



**UNM LOBO CLUB**  
(A Component Unit of the University of New Mexico)  
Financial Statements  
June 30, 2020 and 2019  
(With Report of Independent Auditors Thereon)

**UNM LOBO CLUB**  
(A Component Unit of the University of New Mexico)

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**UNM LOBO CLUB**  
(A Component Unit of the University of New Mexico)

Official Roster (unaudited)

June 30, 2020

**OFFICERS**

Dee Dennis, President

Warren Ellis, President-Elect

Bart Kinney, Past President

Sherman McCorkle, Vice President

John Perner, Vice President

Jack Thompson, Vice President

Jim Wills, Vice President

Mary Beth Maloy, Vice President

**COMMITTEE CHAIR**

Warren Ellis, Finance Chair

**EXECUTIVE DIRECTOR**

Jalen Dominguez (December 2017 to Present)

**UNM LOBO CLUB**  
(A Component Unit of the University of New Mexico)

Official Roster (unaudited)

June 30, 2020

**DIRECTORS**

Mr. Dale Armstrong	Mr. Adrian Perez
Mr. Norm Burns	Mr. Rick Siegel
Ms. Margaret Branch	Ms. Susie Singer
Ms. Chris Cassidy	Mr. Imesh Vaidya
Mr. Adrian Chavez	Mr. Larry Chavez, Jr.
Mr. Larry Chavez	Ms. Sheila Mendez
Mr. Brent Franken	
Mr. Cliff Gramer	
Mr. Greg Hunt	
Ms. Jennifer Mason	

**EX-OFFICIO DIRECTOR**

Mr. Eddie Nunez

**HONORARY LIFETIME MEMBERS**

Mr. John Brooks	Ms. Lynn Mosher
Ms. Yvonne Moise	

## **Report of Independent Auditors**

The Board of Directors  
UNM Lobo Club  
and  
Mr. Brian S. Colón, Esq.  
New Mexico State Auditor

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the UNM Lobo Club (Lobo Club), which comprise the statements of net position as of June 30, 2020 and 2019, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the UNM Lobo Club as of June 30, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

***Other Matter***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5 through 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 assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2020 on our consideration of Lobo Club's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lobo Club's internal control over financial reporting and compliance.

*Mess Adams LLP*

Albuquerque, New Mexico  
September 24, 2020

**UNM LOBO CLUB**  
(A Component Unit of the University of New Mexico)  
Management's Discussion and Analysis (unaudited)  
June 30, 2020 and 2019

The following management discussion and analysis provides an overview of the financial position and activities of UNM Lobo Club (Lobo Club) as of and for the fiscal years ended June 30, 2020, 2019, and 2018. This discussion should be read in conjunction with the accompanying financial statements and notes. Management has prepared the basic financial statements and the related note disclosures along with this discussion and analysis. As such the financial statements and this discussion are the responsibility of Lobo Club's management.

**Overview of the Basic Financial Statements**

The statement of net position of Lobo Club provides both long-term and short-term information about Lobo Club's overall financial position. The statement of revenues, expenses, and changes in net position provides information about the operating revenues and expenses and the nonoperating revenues of Lobo Club. The statement of cash flows provides information about the sources and uses of cash by Lobo Club. The notes to the basic financial statements provide more detailed information about amounts reported in the basic financial statements.

**Reporting Lobo Club's Activities**

***Financial Information***

Lobo Club's condensed financial information as of and for the fiscal years ended June 30, 2020, 2019, and 2018 is provided in the following table:

***Condensed Statements of Net Position Information***

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total assets	\$ 3,706,745	\$ 4,476,753	\$ 4,225,051
Total liabilities	2,119,669	2,622,932	2,212,016
Deferred inflows of resources-unearned revenue	303,182	606,087	1,011,082
Net position			
Unrestricted	1,283,894	1,247,734	1,001,953
Total net position	<u>\$ 1,283,894</u>	<u>\$ 1,247,734</u>	<u>\$ 1,001,953</u>

**Condensed Statements of Net Position**

***Total Assets***

A majority of the June 30, 2020, 2019, and 2018 assets are in the form of cash and cash equivalents in the amount of \$3,688,090, \$4,454,079, and \$4,196,495, respectively. As of June 30, 2020, \$707,673 was on deposit with the University of New Mexico (UNM), \$1,535,488 was in an operating bank account at U.S. Bank, \$1,476,574 was in a sports enhancement fund bank account at U.S. Bank, and \$113 was maintained in the form of petty cash.

