\$ 2,946,126	\$ 2,519,047
Cash received from contract and grant revenue	965,269	1,285,546
Cash received from rental activity	186,895	100,314
Cash received from gifts	184,267	6,212
Cash refund for customer deposits	(8,390)	8,440
Payments to employees (salaries and benefits)	(1,697,331)	(1,411,733)
Payments to vendors	(2,246,299)	(1,735,960)
Net cash provided by operating activities	<u>330,537</u>	<u>771,866</u>
Cash flows from noncapital financing activities:		
Transfers from CNM	14,725,000	1,314,000
Net cash provided by noncapital financing activities	<u>14,725,000</u>	<u>1,314,000</u>
Cash flows from capital and related financing activities:		
Purchase of property and equipment	(1,676,081)	(1,319,798)
Proceeds from sale of equipment	-	15,500
Net cash used by capital and related financing activities	<u>(1,676,081)</u>	<u>(1,304,298)</u>
Cash flows from investing activities:		
Proceeds from sale or maturity of investments	93,494	-
Purchases of investments	(5,476,037)	(66,670)
Interest and dividends received	117,259	3,869
Purchase of Intangible Assets (Note 10)	(90,000)	-
Net cash provided (used) by investing activities	<u>(5,355,284)</u>	<u>(62,801)</u>
Net increase (decrease) in cash and cash equivalents	8,024,172	718,767
Cash and cash equivalents, beginning of year	1,889,271	1,170,504
Cash and cash equivalents, end of year	<u>\$ 9,913,443</u>	<u>\$ 1,889,271</u>

See accompanying notes to financial statements

CNM INGENUITY, INC.
(A Component Unit of Central New Mexico Community College)
Statements of Cash Flows
June 30, 2018 and 2017

Statement of Cash Flows continued:

	2018	2017
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Operating Income (Loss)	\$ 45,859	\$ 174,558
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	130,232	87,000
Amortization	10,798	19,399
Change in assets and liabilities:		
Accounts receivable, net of allowance	(116,874)	(94,840)
Pledge receivable, net of discount	44,124	(235,947)
Inventory	9,358	(24,000)
Prepaid expenses	3,903	(72,635)
Accounts payable	(28,776)	56,561
Accrued liabilities	29,611	1,015
Due to CNM	187,688	(11,811)
Deposits payable	(8,390)	8,440
Unearned revenue	23,004	864,126
Total adjustments	284,678	597,308
Net cash provided by operating activities	\$ 330,537	\$ 771,866
Supplemental disclosure of noncash investing, capital, and financing activities:		
In-kind contributions	\$ 119,585	\$ -
Investment unrealized and realized gains (losses)	(597,454)	15,500

See accompanying notes to financial statements

CNM INGENUITY, INC.
(A Component Unit of Central New Mexico Community College)
Notes to Basic Financial Statements
June 30, 2018 and 2017

1 Nature of Business

CNM Ingenuity, Inc., (“Ingenuity”), was founded on March 17, 2014 under the New Mexico University Research Park and Economic Development Act. It is a New Mexico not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code. Ingenuity is specifically classified as a 509(a)(3) or Type 1 charitable organization. Type I supporting organizations are operated, supervised, or controlled by one or more publicly supported organizations. Ingenuity is operated exclusively for the benefit and support of, to perform the functions of, and carry out the purposes of Central New Mexico Community College (College).

Ingenuity and the College entered into a Memorandum of Agreement (“MOA”) dated March 2014, and most recently amended on July 2016 that defines their relationship. The MOA states that College will provide critical resources until Ingenuity becomes self-supporting. It also provides that Ingenuity’s activities will be conducted for the benefit of the College and must be consistent with the College’s long-range plans.

Pursuant to the University Research Park and Economic Development Act Sections 21-28-1 through 21-28-25, New Mexico Statutes annotated, 1978 Compilation, as amended, (the “Research Park Act”), this Corporation is formed for all lawful purposes under the Research Park Act.

