

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

(A Component Unit of the
University of New Mexico)

Financial Statements

June 30, 2010

With Independent Auditors'

Report Thereon

**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, 2010**

OFFICERS

Deborah Gorenz, Chair
Ned A. Godshall, Vice-Chair
John R. Shelton, Treasurer
Francis Edwards, Secretary
Carol M. Cochran, Past-Chair

COMMITTEE CHAIRS

Francis Edwards, Co-Chair, Strategic Planning Committee
Ed Kraft, Co-Chair, Strategic Planning Committee
Sheri Milone, Chair, Advancement Committee
Fred W. Winter, Chair, Recruiting and Nominating Committee
John Shelton, Chair, Finance Committee

EX-OFFICIO MEMBERS

Douglas M. Brown, Dean
Ernest Rodriguez-Naaz, Chief Development Officer

BOARD MEMBERS

Robert B. Anderson	James W. Rogers, Jr.
Mike Lowrimore	Victor Garcia
Keith Bandoni	Richard A. Salmon
Ben Miller	Terry Horn
Bruce Beebe	Gerard Sanchez
Michael A. Mimovich	Henry (Hank) A. Kelly
John Brown	Kenneth Sapon
Kim Nunley	Richard Kilmer
Elizabeth "Betsy" Carlson	Ron Smith
Joni K. Pierce	Bart Kinney
John Chavez	Scott W. Throckmorton
Donald A. M. Power	Wayne Brown (Advisory only)
Darin Davis	

Independent Auditors' Report

The Board of Directors
The Robert O. Anderson Schools of Management Foundation

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, 2010 and 2009, 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, 2010 and 2009, 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 13, 2010 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

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.

Mess Adams LLP

Albuquerque, New Mexico
October 13, 2010

**THE ROBERT O. ANDERSON
SCHOOLS OF MANAGEMENT FOUNDATION
(A COMPONENT UNIT OF THE UNIVERSITY OF NEW MEXICO)
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

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, 2010 and 2009. 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, 2010 and 2009, 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 (CONTINUED)
June 30, 2010 and 2009

Condensed Financial Information

	2010	2009	2008
Current assets	\$ 2,972,866	2,691,608	3,046,389
Other assets	431,881	554,747	488,463
Total assets	<u>3,404,747</u>	<u>3,246,355</u>	<u>3,534,852</u>
Current liabilities	1,672,861	1,635,326	1,949,337
Net assets			
Undesignated	807,121	667,894	750,748
Board designated	402,924	502,904	391,412
Restricted expendable	521,841	440,231	443,355
Total net assets	<u>1,731,886</u>	<u>1,611,029</u>	<u>1,585,515</u>
Total liabilities and net assets	<u>3,404,747</u>	<u>3,246,355</u>	<u>3,534,852</u>
Management Development Center operations:			
Revenues	1,917,141	1,939,532	2,046,208
Expenses	(1,367,985)	(1,498,566)	(1,465,479)
Net revenue from MDC operations	<u>549,156</u>	<u>440,966</u>	<u>580,729</u>
Other revenues and support	410,395	646,122	428,249
Operating revenues and other support	<u>959,551</u>	<u>1,087,088</u>	<u>1,008,978</u>
Expenses:			
Program services	608,651	717,464	547,419
Fundraising activities	95,161	84,528	86,179
Management and general	164,580	149,894	157,274
Total expenses	<u>868,392</u>	<u>951,886</u>	<u>790,872</u>
Change in net assets from operations	91,159	135,202	218,106
Nonoperating activities			
Earmarked contributions	-	-	10,550
Investment activities	79,698	(96,688)	18,592
Transfers to UNM Foundation	(50,000)	(13,000)	(189,966)
Net nonoperating activities	<u>29,698</u>	<u>(109,688)</u>	<u>(160,824)</u>
Change in net assets	<u>120,857</u>	<u>25,514</u>	<u>57,282</u>
Net assets, beginning of year	1,611,029	1,585,515	1,528,233
Net assets, end of year	<u>\$ 1,731,886</u>	<u>1,611,029</u>	<u>1,585,515</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, 2010

Financial Analysis

Statement of Net Assets

Assets

A majority of the June 30, 2010, 2009, and 2008 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 in 2005. The total balances, including short-term and long-term investments, in the account as of June 30, 2010, 2009, and 2008 are \$1,024,195, \$986,275, and \$1,087,650, 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, 2010, 2009 and 2008 are \$183,813, \$134,592, and \$142,278, 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, 2010, 2009, and 2008 are \$944,533, \$1,060,120, and \$1,234,383, respectively.