As of June 30, 2019, \$1,494,673 was on deposit with the University of New Mexico (UNM), \$94,193 was on deposit with the University of New Mexico Foundation (UNMF), \$1,335,810 was in an operating bank account at U.S. Bank, \$1,526,374 was in a sports enhancement fund bank account at U.S. Bank, and \$113 was maintained in the form of petty cash.

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June 30, 2020 and 2019

As of June 30, 2018, \$2,464,979 was on deposit with the University of New Mexico (UNM), \$94,193 was on deposit with the University of New Mexico Foundation (UNMF), \$852,778 was in a sports enhancement fund bank account at U.S. Bank, \$722,369 was in an operating bank account at U.S. Bank, \$61,976 was in a raffle bank account at U.S. Bank, and \$200 was maintained in the form of petty cash.

Accounts receivable at Lobo Club consist of receivables for pledges made during the current year that were uncollected at year end. Accounts receivable, net of allowance as of June 30, 2020, 2019, and 2018 were \$0, \$15,166 and \$20,336, respectively. The changes from fiscal year to fiscal year in accounts receivable are dependent on the number of potential donors making pledges during the year but not fulfilling their payment obligation before the fiscal year end. The current fiscal year end decrease in accounts receivable is primarily the result of an increase in donors that are on scheduled payment plans.

**Total Liabilities**

A majority of the liabilities are in the form of a payable due to UNM for unrestricted donations in the amount of \$2,119,669, \$2,622,932, and \$2,200,000, as of June 30, 2020, 2019, and 2018, respectively. This contribution is made from Lobo Club to the UNM Athletic Department for Scholarships and was requested from the athletic director before the year end.

**Deferred Inflows of Resources - Unearned Revenue**

Deferred inflows of resources were \$303,182, \$606,087, and \$1,011,082, as of June 30, 2020, 2019, and 2018, respectively. The decrease of \$302,905 from June 30, 2019 to June 30, 2020 is believed to be the result of a 3-month delay in renewals due to the COVID pandemic. The decrease of \$404,995 from June 30, 2018 to June 30, 2019 was the result of the Membership Drive and fewer donors choosing not to pay the next fiscal year's pledge in full or begin their payment plan during the current fiscal year.

**Total Net Position**

The net position consists solely of unrestricted net position totaling \$1,283,894, \$1,247,734, and \$1,001,953 at June 30, 2020, 2019, and 2018, respectively. The increasing net position balance over the three years is due to the increase in operating and investment income earned during respective fiscal years.



**UNM LOBO CLUB**  
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Management's Discussion and Analysis (unaudited)  
June 30, 2020 and 2019

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating revenues:			
Grants, bequests, and contributions	\$ 4,822,870	\$ 5,356,797	\$ 5,458,827
Special events, net and other	224,225	174,672	204,602
Total operating revenues	<u>5,047,095</u>	<u>5,531,469</u>	<u>5,663,429</u>
Operating expenses:			
General and administrative	246,607	257,348	274,544
Program expenses	4,785,954	5,056,119	4,504,475
Total operating expenses	<u>5,032,561</u>	<u>5,313,467</u>	<u>4,779,019</u>
Operating income	14,534	218,002	884,410
Nonoperating revenue	<u>21,626</u>	<u>27,779</u>	<u>42,436</u>
Change in net position	36,160	245,781	926,846
Net position, beginning of year	<u>1,247,734</u>	<u>1,001,953</u>	<u>75,107</u>
Net position, end of year	<u>\$ 1,283,894</u>	<u>\$ 1,247,734</u>	<u>\$ 1,001,953</u>

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

***Total Operating Revenues***

A majority of the June 30, 2020 revenues are operating revenues consisting of contributions in the amount of \$4,822,387; including \$1,647,055 of gift-in-kind contributions and \$2,634,332 in fund-drive revenues. Compared to 2019, operating revenues decreased by \$484,374 due to an increase in gift-in-kind contributions. A majority of the June 30, 2019 revenues are operating revenues consisting of contributions in the amount of \$5,356,797; including \$1,789,074 of gift in kind contributions and \$3,567,723 in fund-drive revenues. Compared to 2018, contribution revenues have decreased by \$131,960 due to the decrease in donation revenue and gifts-in-kind contributions. Special event net revenues were \$224,225 in 2020 compared to \$173,922 in 2019. The increase is attributable to a successful Gala and an increase in Lobo Club's 50/50 raffle opportunities.