Notwithstanding the paragraph above, all purposes of Ingenuity as stated in the Articles of Incorporation shall be limited exclusively to charitable, educational and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1954, or the corresponding provision of any future U.S. Internal Revenue law.

Complete financial statements can be obtained from the administrative office at the College at 525 Buena Vista SE, Albuquerque, NM 87106.

2 Summary of Significant Accounting Policies

a. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

b. 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 amount and disclosure. Accordingly, actual results could differ from those estimates.

c. Cash and Cash Equivalents

For the purposes of the statements of cash flows, Ingenuity considers all highly liquid instruments including demand deposits and short-term money market mutual investments, to be cash equivalents provided they are both readily convertible to cash and had an original maturities of three months or less when purchased.

CNM INGENUITY, INC.
(A Component Unit of Central New Mexico Community College)
Notes to Basic Financial Statements
June 30, 2018 and 2017

d. Allowance for Doubtful Accounts

Ingenuity's receivables represent revenues earned from student tuitions and fees, grants and contracts, and third party receivables. Management reviews the collectability of its receivables and if necessary, records an allowance for its estimate of uncollectible accounts. Bad debt history and current facts and circumstances are the primary basis for this estimate. When an account is deemed uncollectible, it is charged off against the allowance. Receivables at June 30, 2018 consisted primarily of contracts and grants, and student receivables. At June 30, 2018, there is an allowance for doubtful accounts of \$5,525 on contract billings and \$19,800 on student receivables older than one year. All other receivables are current and considered collectible at June 30, 2018. At June 30, 2017, doubtful allowance was \$11,000.

e. Investments

Investments consist primarily of money market mutual funds and marketable securities. Money market mutual funds are carried at amortized cost, which approximates fair value. Marketable securities are carried at fair value based on quoted market prices.

Private equity investments represent ownership in closely held businesses, which are not publicly traded. These investments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recordable. These investments are recorded using net asset value (NAV) per share accordance with GASB statement No 72 - *Fair Value Measurement and Application* . Ingenuity considers the reasonableness of the NAV, based on available information, to arrive at the fair value estimates of each investment.

f. Capital Assets

Expenditures for land, land improvements, buildings, infrastructure, art and equipment are recorded at cost. Donated assets are recorded at their estimated fair market values at the date of donation. Depreciation expense is calculated using the straight-line method and the following estimated useful lives:

Buildings and improvements	5-35 years
Land improvements	5-35 years
Infrastructure	5-35 years
Furniture and equipment	5-15 years
Vehicles & Fixtures	5-10 years

Maintenance and repairs, which materially add to the value of the property or appreciably prolong its life, are recorded as increases to the appropriate asset account. Ingenuity capitalizes all fixed assets with a cost of \$5,000 or more and a useful life of greater than one year. Ingenuity conducts a regular inventory of fixed assets and maintains a central list of fixed assets, which includes date of purchase, registration numbers, warranty information, original cost, and estimated life. Non-capitalized equipment with values of \$1,000 or more and all laptops, tablets and cellphones, regardless of cost, are tagged and tracked.

CNM INGENUITY, INC.
(A Component Unit of Central New Mexico Community College)
Notes to Basic Financial Statements
June 30, 2018 and 2017

g. Agreements

A memorandum of agreement between Ingenuity and the College was entered into on March 2014, and most recently amended on July 2016. The agreement formalizes the relationship between Ingenuity and the College and establishes the purpose for Ingenuity as supporting the College in providing educational opportunities through a variety of noncredit programs and career-focused training for non-traditional students. Ingenuity seeks to complement the College by providing educational avenues that enhance degree opportunities or fill workforce gaps in the local economy. The College agreed to provide staff support, office and meeting space, related physical support services, and other services at no cost to Ingenuity as contributed services. The estimated value of these services is not reflected in the accompanying financial statements.

h. Net Position

Unrestricted net position consists of resources that are not limited or restricted by donors for designated purposes. Unrestricted net position arises from exchange transactions and the receipt of unrestricted revenues.

Investment in capital assets represents Ingenuity's total investment in capital assets, net of accumulated depreciation.

