

CNM In[?]enuity, Inc.

(A Component Unit of Central New Mexico Community College)

Financial Statements

For the Fiscal Years Ended June 30, 2015 and 2014

(With Independent Auditor's Reports Thereon)

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

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

Official Roster
Governing Board

Name	Title
Katharine Winograd	President
Deborah Peacock	Vice President
Katherine Ulibarri	Treasurer
Samantha Sengel	Secretary
Steve Maestas	Member
Bill Miera	Member
Kirby Jefferson	Member
Andy Lim	Member

Administrative Officials

Samantha Sengel	Interim Executive Director
Loretta Montoya	Comptroller

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
CNM Ingenuity, Inc.
and
Mr. Tim Keller
New Mexico State Auditor:

Report on the Financial Statements

We have audited the accompanying financial statements of 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, 2015, and the related notes to the financial statements which collectively comprise Ingenuity's basic financial statements as listed in the table of contents. The accompanying basic financial statements of Ingenuity as of June 30, 2014 were audited by other auditors whose report thereon dated November 6, 2014 expressed an unmodified opinion on those statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 respective financial position of the CNM Ingenuity, Inc. as of June 30, 2015, and the respective changes in financial position and where applicable, cash flows thereof for the year 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 4-6 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.

Supplementary and Other Information

The Schedule of Vendor Information required by 2.2.2.10(A)(2)(g) NMAC has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2015, on our consideration of the CNM Ingenuity, Inc.'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 CNM Ingenuity, Inc.'s internal control over financial reporting and compliance.

The logo for Axiom, featuring the word "Axiom" in a stylized, blue, cursive font.

Axiom CPAs and Business Advisors, LLC
Albuquerque, New Mexico
October 26, 2015

CNM INGENUITY, INC.
(A Component Unit of Central New Mexico Community College)
Management's Discussion and Analysis (Unaudited)
June 30, 2015 and 2014

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

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 its financial activities for the fiscal years ended June 30, 2015 and 2014, and the financial statements listed below. The discussion and analysis of Ingenuity's financial statements provides an overview of its financial activities for the years ended June 30, 2015 and 2014. Management has prepared the financial statements and the related footnote disclosures along with this discussion and analysis.

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 Ingenuity's financial situation and should be read in conjunction with the MD&A.

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

Condensed Assets, Liabilities, and Net Position

	2015	2014
Current assets	\$ 1,729,732	3,984,145
Noncurrent assets	1,544,465	-
Total assets	3,274,197	3,984,145
Current liabilities	336,684	144,236
Total liabilities	336,684	144,236
Net position:		
Unrestricted	2,937,513	3,839,909
Total net position	\$ 2,937,513	3,839,909

CNM INGENUITY, INC.
(A Component Unit of Central New Mexico Community College)
Management's Discussion and Analysis (Unaudited)
June 30, 2015 and 2014

Revenues, Expenses and Changes in Position

	2015	2014
Operating revenues:		
Program revenue	\$ 432,530	-
Grant revenue	111,967	-
Gifts	251,000	-
Total operating revenues	<u>795,497</u>	<u>-</u>
Operating expenses:		
General and administrative	1,646,328	160,154
Depreciation	52,434	-
Total operating expenses	<u>1,698,762</u>	<u>160,154</u>
Operating income (loss)	<u>(903,265)</u>	<u>(160,154)</u>
Nonoperating revenues (expenses)		
Interest income	869	63
Other nonoperating revenue	-	4,000,000
Total Nonoperating income (loss)	<u>869</u>	<u>4,000,063</u>
Increase (Decrease) in net position	<u>(902,396)</u>	<u>3,839,909</u>
Net position, beginning of year	<u>3,839,909</u>	<u>-</u>
Net position, end of year	<u>\$ 2,937,513</u>	<u>3,839,909</u>

CNM INGENUITY, INC.
(A Component Unit of Central New Mexico Community College)
Management's Discussion and Analysis (Unaudited)
June 30, 2015 and 2014

Financial Analysis

Ingenuity's total assets at June 30, 2015 of \$3,274,197 represent a decrease of 18% from the previous year total of \$3,984,145 and increased total liabilities of \$336,684. This results in net position of \$2,937,513, a decrease of \$902,396 from the previous year net position of \$3,839,909. The decrease in net position occurred primarily to startup costs for many programs not yet in operation or fully operational. Also, FY14 had results for only three months since incorporation in April 2014. Many new initiatives and programs had startup costs in FY15 with little revenue generated by fiscal year-end.