A majority of the June 30, 2019 revenues are operating revenues consisting of contributions in the amount of \$5,356,797; including \$1,789,074 of gift-in-kind contributions and \$3,567,723 in fund-drive revenues. Compared to 2018, operating revenues decreased slightly due to a decrease in gift-in-kind contributions. A majority of the June 30, 2018 revenues are operating revenues consisting of contributions in the amount of \$5,458,827; including \$2,186,987 of gift in kind contributions and \$3,271,810 in fund-drive revenues. Compared to 2017, contribution revenues have increased by \$980,469 due to the increase in gifts-in-kind and sports enhancement fund revenues. Special event net revenues were \$173,922 in 2019 compared to \$204,602 in 2018. The decrease is attributable to a decrease in Lobo Club's 50/50 raffle opportunities.

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***Total Operating Expenses***

Total expenses for fiscal year 2020 are composed of \$246,607 in general and administrative expenses and \$4,785,954 in program expenses. General and administrative expenses decreased by \$10,741 from the prior year amount of \$257,348. This decrease is due in part to a reduction in operating costs. Program expenses decreased by \$270,165 from the prior year amount of \$5,056,119. The decrease is attributed to a stoppage of Spring sports.

Total expenses for fiscal year 2019 are composed of \$257,348 in general and administrative expenses and \$5,056,119 in program expenses. General and administrative expenses decreased by \$17,196 from the prior year amount of \$274,544. This decrease is due in part to a reduction in unforeseen operating costs. Program expenses increased by \$551,644 from the prior year amount of \$4,504,475. The increase is due to attributed to an increase in gift-in-kind expenses that went above and beyond the normal UNM marketing contracts.

Total expenses for fiscal year 2018 are composed of \$274,544 in general and administrative expenses and \$4,504,475 in program expenses. General and administrative expenses decreased by \$46,301 from the prior year amount of \$228,243. This increase is due in part to an increase in expenses for website expense due to the update of the Lobo Club website. Program expenses increased by \$64,544 from the prior year amount of \$4,439,921. The increase is due to attributed to an increase in gift-in-kind expenses that went above and beyond the normal UNM marketing contracts.

***Change in Net Position***

Net position increased by \$36,160 to \$1,283,894 at June 30, 2020 from \$1,247,734 at June 30, 2019. The increase is due to operating income of \$14,534 and investment income of \$21,626.

Net position increased by \$245,781 to \$1,247,734 at June 30, 2019 from \$1,001,953 at June 30, 2018. The increase is due to operating income of \$218,002 and investment income of \$27,799.

Net position increased by \$926,846 to \$1,001,953 at June 30, 2018 from \$75,107 at June 30, 2017. The increase is due to operating income of \$884,410 and investment income of \$42,436.

UNM is the fiscal agent of Lobo Club. UNM holds the majority of Lobo Club's net position in the form of cash deposits and invests the holdings in a commingled account with UNMF. A pro rata share of interest earnings is credited to Lobo Club's account monthly.

**Factors Impacting Future Periods**

The continued uncertainty of the economy and its effect on donor contributions could have significant impact on Lobo Club.

**Contacting Lobo Club's Financial Management**

This report is meant to describe the financial condition and position of Lobo Club.

If you have questions about this report or need additional financial information, contact UNM Lobo Club at Department of Athletics, MSC04 2680, 1 University of New Mexico, Albuquerque, New Mexico 87131.