Restricted, expendable net position consists of resources restricted by the passage of time or are contractually or legally bound to be spent in accordance with restrictions imposed by external third parties, primarily grant funding agencies.

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

i. Classification of Revenues and Expenses

Operating income reported in the financial statements includes revenues and expenses related to the primary continuing operations of Ingenuity. Operating revenues consists of program revenue, contracts and grants, rental revenue and gifts. Principal operating expenses include program and administrative services.

Non-operating revenue consists of interest income earned in the money market account and investment account and support transfers received from the College.

j. Deferred Revenue

Ingenuity recognizes revenue on the accrual basis or as earned. Appropriate unearned deferrals for unrestricted program and restricted grant revenue have been made at year-end for revenue that will be earned in the next fiscal year proportionate to the instructional term. Unearned Revenue is shown as a liability on the balance sheet.

CNM INGENUITY, INC.
(A Component Unit of Central New Mexico Community College)
Notes to Basic Financial Statements
June 30, 2018 and 2017

k. Income Taxes

Ingenuity 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. Furthermore, as a publicly supported organization, it is classified as a public charity and not a private foundation under Section 509(c)(3). Ingenuity had immaterial unrelated business income during fiscal years 2018 and 2017; therefore, no provision for income taxes is included in the financial statements.

3 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. As of June 30, 2018 and 2017, Ingenuity's operating accounts had deposits totaling \$418,230 and \$226,081 respectively. As a separate legal 501(c)(3) entity, Ingenuity is not subject to the public money act pledged collateral requirements. Ingenuity limits the amount of exposure with any one financial institution and believes that no significant concentration of credit risk exists with respect to cash and cash equivalents.

Below is a summary of insured accounts at June 30, 2018, and June 30, 2017.

	2018	2017
Wells Fargo checking account balance	\$ 418,230	\$ 226,081
Total Wells Fargo checking account balance	418,230	226,081
FDIC Insurance	250,000	250,000
Uninsured and under collateralized balance	\$ 168,230	\$ -
Wells Fargo money market account balance	\$ 1,425,921	\$ 1,660,912
Merrill Lynch money market account balance	\$ 8,128,762	\$ -

Detail of the cash and cash equivalents at:

Account name	Account type	Bank Balance June 30, 2018	Reconciling	Book Balance
Wells Fargo:				
Operating	Cash	\$ 418,230	(59,670)	\$ 358,560
Money Market	Cash	1,425,921	-	1,425,921
Merrill Lynch:				
Money Market	Cash	8,128,762	-	8,128,762
Petty cash:	Cash	-	200	200
Cash and Cash Equivalents		<u>\$ 9,972,914</u>	<u>\$ (59,470)</u>	<u>\$ 9,913,443</u>

Account name	Account type	Bank balance June 30, 2017	Reconciling	Reconciled balance
Wells Fargo:				
Checking	Cash	\$ 226,081	\$ 2,278	228,359
Money Market	Cash	1,660,912	-	1,660,912
Cash and Cash Equivalents		<u>\$ 1,886,993</u>	<u>\$ 2,278</u>	<u>\$ 1,889,271</u>

CNM INGENUITY, INC.
(A Component Unit of Central New Mexico Community College)
Notes to Basic Financial Statements
June 30, 2018 and 2017

4 Accounts Receivable

Accounts receivable consisted of the following at June 30:

	2018	2017
Contract/grant receivable	\$ 205,247	\$ 200,207
Less: allowance for doubtful	(5,525)	(11,000)
3rd Party receivable	34,449	85,067
Student receivable	175,887	6,612
Less: allowance for doubtful	(19,800)	-
Interest Receivable	7,502	-
Total Accounts Receivable	<u>\$ 397,760</u>	<u>\$ 280,886</u>

5 Pledge Receivable

Ingenuity received a 5-year pledge for \$250,000, payable in \$50,000 annual installments in FY17. The pledge has been discounted at 1.89% (3 month treasury bill rate) for present value and no allowance for risk has been used as the donor has a long history with CNM and CNM Foundation, Inc. of honoring their pledges. The 4-year discounted schedule is as follows:

