



**UNM LOBO CLUB**  
(A Component Unit of the University of New Mexico)  
Financial Statements  
June 30, 2016 and 2015  
(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, 2016

**OFFICERS**

Pat Dee, President

Mr. Chris Cates, President-Elect

Mr. Adam Harrington, Past President

Mr. Kyle Beasley, Vice President

Mr. Neal Piltch, Vice President

Mr. Bart Kinney, Secretary

Joanne Vigil Coppler, Vice President

David Smoak, Vice President

**COMMITTEE CHAIR**

Mr. Kyle Beasley, Finance Chair

**EXECUTIVE DIRECTOR**

Mr. Lee De Leon (2011 to December 2014)

Mr. Tim Cass, Interim (December 2014 to April 2015)

Mr. Stuart Starner (April 2015 to December 2015)

Kole McKamey (January 2016 to Present)

**UNM LOBO CLUB**

(A Component Unit of the University of New Mexico)

Official Roster

June 30, 2016

**DIRECTORS**

Ms. Susie Singer	Mr. Adrian Chavez	Mr. J.C. Lopez	Ms. Liz Shipley
Mr. Jeff Apodaca	Ms. Joanne Vigil Coppler	Mr. Dee Dennis	Mr. Rick Siegel
Mr. Dale Armstrong	Ms. Beverly McMillan	Ms. Robin Miller	Mr. Dale Scott
Mr. Kyle Beasley	Mr. Pat Dee	Mr. Fred Montoya	Mr. Jerry Smith
Mr. Noel Behne	Mr. John Drury	Mr. Brett Newberry	Mr. David Smoak
Mr. R.J. Berry	Ms. Mary Beth Maloy	Mr. Gordon Noonan	Mr. Rocky Hughes
Ms. Margaret Branch	Mr. Cliff Gramer	Mr. Kevin O'Hea	Mr. Adam Thornton
Ms. Lucy Barabe	Mr. Larry Jehle	Mr. Adrian Perez	Mr. Rick Wadley
Mr. Norm Burns	Mr. Scott Hoover	Mr. Neal Piltch	All Past Presidents
Mr. Wryan Capps	Mr. Bart Kinney	Mr. Arvind Raichur	
Mr. Chris Cates	Mr. Erik Lohmeier	Mr. Pat Sanchez	

**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  
6565 Americas Parkway, N.E.  
Albuquerque, NM 87110-8179

## **Independent Auditors' Report**

The Board of Directors  
UNM Lobo Club  
and  
Mr. Timothy Keller  
New Mexico State Auditor:

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

We have audited the accompanying basic financial statements of the UNM Lobo Club (Lobo Club), a component unit of the University of New Mexico, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise 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 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 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 opinions.



***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, 2016 and 2015, 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.

***Other Matter***

***Required Supplementary Information***

U.S. generally accepted accounting principles 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 November 9, 2016 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  
November 9, 2016

**UNM LOBO CLUB**  
(A Component Unit of the University of New Mexico)  
Management's Discussion and Analysis (unaudited)  
June 30, 2016 and 2015

The following 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, 2016, 2015, and 2014. 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 and expenses 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, 2016, 2015, and 2014 is provided in the following table:

*Condensed Statements of Net Position Information*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total assets	\$ 3,782,059	3,955,649	3,888,895
Total liabilities	2,910,130	3,055,599	3,052,776
Deferred inflows of resources – unearned revenue	836,759	898,205	772,093
Net position:			
Restricted expendable – McDavid Lounge and Zia Club	\$ —	1,298	23,107
Unrestricted	35,170	547	40,919
Total net position	<u>\$ 35,170</u>	<u>1,845</u>	<u>64,026</u>

**UNM LOBO CLUB**  
(A Component Unit of the University of New Mexico)  
Management's Discussion and Analysis (unaudited)  
June 30, 2016 and 2015

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating revenues:			
Grants, bequests, and contributions	\$ 5,871,968	5,694,053	6,001,478
Special events, net and other	102,812	172,457	179,280
Total operating revenues	<u>5,974,780</u>	<u>5,866,510</u>	<u>6,180,758</u>
Operating expenses:			
General and administrative	257,705	272,697	351,392
Program expenses	5,717,322	5,686,739	5,900,559
Total operating expenses	<u>5,975,027</u>	<u>5,959,436</u>	<u>6,251,951</u>
Operating loss	(247)	(92,926)	(71,193)
Nonoperating revenue (expense)	33,572	30,745	29,851
Change in net position	33,325	(62,181)	(41,342)
Net position, beginning of year	1,845	64,026	105,368
Net position, end of year	<u>\$ 35,170</u>	<u>1,845</u>	<u>64,026</u>