**UNM LOBO CLUB**  
(A Component Unit of the University of New Mexico)

Statements of Net Position

June 30, 2020 and 2019

<b>Assets</b>	<b>2020</b>	<b>2019</b>
Current assets:		
Cash and cash equivalents	\$ 3,688,090	\$ 4,454,079
Accounts receivable, net of allowance for uncollectable pledges	-	15,166
Other current assets	18,655	7,508
Total current assets	3,706,745	4,476,753
<b>Liabilities, Deferred Inflows, and Net Position</b>		
Current liabilities:		
Due to the University of New Mexico	2,119,669	2,622,932
Total current liabilities	2,119,669	2,622,932
Deferred inflows of resources – unearned revenue	303,182	606,087
Net position:		
Unrestricted	1,283,894	1,247,734
Total net position	\$ 1,283,894	\$ 1,247,734

See accompanying notes to financial statements.

**UNM LOBO CLUB**  
(A Component Unit of the University of New Mexico)  
Statements of Revenues, Expenses, and Changes in Net Position  
For the Years Ended June 30, 2020 and 2019

	<b>2020</b>	<b>2019</b>
Operating revenues:		
Grants, bequests, and contributions	\$ 4,822,870	\$ 5,356,797
Special events, net of expenses of \$181,116 and \$162,056, respectively	224,225	173,922
Other operating revenues	-	750
Total operating revenues	5,047,095	5,531,469
Operating expenses:		
General and administrative	246,607	257,348
Program expenses	4,785,954	5,056,119
Total operating expenses	5,032,561	5,313,467
Operating income	14,534	218,002
Nonoperating revenue:		
Investment income from endowment held by UNM Foundation	21,626	27,779
Total nonoperating revenue	21,626	27,779
Change in net position	36,160	245,781
Net position, beginning of year	1,247,734	1,001,953
Net position, end of year	\$ 1,283,894	\$ 1,247,734

See accompanying notes to financial statements.

**UNM LOBO CLUB**  
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Statements of Cash Flows

For the Years Ended June 30, 2020 and 2019

	<b>2020</b>	<b>2019</b>
Cash flows from operating activities:		
Receipts from members and others	\$ 4,759,356	\$ 3,502,041
Payments to the University of New Mexico	(2,622,932)	(1,974,482)
Payments to vendors	(2,924,039)	(1,297,754)
Net cash (used in) provided by operating activities	(787,615)	229,805
Cash flows from investing activity:		
Investment income	21,626	27,779
Net cash provided by investing activity	21,626	27,779
Net (decrease) increase in cash and cash equivalents	(765,989)	257,584
Cash and cash equivalents, beginning of year	4,454,079	4,196,495
Cash and cash equivalents, end of year	\$ 3,688,090	\$ 4,454,079
Reconciliation of operating income to net cash from operating activities:		
Operating income	\$ 14,534	\$ 218,002
Adjustments to reconcile operating income to net cash (used in) provided by operating activities:		
Change in allowance for pledges receivable	24,000	(5,708)
Changes in assets, liabilities, and deferred inflows of resources:		
Accounts receivable	(8,834)	10,878
Other current assets	(11,147)	712
Accounts payable	-	(12,016)
Due to the University of New Mexico	(503,263)	422,932
Deferred inflows – unearned revenue	(302,905)	(404,995)
Net cash (used in) provided by operating activities	\$ (787,615)	\$ 229,805

See accompanying notes to financial statements.

**UNM LOBO CLUB**  
(A Component Unit of the University of New Mexico)

Notes to Financial Statements

June 30, 2020 and 2019

**(1) Organization**

The UNM Lobo Club (Lobo Club) was established to operate as a fund-raising entity in support of the Athletic Department Program at the University of New Mexico (UNM). A board of directors, elected by the membership, is responsible for its operations. The day-to-day management is the responsibility of Lobo Club's Executive Director, who is appointed by Lobo Club's board of directors and UNM.

**(2) Summary of Significant Accounting Policies and Practices**

**(a) Basis of Accounting and Presentation**

The accompanying basic financial statements include only the accounts of Lobo Club, which has no component units. Lobo Club is a component unit of UNM.

Lobo Club's basic financial statements comply with the accounting disclosure and reporting requirements under Governmental Accounting Standards Board (GASB) pronouncements, as Lobo Club meets criteria of a governmental entity.