Year Ended June 30,	Face Value	Discount	Present Value
2019	50,000	-	50,000
2020	50,000	(1,838)	48,162
2021	50,000	(2,731)	47,269
2022	50,000	(3,608)	46,392
	<u>\$ 200,000</u>	<u>\$ (8,177)</u>	<u>\$ 191,823</u>
Current Portion	\$ 50,000	\$ -	\$ 50,000
Long-Term Portion	<u>150,000</u>	<u>(8,177)</u>	<u>141,823</u>
	<u>\$ 200,000</u>	<u>\$ (8,177)</u>	<u>\$ 191,823</u>

6 Inventory

Inventory was purchased on an as-is basis from a storage company on May 1, 2017 for \$24,000. Categorization of contents were completed during FY18 and some inventories were transferred to operational use and expensed in FY18. At June 30, 2018, inventory had carrying costs of \$14,642, which consists of small equipment, tools, and miscellaneous items.

CNM INGENUITY, INC.
(A Component Unit of Central New Mexico Community College)
Notes to Basic Financial Statements
June 30, 2018 and 2017

7 Capital Assets

Capital assets consisted of the following:

	Balance June 30, 2017	Additions and transfers	Dispositions and transfers	Balance June 30, 2018
Capital assets (not depreciated):				
Land	\$ 735,789	471,881	-	\$ 1,207,670
Construction in process	87,091	-	87,091	-
Depreciable capital assets:				
Land Improvements	29,325	-	-	29,325
Buildings and improvements	2,031,162	916,164	-	2,947,326
Furniture & fixtures	324,371	-	-	324,371
Equipment	77,874	288,036	-	365,910
	<u>3,285,612</u>	<u>1,676,081</u>	<u>87,091</u>	<u>4,874,602</u>
Less accumulated depreciation:				
Land Improvements	1,100	1,466	-	2,566
Buildings	143,744	74,644	87,091	131,297
Furniture & fixtures	74,466	27,031	-	101,497
Equipment	33,532	27,091	-	60,623
	<u>252,842</u>	<u>130,232</u>	<u>87,091</u>	<u>295,983</u>
Net Carrying Amount	<u>\$ 3,032,770</u>	<u>1,545,849</u>	<u>-</u>	<u>\$ 4,578,619</u>

8 Advanced Royalties and Investment in Ingenuity Software Labs, Inc.

In August 2014, Ingenuity entered into an agreement with Deep Dive Coders LLC to purchase its assets and to collaborate with the owner in starting an Ingenuity coding boot camp known as Ingenuity Software Labs. Assets were purchased for \$47,500 and a 10-year tiered royalty agreement was entered into with the former owner. The former owner receives cash royalty payments for 1% of net coding boot camp tuition for 10 years, paid quarterly with the agreement expiring in August 2024.

In addition, an advance royalty payment of \$90,000 was given to the former owner to be earned at a rate of 4% of net tuition over the same period as long as the former owner remains an employee of either CNM or Ingenuity. The advance royalty earning rate drops to 2% of net tuition in the event the former owner ceases to be an employee. As of June 30, 2017, the former owner of Deep Dive Coders, LLC ceased to be an employee of CNM. The unearned balance of the advance royalty was \$35,810 and \$46,608 as of June 30, 2018 and 2017 respectively.

CNM INGENUITY, INC.
(A Component Unit of Central New Mexico Community College)
Notes to Basic Financial Statements
June 30, 2018 and 2017

9 Investments

Ingenuity implemented Restricted Fund Investment Policy on April 26, 2018. The overall investment objective of Ingenuity's Restricted Fund is to maximize the return on invested assets while minimizing risk and expenses through prudent investing and planning, as well as through the maintenance of a diversified portfolio. Investments are registered in the name of Ingenuity and are held by an outside investment firm.

