

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

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

Financial Statements

June 30, 2009

**With Independent Auditors' Report
Thereon**

Moss Adams LLP

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Albuquerque, New Mexico

(505) 878-7200

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, 2009

OFFICERS

Carol Cochran, Chair
Deborah Gorenz, Vice-Chair
David Gifford, Treasurer
Francis Edwards, Secretary
John Brown, Past-Chair

COMMITTEE CHAIRS

Francis Edwards, Co-Chair, Strategic Planning Committee
Tim With, Co-Chair, Strategic Planning Committee
Sheri Milone, Chair, Advancement Committee
Fred W. Winter, Chair, Recruiting and Nominating Committee
David Gifford, Chair, Finance Committee

EX-OFFICIO MEMBERS

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

BOARD MEMBERS

| | |
|--------------------|-----------------------------|
| Robert B. Anderson | Bart Kinney |
| Bruce Beebe | Ed Kraft |
| Elizabeth Carlson | Michael A. Mimovich |
| John Chavez | Richard A. Salmon |
| Wayne Davenport | Gerard Sanchez |
| Darin Davis | Kenneth Sapon |
| Victor Garcia | John Shelton |
| Ned A. Godshall | Ron Smith |
| Terry Horn | Kathy Sporing |
| Henry A. Kelly | George C. Stanfield |
| Richard Kilmer | Wayne Brown (Advisory only) |

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, 2009 and 2008, 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 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, 2009 and 2008, 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, 2009 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 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 Board of Directors
The Robert O. Anderson Schools of Management Foundation
and
Hector H. Balderas
New Mexico State Auditor

The management's discussion and analysis 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 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, 2009

**THE ROBERT O. ANDERSON
SCHOOLS OF MANAGEMENT FOUNDATION
(A COMPONENT UNIT OF THE UNIVERSITY OF NEW MEXICO)
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009**

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, 2009 and 2008. 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, 2009 and 2008, 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.

THE ROBERT O. ANDERSON
SCHOOLS OF MANAGEMENT FOUNDATION
(A Component Unit of the University of New Mexico)
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009 and 2008

Condensed Financial Information

| | 2009 | 2008 | 2007 |
|---|---------------------|------------------|------------------|
| Current assets | \$ 2,691,608 | 3,046,389 | 3,374,240 |
| Other assets | 554,747 | 488,463 | 454,729 |
| Total assets | <u>3,246,355</u> | <u>3,534,852</u> | <u>3,828,969</u> |
| Current liabilities | 1,635,326 | 1,949,337 | 2,300,736 |
| Net assets | | | |
| Undesignated | 667,894 | 750,748 | 735,574 |
| Board designated | 502,904 | 391,412 | 353,994 |
| Restricted expendable | 440,231 | 443,355 | 438,665 |
| Total net assets | <u>1,611,029</u> | <u>1,585,515</u> | <u>1,528,233</u> |
| Total liabilities and net assets | \$ <u>3,246,355</u> | <u>3,534,852</u> | <u>3,828,969</u> |
| Management Development Center operations: | | | |
| Revenues | \$ 1,939,532 | 2,046,208 | 2,151,984 |
| Expenses | (1,498,566) | (1,465,479) | (1,609,676) |
| Net revenue from MDC operations | 440,966 | 580,729 | 542,308 |
| Other revenues and support | 646,122 | 428,249 | 516,520 |
| Operating revenues and other support | <u>1,087,088</u> | <u>1,008,978</u> | <u>1,058,828</u> |
| Expenses: | | | |
| Program services | 717,464 | 547,419 | 538,462 |
| Fundraising activities | 84,528 | 86,179 | 73,695 |
| Management and general | 149,894 | 157,274 | 166,333 |
| Total expenses | <u>951,886</u> | <u>790,872</u> | <u>778,490</u> |
| Change in net assets from operations | 135,202 | 218,106 | 280,338 |
| Nonoperating activities | | | |
| Earmarked contributions | - | 10,550 | 218,179 |
| Investment activities | (96,688) | 18,592 | 151,495 |
| Transfers to UNM Foundation | (13,000) | (189,966) | (237,872) |
| Net nonoperating activities | <u>(109,688)</u> | <u>(160,824)</u> | <u>131,802</u> |
| Change in net assets | 25,514 | 57,282 | 412,140 |
| Net assets, beginning of year | <u>1,585,515</u> | <u>1,528,233</u> | <u>1,116,093</u> |
| Net assets, end of year | \$ <u>1,611,029</u> | <u>1,585,515</u> | <u>1,528,233</u> |