**Condensed Statements of Net Position**

***Total Assets***

A majority of the June 30, 2016, 2015, and 2014 assets are in the form of cash and cash equivalents in the amount of \$3,723,250, \$3,807,185, and \$3,807,917, respectively. As of June 30, 2016, \$2,933,855 was on deposit with the University of New Mexico (UNM), \$307,029 was on deposit with the University of New Mexico Foundation (UNMF), \$482,166 was in an operating bank account at U.S. Bank, and \$200 was maintained in the form of petty cash. As of June 30, 2015, \$3,589,577 was on deposit with the University of New Mexico (UNM), \$91,880 was on deposit with the University of New Mexico Foundation (UNMF), \$125,528 was in an operating bank account at U.S. Bank, and \$200 was maintained in the form of petty cash. As of June 30, 2014, \$3,660,403 was on deposit with UNM, \$87,825 was on deposit with UNMF, \$59,488 was in an operating 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, 2016, 2015, and 2014 were \$55,600, \$146,032, and \$71,350, 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 the policy change in fiscal year 2016 where donors who receive the right to purchase premium Men's Basketball tickets as a result of their donation must have their Lobo Club donation paid by October 1 or be on a scheduled payment plan. Lobo Club held a receivable at June 30, 2015 related to an up-front refundable deposit provided for a fund-raising trip.



**UNM LOBO CLUB**  
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Management's Discussion and Analysis (unaudited)  
June 30, 2016 and 2015

***Total Liabilities***

A majority of the liabilities are in the form of a payable due to UNM for unrestricted donations in the amount of \$2,906,873, \$3,050,430, and \$3,050,165, as of June 30, 2016, 2015, and 2014, respectively. This was a contribution that was made from Lobo Club to the UNM 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. This payable decreased \$151,000 from June 30, 2015 to June 30, 2016 due to Lobo Club being unable to raise as many funds from donors in the fiscal year ended June 30, 2016 as it had the prior fiscal year ended June 30, 2015.

***Deferred Inflows of Resources – Unearned Revenue***

Deferred inflows of resources were \$836,759, \$898,205, and \$772,093, as of June 30, 2016, 2015, and 2014, respectively. The decrease of \$61,446 from June 30, 2016 to June 30, 2015 was the result of fewer contributions for the next fiscal year being paid in advance of current fiscal year-end, and the increase of \$126,112 from June 30, 2015 to June 30, 2014 was the result of donors paying their pledges during the fiscal year 2015 Ambassador Program (Membership Drive).

***Total Net Position***

The net position consists mostly of unrestricted net position totaling \$35,170, \$547, and \$40,919, at June 30, 2016, 2015, and 2014, respectively. The increasing net position balance over the last year is due to an operating loss offset by investment income. The amount of the operating loss during the current fiscal year has decreased due to the contribution to the UNM Athletic Department decreasing year-over-year, while realizing an increase in contributions revenue. The decrease in net position from \$40,919 to \$547 at June 30, 2014 and 2015, respectively, was due to an operating loss being recognized in fiscal year 2015.

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

***Total Operating Revenues***

A majority of the June 30, 2016 revenues are operating revenues consisting of contributions in the amount of \$5,871,968, including \$2,860,616 of gift-in-kind contributions. Contribution revenue increased \$177,915 from the prior year amount of \$5,694,053. The increase is primarily due to an increase of gift-in-kind donations in fiscal year 2016.

A majority of the June 30, 2015 revenues are operating revenues consisting of contributions in the amount of \$5,694,053, including \$2,692,364 of gift-in-kind contributions. Contribution revenue decreased \$307,425 from the prior year amount of \$6,001,478. The decrease is primarily due to fewer gift-in-kind donations in fiscal year 2015.

**UNM LOBO CLUB**  
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Management's Discussion and Analysis (unaudited)  
June 30, 2016 and 2015

***Total Operating Expenses***

Total expenses for fiscal year 2016 are composed of \$257,705 in general and administrative expenses and \$5,717,322 in program expenses. General and administrative expense decreased \$14,992 from the prior year amount of \$272,697. This decrease is due in part to the end of employee car stipends previously paid by Lobo Club, along with a reduction in print material expense as web-based solicitation was used as outreach to our donors. Program expenses increased \$30,583 from the prior year amount of \$5,686,739. The increase is due to more use of gift-in-kind donations by coaches and staff.