These statements include all assets, liabilities and deferrals using the accrual basis of accounting, which is consistent with the accounting method used by private-sector institutions. All of the current year's revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid. The preceding table summarized Ingenuity's assets, liabilities and net position as of June 30, 2015 and 2014. In addition, a summary of the results of the revenues, expenses and changes in net position for June 30, 2015 and 2014 is presented. Those results are summarized as follows:

Operating revenues included \$432,530 and \$111,967 in program and grant revenues, respectively. In addition, a \$250,000 gift from PNM was used toward the purchase of the PNM Pop-up Pavilion. The Pavilion is a portable space where the Stimulus Center will host programs and events that foster Albuquerque's growing entrepreneurial community.

Operating expenses totaled \$1,646,328. Most significantly, contract services, supplies and equipment, and furniture and fixtures made up more than \$1.16 million (approximately 70%) of the total operating expenses. Much of the costs were one-time start-up costs associated with facility renovations and equipment purchases necessary to begin operations.

For the fiscal year ending FY15, non-operating revenues includes only interest and dividends. Included in FY14 were interest and dividends, as well as the initial start-up funds from CNM to Ingenuity. There are no non-operating expenses for either fiscal year.

Economic Outlook

The formation of Ingenuity in March 2014 was partially in response to concerns on low educational attainment levels in Central New Mexico. In addition, Ingenuity was created as an avenue to increase the College's non-traditional revenues. The formation of Ingenuity pursuant to the University Research Park and Economic Development Act, enabled the College to expand innovative program offerings and attract new students, business partners and community connections. Ingenuity completed its first full year of operations in FY15. Many programs and initiatives started in late FY15 and early FY16. Expectations are high that the demand for a variety of new programs exists and will be met thereby generating additional revenue streams, while supporting growth in the local, state and regional economy. Ingenuity leadership is optimistic that successful application for grant funding in FY2016 will fund programmatic activities as well as the purchase of equipment required for some highly technical training programs such as Makerspace, Welding, Robotics and Artisan Crafts.

Contact Information

Additional information may be obtained by contacting the Ingenuity at (505) 224-3452, 525 Buena Vista Dr. SE, Albuquerque, NM 87106.

CNM INGENUITY, INC.
(A Component Unit of Central New Mexico Community College)
Statements of Net Position
As of June 30, 2015 and 2014

	2015	2014
Assets:		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 1,465,258	3,970,638
Accounts receivable (Note 3)	182,193	-
Prepaid expense	82,281	13,507
Total current assets	1,729,732	3,984,145
Noncurrent assets:		
Capital assets, net (Note 4)	1,544,465	-
Total noncurrent assets	1,544,465	-
Total assets	3,274,197	3,984,145
Liabilities:		
Current liabilities:		
Accounts payable	32,255	144,236
Unearned revenue (Note 5)	136,437	-
Due to CNM	167,992	-
Total liabilities	336,684	144,236
Net position:		
Unrestricted	2,937,513	3,839,909
Total net position	\$ 2,937,513	3,839,909

CNM INGENUITY, INC.
(A Component Unit of Central New Mexico Community College)
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2015 and 2014

	2015	2014
Operating revenues:		
Program revenue	\$ 432,530	-
Grant revenue	111,967	-
Gifts	251,000	-
Total operating revenues	795,497	-
Operating expenses:		
General and administrative (Note 6)	1,646,328	160,154
Depreciation	52,434	-
Total operating expenses	1,698,762	160,154
Operating income (loss)	(903,265)	(160,154)
Nonoperating revenues (expenses)		
Interest income	869	63
Other nonoperating revenue	-	4,000,000
Total nonoperating income	869	4,000,063
Increase(Decrease) in net position	(902,396)	3,839,909
Net position, beginning of year	3,839,909	-
Net position, end of year	\$ 2,937,513	3,839,909

See accompanying notes to financial statements.