**THE ROBERT O. ANDERSON
SCHOOLS OF MANAGEMENT FOUNDATION
(A COMPONENT UNIT OF THE UNIVERSITY OF NEW MEXICO)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2009**

Financial Analysis

Statement of Net Assets

Assets

A majority of the June 30, 2009, 2008, and 2007 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, 2009, 2008, and 2007 are \$986,275, \$1,087,650, and \$1,111,454, 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, 2009, 2008, and 2007 are \$134,592, \$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, 2009, 2008 and 2007 are \$1,060,120, \$1,234,383, and \$1,276,187, respectively.

Accounts receivable at the Anderson Foundation consists primarily (~80%) of student receivables from the Executive MBA (EMBA) and Professional MBA (PMBA) cohort groups. There are currently two EMBA cohort groups. The 2006-2008 PMBA programs ended December 2008 and a new class was not started. Deferred revenue and receivables are posted for each student at the beginning of the program, which lasts approximately two years for the EMBA. The PMBA program was a two and half year program. 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 fringe benefits, travel, equipment, student fees, and other operating expenses. The amount due to UNM at year-end June 30, 2009, 2008, and 2007 is \$ 772,121, \$927,110, and \$1,068,732, respectively. The decrease in accounts payable to UNM over the last few years is primarily due to a reduction in staff salaries and benefits, the ending of the PMBA program in December 2008, and the elimination of the customized training programs starting in 2006-2007. There were no customized training programs offered in either 2008-2009 or in 2007-2008. Also, the Management Development Center at the Anderson Foundation normally offers two certificate programs in the summer semester, but did not offer any in summer 2008. The summer 2009 certificate programs had very small enrollments.

**THE ROBERT O. ANDERSON
SCHOOLS OF MANAGEMENT FOUNDATION
(A COMPONENT UNIT OF THE UNIVERSITY OF NEW MEXICO)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2009**

The other liability of significance is the deferred revenue from the Management Development Center Executive MBA program. Most of the deferred revenue will be recognized as income during the fiscal year ended June 30, 2010 as the students register for classes. Total deferred revenue as of June 30, 2009 is \$747,865, down slightly from \$922,147 as of June 30, 2008. Deferred revenue is down for two reasons. First, the PMBA program ended in December 2008 and therefore there is no PMBA deferred revenue as of June 30, 2009, as there had been in the past few years. The other reason for the lower amount is that the 2008-2010 EMBA class is slightly smaller than the average EMBA class. There are 42 students beginning the second year of the 2008-2010 program. In past years there were 50-55 students in the second year. Deferred revenue as of June 30, 2009 consists of \$659,950 from EMBA cohort group 2008-2010, \$44,600 from EMBA students who are finishing the program late, and \$43,315 from seat deposit and other prepaid or deferred tuition for the 2009-2011 EMBA cohort.

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 2009, 2008 and 2007 are \$440,231, \$443,355, and \$438,665, respectively. The balances in the restricted expendable accounts are designated for various academic departments, programs, scholarships, or student organizations. The restriction on the funds is determined by the donors or student organizations.

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 \$502,904, \$391,412, and \$353,994 as of June 30, 2009, 2008 and 2007, 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 a variety of educational products, including the EMBA program, non-degree certificate programs, and GMAT and GRE preparation classes for potential Anderson EMBA, MBA, and Masters of Accounting students. 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.

