



**UNM LOBO CLUB**  
(A Component Unit of the University of New Mexico)  
Financial Statements  
June 30, 2014 and 2013  
(With Independent Auditors' Reports 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

June 30, 2014

**OFFICERS**

Ms. Anndee Wright Brown, President  
Mr. Adam Harrington, President-Elect  
Mr. Ben Darwin, Past President  
Mr. Pat Dee, Vice President  
Mr. Scott Gates, Vice President  
Mr. Scott Hoover, Vice President  
Ms. Lynn Mosher, Vice President  
Mr. Chris Cates, Secretary

**COMMITTEE CHAIR**

Mr. Pat Dee, Finance Chair

**EXECUTIVE DIRECTOR**

Mr. Lee DeLeon

**DIRECTORS**

Ms. JoAnne Vigil Coppler	Mr. Adrian Chavez	Mr. Bart Kinney	Mr. Kevin O'Hea
Mr. Dale Armstrong	Mr. Pat Dee	Mr. Erik Lohmeier	Mr. Adrian Perez
Mr. Kyle Beasley	Ms. Nadine Daskalos	Mr. Antonio Lopez	Mr. Neal Piltch
Mr. Noel Behne	Ms. Annette DiLorenzo-Thayer	Mr. J. C Lopez	Mr. Pat Sanchez
Mr. RJ Berry	Mr. John Drury	Mr. Bill Michael	Mr. Rick Siegel
Ms. Margaret Branch	Mr. Don Duke	Ms. Staci Vandewart	Mr. David Smoak
Mr. Bob Kelly	Ms. Wanda Easley-Small	Mr. Brett Newberry	Mr. Jerry Smith
Ms. Andee Wright Brown	Mr. Scott Gates	Mr. Jim Christoferson	Mr. Adam Thornton
Ms. Melanie Burns	Mr. Doug Gullino	Mr. Arvino Raichur	Mr. Jimmy Trujillo
Mr. Norm Burns	Mr. Adam Harrington	Ms. Robin Miller	Ms. Sheril Vergava
Mr. Wryan Capps	Mr. Scott Hoover	Mr. Fred Montoya	Mr. Rick Wadley
Mr. Chris Cates	Mr. Brandon Jakino	Mr. Gordon Noonan	Ms. Susan Wilson
			All Past Presidents

**EX-OFFICIO DIRECTOR**

Mr. Paul Krebs

**HONORARY LIFETIME MEMBERS**

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



**KPMG LLP**  
Two Park Square, Suite 700  
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Albuquerque, NM 87110-8179

## **Independent Auditors' Report**

The Board of Directors  
UNM Lobo Club  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor:

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

We have audited the accompanying financial statements of UNM Lobo Club (Lobo Club), a component unit of the University of New Mexico, which comprise the balance sheets as of June 30, 2014 and 2013, 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, which collectively comprise the Lobo Club'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 U.S. generally accepted accounting principles; 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 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 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, 2014 and 2013, and the changes in its net position and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

**Emphasis of Matter**

*Adoption of New Accounting Pronouncement*

As discussed in note 2 to the financial statements, effective July 1, 2013, Lobo Club adopted Governmental Accounting Standards Board (GASB) Statement No. 65, *Reporting of Items Previously Recognized as Assets and Liabilities*. Our opinions are not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

U.S. generally accepted accounting principles require that the management’s discussion and analysis on pages 4 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 22, 2014 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.

**KPMG LLP**

Albuquerque, New Mexico  
September 22, 2014

**UNM LOBO CLUB**  
(A Component Unit of the University of New Mexico)  
Management's Discussion and Analysis (Unaudited)  
June 30, 2014 and 2013

This management's discussion and analysis (MD&A) of UNM Lobo Club (Lobo Club) provides an overview of the Lobo Club's financial performance for the years ended June 30, 2014 and 2013.

**Overview of the Basic Financial Statements**

The balance sheet of the Lobo Club provides both long-term and short-term information about the 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 and expenses of the Lobo Club. The statement of cash flows provides information about the sources and uses of cash by the Lobo Club. The notes to the basic financial statements provide more detailed information about amounts reported in the basic financial statements.