Lobo Club applies business-type activity accounting and Lobo Club's basic financial statements are reported using a flow of economic resources measurement focus and the accrual basis of accounting. Accordingly, revenues are recognized when they are earned and expenses are recognized as soon as the liability is incurred.

Operating revenues and expenses are those incurred that relate directly to fund-raising activities, as these activities constitute Lobo Club's principal ongoing operations. All other revenues and expenses are considered nonoperating.

**(b) Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(c) Cash and Cash Equivalents**

Cash and cash equivalents consist of cash deposits, an agency account held by UNM, petty cash, and two agency accounts held by UNM Foundation (UNMF).

**(d) Capital Assets**

Lobo Club's policy is to capitalize all disbursements for equipment and furnishings in excess of \$5,000. Items with a cost of less than \$5,000 are expensed in the year of acquisition. Repairs and maintenance expenses are charged to operations when incurred and major improvements and replacements are capitalized. Lobo Club had no capital assets at June 30, 2020 and 2019.

**UNM LOBO CLUB**  
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Notes to Financial Statements

June 30, 2020 and 2019

**(e) Revenue Recognition**

Lobo Club recognizes revenue from grants, bequests, and contributions when all applicable eligibility requirements are met. Deferred inflows of resources – unearned revenue represents amounts received for which applicable time requirements have not been met. All purpose-restricted contributions are reported as increases in restricted net position and are reclassified to unrestricted net position when the purpose restriction has been met. Promises to give (pledges) are recorded net of an allowance for uncollectible pledges. Lobo Club’s policy is to establish an allowance for uncollectible pledges using specific identification and historical experience (\$42,537 and \$18,537 at June 30, 2020 and 2019, respectively).

**(f) Income Taxes**

Lobo Club operates as a not-for-profit corporation and has received exempt status under Section 501(c)(3) of the Internal Revenue Code. It has not been classified as a private foundation by the Internal Revenue Service. No provision for income taxes for unrelated business income was necessary for the fiscal years ended June 30, 2020 and 2019.

**(g) Net Position**

For accounting and reporting purposes, Lobo Club reports its net position in the following net position categories as applicable:

*Restricted Net Position* – represents those operating funds on which external restrictions have been imposed that limit the purposes for which such funds can be used. Restricted expendable net position is resources that Lobo Club is legally or contractually obligated to spend in accordance with imposed restrictions by third parties. Generally, restrictions imposed relate to contributions where the donor specifies certain sports facilities that the contribution can be used to maintain or improve. There were no restricted amounts as of June 30, 2020 or June 30, 2019.

*Unrestricted Net Position* – consists of those operating funds over which Lobo Club retains full control to use in achieving any of its authorized purposes.

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

**(h) Gifts-In-Kind**

Gifts-in-kind are recorded at estimated fair market value at the date of donation to the extent membership benefits are provided to the donor. Gifts-in-kind for which Lobo Club acts as an agent are transferred directly to the UNM Athletic Department. All gifts-in-kind are reflected as operating revenues and expenses in the accompanying basic financial statements.

**UNM LOBO CLUB**  
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Notes to Financial Statements

June 30, 2020 and 2019

**(i) Recently Issued Accounting Standards**

GASB Statement No. 87 – Leases. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Management is currently evaluating the impact of this standard on the financial statements.

**(3) The University of New Mexico Transactions/Related-Party Transactions**

Lobo Club operates for the sole purpose of soliciting, managing, and distributing private gifts and donations given for the benefit of the UNM Athletic Department. On May 25, 1993, UNM and Lobo Club entered into a Memorandum of Agreement in which, effective July 1, 1993, all Lobo Club employees became UNM employees. The Memorandum of Agreement was modified on May 7, 2015; this modification did not have a significant impact on the operations of Lobo Club. Lobo Club's employees are paid by UNM and UNMF and they participate in UNM's employee benefit programs. The agreement can be terminated by either party, at which time Lobo Club's assets would revert to UNM. As a fund-raising entity operating solely in support of the UNM Athletic Department, Lobo Club is provided with staff, office facilities at the UNM Athletic Complex, equipment, and certain other support at no charge. Revenues and expenses have not been recorded in the accompanying basic financial statements for this staff, office space, equipment, or other support services.