THE ROBERT O. ANDERSON
SCHOOLS OF MANAGEMENT FOUNDATION
(A COMPONENT UNIT OF THE UNIVERSITY OF NEW MEXICO)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2009

Statement of Revenues, Expenses, and Changes in Net Assets

Revenues

Revenue from the Management Development Center is more than 75% of the Anderson School Foundation 2009 income, with approximately 85% coming from the Executive and Professional MBA programs. There is very little difference in the revenue generated by the EMBA program between 2009 and 2008, \$1,494,663 and \$1,488,477, respectively. The PMBA program, however, had a full year of classes in 2008, but only classes through December 2008 in 2009. The PMBA revenue was \$158,090 and \$266,830 in 2009 and 2008, respectively. Other educational products offered by the Management Development Center include a number of non-degree certificate programs and GMAT and GRE preparatory classes. Due to the economy, the certificate programs saw a drop in registrations during 2009. Many employers who paid for employee training in previous years limited or dropped the benefit in 2009. The GRE preparation classes started in 2008-2009 after the Anderson faculty agreed to accept either the GMAT or the GRE test for admissions into the various Anderson masters programs: EMBA, MBA, and Masters of Accounting.

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. The Anderson Foundation does not have payroll, so any faculty, staff or students working for the Management Development are employees of The University of New Mexico. The salaries and fringe benefits for the faculty teaching in the various programs, staff, and students account for more than half of the total expenditures. Expenditures for the Management Development Center were \$1,498,566 in 2009, \$1,465,479 in 2008, and \$1,609,676 in 2007. The decrease in expenditures in 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 staffing and operating costs were reduced. Faculty salaries were up in 2009 because of an increase in the amount paid per class for the EMBA and PMBA programs and the additional GRE classes scheduled in 2009. Staff salaries were down in the 2009 because of a hiring freeze at UNM and a staff member who left during 2009 could not be replaced.

Other major expenditures include books and course materials, marketing and advertising, and student fees paid to UNM for the EMBA and PMBA students to use UNM libraries and other facilities. UNM student fees for EMBA and PMBA students were down because of the smaller 2008-2010 EMBA class and the end of the PMBA class in December 2008. Changes to the marketing plan and more electronic advertising resulted in a reduction to

**THE ROBERT O. ANDERSON
SCHOOLS OF MANAGEMENT FOUNDATION
(A COMPONENT UNIT OF THE UNIVERSITY OF NEW MEXICO)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2009**

the marketing/advertising and postage/printing costs. The cost and the revenue from the international trip were up. The cost of international trip, taken by second year EMBA students, was contracted for the second time through a third party travel agency specializing in executive education trips. Before 2008, the students' airfare and hotel expenses were paid directly by the student to the airline and the hotel, not through the MDC. The China trip in 2008 and the Argentina trip in 2009 were handled differently, with the students paying the MDC for the total cost of the trip and the Anderson Foundation paying the travel agency. Bad debt expense was up to bring the allowance account up to a reasonable amount considering the amount of receivables. Most receivables are collectible because the students are prohibited from finishing the program and graduating if they do not pay. Occasionally students will enter the program and lose employer funding.

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, student orientation, career fairs, and scholarships for students. Faculty allocations are used for various professional conferences and development, equipment, computers, and software to support faculty teaching and research. For the last few years, Anderson staff was allocated funds for professional development and conferences.

Nonoperating Activities

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 the Wells Fargo.

Funds totaling \$13,000, donated over the last few years, were repurposed by the donor and transferred to UNM Foundation to supplement additional donations for a student scholarship endowment.

**THE ROBERT O. ANDERSON
SCHOOLS OF MANAGEMENT FOUNDATION
(A COMPONENT UNIT OF THE UNIVERSITY OF NEW MEXICO)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2009**

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, 2009 and June 30, 2008

ASSETS

| | 2009 | 2008 |
|---|---------------------|------------------|
| Current Assets: | | |
| Cash and cash equivalents | \$ 1,194,912 | 1,376,861 |
| Short-term investments | 431,528 | 599,187 |
| Accounts receivable, less allowance for doubtful receivables of \$25,000 in 2009 and \$22,500 in 2008 | 1,006,689 | 987,279 |
| Due from The University of New Mexico - unrestricted donations | 20,292 | 57,116 |
| Inventory - MDC textbooks | 31,564 | 20,628 |
| Promotion items on hand | 6,623 | 5,318 |
| Total current assets | <u>2,691,608</u> | <u>3,046,389</u> |
| Long-term investments | <u>554,747</u> | <u>488,463</u> |
| Total assets | <u>\$ 3,246,355</u> | <u>3,534,852</u> |