Accounts receivable at the Anderson Foundation consists primarily (~89%) of student receivables from the Executive MBA (EMBA) cohort groups. There are currently two active EMBA groups. Deferred revenue and receivables are posted for each student at the beginning of the program, which lasts approximately two years (seven semesters) for the EMBA students. Revenue is recognized as the students are registered and attend the required classes each semester. The deferred revenue and receivables are reversed if the student leaves the program prior to graduation. There were no students during 2010 with unpaid balances considered uncollectible, so no bad debt expense was posted in 2010. Tuition from one student, written off in 2009, was recovered through UNM collections. Tuition for another student, who was briefly in the program in 2009, was considered a possible uncollectible account and was expensed in 2009, but written off in 2010 when no contact with the student was possible. The net result was a decrease in the allowance for doubtful accounts of \$668. The allowance account balance of \$24,302 is sufficient at this time.

**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, 2010**

Liabilities

The greater part of the current liabilities are a payable due to UNM for expenses generated from the EMBA program, Certificate programs, GRE/GMAT preparation classes, and other faculty and student 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, 2010, 2009 and 2008 is \$657,795, \$772,121, and \$927,110, 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, the elimination of the customized training programs starting in 2006-2007 and the reduction in the number of GRE/GMAT classes taught in 2010.

The other liability of significance is the deferred revenue from the Management Development Center Executive MBA program. Most of the current June 30, 2010 deferred revenue will be recognized as income during the fiscal year ending June 30, 2011 as the students in the 2009-2011 cohort group complete courses. Total deferred revenue as of June 30, 2010 is \$931,650, up from \$747,865 on June 30, 2009. Deferred revenue increased because of (1) an increase in tuition and (2) the 2009-2011 cohort group is larger than classes from the last few years. There are 53 students beginning the second year of the 2009-2011 program compared to 42 in the previous 2008-2010 group. In past years there was an average of 50 students in the second year, but for several years the classes were smaller than average. Deferred revenue as of June 30, 2010 consists of \$896,520 from 2009-2011 EMBA cohort, and \$35,130 from seat deposits and other prepaid tuition for the 2010-2012 EMBA cohort, which started in July 2010.

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 2010, 2009 and 2008 are \$521,841, \$440,231, and \$443,355, 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 major increase between 2010 and 2009 is a result of funds received from the TIP endowment for the 2011 UNM Business Plan Competition and a grant from the McCune Foundation for the 2011 Entrepreneurial Challenge.

**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, 2010**

The board designated funds are either funds allocated by the Anderson Foundation Board to the faculty, departments, and staff at the UNM Anderson School of Management or are funds generated by faculty consulting activities, special teaching programs, or conferences. Funds in the accounts may be allocated or received in one fiscal year and spent in another year depending on the timing of conferences, equipment purchases, computer and software needs, or faculty sabbaticals. Balances in the board designated funds are \$402,924, \$502,904, and \$391,412 as of June 30, 2010, 2009 and 2008, respectively.

Unrestricted funds are primarily from unrestricted contributions or net revenues generated by the activities of the Management Development Center. The Management Development Center is a self-supporting department within the Anderson Foundation, offering a variety of educational products, including the EMBA program, non-degree certificate programs, and GRE/GMAT preparation classes for potential Anderson EMBA, MBA, and Masters of Accounting students. Estimated net revenues for the fiscal year are allocated to the Dean of the Anderson School, who allocates funds to the academic departments, individual faculty, staff and students. If revenues exceed the estimated allocations, unrestricted funds become part of the unrestricted net assets.

