



**THE ROBERT O.
ANDERSON
SCHOOLS OF
MANAGEMENT
FOUNDATION**

**(A Component Unit of The University
of New Mexico)**

Financial Statements

June 30, 2008

Moss Adams LLP
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**THE ROBERT O. ANDERSON
SCHOOLS OF MANAGEMENT FOUNDATION**
(A Component Unit of the University of New Mexico)

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THE ROBERT O. ANDERSON
SCHOOLS OF MANAGEMENT FOUNDATION
(A Component Unit of the University of New Mexico)
Official Roster
June 30, 2008

OFFICERS

John Brown, Chair
Carol Cochran, Vice-Chair
David Gifford, Treasurer
Elizabeth Roussos, Secretary
Terry Horn, Past-Chair

COMMITTEE CHAIRS

Francis Edwards, Co-Chair, Strategic Planning Committee
Deborah Gorenz, Co-Chair, Advancement Committee
Fred W. Winter, Chair, Recruiting and Nominating Committee
David Gifford, Chair, Finance Committee

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Amy Wolhert, Interim Dean
Ernest Rodriquez-Naaz, Chief Development Officer

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Bart Kinney	George C. Stanfield
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Sheri Milone	Tim With

EMERITI

Ed Lujan

Independent Auditors' Report

The Board of Directors
The Robert O. Anderson Schools of Management Foundation
and
Hector H. Balderas
New Mexico State Auditor

We have audited the accompanying basic financial statements of the Robert O. Anderson Schools of Management Foundation, a component unit of the University of New Mexico, (Anderson Foundation) as of and for the years ended June 30, 2008 and 2007, as listed in the table of contents. These financial statements are the responsibility of the Anderson Foundation's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Anderson Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Anderson Foundation at June 30, 2008 and 2007, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2008 on our consideration of the Anderson Foundation'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

The Board of Directors
The Robert O. Anderson Schools of Management Foundation
and
Hector H. Balderas
New Mexico State Auditor

compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 4 through 10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements of the Anderson Foundation taken as a whole. The supplementary information as listed in the table of contents is presented for additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Moss Adams LLP

Albuquerque, New Mexico
October 9, 2008

**THE ROBERT O. ANDERSON
SCHOOLS OF MANAGEMENT FOUNDATION
(A COMPONENT UNIT OF THE UNIVERSITY OF NEW MEXICO)
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008**

The discussion and analysis of The Robert O. Anderson Schools of Management Foundation (Anderson Foundation) and its financial performance provides an overview of the Anderson Foundation's financial activities for the fiscal years ended June 30, 2008 and 2007. As a component unit of the University of New Mexico (UNM), the Anderson Foundation has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments*.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Anderson Foundation's annual report consists of the MD&A, which provides a broad narrative overview of its financial activities for the fiscal years ended June 30, 2008 and 2007, and the following, which comprise the basic financial statements:

1. Balance Sheet
2. Statement of Revenues, Expenses and Changes in Net Assets
3. Statement of Cash Flows
4. Notes to Financial Statements

The Balance Sheets of the Anderson Foundation provide information about the Anderson Foundation's overall financial status. The Statements of Revenues, Expenses, and Changes in Net Assets provide information about the operating revenues and expenses and the non-operating revenues and expenses of the Anderson Foundation. The statements of Cash Flows provide information about the sources and uses of cash by the Anderson Foundation. The notes to the basic financial statements provide more detailed information about amounts reported in the basic financial statements.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2008

Condensed Financial Information

	2008	2007	2006
Current assets	\$ 3,046,389	3,374,240	2,904,181
Other assets	488,463	454,729	317,968
Total assets	<u>3,534,852</u>	<u>3,828,969</u>	<u>3,222,149</u>
Current liabilities	1,949,337	2,300,736	2,118,920
Net assets			
Undesignated	750,748	735,574	413,205
Board designated	391,412	353,994	344,231
Restricted expendable	443,355	438,665	358,657
Total net assets	<u>1,585,515</u>	<u>1,528,233</u>	<u>1,116,093</u>
Total liabilities and net assets	<u>\$ 3,534,852</u>	<u>3,828,969</u>	<u>3,235,013</u>
Management Development Center operations:			
Revenues	\$ 2,046,208	2,151,984	2,082,506
Expenses	(1,465,479)	(1,609,676)	(1,747,075)
Net revenue from MDC operations	580,729	542,308	335,431
Other revenues and support	428,249	516,520	463,398
Operating revenues and other support	<u>1,008,978</u>	<u>1,058,828</u>	<u>798,829</u>
Expenses:			
Program services	547,419	538,462	457,408
Fundraising activities	86,179	73,695	135,881
Management and general	157,274	166,333	128,828
Total expenses	<u>790,872</u>	<u>778,490</u>	<u>722,117</u>
Change in net assets from operations	218,106	280,338	76,712
Nonoperating activities			
Earmarked contributions	10,550	218,179	73,275
Investment activities	18,592	151,495	54,357
Transfers to UNM Foundation	(189,966)	(237,872)	(101,575)
Net nonoperating activities	<u>(160,824)</u>	<u>131,802</u>	<u>26,057</u>
Change in net assets	57,282	412,140	102,769
Net assets, beginning of year	1,528,233	1,116,093	1,013,324
Net assets, end of year	<u>\$ 1,585,515</u>	<u>1,528,233</u>	<u>1,116,093</u>

**THE ROBERT O. ANDERSON
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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2008**

Financial Analysis

Statement of Net Assets

Assets

A majority of the June 30, 2008, 2007, and 2006 assets are in the form of cash, investments, and accounts receivable. The Anderson Foundation invested a total of \$1 million in an investment management account with the Wells Fargo Investment Group. The total balances, including short-term and long-term investments, in the account as of June 30, 2008, 2007, and 2006 are \$1,087,650, \$1,111,454 and \$1,010,111, respectively.