CNM INGENUITY, INC.
(A Component Unit of Central New Mexico Community College)
Notes to Financial Statements
June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Cash received (paid) from program revenue/(expenses)	\$ 318,000	-
Cash received from grant revenue	111,967	-
Cash received from gifts	251,000	-
Payments for employees (salaries & benefits)	(198,821)	-
Payments for vendors	(1,391,496)	(29,425)
Net cash used in operating activities	(909,350)	(29,425)
Cash flows from capital financing activities:		
Purchases of capital assets	(1,596,899)	-
Net cash used in capital financing activities	(1,596,899)	-
Cash flows from Noncapital financing activities:		
Cash received from Gifts from CNM	-	4,000,000
Net cash provided by noncapital financing activities	-	4,000,000
Cash flows from investing activities:		
Interest on investments (money market account)	869	63
Net cash provided by (used in) investment activities	869	63
Net increase (decrease) in cash and cash equivalents	(2,505,380)	3,970,638
Cash and cash equivalents, beginning of year	3,970,638	-
Cash and cash equivalents, end of year	\$ 1,465,258	3,970,638
Reconciliation of operating (loss) income to net cash provided by (used in) operating activities:		
Operating loss	\$ (903,265)	(160,154)
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:		
Depreciation expense	52,434	-
Change in assets and liabilities:		
Accounts receivable	(182,193)	-
Prepaid expenses	(68,774)	(13,507)
Account payable	(23,480)	55,735
Unearned revenue	136,437	-
Due to CNM	79,491	88,501
Total adjustments	(6,085)	130,729
Net cash used in operating activities	\$ (909,350)	(29,425)

CNM INGENUITY, INC.
(A Component Unit of Central New Mexico Community College)
Notes to Financial Statements
June 30, 2015 and 2014

Note 1 - Summary of Significant Accounting Policies

a. Organization

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

The corporation shall be operated, supervised, or controlled by CNM. Ingenuity and CNM entered into a Memorandum of Agreement (“MOA”) dated March 2014 that defines their relationship. The MOA states that CNM will provide critical resources until Ingenuity becomes self-supporting. It also provides that Ingenuity’s activities will be conducted for the benefit of CNM and must be consistent with CNM’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 directly 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 its administrative office at the College at 525 Buena Vista SE, Albuquerque, NM 87106.

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

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

Ingenuity applies the business-type activity accounting and Ingenuity’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.

Ingenuity 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 Ingenuity’s assets, liabilities and net position, revenues, expenses, changes in net position, and cash flows.

CNM INGENUITY, INC.
(A Component Unit of Central New Mexico Community College)
Notes to Financial Statements
June 30, 2015 and 2014

Note 1 - Summary of Significant Accounting Policies (Continued)

c. 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.

d. Cash and Cash Equivalents

Ingenuity has only cash and money market fund deposits. Therefore, all funds on deposit are considered cash and cash equivalents.

e. Investments

Ingenuity has no investments.

f. Receivables

Ingenuity's receivables represent revenues earned from student tuitions and fees and grants and contracts. All student receivables at June 30, 2015 year-end consist primarily of Coding and Financial coaching programs for courses beginning after July 1. Therefore, the majority of student receivables are for revenues earned in FY16 and unearned income as of June 30, 2015. The balance of accounts receivable consists of grants and contracts. No provision for bad debt on accounts receivable was made for the fiscal year-ending June 30, 2015. Due to very few, if any, instances of bad debt in FY15, no prior year experience and significant non-refundable deposits, no provision was deemed necessary for FY15.

g. Capital Assets

Expenditures for land, land improvements, building, infrastructure, art and equipment are recorded at cost. Donated assets are recorded at their estimated fair market values at the date of donation. Depreciation expenses are 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 an increase to the appropriate asset account. Ingenuity capitalizes all fixed assets with a cost greater than or equal to \$5,000 and a useful life of at least one year. Ingenuity will conduct a regular inventory of fixed assets and maintain 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 inventoried.