Statement of Revenues, Expenses, and Changes in Net Assets

Revenues

Revenue from the Management Development Center is approximately 82% of the Anderson School Foundation 2010 income, with approximately 87% coming from the Executive MBA program. The difference in the revenue generated by the EMBA program between 2010 and 2009, \$1,670,388 and \$1,494,663, respectively, can be attributed to the increase in tuition (7.5%) and the increase in admitted students in the 2009-2011 cohort. Other educational products offered by the Management Development Center include a number of non-degree certificate programs and GRE/GMAT preparatory classes. Revenues from the certificate programs dropped only slightly between 2009 and 2010. There had been a significant drop in certificate program revenues between 2008 and 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 the either the GMAT or the GRE test for admissions into the various Anderson masters programs: EMBA, MBA, and Masters of Accounting. The GRE and GMAT preparation classes were combined in 2010 and only three classes were offered in 2010, compared to five in 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 Event.

**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, 2010**

Expenses

The Management Development Center is a self-supporting department within the Anderson Foundation. Faculty, staff and students working for the Management Development Center 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 \$1,367,985 in 2010, \$1,498,566 in 2009, and \$1,465,479 in 2008. The lower costs in 2010 can be attributed to a number of changes at the Management Development Center: (1) the PMBA program ended in Fall 2008, so there were no expenses, such as salaries, student fees, books, etc., associated with the program in 2010; (2) GRE and GMAT classes were combined in 2010, so the salary and benefits for the instructor were reduced; (3) less students attended the international trip in 2010 than in 2009; (4) there was no bad debt expense in 2010 since 2008-2010 graduating students were in good standing, although tuition for one student from 2009 was written off in 2010 and tuition from a student written off in 2009 was recovered. 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. Staff salaries were up slightly in 2010 because an on-call employee and additional student employees were hired to cover some of the duties of the vacant position.

Other major expenditures include books and course materials, marketing and advertising, meals and facilities, and student fees paid to UNM for the EMBA students to use UNM libraries and other facilities. Changes to the marketing plan and more electronic advertising resulted in a reduction to the marketing/advertising and postage/printing costs in 2009, which stayed stable in 2010. Meals and facilities expense increased significantly between 2009 and 2010 because of an increase in recruiting open houses and an increase in the graduation ceremony expenses. UNM student fees for EMBA students were up slightly in 2010 because of the larger 2009-2011 class and down in 2009 because of the smaller 2008-2010 EMBA class and the end of the PMBA class in December 2008.

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 were allocated \$25,000 annually for professional development, workshops, and conferences. Fundraising costs include the annual Hall of Fame dinner, donor cultivation, and newsletters to alumni and donors.

**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, 2010**

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 (IPS) approved by the Anderson Foundation Board in April 2007 and revised in April 2010. 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. Earnings from the sweep account were down significantly in 2010.

The Anderson School Foundation Board approved \$50,000 in matching funds to start an endowment to benefit the Anderson Marketing Center and marketing students. The entire amount of the Anderson Board commitment was transferred to the UNM Foundation to establish the endowment. The pledge from the donor will be paid over the next five years.

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, 2010 and 2009

ASSETS

	2010	2009
Current Assets:		
Cash and cash equivalents	\$ 1,170,211	1,194,912
Short-term investments	592,314	431,528
Accounts receivable, less allowance for doubtful receivables of \$24,302 in 2010 and \$25,000 in 2009	1,066,927	1,006,689
Due from The University of New Mexico - unrestricted donations	113,146	20,292
Inventory - MDC textbooks	27,445	31,564
Promotion items on hand	2,823	6,623
Total current assets	<u>2,972,866</u>	<u>2,691,608</u>
Long-term investments	<u>431,881</u>	<u>554,747</u>
Total assets	<u>\$ 3,404,747</u>	<u>3,246,355</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 83,416	115,340
Due to The University of New Mexico - Management Development Center and other expenses	657,795	772,121
Deferred revenue	931,650	747,865
Total current liabilities	<u>1,672,861</u>	<u>1,635,326</u>
Net assets:		
Unrestricted:		
Undesignated	807,121	667,894
Board designated	402,924	502,904
Restricted expendable	521,841	440,231
Total net assets	<u>1,731,886</u>	<u>1,611,029</u>
Total liabilities and net assets	<u>\$ 3,404,747</u>	<u>3,246,355</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, 2010 and 2009