LIABILITIES AND NET ASSETS

| | | |
|--|---------------------|------------------|
| Current liabilities: | | |
| Accounts payable | \$ 115,340 | 100,080 |
| Due to The University of New Mexico - Management Development Center and other expenses | 772,121 | 927,110 |
| Deferred revenue | 747,865 | 922,147 |
| Total current liabilities | <u>1,635,326</u> | <u>1,949,337</u> |
| Net assets: | | |
| Unrestricted: | | |
| Undesignated | 667,894 | 750,748 |
| Board designated | 502,904 | 391,412 |
| Restricted expendable | 440,231 | 443,355 |
| Total net assets | <u>1,611,029</u> | <u>1,585,515</u> |
| Total liabilities and net assets | <u>\$ 3,246,355</u> | <u>3,534,852</u> |

See accompanying notes to the financial statements.

THE ROBERT O. ANDERSON
SCHOOLS OF MANAGEMENT FOUNDATION
(A Component Unit of the University of New Mexico)
Statements of Revenues, Expenses, and Changes in Net Assets
June 30, 2009 and June 30, 2008

| | 2009 | 2008 |
|--|---------------------|--------------------|
| Operating revenues and other support: | | |
| Management Development Center revenues | \$ 1,939,532 | 2,046,208 |
| Management Development Center expenses | <u>(1,498,566)</u> | <u>(1,465,479)</u> |
| Net revenue from Management Development Center operations | 440,966 | 580,729 |
| Contributions | 138,745 | 201,970 |
| Consulting and conference revenue | 238,207 | 157,688 |
| Fundraising events | 42,300 | 37,915 |
| Other income | 28,974 | 25,466 |
| In-kind contributions | <u>197,896</u> | <u>5,210</u> |
| Total operating revenues and other support | 1,087,088 | 1,008,978 |
| Operating expenses: | | |
| Program services | 717,464 | 547,419 |
| Fundraising activities | 84,528 | 86,179 |
| Management and general | <u>149,894</u> | <u>157,274</u> |
| Total operating expenses | 951,886 | 790,872 |
| Changes in net assets from operations | 135,202 | 218,106 |
| Nonoperating activities: | | |
| Earmarked contributions | - | 10,550 |
| Interest/dividend income | 32,015 | 81,449 |
| Net unrealized on equity securities | (78,902) | (61,011) |
| Net realized gain on equity securities | (49,801) | (1,846) |
| Transfer to UNM Foundation | <u>(13,000)</u> | <u>(189,966)</u> |
| Net nonoperating activities | (109,688) | (160,824) |
| Change in net assets | 25,514 | 57,282 |
| Net assets, beginning of year | <u>1,585,515</u> | <u>1,528,233</u> |
| Net assets, end of year | <u>\$ 1,611,029</u> | <u>1,585,515</u> |

See accompanying notes to the 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, 2009 and June 30, 2008

| | 2009 | 2008 |
|--|----------------------------|-------------------------|
| Cash flows from operating activities: | | |
| Receipts from Management Development Center | \$ 1,745,493 | 2,156,549 |
| Receipts from other revenues and support | 485,398 | 393,201 |
| Payments to The University of New Mexico | (927,110) | (1,068,732) |
| Payments to outside vendors | <u>(1,477,417)</u> | <u>(1,394,836)</u> |
| Net cash (used) provided by operating activities | <u>(173,636)</u> | <u>86,182</u> |
| Cash flows from noncapital financing activities: | | |
| Receipts from earmarked contributions | - | 10,550 |
| Transfers to UNM Foundation | <u>(13,000)</u> | <u>(189,966)</u> |
| Net cash used by noncapital financing activities | <u>(13,000)</u> | <u>(179,416)</u> |
| Cash flows from investing activities: | | |
| Investments purchased | (335,896) | (186,462) |
| Investments proceeds | 308,568 | 147,409 |
| Cash receipts from investment income | <u>32,015</u> | <u>81,449</u> |
| Net cash provided by investing activities | <u>4,687</u> | <u>42,396</u> |
| Net decrease in cash and cash equivalents | (181,949) | (50,838) |
| Cash and cash equivalents, beginning of year | <u>1,376,861</u> | <u>1,427,699</u> |
| Cash and cash equivalents, end of year | \$ <u>1,194,912</u> | <u>1,376,861</u> |
| Reconciliation of changes in net assets to net cash provided by operating activities: | | |
| Operating income | \$ 135,202 | 218,106 |
| Adjustments to reconcile changed in net assets to net cash provided by operating activities: | | |
| Changes in assets and liabilities | | |
| Accounts receivable | (19,410) | 264,549 |
| Due from UNM | 36,825 | (41,699) |
| Inventory - MDC textbooks | (10,937) | 43 |
| Promotional items on hand | (1,305) | (3,418) |
| Accounts payable | 15,260 | (67,430) |
| Due to The University of New Mexico | (154,989) | (141,622) |
| Deferred revenues | <u>(174,282)</u> | <u>(142,347)</u> |
| Net cash (used) provided from operating activities | \$ <u>(173,636)</u> | <u>86,182</u> |