The Anderson Foundation maintains around \$150,000 in a checking account at the Wells Fargo Bank, N.A.. The book balances in the checking account as of June 30, 2008 and June 30, 2007 are \$142,278 and \$151,312, respectively. All deposits are made into the checking account and funds are transferred daily to or from a dividend earning sweep account also at Wells Fargo. The balances in the sweep account as of June 30, 2008 and June 30, 2007 are \$1,234,383 and \$1,276,187, respectively.

Accounts receivable at the Anderson Foundation consists primarily (~90%) of student receivables from the Executive MBA (EMBA) and Professional MBA (PMBA) cohort groups. There are currently two EMBA cohort groups and one PMBA group. Deferred revenue and receivables are posted for each student at the beginning of the program, which lasts approximately two years for the EMBA and three years for the PMBA programs. Revenue is recognized as the students are registered and attend the classes each semester.

Liabilities

A majority of the current liabilities are a payable due to UNM for expenses generated from the EMBA, PMBA, and other programs. The expenses include faculty and staff salaries and benefits, travel, equipment, student fees, and other operating expenses. The amount due to UNM at year-end June 30, 2008, 2007, and 2006 is \$927,110, \$1,068,732, and \$1,232,763, respectively. The decrease in accounts payable to UNM in 2007 and again in 2008 is primarily due to a reduction in staff salaries and benefits and the elimination of the customized training programs starting in 2006-2007. There were no customized training programs offered in 2007-2008. Also, the Anderson Foundation normally offers two certificate programs in the summer semester, but did not offer any in summer 2008.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2008**

The other liability of significance is the deferred revenue from the Management Development Center programs, such as the EMBA and PMBA programs. The deferred revenue will be recognized as income during the fiscal year ended June 30, 2009. Total deferred revenue as of June 30, 2008 is \$922,147, down slightly from \$1,064,494 as of June 30, 2007, because the PMBA program will end in December 2008 and therefore only part of a year was deferred. Deferred revenue as of June 30, 2008 consists of \$717,600 from EMBA cohort group 2007-2009, \$160,160 from third and final year of the PMBA program, \$36,632 from seat deposit and other prepaid or deferred tuition for the 2008-2010 EMBA cohort, and \$7,755 of prepaid registration fees for the Fall 2008 certificate programs.

Net Assets

Net assets at the Anderson Foundation consist of three amounts: restricted expendable, board designated and unrestricted. The restricted expendable funds at the end of fiscal years 2008, 2007 and 2006 are \$443,355, \$438,665, and \$358,657, respectively. The balances in the restricted expendable accounts are designated for various academic departments, programs, or student organizations. The restriction on the funds is determined by the donors.

The board designated funds are either funds allocated by the Anderson Foundation Board to the faculty, departments, and staff at the Anderson School of Management at UNM or are funds generated by faculty consulting activities, special teaching programs, or conferences. Funds in the accounts may be allocated in one fiscal year and spent in another year depending on the timing of conferences, equipment, computer and software needs, or faculty sabbaticals. Balances in the board designated are \$391,412, \$353,994, and \$344,231 as of June 30, 2008, 2007 and 2006, respectively.

Unrestricted funds are primarily generated by unrestricted contributions or net revenues generated by the activities of the Management Development Center. The Management Development is a self-supporting department within the Anderson Foundation, offering various educational products, including the EMBA programs, the PMBA program, non-degree certificate programs, and GMAT preparation classes. Estimated net revenues for the fiscal year are allocated to academic departments or individual faculty. If revenues exceed the estimated allocations, unrestricted funds become part of the unrestricted net assets.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2008

Statement of Revenues, Expenses, and Changes in Net Assets

Revenues

Revenue from the Management Development Center is more than 80% of the Anderson School Foundation income, with approximately 75% coming from the Executive and Professional MBA programs. Other educational products offered by the Management Development Center include non-degree certificate programs and GMAT preparatory classes. Revenues increased from \$2,082,506 in 2005-2006 to \$2,151,984 in 2006-2007 due to the introduction of the Professional MBA program offered at Intel Corporation. Enrollments were slightly less than expected in each of the two new 2006-2008 classes for EMBA and PMBA, but overall revenues were up. 2007-2008 revenues were up for the EMBA program because of a larger 2007-2009 cohort group and an increase in the tuition. However, overall MDC revenues decreased in 2007-2008 to \$2,046,208. The decrease was due to the elimination of the customized training programs and a decrease in revenues in both the certificate programs and the GMAT courses. Plans are in place to streamline and grow the certificate programs, as well as executive education. Since Anderson School is now accepting both the GMAT and the GRE tests to be admitted into any of the three degreed graduate programs, both GMAT and GRE preparatory classes will be offered in 2008-2009.

Other revenues at the Anderson Foundation include unrestricted donations, small faculty consulting projects, conferences and fundraising events, such as the annual Hall of Fame.

Expenses

The Management Development Center is a self-supporting department within the Anderson Foundation. Salaries for faculty teaching in the various programs, staff, and taxes and benefits for all employees are the largest expenditure, accounting for more than half of the total expenditures. Expenditures for the Management Development Center were \$1,465,479 in 2008, \$1,609,676 in 2007, and \$1,747,075 in 2006. The decrease in expenditures in both 2006-2007 and 2007-2008, were a result of a reorganization of the Management Development Center. As staff voluntarily resigned and programs, such as the customized training were eliminated, associated costs were reduced. Staff levels for 2007-2008 were below that of the previous years, but up slightly from the end of fiscal year 2006-2007. Other major expenditures include books and course materials, marketing and advertising, and fees paid to UNM for the EMBA and PMBA students to use UNM libraries and other facilities. Although overall expenditures were down, UNM student fees

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2008**

for EMBA and PMBA students and the cost of the international trip were up. The international trip taken by second year EMBA students in March 2008, was contracted for the first time through a third party travel agency specializing in executive education trips. In past years, the students' airfare and hotel expenses were paid directly by the student to the airline and the hotel and not through the MDC. The China trip was handled differently, with the students paying the MDC for the total cost of the trip and the Anderson Foundation paying the travel agency.