**Reporting the Lobo Club's Activities**

*Financial Information*

The Lobo Club's condensed financial information as of and for the years ended June 30, 2014, 2013, and 2012 are provided in the following table:

*Condensed Balance Sheet Information*

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Current assets	\$ 3,888,895	3,659,870	3,466,675
Current liabilities	<u>3,052,776</u>	<u>2,796,399</u>	<u>2,709,377</u>
Deferred Inflows	<u>772,093</u>	<u>758,103</u>	<u>633,600</u>
Net position:			
Restricted expendable – McDavid Lounge and Zia Club	\$ 23,107	35,943	35,943
Unrestricted	<u>40,919</u>	<u>69,425</u>	<u>87,755</u>
Total net position	<u>\$ 64,026</u>	<u>105,368</u>	<u>123,698</u>

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June 30, 2014 and 2013

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating revenues:			
Grants, bequests, and contributions	\$ 6,001,478	5,417,126	4,669,314
Special events, net and other	179,280	185,194	148,494
Total operating revenues	<u>6,180,758</u>	<u>5,602,320</u>	<u>4,817,808</u>
Operating expenses:			
General and administrative	351,392	313,641	415,263
Program expenses	5,900,559	5,305,402	4,441,754
Total operating expenses	<u>6,251,951</u>	<u>5,619,043</u>	<u>4,857,017</u>
Operating loss	(71,193)	(16,723)	(39,209)
Nonoperating revenue (expense)	29,851	(1,607)	13,902
Change in net position	(41,342)	(18,330)	(25,307)
Net position, beginning of year	105,368	123,698	149,005
Net position, end of year	<u>\$ 64,026</u>	<u>105,368</u>	<u>123,698</u>

**Condensed Balance Sheet**

***Assets***

A majority of the June 30, 2014, 2013, and 2012 assets are in the form of cash in the amount of \$3,807,917, \$3,605,589, and \$3,329,162, respectively. As of June 30, 2014, \$3,660,403 was on deposit with the University of New Mexico (UNM), \$87,825 was on deposit with the University of New Mexico Foundation (UNMF), \$59,488 was in an operating bank account at U.S. Bank, and \$200 was maintained in the form of petty cash. As of June 30, 2013, \$3,475,040 was on deposit with UNM, \$91,556 was on deposit with UNMF, \$38,793 was in an operating bank account at U.S. Bank, and \$200 was maintained in the form of petty cash. As of June 30, 2012, \$2,844,127 was on deposit with UNM, \$78,731 was on deposit with UNMF, \$406,104 was in an operating bank account at U.S. Bank, and \$200 was maintained in the form of petty cash.

Accounts receivable at the 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, 2014, 2013, and 2012 were \$71,350, \$53,831, and \$128,358, respectively. The changes from year to 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 year-end. The increase in accounts receivable is primarily the result an increase in pledges during FY14.

***Liabilities***

A majority of the liabilities are in the form of a payable due to UNM for unrestricted donations in the amount of \$3,050,165, \$2,752,527, and \$2,705,826 as of June 30, 2014, 2013, and 2012, respectively. This was a

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contribution that was made from Lobo Club to the Athletic Department and was requested from the Athletic Director before the year-end. The amount of the transfer was agreed to by the board of directors and has remained consistent over the years.

***Deferred Inflows of Resources***

Deferred inflows of resources were \$772,093, \$758,103, and \$633,600 as of June 30, 2014, 2013, and 2012, respectively. With the adoption of GASB statement No. 65, *Items Previously Reported as Assets and Liabilities*, the Lobo Club has restated its 2013 and 2012 balance sheet information, which resulted in a reduction of total liabilities of \$758,103 and \$633,600 for 2013 and 2012, respectively. The increase of \$13,990 from June 30, 2014 to June 30, 2013 and \$124,503 from June 30, 2013 to June 30, 2012 is the result of donors paying their pledge during the Ambassador Program (Membership Drive). Lobo Club volunteers are encouraged to collect the pledge at the time of solicitation and many of our donors are choosing to set up monthly payments at the time of their pledge.

***Net Position***

The net position consists mostly of unrestricted assets totaling \$40,919, \$69,425, and \$87,755 at June 30, 2014, 2013, and 2012, respectively. The decreasing net position balance over the last year is due to a net loss being recognized. The amount of net loss over the current fiscal year has increased due to the increased contribution to the Athletic Department as a result of increased pledges.