See accompanying notes to the 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, 2009

(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 adopt all relevant pronouncements of the Financial Accounting Standards, except those that conflict with GASB pronouncements, not including those issued after November 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.

THE ROBERT O. ANDERSON
SCHOOLS OF MANAGEMENT FOUNDATION
(A COMPONENT UNIT OF THE UNIVERSITY OF NEW MEXICO)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(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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(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 (MDC) non-degree educational programs (certificate and GMAT/GRE). Revenue is recognized as cash is received. In past years, the MDC had educational contracts with various New Mexico businesses. Occasionally the MDC will do customized training for a business, based on the certificate programs. The revenue and expenses from the customized training is included in the certificate programs.

EMBA is a two year academic program and PMBA is a two and one half year academic program with participants earning a Masters of Business Administration degree from The University of New Mexico. Tuition revenue for both programs 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

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(2) Summary of Significant Accounting Policies (Continued)

(i) *Revenue Recognition (Continued)*

the second and/or third year of the programs for the most current classes. The Anderson School did not continue the PMBA program. The program ended December 2008 with most participants graduating as scheduled and a few finishing the degree through the EMBA program. 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 2009 and 2008 totaled \$53,067 and \$41,694 for program and support services and \$85,259 and \$107,070 for the Anderson Management Development Center, respectively.

(n) *Reclassifications*

Certain reclassifications have been made in the 2008 financial statements to conform to the 2009 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, 2009 and 2008, the Anderson Foundation has net accounts payable of \$772,121 and \$927,110, 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.

(4) Cash and Cash Equivalents

A detail of the cash accounts at June 30, 2009 is included below:

| Name of Depository | Account Name | Account Type | Bank Balance | Reconciling Items | Reconciled Balance |
|--------------------|--------------|--------------|---------------------|-------------------|--------------------|
| Petty cash | - | - | \$ 200 | - | 200 |
| Wells Fargo | Operating | Cash | 150,000 | (15,408) | 134,592 |
| Wells Fargo | Sweep | Cash | 1,051,971 | 8,149 | 1,060,120 |
| | | | <u>\$ 1,202,171</u> | <u>(7,260)</u> | <u>1,194,912</u> |

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 \$1,194,712 and \$1,376,661 on deposit with a local financial institution at June 30, 2009 and 2008, respectively. These balances were insured by the Federal Deposit Insurance Corporation up to \$250,000 in 2009 and \$100,000 in 2008. The uninsured and uncollateralized amount at risk as of June 30, 2009 and 2008 was \$,944,712 and \$1,276,661, respectively. The Anderson Foundation does not require collateral on its cash deposits.

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(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 \$11,170,192 and \$14,230,938 as of June 30, 2009 and 2008, respectively. A portion of the income from these funds, in the amount of \$96,655 and \$625,490, respectively, was allocated for sponsored faculty positions and student scholarships at the Anderson School, as stipulated by the donor. The UNM Foundation withheld a portion of the allocation on endowments where the funds were originally from the State of New Mexico. In August 2009, an additional allocation was made to the state funded endowments where the original principle remained at the historical level. A decision will be made in October 2009 about further allocations.