Expenditures outside the Management Development Center include administrative and fundraising costs. In addition, funds are allocated to faculty, students and staff at the Anderson School of Management for a variety of programs and activities, including Washington Campus and the Cadillac and Subaru marketing competitions for students, various professional conferences and training for faculty and staff, and equipment, computers, and software to support faculty teaching and research.

Nonoperating Activities

Fundraising efforts in 2007 and 2008 were focused on paying for the remodel of the Graduate School of Management (GSM) building. A student center was created on the first floor and the student financial center on the second floor of the east end of the building. Only a portion of the building was remodeled, as the building is shared with UNM classrooms and the Parish Library. Donated funds for the remodel were collected at both the UNM Foundation and the Anderson Foundation and were transferred to an account at UNM to cover the \$1.6 million renovation. The debt to UNM was paid in full as agreed by the deadline of June 30, 2008. Contributions of \$748,540, including one for \$574,920 to name the first floor center "The Paul Jackson Student Center", were received at the UNM Foundation. The Anderson Foundation received \$10,550 in outside donations and donated \$ 179,416 from the Foundation to pay the final portion of the debt.

The Anderson Foundation currently has over \$1 million invested with Wells Fargo Investment Group. The funds are managed by Wells Fargo according to the Investment Policy approved by the Anderson Foundation Board. Except for the \$150,000 maintained in the checking account, all other funds are invested nightly in a dividend earning sweep account at Wells Fargo.

THE ROBERT O. ANDERSON
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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2008

Contacting the Anderson Foundation's Financial Management

This report is meant to accurately describe the financial condition and position of the R.O. Anderson Schools of Management Foundation.

If you have questions about this report or need additional financial information, please contact:

R.O. Anderson Schools of Management Foundation
The University of New Mexico
MSC 05-3090
1924 Las Lomas NE
Albuquerque, NM 87131
505-277-4234

**THE ROBERT O. ANDERSON
SCHOOLS OF MANAGEMENT FOUNDATION**
(A Component Unit of the University of New Mexico)

Balance Sheets

June 30, 2008 and June 30, 2007

ASSETS

	2008	2007
Current Assets:		
Cash and cash equivalents	\$ 1,376,861	1,427,699
Short-term investments	599,187	656,725
Accounts receivable, less allowance for doubtful receivables of \$22,500 in 2008 and \$17,102 in 2007	987,279	1,251,828
Due from The University of New Mexico - unrestricted donations	57,116	15,417
Inventory - MDC textbooks	20,628	20,671
Promotion items on hand	5,318	1,900
Total current assets	3,046,389	3,374,240
Long-term investments	488,463	454,729
Total assets	\$ 3,534,852	3,828,969

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable	\$ 100,080	167,510
Due to The University of New Mexico - Management Development Center and other expenses	927,110	1,068,732
Deferred revenue	922,147	1,064,494
Total current liabilities	1,949,337	2,300,736
Net Assets:		
Unrestricted	1,142,160	1,089,568
Restricted expendable	443,355	438,665
Total net assets	1,585,515	1,528,233
Total liabilities and net assets	\$ 3,534,852	3,828,969

See accompanying notes to financial statements.

**THE ROBERT O. ANDERSON
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Statements of Revenues, Expenses, and Changes in Net Assets

June 30, 2008 and June 30, 2007

	2008	2007
Operating revenues and other support:		
Management Development Center revenues	\$ 2,046,208	2,151,984
Management Development Center expenses	<u>(1,465,479)</u>	<u>(1,609,676)</u>
Net revenue from Management Development Center operations	580,729	542,308
Contributions	201,970	290,563
Consulting and conference revenue	157,688	130,436
Fundraising events	37,915	44,410
Other income	25,466	24,730
Registration fees/sales	-	1,415
In-kind contributions	<u>5,210</u>	<u>24,966</u>
Total operating revenues and other support	<u>1,008,978</u>	<u>1,058,828</u>
Operating expenses:		
Program services	547,419	538,462
Fundraising activities	86,179	73,695
Management and general	<u>157,274</u>	<u>166,333</u>
Total operating expenses	<u>790,872</u>	<u>778,490</u>
Changes in net assets from operations	<u>218,106</u>	<u>280,338</u>
Nonoperating activities:		
Earmarked contributions	10,550	218,179
Interest/dividend income	81,449	88,031
Net unrealized gain (loss) on equity securities	(61,011)	47,449
Net realized gain (loss) on equity securities	(1,846)	16,015
Transfer to UNM Foundation	<u>(189,966)</u>	<u>(237,872)</u>
Net nonoperating activities	<u>(160,824)</u>	<u>131,802</u>
Change in net assets	57,282	412,140
Net assets, beginning of year	<u>1,528,233</u>	<u>1,116,093</u>
Net assets, end of year	\$ <u><u>1,585,515</u></u>	<u><u>1,528,233</u></u>

See accompanying notes to financial statements.