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

***Revenues***

A majority of the June 30, 2014 revenues are operating revenues consisting of contributions in the amount of \$6,001,478, including \$2,965,743 of gift-in-kind contributions. Contribution revenues increased \$584,352 from the prior year amount of \$5,417,126. The increase is primarily due to greater use of gift-in-kind donations by coaches and staff.

A majority of the June 30, 2013 revenues are operating revenues consisting of contributions in the amount of \$5,417,126, including \$2,633,164 of gift-in-kind contributions. Contribution revenues increased \$747,812 from the prior year amount of \$4,669,314. The increase is primarily due to greater use of gift-in-kind donations by coaches and staff.



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***Expenses***

Total expenses for fiscal year 2014 are composed of \$351,392 in general and administrative expenses and \$5,900,559 in program expenses. General and administrative expense increased \$37,751 from the prior year amount of \$313,641. This increase is due to the purchase of HD Televisions to the football Zia seating level and the reception for the donor trip to the Men's Basketball game in Kansas, along with Lobo Champions Council events, and Forever Lobo plaques that were added to the donor wall at The Pit. Program expenses increased \$595,157 from the prior year amount of \$5,305,402. The increase is due to greater use of gift-in-kind donations by coaches and staff as mentioned in the revenue summary.

Total expenses for fiscal year 2013 are composed of \$313,641 in general and administrative expenses and \$5,305,402 in program expenses. General and administrative expense decreased \$101,622 from the prior year amount of \$415,263. This decrease primarily is due to lower credit card processing fees. Program expenses increased \$863,648 from the prior year amount of \$4,441,754. The increase is due to greater use of gift-in-kind donations by coaches and staff as mentioned in the revenue summary.

***Change in Net Position***

Net position decreased \$41,342 to \$64,026 at June 30, 2014 from \$105,368 at June 30, 2013. The decrease is due to operating loss of \$71,193 and an investment gain of \$29,851. Net position decreased \$18,330 to \$105,368 at June 30, 2013 from \$123,698 at June 30, 2012. The decrease is due to operating loss of \$16,723 and an investment loss of \$1,607. Net position decreased \$25,307 to \$123,698 at June 30, 2012 from \$149,005 at June 20, 2011. The decrease is due to operating loss of \$71,193 and an investment gain of \$29,851. Although an operating loss was presented for June 30, 2014 and 2013, the Lobo Club had sufficient funds on hand to fulfill its obligations.

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

**Capital Assets and Long-Term Debt Administration Capital Assets**

***Capital Assets***

The Lobo Club has no capital assets at June 30, 2014 and 2013.

***Long-Term Debt***

The Lobo Club has no long-term debt at June 30, 2014 and 2013.

**Factors Impacting Future Periods and Subsequent Events**

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

**Contacting the Lobo Club's Financial Management**

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

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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.

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Balance Sheets

June 30, 2014 and 2013

<b>Assets</b>	<b>2014</b>	<b>2013</b>
Current assets:		
Cash and cash equivalents	\$ 3,807,917	3,605,589
Accounts receivable, net	71,350	53,831
Other current assets	9,628	450
Total assets	\$ 3,888,895	3,659,870
<b>Liabilities, Deferred Inflows, and Net Position</b>		
Current liabilities:		
Accounts payable	\$ 2,611	43,872
Due to the University of New Mexico – unrestricted donations	3,050,165	2,752,527
Total liabilities	3,052,776	2,796,399
Deferred inflows of resources – unearned revenue	772,093	758,103
Net position:		
Restricted expendable – McDavid Lounge and Zia Club	23,107	35,943
Unrestricted	40,919	69,425
Total net position	\$ 64,026	105,368

See accompanying notes to financial statements.

**UNM LOBO CLUB**  
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Statements of Revenues, Expenses, and Changes in Net Position  
Years ended June 30, 2014 and 2013

	<b>2014</b>	<b>2013</b>
Operating revenues:		
Grants, bequests, and contributions	\$ 6,001,478	5,417,126
Special events, net	163,633	164,457
Other operating revenues	15,647	20,737
Total operating revenues	6,180,758	5,602,320
Operating expenses:		
General and administrative	351,392	313,641
Program expense	5,900,559	5,305,402
Total operating expenses	6,251,951	5,619,043
Operating loss	(71,193)	(16,723)
Nonoperating revenue:		
Investment income (loss)	29,851	(1,607)
Change in net position	(41,342)	(18,330)
Net position, beginning of year	105,368	123,698
Net position, end of year	\$ 64,026	105,368

See accompanying notes to financial statements.