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. In 2007 and 2008, the contributions received at the Anderson Foundation (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, which was paid in full to UNM in June 2008. 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 revenue and the transfers to UNM were recorded at the UNM Foundation, not the Anderson Foundation. In 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 in 2008 after the final transfer) plus additional contributions received in 2009 are at the UNM Foundation and will be used for improvements and maintenance on the various rooms. The total amount of \$30,754.11, as of June 30, 2009, appears as part of the restricted non-endowed balance at the UNM Foundation, designated for the Anderson School.

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(6) UNM Foundation Current Funds (Continued)

Other restricted funds are spent by the 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 of June 30, 2009 and 2008 of \$20,292 and \$57,116 in additional unrestricted contributions and \$447,192 and \$426,368, respectively, in restricted resources available to the Anderson School. The net unrestricted contributions are in the current assets of the Anderson Foundation.

(7) Investments

The Anderson Foundation has an investment account with Wells Fargo Investment Group of \$986,276 and \$1,087,650 for June 30, 2009 and 2008, 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, 2009 and 2008, the Anderson Foundation held approximately 45.22% and 44.13% 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.

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(7) Investments (Continued)

In October 2008 and for several months after, the investment markets experienced significant fluctuations. This impacted the value of the investments during the fiscal year ended June 30, 2009. Subsequent to year end there has been a partial recovery of the losses.

A summary of the investments held by the Anderson Foundation at June 30, 2009 and June 30, 2008 and the Anderson Foundation's exposure to custodial credit risk are as follows:

| | <u>Fair Value Amounts at</u> | |
|---|------------------------------|------------------|
| | June 30, | June 30, |
| | 2009 | 2008 |
| US Government Agency securities | \$ - | 50,656 |
| Corporate obligations | 165,222 | 268,713 |
| Corporate stock | <u>351,182</u> | <u>247,163</u> |
| Total securities held by custodians | 516,404 | 566,532 |
| Investments not subject to custodial credit risk -- | | |
| Mutual funds and equities | 406,912 | 368,370 |
| Real estate funds | 38,343 | 22,559 |
| Other | <u>24,616</u> | <u>130,189</u> |
| | <u>\$ 986,275</u> | <u>1,087,650</u> |

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(7) Investments (Continued)

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 | 0 | 4 | 20 |
| Domestic Small Cap equities | 0 | 3 | 10 |
| International equities | 4 | 9 | 20 |
| Emerging Market equities | 0 | 0 | 7 |
| Real Estate Investment Trusts | 0 | 4 | 15 |
| Total equities | 25 | 40 | 60 |
| <i>Fixed Income:</i> | | | |
| Domestic | 35 | 52 | 74 |
| International | 0 | 0 | 15 |
| High Yield | 0 | 6 | 15 |
| Total Fixed | 35 | 58 | 75 |
| <i>Alternative Investments</i> | 0 | 0 | 10 |

As of June 30, 2009, the Anderson Foundation has investments in following corporate obligations that are greater than 5% of the total investments:

| | |
|--|----------|
| Caterpillar Financial Services Inc. Moody's Rating: A2 Standard & Poor's Rating: A | \$52,077 |
| Goldman Sachs Group, Inc. Moody's Rating: A1 Standard & Poor's Rating: A | \$62,808 |
| HSBC Finance Corporation Moody's Rating: A3 Standard & Poor's Rating: A | \$50,337 |

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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 | 2009 Investment maturities | | | |
|---------------------------|-------------------|----------------------------|----------------|------------|--------------------|
| | | Less than 1 year | 1-5 years | 5-10 years | More than 10 years |
| At interest rate risk | | | | | |
| Government obligations | \$ - | - | - | - | - |
| Corporate obligations | 165,222 | - | 165,222 | - | - |
| | <u>165,222</u> | - | <u>165,222</u> | - | - |
| Not at interest rate risk | | | | | |
| Corporate stock | 199,908 | | | | |
| Money market | 24,616 | | | | |
| Mutual funds | 558,186 | | | | |
| Real estate funds | <u>38,343</u> | | | | |
| Total investments | <u>\$ 986,275</u> | | | | |