**THE ROBERT O. ANDERSON
SCHOOLS OF MANAGEMENT FOUNDATION**
(A Component Unit of the University of New Mexico)

Statements of Cash Flows

June 30, 2008 and June 30, 2007

	2008	2007
Cash flows from operating activities:		
Receipts from Management Development Center	\$ 2,156,549	2,015,070
Receipts from other revenues and support	393,201	600,256
Payments to The University of New Mexico	(1,068,732)	(1,232,763)
Payments to outside vendors	<u>(1,394,836)</u>	<u>(1,234,447)</u>
Net cash provided by operating activities	<u>86,182</u>	<u>148,116</u>
Cash flows from noncapital financing activities:		
Receipts from earmarked contributions	10,550	218,178
Transfers to UNM Foundation	<u>(189,966)</u>	<u>(237,872)</u>
Net cash used by noncapital financing activities	<u>(179,416)</u>	<u>(19,694)</u>
Cash flows from investing activities:		
Investments purchased	(186,462)	(184,029)
Investments proceeds	147,409	146,152
Cash receipts from investment income	<u>81,449</u>	<u>88,031</u>
Net cash provided by investing activities	<u>42,396</u>	<u>50,154</u>
Net (decrease) increase in cash and cash equivalents	(50,838)	178,576
Cash and cash equivalents, beginning of year	<u>1,427,699</u>	<u>1,249,123</u>
Cash and cash equivalents, end of year	<u>\$ 1,376,861</u>	<u>1,427,699</u>
Reconciliation of changes in net assets to net cash provided by operating activities:		
Operating income	\$ 218,106	280,338
Adjustments to reconcile changed in net assets to net cash provided by operating activities:		
Changes in assets and liabilities		
Accounts receivable	264,549	(487,219)
Due from University of New Mexico	(41,699)	127,707
Prepaid deposits	-	12,864
Inventory - MDC textbooks	43	32,042
Promotion items on hand	(3,418)	569
Accounts payable	(67,430)	14,548
Due to The University of New Mexico	(141,622)	(164,031)
Deferred revenue	<u>(142,347)</u>	<u>331,298</u>
Net cash provided by operating activities	<u>\$ 86,182</u>	<u>148,116</u>

See accompanying notes to financial statements.

THE ROBERT O. ANDERSON
SCHOOLS OF MANAGEMENT FOUNDATION
(A COMPONENT UNIT OF THE UNIVERSITY OF NEW MEXICO)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

(1) **Organization**

The Robert O. Anderson Schools of Management Foundation (the Anderson Foundation), a component unit of the University of New Mexico (UNM), is a not-for-profit corporation organized in 1971 to promote continuing education to the business community and to support the Robert O. Anderson School of Management. The Anderson Foundation provides professional workshops, seminars, guest symposiums, two masters' degree programs, and funding for various faculty fellowships/lectureships/professorships, student support, and research grants.

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

A summary of significant accounting policies applied in the preparation of the accompanying financial statements follows:

(a) *Accounting Standards*

A Memorandum of Agreement (MOA), dated June 21, 2007, between the Anderson Foundation and UNM was signed and executed in August 2007. As a result of signing the MOA, the Anderson Foundation, a component unit of the University of New Mexico, prepared its current financial statements in accordance with the accounting disclosure and reporting requirements under Governmental Accounting Standards Board (GASB) pronouncements, as the Anderson Foundation meets the criteria of a governmental entity. The Anderson Foundation has no component units.

Pursuant to GASB Statement No. 20 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Anderson Foundation has elected to all relevant pronouncements of the Financial Accounting Standards, except those that conflict with GASB pronouncements, not including those issued after November 30, 1989.

As a proprietary fund, the Anderson Foundation's financial statements are reported using a flow of economic resources measurement focus and the full 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 by the Anderson Management Development Center and events and activities that relate directly to the Anderson School of Management faculty, staff and students. Revenues from investments and revenues and expenses which are transferred to UNM for a variety of purposes are considered nonoperating.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

(2) Summary of Significant Accounting Policies (Continued)

(b) *Net Assets*

Unrestricted net assets represent resources whose use is not limited or restricted by donors. Unrestricted net assets have arisen from exchange transactions, receipt of unrestricted contributions, and expirations of existing restrictions. Restricted expendable contributions are recorded as unrestricted to the extent the restrictions expire in the same reporting period. The Anderson Foundation board of directors has designated certain unrestricted net assets for support of faculty and department activities.

Restricted expendable net assets represent resources whose use is limited by donors for the support of the academic activities of University of New Mexico faculty and/or students. Such restrictions are legally enforceable. Restricted expendable net assets are released from restriction as their purpose restrictions are met. When both restricted and unrestricted funds are available, restricted funds are expended first.

(c) *Cash and Cash Equivalents*

The Anderson Foundation considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash equivalents consist of cash on deposit with financial institutions.

(d) *Concentrations of Credit Risk*

The Anderson Foundation maintains cash and repurchase agreements with a local financial institution. Such deposits are subject to applicable deposit insurance coverage as provided by the Federal Deposit Insurance Corporation.

Accounts receivable are comprised of amounts due two sources: (1) amount deposited at the UNM Foundation for the use of the Anderson School of Management; (2) from students enrolled in The Executive Masters of Business Administration Program (EMBA) and the Professional Masters of Business Administration Program (PMBA) for tuition and contracts for continuing education programs. These receivables are not collateralized, and credit losses have been within management's expectations.

(e) *Inventories*

Inventories consisting of textbooks, t-shirts, pens, business card holders, and mugs are carried at the lower of average cost or fair value.

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JUNE 30, 2008

(2) Summary of Significant Accounting Policies (Continued)

(f) *Equipment and Depreciation*

Since 1995, the Anderson Foundation donates capital acquisitions with a cost greater than \$1,000 to the Anderson School of Management at the University of New Mexico (UNM). Donated equipment is maintained on the UNM inventory list and depreciated according to UNM policies. Donated long-lived assets are capitalized at their fair market values at the time of donation and donated to the Anderson School of Management through UNM.

(g) *Investments*

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

(h) *Income Taxes*

The Anderson Foundation is an organization described in the Internal Revenue Code Section 501(c)(3). Accordingly, no provision for federal or state income taxes has been made.

(i) *Revenue Recognition*

Support and revenue is recognized as the Anderson Foundation becomes entitled to the resources. Part of the Anderson Foundation's revenue is derived from the Anderson Management Development Center's educational contracts. Revenue is recognized based on the proportion of project costs incurred to total anticipated project costs. Losses on contracts are recognized when identified.