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Statements of Cash Flows

Years ended June 30, 2014 and 2013

	<b>2014</b>	<b>2013</b>
Cash flows from operating activities:		
Receipts from members and others	\$ 3,313,257	3,284,963
Payments to the University of New Mexico	(2,900,201)	(2,778,281)
Payments to vendors	(240,579)	(228,648)
Net cash provided by operating activities	172,477	278,034
Cash flows from investing activity:		
Investment income (loss)	29,851	(1,607)
Net increase in cash and cash equivalents	202,328	276,427
Cash and cash equivalents, beginning of year	3,605,589	3,329,162
Cash and cash equivalents, end of year	\$ 3,807,917	3,605,589
Reconciliation of operating loss to net cash from operating activities:		
Operating loss	\$ (71,193)	(16,723)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Changes in assets, liabilities, and deferred inflows of resources:		
Accounts receivable	(17,519)	74,527
Other current assets	(9,178)	8,705
Accounts payable	(41,261)	40,321
Deferred revenue	13,990	124,503
Due to the University of New Mexico	297,638	46,701
Net cash provided by operating activities	\$ 172,477	278,034

See accompanying notes to financial statements.

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Notes to Financial Statements

June 30, 2014 and 2013

**(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 the Lobo Club's Executive Director, who is appointed by the Lobo Club's board of directors and UNM.

**(2) Significant Accounting Policies**

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

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

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

The Lobo Club applies business-type activity accounting and the 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 the Lobo Club's principal ongoing operations. All other revenues and expenses are considered nonoperating.

Effective July 1, 2013 the Lobo Club has adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65), which amends or supersedes the accounting and financial reporting guidance for certain items previously required to be reported as assets or liabilities. The objective is to either properly classify certain items that were previously reported as assets or liabilities as deferred outflows of resources or deferred inflows of resources or recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses) or inflows of resources (revenues). As a result of implementation, amounts previously reported as a deferred revenue liability are now presented as deferred inflows of resources for all years presented.

**(b) *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.

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Notes to Financial Statements

June 30, 2014 and 2013

(c) ***Cash and Cash Equivalents***

Cash and cash equivalents consist of cash deposits, an agency account held by UNM, and two agency accounts held by University of New Mexico Foundation.

(d) ***Capital Assets***

The 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. Donated equipment is recorded at fair market value at the date of donation. Repairs and maintenance expenses are charged to operations when incurred and major improvements and replacements are capitalized. The Lobo Club had no capital assets at June 30, 2014 and 2013.

(e) ***Revenue Recognition***

The Lobo Club recognizes revenue from grants, bequests, and contributions when all applicable eligibility requirements are met. Deferred inflows of resources 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 (45% at June 30, 2014 and 2013).

(f) ***Income Taxes***

The 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 years ended June 30, 2014 and 2013.

(g) ***Net Position***

*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 the 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.

*Unrestricted Net Position* – consists of those operating funds over which the 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, the Lobo Club's policy is to first apply the expense toward restricted resources, and then toward unrestricted resources.

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Notes to Financial Statements

June 30, 2014 and 2013

**(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 the 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.

**(3) The University of New Mexico Transactions**

The 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 Program. On May 25, 1993, UNM and the 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 16, 2003 and did not have a significant impact on the operations of the Lobo Club. The Lobo Club's employees are paid by UNM and they participate in UNM's employee benefit programs. The agreement can be terminated by either party, at which time, the Lobo Club's assets would revert to UNM. As a fund-raising entity operating solely in support of the UNM Athletic Department Program, the 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.

The Lobo Club authorized final cash contributions for unrestricted donations of \$3,050,000 and \$2,750,000 to the UNM Athletic Department Program for the years ended June 30, 2014 and 2013, respectively. These contributions are included in the amounts reported as Due to the University of New Mexico in the balance sheets and reflected as a program expense in the statements of revenues, expenses, and changes in net position.