| | 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>\$ 1,087,650</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, 2009 | | | June 30, 2008 | | |
|-----------------------------------|--------------------|--------------------------|--------------------|-----------------|--------------------------|------------------|
| | Unrestricted | Restricted Expendable | Total | Unrestricted | Restricted Expendable | Total |
| Interest/dividend income | \$ 31,264 | \$ 751 | \$ 32,015 | \$ 69,379 | \$ 12,070 | \$ 81,449 |
| Net realized and unrealized gains | <u>(128,703)</u> | <u>-</u> | <u>(128,703)</u> | <u>(62,857)</u> | <u>-</u> | <u>(62,857)</u> |
| Total investment income | \$ <u>(97,439)</u> | \$ <u>751</u> | \$ <u>(96,688)</u> | \$ <u>6,522</u> | \$ <u>12,070</u> | \$ <u>18,592</u> |

(8) Restricted Expendable Net Assets

Restricted expendable net assets are available for the following purposes:

| | <u>2009</u> | <u>2008</u> |
|----------------------------------|-------------------|----------------|
| Programs | \$ 300,457 | 284,136 |
| Scholarships | <u>139,774</u> | <u>159,219</u> |
| Restricted expendable net assets | <u>\$ 440,231</u> | <u>443,355</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.

SUPPLEMENTARY INFORMATION

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Statement of Functional Expenses
June 30, 2009

| | Program services | | | Support services | | Total |
|----------------------------|-------------------|-----------------|------------------------|------------------------|------------------------|----------------|
| | Faculty support | Student support | Total program services | Management and general | Fundraising activities | |
| Compensation | \$ 22,507 | 13,579 | 36,086 | 17,132 | - | 53,218 |
| Advertising and promotion | 5,889 | 18,109 | 23,998 | 29,069 | - | 53,067 |
| Audit and accounting | - | - | - | 19,215 | - | 19,215 |
| Bad debt expense | - | - | - | - | - | - |
| Bank charges | - | - | - | 25,018 | - | 25,018 |
| Business plan award | - | 40,000 | 40,000 | - | - | 40,000 |
| Commencement | - | - | - | 9,870 | - | 9,870 |
| Computer supplies | 22,732 | 542 | 23,274 | 367 | 256 | 23,897 |
| Computer/software in-kind | - | 187,008 | 187,008 | - | - | 187,008 |
| Conference expenses | 27,669 | 11,751 | 39,420 | - | - | 39,420 |
| Dues and memberships | 14,840 | 1,170 | 16,010 | 4,100 | - | 20,110 |
| Equipment | 70,589 | - | 70,589 | 7,261 | - | 77,850 |
| Honoraria | 1,800 | 449 | 2,249 | - | - | 2,249 |
| Insurance | - | - | - | 3,942 | - | 3,942 |
| Materials and services | 13,114 | 12,879 | 25,993 | 7,452 | 854 | 34,299 |
| Meals and facilities | 16,316 | 22,453 | 38,769 | 13,558 | 62,442 | 114,769 |
| Parking | - | - | - | 253 | - | 253 |
| Printing and postage | 3,384 | 2,430 | 5,814 | 5,490 | 56 | 11,360 |
| Publications | - | - | - | - | 16,579 | 16,579 |
| Student and faculty awards | - | 27,386 | 27,386 | - | - | 27,386 |
| Subscription and books | 18,394 | - | 18,394 | 1,014 | - | 19,408 |
| Tax preparation in-kind | - | - | - | 4,017 | - | 4,017 |
| Telephone | 493 | - | 493 | 431 | 2,640 | 3,564 |
| Training and development | 18,715 | - | 18,715 | 1,066 | - | 19,781 |
| Travel | 137,793 | 5,473 | 143,266 | 639 | 1,701 | 145,606 |
| Total expenses | \$ 374,235 | 343,229 | 717,464 | 149,894 | 84,528 | 951,886 |