EMBA is a two year academic program and PMBA is a two and one half year academic program for which tuition revenue is recognized as credit hours are taken by program participants, in accordance with UNM registration and withdrawal policies. At the beginning of each cycle, all tuition and fees for the entire programs are recorded as receivable and deferred revenue from the individual student. Revenue is recognized monthly for the credit hours taken during the fiscal year. As revenue is recognized, deferred revenue is reduced. Deferred revenue at year end represents the amount of tuition and fees anticipated for the second and/or third year of the programs for the most current classes.

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(2) Summary of Significant Accounting Policies (Continued)

(i) *Revenue Recognition (Continued)*

Contributions received, including unconditional promises to give, are recorded in the period received. All contributions are available for unrestricted use unless specifically restricted by the donor.

(j) *Investment Allocation*

The Anderson Foundation as part of its normal transactions allocates investment income between unrestricted and restricted net asset categories. The allocation is based on the unrestricted or restricted balance in a particular interest-bearing account proportional to the total unrestricted or restricted fund balance.

(k) *Operating Expenses*

The Anderson Foundation reports its expenses according to three classifications: program services, management and general, and fundraising activities. All costs are specifically tracked among classifications.

(l) *Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(m) *Advertising Costs*

The Anderson Foundation expenses advertising costs as incurred. Advertising expense in 2008 and 2007 totaled \$41,694 and \$61,612 for program and support services and \$107,070 and \$113,140 for the Anderson Management Development Center, respectively.

(n) *Reclassifications*

Certain reclassifications have been made in the 2007 financial statements to conform to the 2008 presentation.

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(3) Related-Party Transactions

- (a) UNM provides staff services, office space, supplies, and utilities to the Anderson Foundation at no cost. No value has been assigned to these for financial reporting purposes.
- (b) As of June 30, 2008 and 2007, the Anderson Foundation has net accounts payable of \$927,110 and \$1,068,732, respectively, due to UNM for amounts paid by UNM on behalf of the Anderson Foundation for personnel costs, supplies, travel, equipment, student fees, and books. In the past the amount has been the net of amounts paid by UNM less unrestricted amounts held by UNM Foundation designated for the Anderson School of Management.

(4) Cash and Cash Equivalents

A detail of the cash accounts at June 30, 2008 is included below:

Name of Depository	Account Name	Account Type	Bank Balance	Reconciling Items	Reconciled Balance
Petty cash	-	-	\$ 200	-	200
Wells Fargo	Operating	Cash	161,488	(19,210)	142,278
Wells Fargo	Sweep	Cash	1,221,602	12,781	1,234,383
			<u>\$ 1,383,290</u>	<u>(6,429)</u>	<u>1,376,861</u>

Custodial Credit Risk – Custodial credit risk is the risk that in the even of a bank failure, the entity’s deposits may not be returned to it.

The Anderson Foundation had \$1,376,662 and \$1,433,883 on deposit with a local financial institution at June 30, 2008 and 2007, respectively. These balances were insured by the Federal Deposit Insurance Corporation up to \$100,000. The uninsured and uncollateralized amount at risk as of June 30, 2008 and 2007 was \$1,276,662 and \$1,333,883, respectively. The Anderson Foundation does not require collateral on its cash deposits.

(5) Endowments Held by the UNM Foundation

In addition to the funds recorded on the Anderson Foundation’s financial statements, the UNM/UNM Foundation Endowment Program holds endowment funds and related expendable income funds, which have been contributed for the benefit of the Anderson School of Management (Anderson School). These funds amounted to \$14,230,938 and \$14,921,091 as of June 30, 2008 and 2007, respectively. Income from these funds, in the amount of \$625,490 and \$586,960, respectively, was expendable for sponsored faculty positions and student scholarships at the Anderson School, as stipulated by the donor.

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(5) Endowments Held by the UNM Foundation (Continued)

Risk disclosure information relating to the Association investments in the CIF Fund may be obtained by reference to the annual financial report of the University of New Mexico. That report may be obtained by contacting the Controller's office at Scholes Hall, Room 251, 1801 Roma NE, 1 University of New Mexico, Albuquerque, NM 87131-0311.

(6) UNM Foundation Current Funds

There are also current unrestricted and restricted funds designated for the Anderson School available through the UNM Foundation in the Combined Investment Fund (CIF) Fund. The unrestricted contributions (revenue) and expenses for this money are recorded by the Anderson Foundation. Starting in 2007, the contributions (revenue) and transfers to UNM (expenses) for the remodel of the Graduate School of Management (GSM) building to accommodate the Jackson Student Center, Student Financial Services Center, Radosevich Technology Center, and the Ethics Center, are recorded by the Anderson Foundation. Transfers are made to UNM to cover the construction contract. In Fall 2007, the Anderson Foundation agreed to fund a matching contribution campaign coordinated through the UNM Foundation annual calling campaign. To accommodate the matching campaign and a large gift of \$574,920 to name the Paul Jackson Student Center, the majority of the revenues and the transfers to UNM were recorded at the UNM Foundation, not the Anderson Foundation. In 2007-2008 total contributions of \$748,540 were received, of which \$741,560 were transferred to UNM to pay the debt from the building renovation. The \$6,980 balance (received after the final transfer) will be used for improvements and maintenance on the various rooms. This amount appears as part of the restricted non-endowed balance at the UNM Foundation, designated for the Anderson School.

Other restricted funds are spent by Anderson departments, faculty, and student scholarships, as stipulated by the donors and are not recorded by the Anderson Foundation.

The UNM Foundation shows a balance on June 30, 2008 and 2007 of \$57,116 and \$15,417 in additional unrestricted contributions and \$426,368 and \$439,201, respectively, in restricted resources available to the Anderson School. The net unrestricted contributions are in the current assets of the Anderson Foundation.