CNM INGENUITY, INC.
(A Component Unit of Central New Mexico Community College)
Notes to Financial Statements
June 30, 2015 and 2014

Note 1 - Summary of Significant Accounting Policies (Continued)

h. Agreements

A memorandum of agreement between Ingenuity and the College was entered into on March 11, 2014. 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 gaps in educational tracks provided by CNM. The College agreed to provide staff support, office and meeting space, related physical support services, and other services at no cost to Ingenuity. The estimated value of these services is not reflected in the accompanying financial statements.

i. Contributed Services

Ingenuity does not have employees. However, program, administrative and support staff from CNM have been allocated and budgeted to Ingenuity activities in addition to information technology services.

j. Net Position

Unrestricted net position represents resources whose use is not limited or restricted by donors or designated purposes. Unrestricted net position has arisen from exchange transactions and receipt of unrestricted revenues. Restricted expendable net position includes resources in which Ingenuity is legally or contractually obligated to spend resources 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 first apply the expense toward restricted resources, and then toward unrestricted resources.

k. 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 and gifts and grants. Principal operating expenses include program and administrative service.

Nonoperating revenues consists entirely of interest income on the money market account held with Ingenuity's financial institution.

l. Revenue Recognition and Donations and Pledges

Ingenuity recognizes revenue on the accrual basis or as earned. Appropriate deferrals for unrestricted program and restricted grant revenue have made at year-end for revenue attributable and to 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 Financial Statements
June 30, 2015 and 2014

Note 1 - Summary of Significant Accounting Policies (Continued)

m. 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 no material unrelated business income during fiscal years 2015 and 2014; therefore, no provision for income taxes is included in the financial statements.

n. Reclassifications

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

Note 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. Ingenuity's operating and money market accounts had deposits totaling \$124,326 and \$1,340,932 and \$1,220,575 and \$2,750,063 as of June 30, 2015 and 2014 respectively. Ingenuity maintains sufficient balances in the Operating Account. Ingenuity limits the amount of credit exposure to one financial institution and believes that no significant concentration of credit risk exists with respect to cash and cash equivalents.

b. Banking

Ingenuity's financial policy delineates that it utilizes only federally insured local banking institutions. Accounts should be maintained at the same fiscal agent institution utilized by CNM. The amount on deposit with any one institution may not in the usual course of business exceed the FDIC insurance limit without Board of Director approval. Funds in excess of the FDIC insurance limit should be maintained in a Board of Director authorized money market account(s).

CNM INGENUITY, INC.
(A Component Unit of Central New Mexico Community College)
Notes to Financial Statements
June 30, 2015 and 2014

Note 2 - Cash and Cash Equivalents (Continued)

Below is a summary of insured accounts at June 30, 2015 and June 30, 2014.

	<u>2015</u>	<u>2014</u>
Wells Fargo checking account balance	\$ 124,326	1,220,575
Total Wells Fargo checking account balance	124,326	1,220,575
FDIC Insurance	250,000	250,000
Uninsured and under collateralized balance	\$ -	<u>970,575</u>
Wells Fargo money market account balance	\$ 1,340,932	2,750,063

(c) Detail of the cash accounts at:

		June 30, 2015		
<u>Account name</u>	<u>Account type</u>	<u>Bank Balance</u>	<u>Reconciling</u>	<u>Book Balance</u>
Wells Fargo:				
Operating	Cash	\$ 185,731	(61,405)	124,326
Money Market	Cash	1,340,932	-	1,340,932
Cash and Cash Equivalents		<u>\$ 1,526,663</u>	<u>(61,405)</u>	<u>1,465,258</u>
		June 30, 2014		
<u>Account name</u>	<u>Account type</u>	<u>Bank balance</u>	<u>Reconciling</u>	<u>balance</u>
Wells Fargo:				
Checking	Cash	\$ 2,220,297	(999,722)	1,220,575
Money Market	Cash	2,750,063	-	2,750,063
Cash and Cash Equivalents		<u>\$ 4,970,360</u>	<u>(999,722)</u>	<u>3,970,638</u>