A summary of investments held by Ingenuity at June 30, 2018 as follows:

	2018	Percentage
Federal agency obligations	\$ 774,293	16%
Corporate obligations	327,509	7%
Corporate stock	2,842,463	59%
Mutual Funds	853,109	18%
Total Investments	<u>\$ 4,797,374</u>	<u>100%</u>

Investment Policy

Management shall be responsible for the day-to-day administration and implementation of policies established by the Board and/or the Finance & Audit Committee. Management shall also be the primary liaison between any investment consultants and/or other outside professionals that may be retained to assist in the management of such funds.

A cash account shall be maintained with a zero to very low risk tolerance to keep cash available for distributions obligations and other anticipated expense. Permitted investments include cash and cash equivalents, marketable securities including equities and fixed income securities. Ingenuity will maintain a reasonable diversification of investment assets between asset classes and investment categories at all times.

Asset Allocation Range

Asset Class	Long-term Policy Weight	Rebalancing Range	Appropriate benchmark
U.S. Large Cap Equities	25%	20-40 %	Russell 1000
U.S. Small-Mid Equities	10%	0-25 %	Russell 2500
International Equities	5%	0-15 %	MSCI World Ex. USA
Global Fixed Income	55%	30-75 %	Barclays Aggregate Bond Index
Cash	5%	0-15 %	3 Month T-Bills
Total	<u>100%</u>		

CNM INGENUITY, INC.
(A Component Unit of Central New Mexico Community College)
Notes to Basic Financial Statements
June 30, 2018 and 2017

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, Ingenuity 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 Ingenuity and the exposure to custodial credit risk at June 30, 2018

	2018
Custodial credit risk:	
Federal agency obligations	\$ 774,293
Corporate obligations	327,509
Corporate stock	2,842,463
Not subject to custodial credit risk:	
Mutual Funds	853,109
Total Investments	<u>\$ 4,797,374</u>

Concentration of Credit Risk is the risk of loss attributed to the magnitude of Ingenuity’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 and are required to be disclosed. Investments issued by the U.S. government, investments in mutual funds, external investment pools and other pooled investment are excluded from this requirement. At June 30, 2018, Ingenuity did not have a policy to limit its exposure to concentrated credit risk; however, as of June 30, 2018, Ingenuity did not have any investments in one issuer that represented more than 5% of total investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. Currently, Ingenuity does not have a policy to limit its exposure to interest rate risk. Ingenuity Investment Committee manages credit risk and interest risk with the assistance of third-party investment advisors.

A summary of the investments and the respective maturities at June 30, 2018 and the exposure to interest rate risk is as follows:

Investment Type	2018 - Investment maturities			
	Fair Value	Less than 1 year	1-5 years	5 years +
Federal agency obligations	\$ 774,293	\$ 76,749	\$ 173,604	\$ 523,940
Corporate obligations	327,509	5,052	52,722	269,735

CNM INGENUITY, INC.
(A Component Unit of Central New Mexico Community College)
Notes to Basic Financial Statements
June 30, 2018 and 2017

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The following table provides information on the credit ratings associated with Ingenuity’s investment in debt securities at June 30, 2018.

	Rating	Fair Value	% of bond portfolio
Federal agency obligations:			
US treasury bonds (Level 1)	AAA	\$ 89,572	8.13%
US treasury notes (Level 1)	AAA	208,990	18.97%
Federal national mortgage assoc. (Level 2)	AA+	346,216	31.42%
Federal home loan mortgage corp. (Level 2)	AA+	129,515	11.75%
		774,293	
Corporate obligations:			
Corporate bonds (Level 2)	AAA	\$ 37,943	3.44%
Corporate bonds (Level 2)	A+	25,940	2.35%
Corporate bonds (Level 2)	A	28,147	2.55%
Corporate bonds (Level 2)	A-	78,545	7.13%
Corporate bonds (Level 2)	BBB+	146,001	13.25%
Corporate bonds (Level 2)	BBB	10,933	0.99%
		327,509	
Total		\$ 1,101,802	100%

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, 2018, Ingenuity held no investments denominated in foreign currencies and therefore, had no foreign currency risk.