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(7) **Investments**

The Anderson Foundation has an investment account with Wells Fargo Investment Group of \$1,087,650 and \$1,111,454 for June 30, 2008 and 2007, respectively. Short-term investments are stated at fair value. Long-term investments are stated at fair value and consist of government and corporate obligations.

At June 30, 2008 and 2007, the Anderson Foundation held approximately 44.13% and 43.77% of its cash and cash equivalents in the Wells Fargo Investment account, respectively. Under the terms of an agreement with the UNM Board of Regents, the Anderson Foundation provides management oversight for the entire amount invested. The Wells Fargo investment managers are responsible for implementing the investment transactions in accordance with the Investment Policy Statement adopted by the Anderson Foundation.

Exclusive of the U.S. government and agency issues, all individual fixed-income securities are limited to no less than “BBB” quality as established by a recognized rating service and further reinforced by independent in-house analyses. U.S. Treasury and U.S. government agencies, which are rated “AAA” are qualified for inclusion in the portfolio. No more than 10 percent of the market value of fixed income portfolio shall be less than single “A” quality.

Investment Policy Statement (IPS): In April 2007, the Anderson Foundation Board of Directors’ revised and approved an Investment Policy Statement (IPS) to assist in the supervising, monitoring and evaluating of the Foundation investments. The IPS is to provide financial stability for the Anderson Foundation programs, operations and an increasing stream of income for future program growth.

Custodial Credit Risk: For investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Anderson Foundation will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Mutual funds and external investment pools are not exposed to credit risk.

Subsequent to year end the investment markets experienced significant fluctuations. This may impact the value of investments reported in the balance sheet at year end.

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(7) Investments (Continued)

A summary of the investments held by the Anderson Foundation at June 30, 2008 with Wells Fargo and the Anderson Foundation's exposure to custodial credit risk are as follows:

	Fair Value Amounts at	
	June 30, 2008	June 30, 2007
US Government Agency securities	\$ 50,656	149,517
Corporate obligations	268,713	268,428
Corporate stock	247,163	267,229
Total securities held by custodians	566,532	685,174
Investments not subject to custodial credit risk –		
Mutual funds and equities	368,370	361,767
Real estate funds	22,559	36,783
Other	130,189	27,730
	\$ 1,087,650	1,111,454

Concentration of Credit Risk - Investments: Concentration risk is the risk of loss attributed to the magnitude of the Foundation's investment in a single issuer. Investment in any one issuer that represents 5% or more of total investments are considered to be exposed to concentrated credit risk and are required to be disclosed. Investments issued and explicitly guaranteed by the U.S. government and investments in mutual funds, are excluded from this requirement. Currently, the Anderson Foundation has the following strategic allocation ranges in its policy to limit its exposure to concentrated credit risk:

	Lower Limit	Strategic allocation	Upper limit
<i>Cash</i>	1	2	15
<i>Equities:</i>			
Domestic Large Cap equities	15	20	55
Domestic Mid Cap equities	-	4	20
Domestic Small Cap equities	-	3	10
International equities	4	9	20
Emerging Market equities	-	-	7
Real Estate Investment Trusts	-	4	15
Total equities	19	40	127
<i>Fixed Income:</i>			
Domestic	35	52	74
International	-	-	15
High Yield	-	6	15
Total Fixed	35	58	104
<i>Alternative Investments</i>	-	-	10

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(7) Investments (Continued)

As of June 30, 2008, the Anderson Foundation has investments in following corporate obligations that are greater than 5% of the total investments:

Lehman Brothers Holding, Inc. (Moody's Rating: A1 Standard & Poor's Rating: A	\$ 57,073
Goldman Sachs Group, Inc. Moody's Rating: AA3 Standard & Poor's Rating: AA-	\$ 60,188

Interest Rate Risk – Investments. Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. Currently, the Anderson Foundation does not identify interest rate risk in their investment policy. However, the Anderson Foundation manages its exposure to fair value losses arising from increasing interest rates by evaluating investment performance at least annually to determine the continued feasibility of achieving the investment objectives and to mitigate interest rate risk. The evaluation is completed by comparison of the investments results to appropriate indexes and peer groups and the risk associated with the investment, as measured by the variability of quarterly returns, should not exceed that of the benchmark index without corresponding increase in performance of the benchmark or peer group.

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(7) Investments (Continued)

Fair market values at June 30, are summarized as follows:

	Fair Value	2008 Investment maturities			
		Less than 1 year	1-5 years	5-10 years	More than 10 years
At interest rate risk					
Government obligations	\$ 50,656	-	50,656	-	-
Corporate obligations	268,713	-	268,713	-	-
	<u>319,369</u>	-	<u>319,369</u>	-	-
Not at interest rate risk					
Corporate stock	368,370				
Money market	130,189				
Mutual funds	247,163				
Real estate funds	<u>22,559</u>				
Total investments	\$ <u><u>1,087,650</u></u>				

	Fair Value	2007 Investment maturities			
		Less than 1 year	1-5 years	5-10 years	More than 10 years
At interest rate risk					
Government obligations	\$ 149,517	-	99,783	49,735	-
Corporate obligations	268,428	-	148,497	119,931	-
	<u>417,945</u>	-	<u>248,280</u>	<u>169,666</u>	-
Not at interest rate risk					
Corporate stock	267,229				
Money market	27,730				
Mutual funds	361,767				
Real estate funds	<u>36,783</u>				
Total investments	\$ <u><u>1,111,454</u></u>				

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(7) Investments (Continued)

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended:

	June 30, 2008			June 30, 2007		
	Unrestricted	Restricted Expendable	Total	Unrestricted	Restricted Expendable	Total
Interest/dividend income	\$ 69,379	\$ 12,070	\$ 81,449	\$ 71,034	\$ 16,997	\$ 88,031
Net realized and unrealized gains (loss)	<u>(62,857)</u>	<u>-</u>	<u>(62,857)</u>	<u>63,464</u>	<u>-</u>	<u>63,464</u>
Total investment income	<u>\$ 6,522</u>	<u>\$ 12,070</u>	<u>\$ 18,592</u>	<u>\$ 134,498</u>	<u>\$ 16,997</u>	<u>\$ 151,495</u>