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Statement 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 |
| 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 Revenues and Expenses - Management Development Center
June 30, 2009

| | EMBA Program | PMBA Program | Certificate Programs | GMAT Prep Course | Total |
|--|-------------------|-----------------|-------------------------|---------------------|------------------|
| Revenues: | | | | | |
| Student fees | \$ 1,494,663 | 158,090 | - | - | 1,652,753 |
| Registration fees | - | - | 197,542 | 89,237 | 286,779 |
| Total revenues | <u>1,494,663</u> | <u>158,090</u> | <u>197,542</u> | <u>89,237</u> | <u>1,939,532</u> |
| Traceable Costs: | | | | | |
| Compensation | 212,093 | 44,827 | 53,841 | 62,149 | 372,910 |
| Bad debt expense | 21,424 | - | - | - | 21,424 |
| Books/Course Materials | 111,748 | 10,087 | 32,487 | 6,942 | 161,264 |
| Consultants | - | - | 10,000 | - | 10,000 |
| Copier/office supplies | 12,589 | 958 | 87 | 94 | 13,728 |
| Dues and memberships | 3,629 | - | - | - | 3,629 |
| Equipment | 1,154 | - | - | - | 1,154 |
| Marketing and advertising | 51,553 | - | 31,286 | 2,420 | 85,259 |
| Materials and services | 3,121 | 1,024 | 90 | 94 | 4,329 |
| Meals and facilities | 79,180 | 4,516 | 5,833 | - | 89,529 |
| Parking | 14,622 | - | 1,994 | 1,760 | 18,376 |
| Postage and printing | 11,657 | 697 | 6,351 | 4,698 | 23,403 |
| Student fees | 122,315 | 16,268 | - | - | 138,583 |
| Telephone | 864 | - | 24 | - | 888 |
| Training and development | 8,791 | - | 995 | - | 9,786 |
| Travel and recruiting | 131,541 | 10,265 | 2,616 | - | 144,422 |
| Total Traceable Costs | <u>786,281</u> | <u>88,642</u> | <u>145,604</u> | <u>78,157</u> | <u>1,098,684</u> |
| Segment Contribution | <u>708,382</u> | <u>69,448</u> | <u>51,938</u> | <u>11,080</u> | <u>840,848</u> |
| Common Fixed Costs: | | | | | |
| Staff Compensation | 260,508 | 34,897 | 68,471 | 12,703 | 376,579 |
| Copier/office supplies | 13,509 | 844 | 1,689 | 844 | 16,886 |
| Equipment | - | - | - | - | - |
| Materials and services | 299 | 18 | 18 | 17 | 352 |
| Telephone | 4,549 | 607 | 607 | 302 | 6,065 |
| Total Common Costs | <u>278,865</u> | <u>36,366</u> | <u>70,785</u> | <u>13,866</u> | <u>399,882</u> |
| Net revenue from Management Development Center | \$ <u>429,517</u> | <u>33,082</u> | <u>(18,847)</u> | <u>(2,786)</u> | <u>440,966</u> |

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Schedule of Revenues and Expenses - Management Development Center
June 30, 2008

| | EMBA Program | PMBA Program | Certificate Programs | GMAT Prep Course | Total |
|--|--------------------------|----------------------|-------------------------|----------------------|-----------------------|
| Revenues: | | | | | |
| Student fees | \$ 1,485,277 | 266,830 | - | - | 1,752,107 |
| 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>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 |
| 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>42,185</u> | <u>1,027,047</u> |
| Segment Contribution | <u>796,433</u> | <u>126,743</u> | <u>67,630</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>13,114</u> | <u>438,432</u> |
| Net revenue from Management Development Center | \$ <u><u>523,098</u></u> | <u><u>41,166</u></u> | <u><u>1,224</u></u> | <u><u>15,241</u></u> | <u><u>580,729</u></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, 2009, and has issued our report thereon dated October 9, 2009. 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 Anderson Foundation's financial statements that is more than inconsequential will not be prevented or detected by the Anderson Foundation'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 Anderson Foundation'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, 2009

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

Schedule of Findings and Responses

June 30, 2009

PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS

None.

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

Exit Conference

An exit conference was conducted on October 14, 2009, in which the contents of this report were discussed with the following:

For The Robert O. Anderson Schools of Management Foundation:

Deborah Bower, Fiscal Officer
John Shelton, Board Member

For Moss Adams LLP

Jason Galloway, Manager