	2010	2009
Operating revenues and other support:		
Management Development Center revenues	\$ 1,917,141	1,939,532
Management Development Center expenses	<u>(1,367,985)</u>	<u>(1,498,566)</u>
Net revenue from Management Development Center operations	549,156	440,966
Contributions	179,648	138,745
Consulting and conference revenue	166,853	238,207
Fundraising events	39,454	42,300
Other income	22,190	28,974
In-kind contributions	<u>2,250</u>	<u>197,896</u>
Total operating revenues and other support	959,551	1,087,088
Operating expenses:		
Program services	608,651	717,464
Fundraising activities	95,161	84,528
Management and general	<u>164,580</u>	<u>149,894</u>
Total operating expenses	868,392	951,886
Changes in net assets from operations	91,159	135,202
Nonoperating activities:		
Interest/dividend income	22,683	32,015
Net unrealized gain (loss) on investments	67,969	(78,902)
Net realized (loss) on investments	(10,954)	(49,801)
Transfer to UNM Foundation	<u>(50,000)</u>	<u>(13,000)</u>
Net nonoperating activities	29,698	(109,688)
Change in net assets	<u>120,857</u>	<u>25,514</u>
Net assets, beginning of year	1,611,029	1,585,515
Net assets, end of year	<u><u>\$ 1,731,886</u></u>	<u><u>1,611,029</u></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, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Receipts from Management Development Center	\$ 2,040,688	1,745,493
Receipts from other revenues and support	315,291	485,398
Payments to The University of New Mexico	(772,121)	(927,110)
Payments to outside vendors	(1,600,337)	(1,477,417)
Net cash (used) by operating activities	<u>(16,479)</u>	<u>(173,636)</u>
Cash flows from noncapital financing activities:		
Transfers to UNM Foundation	<u>(50,000)</u>	<u>(13,000)</u>
Net cash (used) by noncapital financing activities	(50,000)	(13,000)
Cash flows from investing activities:		
Investments purchased	(997,599)	(335,896)
Investments proceeds	1,016,694	308,568
Cash receipts from investment income	<u>22,683</u>	<u>32,015</u>
Net cash provided by investing activities	<u>41,778</u>	<u>4,687</u>
Net (decrease) in cash and cash equivalents	(24,701)	(181,949)
Cash and cash equivalents, beginning of year	1,194,912	1,376,861
Cash and cash equivalents, end of year	\$ <u><u>1,170,211</u></u>	<u><u>1,194,912</u></u>
Reconciliation of changes in net assets to net cash provided by operating activities:		
Operating income	\$ 91,159	135,202
Adjustments to reconcile changed in net assets to net cash provided by operating activities:		
Changes in assets and liabilities		
Accounts receivable	(60,238)	(19,410)
Due from UNM	(92,854)	36,825
Inventory - MDC textbooks	4,119	(10,937)
Promotional items on hand	3,800	(1,305)
Accounts payable	(31,924)	15,260
Due to The University of New Mexico	(114,326)	(154,989)
Deferred revenues	<u>183,785</u>	<u>(174,282)</u>
Net cash (used) by operating activities	\$ <u><u>(16,479)</u></u>	<u><u>(173,636)</u></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, 2010

(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, a masters level degree program, 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 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, 2010

(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 from 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.

THE ROBERT O. ANDERSON
SCHOOLS OF MANAGEMENT FOUNDATION
(A COMPONENT UNIT OF THE UNIVERSITY OF NEW MEXICO)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

(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 GRE/GMAT). 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.

The Executive MBA (EMBA) is a two year academic program with participants earning a Master's of Business Administration degree from The University of New Mexico. Tuition revenue for the program 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 program 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 year of the program for the most current classes. The Anderson School did not continue the PMBA

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

(i) *Revenue Recognition (Continued)*

program after the first group finished in December 2008. Most participants graduated as scheduled, with 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) *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.

(k) *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.

(l) *Advertising Costs*

The Anderson Foundation expenses advertising costs as incurred. Advertising expense in 2010 and 2009 totaled \$46,700 and \$53,067 for program and support services and \$86,532 and \$85,259 for the Anderson Management Development Center, respectively.

(m) *Reclassifications*

Certain reclassifications have been made in the 2009 financial statements to conform to the 2010 presentation.

(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, 2010 and 2009, the Anderson Foundation has net accounts payable of \$657,795 and \$772,121, 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.