(8) Net Assets

Unrestricted net assets are as follows:

	<u>2008</u>	<u>2007</u>
Undesignated	\$ 750,748	735,574
Board designated	<u>391,412</u>	<u>353,994</u>
Unrestricted net assets	<u>\$ 1,142,160</u>	<u>1,089,568</u>

Restricted expendable net assets are available for the following purposes:

	<u>2008</u>	<u>2007</u>
Programs	\$ 284,136	282,025
Scholarships	<u>159,219</u>	<u>156,640</u>
Restricted expendable net assets	<u>\$ 443,355</u>	<u>438,665</u>

(9) Insurance Coverage

The Anderson Foundation is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; and errors and omissions and natural disasters. The Anderson Foundation is insured through private carriers for liability, casualty and director and officer liability insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

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Schedule of Functional Expenses

June 30, 2008

	Program services			Support services		Total
	Faculty support	Student support	Total program services	Management and general	Fundraising activities	
Compensation	\$ 41,805	13,427	55,232	19,109	-	74,341
AACSB accreditation	-	-	-	-	-	-
Advertising and promotion	5,372	4,888	10,260	26,343	5,091	41,694
Audit and accounting	-	-	-	17,100	-	17,100
Bad debt expense	-	-	-	2,500	-	2,500
Bank charges	-	-	-	25,563	-	25,563
Business Plan Competition	-	40,000	40,000	-	-	40,000
Commencement	-	-	-	5,441	-	5,441
Computer supplies	30,462	356	30,818	-	618	31,436
Conference expenses	18,844	20,295	39,139	-	-	39,139
Dues and memberships	15,630	1,932	17,562	4,579	-	22,141
Equipment	32,627	-	32,627	5,433	-	38,060
Honoraria	2,253	550	2,803	700	-	3,503
Insurance	-	-	-	5,107	-	5,107
Materials and services	11,487	-	11,487	12,293	1,230	25,010
Meals and facilities	37,987	27,629	65,616	10,024	52,626	128,266
Parking	-	-	-	6,764	-	6,764
Printing and postage	3,009	1,844	4,853	3,744	4,067	12,664
Publications	-	-	-	-	20,179	20,179
Student and faculty awards	-	29,396	29,396	-	-	29,396
Subscription and books	19,957	6,141	26,098	906	-	27,004
Tax preparation in-kind	-	-	-	5,210	-	5,210
Telephone	278	-	278	48	948	1,274
Training and development	23,805	-	23,805	5,800	-	29,605
Travel	151,599	5,846	157,445	610	1,420	159,475
Total expenses	\$ 395,115	152,304	547,419	157,274	86,179	790,872

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Schedule of Functional Expenses

June 30, 2007

	Program services			Support services		Total
	Faculty support	Student support	Total program services	Management and general	Fundraising activities	
Compensation	\$ 118,917	-	118,917	21,437	-	140,354
AASCB accreditation	-	-	-	-	-	-
Advertising and promotion	1,295	11,150	12,445	38,239	10,928	61,612
Audit and accounting	-	-	-	16,051	-	16,051
Bad debt expense	-	-	-	-	-	-
Bank charges	-	-	-	24,697	-	24,697
Business Plan Competition	-	40,000	40,000	-	-	40,000
Commencement	-	-	-	5,299	-	5,299
Computer supplies	31,468	133	31,601	470	1,241	33,312
Conference expenses	43,834	-	43,834	-	-	43,834
Dues and memberships	12,047	1,005	13,052	4,800	-	17,852
Equipment	37,992	-	37,992	838	-	38,830
Honoraria	2,450	775	3,225	-	-	3,225
Insurance	-	-	-	8,573	-	8,573
Materials and services	13,981	1,442	15,423	8,852	650	24,925
Meals and facilities	13,609	19,003	32,612	16,676	41,973	91,261
Parking	-	-	-	6,351	-	6,351
Printing and postage	3,553	1,251	4,804	2,278	3,087	10,169
Publications	-	-	-	-	9,571	9,571
Student and faculty awards	-	15,616	15,616	-	-	15,616
Subscription and books	13,968	-	13,968	1,620	-	15,588
Tax preparation in-kind	-	-	-	4,966	-	4,966
Telephone	215	-	215	167	1,957	2,339
Training and development	8,018	-	8,018	4,515	-	12,533
Travel	143,050	3,093	146,143	504	4,285	150,932
Total expenses	\$ 444,397	94,068	537,865	166,333	73,692	778,490

THE ROBERT O. ANDERSON
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Schedule of Revenues and Expenses - Management Development Center