Lobo Club authorized final cash contributions for unrestricted donations of \$2,100,000 and \$2,300,000 to the UNM Athletic Department for the years ended June 30, 2020 and 2019, respectively. These contributions are included in the amounts reported as due to the University of New Mexico in the statements of net position and are reflected as a program expense in the statements of revenues, expenses, and changes in net position.

Additionally, in the regular course of business, the Lobo Club makes minor purchases on behalf of UNM and they are reimbursed for such disbursements. As of June 30, 2020, Lobo Club owed \$19,669 to the UNM general operating account. As of June 30, 2019, Lobo Club owed \$322,932 to the UNM general operating account.

During the years ended June 30, 2020 and 2019, Lobo Club generated pass-through gifts in-kind of advertising and media services, automobiles, food, and meeting facilities, among other items, which were valued at \$1,647,055 and \$1,789,074, respectively, and were primarily for the benefit of the UNM Athletic Department. These gifts in-kind are included in grants, bequests, and contribution revenue, and program, general and administrative, and special events expense in the accompanying basic financial statements because Lobo Club provides membership benefits to the contributors in return for the in-kind gifts.



**UNM LOBO CLUB**  
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Notes to Financial Statements

June 30, 2020 and 2019

Lobo Club received \$210,537 and \$218,565 in contributions from board members for the years ended June 30, 2020 and 2019, respectively. Lobo Club did not purchase goods and services from companies that board members are employed by during the fiscal years ended June 30, 2020 and 2019.

**(4) Accounts Receivables**

Accounts receivables consist of the following, which are expected to be collected within one year:

	2020	2019
Promises to give (pledges)	\$ 42,537	\$ 33,703
Allowance for uncollectible pledges	(42,537)	(18,537)
Total	\$ -	\$ 15,166

**(5) Cash and Cash Equivalents**

Lobo Club had \$707,673 and \$1,494,673 on deposit with UNM at June 30, 2020 and 2019, respectively. UNM deposits are held in demand and time accounts at local financial institutions. New Mexico state statutes require financial institutions to pledge qualifying collateral to UNM to cover at least 50% of the uninsured deposits.

***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.

Lobo Club had \$3,012,062 and \$2,900,498 on deposit with a local financial institution at June 30, 2020 and 2019, respectively. This balance was insured by the Federal Deposit Insurance Corporation up to \$250,000. The uninsured amount at risk as of June 30, 2020 and 2019 was \$2,762,062 and \$2,650,498, respectively. Lobo Club does not require collateral on its cash deposits.

A detail of the cash accounts at June 30, 2020 is included below:

Name	Account Name	Account Type	Bank Balance	Reconciling Items	Reconciled Balance
Petty cash	-	-	\$ 113	\$ -	\$ 113
U.S. Bank	Operating	Cash	1,535,488	(24,171)	1,511,317
U.S. Bank	SEF	Cash	1,476,574	(7,587)	1,468,987
University of New Mexico	Agency account	Cash	707,673	-	707,673
			\$ 3,719,848	\$ (31,758)	\$ 3,688,090

**UNM LOBO CLUB**  
(A Component Unit of the University of New Mexico)

Notes to Financial Statements

June 30, 2020 and 2019

A detail of the cash accounts at June 30, 2019 is included below:

Name	Account Name	Account Type	Bank Balance	Reconciling Items	Reconciled Balance
Petty cash	-	-	\$ 113	\$ -	\$ 113
U.S. Bank	Operating	Cash	1,350,483	(14,673)	1,335,810
U.S. Bank	SEF	Cash	1,550,015	(23,641)	1,526,374
University of New Mexico	Agency account	Cash	1,494,673	2,916	1,497,589
UNM Foundation	Restricted	Cash	94,193	-	94,193
			<u>\$ 4,489,477</u>	<u>\$ (35,398)</u>	<u>\$ 4,454,079</u>

**(6) Endowments Held by UNM/UNM Foundation**

UNM/UNMF Endowment Program holds endowment funds and related expendable income funds, which have been contributed for the benefit of Lobo Club. The principal balances amounted to \$228,258 and \$242,101 as of June 30, 2020 and 2019, respectively. A portion of the earnings from the funds, in the amount of \$21,626 and \$27,779, respectively, was allocated to the spending accounts for student scholarships or other expenses, as stipulated by the donor. UNMF estimates quarterly earnings for the first three quarters. The final annual allocation was determined and adjustments were made in the fourth quarter allocation on June 30. The principal endowment balances disclosed herein are not recorded in the Lobo Club's financial statements.