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(4) Cash and Cash Equivalents

A detail of the cash accounts at June 30, 2010 is included below:

Name of Depository	Account Name	Account Type	Bank Balance	Reconciling Items	Reconciled Balance
Petty cash	-	-	\$ 200	\$ -	\$ 200
Wells Fargo	Operating	Cash	155,087	28,726	183,813
Wells Fargo	Sweep	Cash	944,778	(245)	944,533
Wells Fargo	Department	Money Market	41,665	-	41,665
			<u>\$ 1,141,730</u>	<u>\$ 28,481</u>	<u>\$ 1,170,211</u>

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>\$ (7,259)</u>	<u>\$ 1,194,912</u>

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

The Anderson Foundation had \$1,141,530 and \$1,201,971 on deposit with a local financial institution at June 30, 2010 and 2009, respectively. These balances were insured by the Federal Deposit Insurance Corporation up to \$250,000 in 2010 and 2009. The uninsured and uncollateralized amount at risk as of June 30, 2010 and 2009 was \$891,530 and \$951,971, respectively. The Anderson Foundation does not require collateral on its cash deposits. Money market funds are money market mutual funds and not subject to custodial credit risk.

(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 \$11,801,907 and \$11,170,192 as of June 30, 2010 and 2009, respectively. A portion of the earnings from these funds, in the amount of \$528,241 and \$544,254, respectively, was allocated for sponsored faculty positions and student scholarships at the Anderson School, as stipulated by the donor. The UNM Foundation allocated earnings twice for use in 2010 due to concerns about state funded endowments where the original principal remained at the historical level. The first allocation was \$96,655 on June 30, 2009 as indicated in the 2009 Anderson Foundation financial statements. In August 2009, an additional

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

\$447,599 was allocated to the appropriate spending account. A few of the more currently established endowments were not fully funded in either 2009 or 2010.

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, as well as the Business Plan Competition, contributions (revenue) and expenses are recorded by the Anderson Foundation. 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 net balance as of June 30, 2010 and 2009 of \$108,188 and \$20,292 in unrestricted contributions. The net balance in the Business Plan Competition account at UNM Foundation on June 30, 2010 is \$4,958. The net unrestricted contributions and the Business Plan Competition net balance are in the current assets of the Anderson Foundation. The total amount of non-endowed funds at the UNM Foundation in 2010 and 2009 is \$646,339 and \$467,484, respectively. Included are restricted resources of \$533,193 and \$447,192 for June 30, 2010 and 2009, respectively, available to the Anderson School which are not recorded in the Anderson Foundation.

(7) Investments

The Anderson Foundation has an investment account with Wells Fargo Investment Group of \$1,024,195 and \$986,276 for June 30, 2010 and 2009, 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, 2010 and 2009, the Anderson Foundation held approximately 49% and 45% 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 and meet annually with the finance committee to discuss the status of the account.

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(7) Investments (Continued)

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 2010, the Anderson Foundation Board of Directors approved changes to Investment Policy Statement (IPS). The April 2007 IPS was written 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.

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. There has been a partial recovery of the losses during 2010.

A summary of the investments held by the Anderson Foundation at June 30, 2010 and June 30, 2009 and the Anderson Foundation’s exposure to custodial credit risk are as follows:

	Fair Value Amounts at	
	June 30, 2010	June 30, 2009
US Government Agency securities	\$ 51,844	-
Corporate obligations	181,427	165,222
Corporate stock	-	351,182
Total securities held by custodians	233,271	516,404
Investments not subject to custodial credit risk –		
Mutual funds	693,331	406,912
Real estate funds	97,593	38,343
Other	-	24,616
	<u>\$ 1,024,195</u>	<u>986,275</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. An investment in any one issuer that represents 5% or more of total investments is considered to be exposed to concentrated credit risk and is 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	19	40	127
<i>Fixed Income:</i>			
Domestic	35	52	74
International	0	0	15
High Yield	0	6	15
Total Fixed	35	58	104
<i>Alternative Investments</i>	0	0	10

As of June 30, 2010, the Anderson Foundation has investments in following corporate obligations that are greater than 5% of the total investments:

Goldman Sachs Group, Inc.	\$ 52,795
Moody's Rating: A1	
Standard & Poor's Rating: A	

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(7) Investments (Continued)