Total expenses for fiscal year 2015 are composed of \$272,697 in general and administrative expenses and \$5,686,739 in program expenses. General and administrative expense decreased \$78,695 from the prior year amount of \$351,392. This decrease is due in part to a reduction in expenses at the Men's/Women's Basketball Mountain West Tournament in Las Vegas. Due to the change in our host hotel, our donor receptions were downsized and the Men's team was defeated in the first round of the tournament, which reduced overall expenses. We hosted four away football game donor trips in 2014, which is one less than usual. An additional contributing factor is the reduction in cultivation and stewardship expense from December 2014 to April 2015. Program expenses decreased \$213,820 from the prior year amount of \$5,900,559. The decrease is due to less use of gift-in-kind donations by coaches and staff.

***Change in Net Position***

Net position increased by \$33,325 to \$35,170 at June 30, 2016 from \$1,845 at June 30, 2015. The increase is due to operating loss of \$247 offset by investment income of \$33,572. Net position decreased by \$62,181 to \$1,845 at June 30, 2015 from \$64,026 at June 30, 2014. The decrease is due to operating loss of \$92,926 and investment income of \$30,745. Although an operating loss was presented for June 30, 2016 and 2015, Lobo Club has sufficient funds on hand to fulfill its obligations.

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 UNM's other cash. 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, 2016 and 2015

<b>Assets</b>	<b>2016</b>	<b>2015</b>
Current assets:		
Cash and cash equivalents	\$ 3,723,250	3,807,185
Accounts receivable, net of allowance for uncollectable pledges	55,600	146,032
Other current assets	3,209	2,432
Total current assets	\$ 3,782,059	3,955,649
<b>Liabilities, Deferred Inflows, and Net Position</b>		
Current liabilities:		
Accounts payable	\$ 3,257	5,169
Due to the University of New Mexico	2,906,873	3,050,430
Total current liabilities	2,910,130	3,055,599
Deferred inflows of resources – unearned revenue	836,759	898,205
Net position:		
Restricted expendable – McDavid Lounge and Zia Club	—	1,298
Unrestricted	35,170	547
Total net position	\$ 35,170	1,845

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  
Years ended June 30, 2016 and 2015

	<b>2016</b>	<b>2015</b>
Operating revenues:		
Grants, bequests, and contributions	\$ 5,871,968	5,694,053
Special events, net of expenses of \$67,956 and \$94,719, respectively	93,365	156,622
Other operating revenues	9,447	15,835
Total operating revenues	5,974,780	5,866,510
Operating expenses:		
General and administrative	257,705	272,697
Program expenses	5,717,322	5,686,739
Total operating expenses	5,975,027	5,959,436
Operating loss	(247)	(92,926)
Nonoperating revenue:		
Investment income	33,572	30,745
Change in net position	33,325	(62,181)
Net position, beginning of year	1,845	64,026
Net position, end of year	\$ 35,170	1,845

See accompanying notes to financial statements.

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

Statements of Cash Flows

Years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Receipts from members and others	\$ 3,228,441	3,320,296
Payments to the University of New Mexico	(3,129,297)	(3,132,446)
Payments to vendors	<u>(216,651)</u>	<u>(219,327)</u>
Net cash (used in) operating activities	(117,507)	(31,477)
Cash flows from investing activity:		
Investment income	<u>33,572</u>	<u>30,745</u>
Net (decrease) in cash and cash equivalents	(83,935)	(732)
Cash and cash equivalents, beginning of year	<u>3,807,185</u>	<u>3,807,917</u>
Cash and cash equivalents, end of year	<u>\$ 3,723,250</u>	<u>3,807,185</u>
Reconciliation of operating loss to net cash from operating activities:		
Operating loss	\$ (247)	(92,926)
Adjustments to reconcile operating loss to net cash (used in) provided by operating activities:		
Changes in assets, liabilities, and deferred inflows of resources:		
Accounts receivable	90,432	(74,682)
Other current assets	(777)	7,196
Accounts payable	(1,912)	2,558
Deferred inflows – unearned revenue	(61,446)	126,112
Due to the University of New Mexico	<u>(143,557)</u>	<u>265</u>
Net cash (used in) operating activities	<u>\$ (117,507)</u>	<u>(31,477)</u>

See accompanying notes to financial statements.

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

Notes to Financial Statements

June 30, 2016 and 2015

**(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, 2016 and 2015.

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

Notes to Financial Statements

June 30, 2016 and 2015

**(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 (55% and 45% at June 30, 2016 and 2015, 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, 2016 and 2015.