Risk disclosure information relating to the UNMF investments in the Combined Investment Fund (CIF) may be obtained by reference to the annual financial report of UNM. That report may be obtained by contacting the Controller's office at UNM Business Center, 1700 Lomas NE, Albuquerque, New Mexico 87131-0311.

**(7) Risk Management**

Lobo Club, through UNM, participates in the State of New Mexico Risk Management Program (Risk Management), which provides general liability, auto liability, physical damage, and workers' compensation insurance. The Risk Management liability insurance coverage includes most employee liability claims; those claims falling outside this state program are in limited amounts and are covered by UNM from its operating budget. UNM's exposure is limited to \$1,000 per any first party incurred property loss, with the exception of theft, which has a \$5,000 deductible.

**(8) Uncertainty of COVID-19 Pandemic**

During the year, an outbreak of a novel coronavirus (COVID-19) occurred in the United States, along with various other countries globally. On March 11, 2020, the World Health Organization assessed the novel coronavirus outbreak and characterized it as a pandemic. Subsequent to the declaration of a pandemic, a variety of federal, state, and local governments have taken actions in response to the pandemic, which have ranged by jurisdiction, but are generally resulting in a variety of negative economic consequences, the scope of which are not currently known or quantifiable. The duration and intensity of the impact of the pandemic and resulting impact to the Lobo Club is unknown.

## **Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

The Board of Directors  
UNM Lobo Club  
and  
Mr. Brian S. Colón, Esq.  
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 the UNM Lobo Club (Lobo Club), a component of the University of New Mexico, which comprise the statement of net position as of June 30, 2020, 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 September 24, 2020.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Lobo Club'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 Lobo Club's internal control. Accordingly, we do not express an opinion on the effectiveness of Lobo Club'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 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 Lobo Club'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 Lobo Club's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lobo Club's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mess Adams LLP*

Albuquerque, New Mexico  
September 24, 2020

**UNM LOBO CLUB**  
(A Component Unit of the University of New Mexico)  
Summary of Auditor's Results (As Required by 2.2.2.10 NMAC L91) f)  
June 30, 2020

***Financial Statements***

Type of report the auditor issued on whether the financial

statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Compliance and other matters noted?

Yes  No

**UNM LOBO CLUB**  
(A Component Unit of the University of New Mexico)  
Schedule of Findings and Responses  
June 30, 2020

No matters noted.

**UNM LOBO CLUB**  
(A Component Unit of the University of New Mexico)

Summary Schedule of Prior Audit Findings

June 30, 2020

**Finding 2019-001 – General Ledger Reconciliation/Financial Close and Reporting Process Material Weakness in Internal Controls (Resolved)**

**UNM LOBO CLUB**  
(A Component Unit of the University of New Mexico)

Exit Conference

Year ended June 30, 2020

An exit conference was held on September 24, 2020. During this meeting, the contents of this report were discussed with the following individuals:

***UNM Lobo Club***

Dee Dennis -Board member VP/finance committee  
John Perner – Board member/finance committee  
Rick Siegel – Board member/finance committee  
Jennifer Mason – Board member/finance committee  
Brandon Altman – Board member/finance committee

Ryan Berryman – Associate A.D. for Business Operations

David Williams – Deputy A.D. for External Affairs  
Nicole Dopson – Director of Financial Operations for Academic Affairs  
Jalen Dominguez – Executive Director of the Lobo Club  
Josh Padilla – Financial Manager of the Lobo Club  
Drea Kendall – Developmental Coordinator of the Lobo Club

***Moss Adams LLP***

Lisa Todd, CPA – Partner  
Sheila Herrera, CPA – Senior Manager

Lobo Club is responsible for the contents of the financial statements. Moss Adams LLP assisted with the preparation of the financial statements.