CNM INGENUITY, INC.
(A Component Unit of Central New Mexico Community College)
Notes to Financial Statements
June 30, 2015 and 2014

Note 3 - Accounts Receivable

	<u>2015</u>	<u>2014</u>
Student receivable	\$ 145,122	-
Contract/Grant receivable	34,352	-
3rd Party receivable	2,719	-
Total Accounts Receivable	<u>\$ 182,193</u>	<u>-</u>

Note 4 - Capital Assets

	<u>Capital (cost)</u>	<u>Accumulated Depreciation</u>	<u>2015 Net Carrying Amount</u>
Buildings and Building Improvements	\$ 1,113,878	(29,647)	1,084,231
Furniture & Fixtures	324,371	(20,404)	303,967
Equipment	77,875	(2,383)	75,492
C.I.P.	80,775		80,775
Total Capital Assets	<u>\$ 1,596,899</u>	<u>(52,434)</u>	<u>1,544,465</u>

Note 5 - Unearned Revenue

<u>FY16 Registrations Paid in FY15</u>	<u>2015</u>	<u>2014</u>
Coding Academy	\$ 77,930	-
Financial Coaching	21,004	-
Cyber Academy	4,097	-
Open Enrollments	19,236	-
3rd Party Open Enrollments	2,719	-
Contract & Grants	11,451	-
Total Unearned Revenue	<u>\$ 136,437</u>	<u>-</u>

Note 6 - General and Administrative

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

	<u>2015</u>	<u>2014</u>
Contract Labor	\$ 844,395	-
Salaries & benefits	198,821	-
Supplies	211,648	-
Equipment & Furniture & Fixtures	107,694	-
Lease & Property Insurance	66,060	-
Legal	66,169	-
Other Expenses	151,541	160,154
Total General and Administrative Expenses	<u>\$ 1,646,328</u>	<u>160,154</u>

CNM INGENUITY, INC.
(A Component Unit of Central New Mexico Community College)
Notes to Financial Statements
June 30, 2015 and 2014

Note 7 - Related Party Transactions

The College provides office space, personnel, utilities, and general operating expenses to Ingenuity at no cost. In addition, personnel have been dedicated partially or in full in support of Ingenuity operations.

Note 8 - Commitments, Contingencies and Subsequent Events

Commitments

Ingenuity's lease with First Plaza Galleria expires June 2019, with total future obligations of \$388,231. The annual commitments are as follows:

FY16	\$	89,181
FY17		93,033
FY18		96,885
FY19		109,132

Contingency

There are no significant contingencies or liabilities that would materially affect the financial position of Ingenuity.

Subsequent Events

Ingenuity purchased three additional residential properties in FY16. The total purchase price of the three properties amounted to \$530,440.

SUPPLEMENTAL INFORMATION

CNM Ingenuity Inc.
 SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)
 For the Year Ended June 30, 2015
 Prepared by Agency Staff Name: Randall Sonnemaker Title: Sr Accounting Director Date: 11/4/2015

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded</i>	<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A</i>	<i>Brief Description of the Scope of Work</i>
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**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. Tim Keller
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. (a nonprofit organization and a component unit of the Central New Mexico Community College), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which comprise CNM Ingenuity, Inc.'s basic financial statements, and have issued our report thereon dated October 26, 2015.

Internal Control Over Financial Reporting

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



Axiom CPAs and Business Advisors, LLC.
Albuquerque, New Mexico
October 26, 2015

**CNM INGENUITY, INC.
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2015**

CURRENT YEAR FINDINGS

None

PRIOR YEAR FINDINGS

None

CNM INGENUITY, INC.
(A Component Unit of Central New Mexico Community College)
Exit Conference
June 30, 2015 and 2014

An exit conference was held in a closed session on October 21, 2015, 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 Ingenuity, Inc.

Katherine Ulibarri	Treasurer
Samantha Sengel	Secretary
Loretta Montoya	CNM Comptroller
Randell Sonnemaker	Senior Accounting Director

Representing Axiom CPA's.

Chris Garner	Partner
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