**(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.

*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, 2016 and 2015

**(i) Adoption of New GASB Pronouncements**

During the year ended June 30, 2016, Lobo Club adopted GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (GASB 76) that supersedes GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB 76 identifies the hierarchy of general accepted accounting principles for state and local governments.

Lobo Club also adopted GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72). GASB 72 had no impact on the Lobo Club 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 \$2,900,000 and \$3,051,000 to the UNM Athletic Department for the years ended June 30, 2016 and 2015, 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.

As fiscal agent for Lobo Club, UNM disburses funds to vendors and employees on behalf of Lobo Club. Lobo Club reimburses UNM for such disbursements. As of June 30, 2016 and 2015, Lobo Club has accrued \$6,873 and \$(570), respectively, in due to the University of New Mexico.

During the years ended June 30, 2016 and 2015, 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 \$2,860,616 and \$2,692,364, 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.

Lobo Club received \$358,025 and \$249,361 in contributions from board members for the years ended June 30, 2016 and 2015, respectively. Lobo Club did not purchase goods and services from companies that board members are employed by during the fiscal years ended June 30, 2016 and 2015.



**UNM LOBO CLUB**  
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Notes to Financial Statements

June 30, 2016 and 2015

**(4) Accounts Receivables**

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

	<b>2016</b>	<b>2015</b>
Promises to give (pledges)	\$ 123,556	172,128
Amount due from up-front financial support for fund-raising activity	—	49,500
Amounts due from individuals and corporations for special events	—	1,862
	123,556	223,490
Allowance for uncollectible pledges	(67,956)	(77,458)
Total	\$ 55,600	146,032

**(5) Cash and Cash Equivalents**

Lobo Club had \$2,933,855 and \$3,589,577 on deposit with UNM at June 30, 2016 and 2015, 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 \$482,591 and \$105,733 on deposit with a local financial institution at June 30, 2016 and 2015, respectively. This balance was insured by the Federal Deposit Insurance Corporation up to \$250,000. The uninsured amount at risk as of June 30, 2016 and 2015 was \$232,591 and \$0, respectively. Lobo Club does not require collateral on its cash deposits.

A detail of the cash accounts at June 30, 2016 is included below:

Name	Account name	Account type	Bank balance	Reconciling items	Reconciled balance
Petty cash	—	—	\$ 200	—	200
U.S. Bank	Operating	Cash	482,491	(425)	482,066
U.S. Bank	Raffle	Cash	100	—	100
University of New Mexico	Agency account	Cash	2,933,855	—	2,933,855
UNM Foundation	Unrestricted	Cash	268,623	—	268,623
UNM Foundation	Restricted	Cash	38,406	—	38,406
			\$ 3,723,675	(425)	3,723,250

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

Notes to Financial Statements

June 30, 2016 and 2015

A detail of the cash accounts at June 30, 2015 is included below:

Name	Account name	Account type	Bank balance	Reconciling items	Reconciled balance
Petty cash	—	—	\$ 200	—	200
U.S. Bank	Operating	Cash	105,733	19,795	125,528
University of New Mexico	Agency account	Cash	3,589,577	—	3,589,577
UNM Foundation	Unrestricted	Cash	60,313	—	60,313
UNM Foundation	Restricted	Cash	31,567	—	31,567
			\$ 3,787,390	19,795	3,807,185
			\$ 3,787,390	19,795	3,807,185

**(6) Contingencies**

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.



**KPMG LLP**  
Two Park Square, Suite 700  
6565 Americas Parkway, N.E.  
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. Timothy 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 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, 2016, 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 November 9, 2016.

**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.

**KPMG LLP**

Albuquerque, New Mexico  
November 9, 2016

**UNM LOBO CLUB**  
(A Component Unit of the University of New Mexico)  
Schedule of Findings and Responses  
Year ended June 30, 2016

**Prior Year Findings**

None

**Current Year Findings**

None

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

Exit Conference

Year ended June 30, 2016

An exit conference was held on October 17, 2016. During this meeting, the contents of this report were discussed with the following individuals:

***UNM Lobo Club***

Paul Krebs, Vice President of Athletics  
Chris Cates, Board President  
Bart Kinney, Finance Committee Chair  
Rick Siegel, Finance Committee Member  
Cliff Gramer, Finance Committee Member  
Joe Wrobel, UNM Health Sciences Center Budgets Administrator  
Kole McKamey, Senior Associate AD-Development  
Valerie Arbogast, Financial Coordinator

***KPMG LLP***

Suzette Longfellow, Managing Director  
Pepper Cooper, Manager

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