Fair Value Measurements

Ingenuity 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 (unadjusted) for identical assets in active markets, accessible at the measurement date. Level 1 inputs include exchange markets, dealer markets, brokered markets, and principal-to-principal markets.
- * Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset, either directly or indirectly. Level 2 inputs include quoted prices for similar assets in active markets and quoted prices for identical or similar assets in markets that are not active.
- * Level 3 inputs are unobservable inputs for an asset.

CNM INGENUITY, INC.
(A Component Unit of Central New Mexico Community College)
Notes to Basic Financial Statements
June 30, 2018 and 2017

Fair Value Measurements Using Quoted Prices

	June 30, 2018	(Level 1)	(Level 2)	(Level 3)
Investments by fair value level:				
Stocks	\$ 2,842,463	\$ 2,842,463	\$ -	\$ -
Mutual funds	853,109	853,109	-	-
Debt securities:				
Asset and mortgage backed	391,544	-	391,544	-
Corporate bonds	327,509	-	327,509	-
Municipal bonds	382,749	295,251	87,498	-
Total debt securities	<u>1,101,802</u>	<u>295,251</u>	<u>806,551</u>	<u>-</u>
Domestic private equity investments	<u>54,385</u>	<u>-</u>	<u>-</u>	<u>54,385</u>
Total Investments	<u>\$ 4,851,759</u>	<u>\$ 3,990,823</u>	<u>\$ 806,551</u>	<u>\$ 54,385</u>

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Debt and equity securities, classified in Level 1 of the fair value hierarchy, are valued using prices quoted in active markets for those securities. The investments that are reported as Level 2 have various pricing sources including International Data Corporation (IDC), Pricing Direct, Reuters, Markit Partners, Bloomberg and Standard & Poor's (S&P).

Domestic private equity investments which are not readily marketable, are carried at estimated fair values. Fair value is based upon information provided by the management of each private company, including internally prepared financial statements and any other relevant factors. Because of the absence of a readily determinable fair value and the inherent uncertainty of valuation, the estimated fair value may differ significantly from the value that would have been used had a ready market for the investment existed, and the difference could be material. These investments are not immediately redeemable at the reporting date. These investments have significant unobservable inputs and are classified within Level 3 of the valuation hierarchy. These investments are recorded using net asset value (NAV). These investments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recordable.

10 Intangible Assets

CNM Ingenuity, Inc. and CNM Foundation, Inc. together as component units of CNM, responded to Samaritan Counseling Center's RFP (request for proposal) for owning and hosting the Ethics in Business Awards program in October 2017. Acquisition of the program took place in December 2017 with purchase price of \$90,000. Internal Memorandum of Agreement between CNM Ingenuity, Inc. and CNM Foundation, Inc. was signed on June 2018 which stipulates each entity's duties and responsibilities.

The Purchase price included several long-lived intangible assets. There was no debt or liability transferred with this business acquisition. Ingenuity filed trademark application with the U.S. Patent & Trademark Office for the NEW MEXICO ETHICS IN BUSINESS AWARDS (logo and design) on April 27th, 2018.

CNM INGENUITY, INC.
(A Component Unit of Central New Mexico Community College)
Notes to Basic Financial Statements
June 30, 2018 and 2017

Ingenuity’s management reviews long-lived assets for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of these assets is determined by net profits from the annual event. If the annual event does not produce net profit for three consecutive years, then assets are written down. As of June 30, 2018, there was no impairment loss recognized for long-lived assets.

11 Related Party Transactions

The College provides contributed services at no charge to Ingenuity for personnel dedicated partially or fully in support of Ingenuity’s operations. The College also allows Ingenuity to occupy office space in its buildings for its administrative and program related activities at no charge. In FY18, the College’s contributed services were \$1,088,740, a decrease of \$101,192 from FY17 amount of \$1,189,932.

During the year, Ingenuity reimbursed the College for salaries of personnel involved in the direct delivery of program services and utilities for the office space occupied. Those payments were \$1,819,154 and \$1,849,298 for the fiscal years ended June 30, 2018 and 2017, respectively. Ingenuity’s due to CNM was \$397,281 and \$212,012 at June 30, 2018 and 2017, respectively.