As fiscal agent for the Lobo Club, UNM disburses funds to vendors and employees on behalf of the Lobo Club. The Lobo Club reimburses UNM for such disbursements. As of June 30, 2014 and 2013, the Lobo Club has accrued \$165 and \$2,527, respectively, in Due to the University of New Mexico – unrestricted.

During the years ended June 30, 2014 and 2013, the Lobo Club generated pass-through gifts in kind of advertising and media services, automobile leases, food, and meeting facilities, among other items, which were valued at \$2,965,743 and \$2,633,164, 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 the Lobo Club provides membership benefits to the contributors in return for the in-kind gifts.



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**(4) Receivables**

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

	<b>2014</b>	<b>2013</b>
Promises to give (pledges)	\$ 127,909	97,864
Amounts due from individuals and corporations for special events	1,000	750
	128,909	98,614
Allowance for uncollectible pledges	(57,559)	(44,783)
Total	\$ 71,350	53,831

**(5) Cash**

The Lobo Club has \$3,660,403 and \$3,475,040 on deposit with UNM at June 30, 2014 and 2013, 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.

The Lobo Club had \$406,096 and \$177,609 on deposit with a local financial institution at June 30, 2014 and 2013, respectively. This balance was insured by the Federal Deposit Insurance Corporation up to \$250,000. The uninsured amount at risk as of June 30, 2014 and 2013 was \$156,096 and \$0, respectively. The Lobo Club does not require collateral on its cash deposits.

A detail of the cash accounts at June 30, 2014 is included below:

Name	Account name	Account type	Bank balance	Reconciling items	Reconciled balance
Petty cash	—	—	\$ 200	—	200
U.S. Bank	Operating	Cash	406,096	(346,608)	59,488
University of New Mexico	Agency account	Cash	3,660,403	—	3,660,403
UNM Foundation	Unrestricted	Cash	59,334	—	59,334
UNM Foundation	Restricted	Cash	28,492	—	28,492
			\$ 4,154,525	(346,608)	3,807,917

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Notes to Financial Statements

June 30, 2014 and 2013

A detail of the cash accounts at June 30, 2013 is included below:

Name	Account name	Account type	Bank balance	Reconciling items	Reconciled balance
Petty cash	—	—	\$ 200	—	200
U.S. Bank	Operating	Cash	177,609	(138,816)	38,793
University of New Mexico	Agency account	Cash	3,475,040	—	3,475,040
UNM Foundation	Unrestricted	Cash	41,268	—	41,268
UNM Foundation	Restricted	Cash	50,288	—	50,288
			<u>\$ 3,744,405</u>	<u>(138,816)</u>	<u>3,605,589</u>

**(6) Related-Party Transactions**

The Lobo Club received \$181,493 and \$166,086 in contributions from Board Members for the years ended June 30, 2014 and 2013, respectively. The Lobo Club did not purchase goods and services of companies that Board Members are employed by during the years ended June 30, 2014 and 2013.

**(7) Contingencies**

The Lobo Club, through UNM, participates in the State of New Mexico Risk Management Program (Risk Management) that provides general liability, auto liability, physical damage, and workers' compensation insurance. The Risk Management program 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.



**KPMG LLP**  
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Albuquerque, NM 87110-8179

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

The Board of Directors  
UNM Lobo Club  
and  
Mr. Hector H. Balderas  
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), which comprise the balance sheet as of June 30, 2014, 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 22, 2014.

**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 the 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 the Lobo Club's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**KPMG LLP**

Albuquerque, New Mexico  
September 22, 2014

**UNM LOBO CLUB**  
(A Component Unit of the University of New Mexico)  
Schedule of Findings and Responses  
June 30, 2014

**Prior Year Findings**

None

**Current Year Findings**

None

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

Exit Conference

June 30, 2014

We discussed the recommendations contained in this report during the exit conference held on September 22, 2014. The exit conference was attended by the following individuals:

**UNM Lobo Club**

Adam Harrington, Board President  
Rick Siegel, Finance Committee Member  
Wryan Capps, Finance Committee Member  
Cliff Gramer, Finance Committee Member  
Lee DeLeon, Executive Director  
Valerie Arbogast, Financial Coordinator

**KPMG LLP**

Cynthia Reinhart, Partner  
Pepper Cooper, Manager

The Lobo Club is responsible for the contents of the financial statements. KPMG LLP assisted with the preparation of the financial statements.