June 30, 2008

	EMBA Program	PMBA Program	Certificate Programs	Customized Training	GMAT Prep Course	Total
Revenues:						
Student fees	\$ 1,485,277	266,830	-	-	-	1,752,107
Contracts	-	-	-	-	-	-
Registration fees	3,200	-	220,361	-	70,540	294,101
Total revenues	<u>1,488,477</u>	<u>266,830</u>	<u>220,361</u>	<u>-</u>	<u>70,540</u>	<u>2,046,208</u>
Traceable Costs:						
Compensation	163,729	57,738	49,227	-	33,201	303,895
Bad debt expense	6,886	-	-	-	-	6,886
Books/Course Materials	93,538	43,522	14,823	-	5,102	156,985
Commencement	-	-	-	-	-	-
Consultants	3,560	-	8,250	-	-	11,810
Copier/office supplies	4,154	-	89	-	-	4,243
Dues and memberships	1,585	-	-	-	-	1,585
Equipment	1,254	-	-	-	-	1,254
Marketing and advertising	55,003	-	51,923	-	144	107,070
Materials and services	2,617	211	810	-	536	4,174
Meals and facilities	69,315	9,535	5,237	-	542	84,629
Parking	19,391	-	2,411	-	1,480	23,282
Postage and printing	17,025	920	17,396	-	1,180	36,521
Student fees	119,743	27,608	-	-	-	147,351
Telephone	1,300	-	38	-	-	1,338
Training and development	3,960	-	771	-	-	4,731
Travel and recruiting	128,984	553	1,756	-	-	131,293
Total Traceable Costs	<u>692,044</u>	<u>140,087</u>	<u>152,731</u>	<u>-</u>	<u>42,185</u>	<u>1,027,047</u>
Segment Contribution	<u>796,433</u>	<u>126,743</u>	<u>67,630</u>	<u>-</u>	<u>28,355</u>	<u>1,019,161</u>
Common Fixed Costs:						
Staff Compensation	241,396	81,204	60,983	-	10,938	394,521
Copier/office supplies	16,888	2,252	2,252	-	1,126	22,518
Equipment	8,603	1,229	1,843	-	614	12,289
Materials and services	337	19	19	-	-	375
Telephone	6,111	873	1,309	-	436	8,729
Total Common Costs	<u>273,335</u>	<u>85,577</u>	<u>66,406</u>	<u>-</u>	<u>13,114</u>	<u>438,432</u>
Net revenue from Management Development Center	<u>\$ 523,098</u>	<u>41,166</u>	<u>1,224</u>	<u>-</u>	<u>15,241</u>	<u>580,729</u>

**THE ROBERT O. ANDERSON
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(A Component Unit of the University of New Mexico)

Schedule of Revenues and Expenses - Management Development Center

June 30, 2007

	EMBA Program	PMBA Program	Certificate Programs	Customized Training	GMAT Prep Course	Total
Revenues:						
Student fees	\$ 1,286,208	350,500	-	-	-	1,636,708
Contracts	-	-	-	151,053	-	151,053
Registration fees	4,140	-	269,023	-	91,060	364,223
Total revenues	<u>1,290,348</u>	<u>350,500</u>	<u>269,023</u>	<u>151,053</u>	<u>91,060</u>	<u>2,151,984</u>
Traceable Costs:						
Compensation	163,879	72,275	94,460	89,240	35,326	455,180
Bad debt expense	13,418	-	-	-	-	13,418
Books/Course Materials	110,401	38,081	50,664	471	8,109	207,726
Commencement	1,833	-	-	-	-	1,833
Consultants	7,950	962	7,650	-	2,530	19,092
Copier/office supplies	2,961	-	5,375	189	-	8,524
Dues and memberships	3,263	255	20	750	-	4,288
Equipment	3,908	390	-	-	-	4,298
Marketing and advertising	63,159	3,843	39,667	4,298	2,173	113,140
Materials and services	1,718	874	254	17	1,857	4,720
Meals and facilities	53,332	9,765	29,715	2,221	698	95,731
Parking	14,490	-	4,650	-	1,175	20,315
Postage and printing	9,372	971	9,045	1,099	225	20,712
Student fees	94,378	32,407	-	-	-	126,785
Telephone	865	-	153	-	-	1,018
Training and development	3,174	-	-	-	-	3,174
Travel and recruiting	51,021	437	104	2,220	-	53,782
Total Traceable Costs	<u>599,121</u>	<u>160,260</u>	<u>241,757</u>	<u>100,505</u>	<u>52,093</u>	<u>1,153,736</u>
Segment Contribution	691,227	190,240	27,266	50,548	38,967	998,248
Common Fixed Costs:						
Staff Compensation	238,254	75,370	54,476	44,495	8,546	421,140
Copier/office supplies	18,031	1,288	2,576	2,576	1,287	25,758
Equipment	403	58	58	58	-	577
Materials and services	1,339	84	84	84	82	1,673
Telephone	4,754	679	679	340	340	6,792
Total Common Costs	<u>262,781</u>	<u>77,479</u>	<u>57,873</u>	<u>47,552</u>	<u>10,255</u>	<u>455,940</u>
Net revenue from Management Development Center	\$ <u>428,446</u>	<u>112,761</u>	<u>(30,607)</u>	<u>2,996</u>	<u>28,712</u>	<u>542,308</u>

**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
The Robert O. Anderson Schools of Management Foundation
and
Hector H. Balderas
New Mexico State Auditor

We have audited the basic financial statements of the Robert O. Anderson Schools of Management Foundation, a component unit of the University of New Mexico, (Anderson Foundation) as of and for the year ended June 30, 2008, and has issued our report thereon dated October 9, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Anderson Foundation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Anderson Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Anderson Foundation's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Anderson Foundation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

The Board of Directors
The Robert O. Anderson Schools of Management Foundation
and
Hector H. Balderas
New Mexico State Auditor

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Anderson Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provision 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*.

This report is intended solely for the information and use of the board of directors, management, the University of New Mexico and the New Mexico State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams LLP

Albuquerque, New Mexico
October 9, 2008

THE ROBERT O. ANDERSON
SCHOOLS OF MANAGEMENT FOUNDATION
(A Component Unit of the University of New Mexico)

Schedule of Findings and Responses

June 30, 2008

PRIOR YEAR FINDINGS

2007-1 Timely Completion of Financial Statements Resolved

CURRENT YEAR FINDINGS

None.

THE ROBERT O. ANDERSON
SCHOOLS OF MANAGEMENT FOUNDATION
(A Component Unit of the University of New Mexico)

Exit Conference

June 30, 2008

An exit conference was conducted on October 14, 2008, in which the contents of this report were discussed with the following:

For The Robert O. Anderson Schools of Management Foundation:

Carol Cochran, Vice Chair
Deborah Bower, CAO

For Moss Adams LLP

Larry Carmony, Partner