Ingenuity also paid CNM administrative agreement fees, as a sub-awardee under grants, \$147,526 and \$248,151 for the fiscal years ended June 30, 2018 and 2017, respectively.

CNM also provides non-operating funds to Ingenuity for capital asset acquisitions and fund a reserve. There were such transfers amounting to \$125,000 during the fiscal year ended June 30, 2018 and \$1,314,000 during fiscal year ended June 30, 2017. At June 30, 2018, Ingenuity recorded a non-operating transfer of \$4,225,000.

During the year ending 2018, Ingenuity received a pledge payment of \$50,000 from Nusenda credit union. The President of Nusenda Credit Union is a board member of the CNM Foundation, Inc.

12 Unearned Revenue

Unearned revenue consisted of the following at June 30:

	2018	2017
Coding Academy	\$ 91,930	\$ 158,633
Contract & grants	1,300,222	1,254,744
Cyber Academy	3,675	3,408
Gift cards issued	1,031	521
Open enrollment	52,618	9,166
Total Unearned Revenue	<u>\$ 1,449,476</u>	<u>\$ 1,426,472</u>

CNM INGENUITY, INC.
(A Component Unit of Central New Mexico Community College)
Notes to Basic Financial Statements
June 30, 2018 and 2017

13 General and Administrative Expenses

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

	2018	2017
Capital assets < \$5,000	\$ 75,936	\$ 114,515
Contract labor	931,087	567,626
Course materials	163,137	148,279
Lease expense	121,429	102,457
Other expenses	1,060,315	701,515
Salaries & benefits	1,697,331	1,411,732
Supplies	96,179	50,698
Total General and Administrative Expenses	<u>\$ 4,145,414</u>	<u>\$ 3,096,822</u>

14 Noncancelable Operating Lease

Ingenuity leases several suites in First Plaza Galleria located at 20 First Plaza Center, Albuquerque, NM under a 5-year noncancelable lease dated June 15, 2014. The lease expires on June 30, 2019 and contains a 5-year renewal option. For the final year of the lease agreement, the future minimum lease payments as of June 30, 2018 is \$109,132.

15 Risk Management

Ingenuity is physically housed within the College that provides office space, personnel, utilities, and general operating expenses to the Foundation. Ingenuity'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, Ingenuity has director and officer liability insurance with a third-party.

16 Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

17 Contingencies and Subsequent Events

Contingencies: There are no significant contingencies that would materially affect the financial position of Ingenuity.

Subsequent Events: There are no subsequent events that would materially affect the financial position of Ingenuity.



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
CNM Ingenuity, 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 CNM Ingenuity, Inc. (Ingenuity, a nonprofit organization and component unit of Central New Mexico Community College), which comprise the statement of net position as of June 30, 2018, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 25, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ingenuity'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 Ingenuity's internal control. Accordingly, we do not express an opinion on the effectiveness of Ingenuity'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.

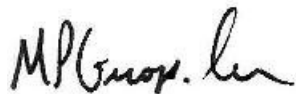
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Ingenuity'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "MP Group, Inc.", written in a cursive style.

MP Group, Inc.
Albuquerque, NM
October 25, 2018

CNM INGENUITY, INC.
(A Component Unit of Central New Mexico Community College)
Schedule of Findings and Responses
June 20, 2018 and 2017

Status of Prior Year Audit Findings

None

Current Audit Findings

None

CNM INGENUITY, INC.

(A Component Unit of Central New Mexico Community College)

An exit conference was held in a closed session on October 18, 2018, 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 CNM Ingenuity, Inc.

Tracy Hartzler	CNMI Treasurer/Chair Finance & Audit Committee
Kyle Lee	CNMI Secretary/Executive Director
Kirby Jefferson	CNMI Vice President/Board of Directors
Lorna Wiggins	CNMI Board of Directors
Samantha Sengel	CNM Vice President for Advancement & Enrollment Strategy
Wanda Helms	CNM Comptroller
Clint Elkins	CNM Executive Direct Finance & Business Strategies
Brandon Davis	CNM Ingenuity Accountant

Representing MP Group, Inc.

Michael L. Moore, CPA	Partner
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