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

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 its 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 investment's 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	2010 Investment maturities			
		Less than 1 year	1-5 years	5-10 years	More than 10 years
At interest rate risk					
Government obligations	\$ 51,844	-	51,844	-	-
Corporate obligations	181,427	101,647	79,780	-	-
	<u>233,271</u>	<u>101,647</u>	<u>131,624</u>	<u>-</u>	<u>-</u>
Not at interest rate risk					
Mutual funds	693,331				
Real estate funds	<u>97,593</u>				
Total investments	<u>\$1,024,195</u>				

	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>-</u>	<u>165,222</u>	<u>-</u>	<u>-</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>				

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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, 2010			June 30, 2009		
	Unrestricted	Restricted Expendable	Total	Unrestricted	Restricted Expendable	Total
Interest/dividend income	\$ 22,683	\$ -	\$ 22,683	\$ 31,264	\$ 751	\$ 32,015
Net realized and unrealized gains	<u>57,015</u>	<u>-</u>	<u>57,015</u>	<u>(128,703)</u>	<u>-</u>	<u>(128,703)</u>
Total investment income	<u>\$ 79,698</u>	<u>\$ -</u>	<u>\$ 79,698</u>	<u>\$ (97,439)</u>	<u>\$ 751</u>	<u>\$ (96,688)</u>

(8) Restricted Expendable Net Assets

Restricted expendable net assets are available for the following purposes:

	2010	2009
Programs	\$ 323,812	300,457
Scholarships	<u>198,029</u>	<u>139,774</u>
Restricted expendable net assets	<u>\$ 521,841</u>	<u>440,231</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. Faculty and staff are employees of the University of New Mexico (UNM). Liability insurance covering the University and its "public employees," as defined in the New Mexico Tort Claims Act, property and casualty insurance and workers' compensation insurance are provided by the Risk Management Division, General Services Department, of the State of New Mexico. The Anderson Foundation is also 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. Additional medical travel insurance is purchased for student and staff traveling in the EMBA program.

SUPPLEMENTARY INFORMATION

THE ROBERT O. ANDERSON
SCHOOLS OF MANAGEMENT FOUNDATION
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SCHEDULE OF REVENUES AND EXPENSES - MANAGEMENT DEVELOPMENT CENTER
June 30, 2010

	EMBA Program	Certificate Programs	GMAT Prep Course	Total
Revenues:				
Student fees	\$ 1,670,388	-	-	1,670,388
Registration fees	-	193,295	53,458	246,753
Total revenues	<u>1,670,388</u>	<u>193,295</u>	<u>53,458</u>	<u>1,917,141</u>
Traceable Costs:				
Compensation	173,110	50,767	27,784	251,661
Bad debt expense	-	-	-	-
Books/course materials	133,411	28,274	2,850	164,535
Consultants	320	10,000	-	10,320
Computer/office supplies	6,994	540	-	7,534
Dues and memberships	-	-	-	-
Equipment	10,143	292	-	10,435
Marketing and advertising	46,849	37,931	1,752	86,532
Materials and services	4,396	617	55	5,068
Meals and facilities	113,812	9,113	459	123,384
Parking	23,255	2,642	1,320	27,217
Postage and printing	15,495	5,428	901	21,824
Student fees	141,980	-	-	141,980
Telephone	1,168	37	-	1,205
Training and development	1,518	-	-	1,518
Travel and recruiting	88,459	676	-	89,135
Total Traceable Costs	<u>760,910</u>	<u>146,317</u>	<u>35,121</u>	<u>942,348</u>
Segment Contribution	<u>909,478</u>	<u>46,978</u>	<u>18,337</u>	<u>974,793</u>
Common Fixed Costs:				
Staff compensation	332,250	57,124	6,347	395,721
Copier/office supplies	14,458	1,701	850	17,009
Equipment	2,421	285	142	2,848
Materials and services	360	42	22	424
Telephone	8,190	964	481	9,635
Total Common Costs	<u>357,679</u>	<u>60,116</u>	<u>7,842</u>	<u>425,637</u>
Net revenue from Management Development Center	<u>\$ 551,799</u>	<u>(13,138)</u>	<u>10,495</u>	<u>549,156</u>

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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
Computer/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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STATEMENT OF FUNCTIONAL EXPENSES
June 30, 2010

	Program services			Support services		Total
	Faculty support	Student support	Total program services	Management and general	Fundraising activities	
Compensation	\$ 59,665	12,416	72,081	31,056	-	103,137
Advertising and promotion	6,725	16,448	23,173	22,350	1,177	46,700
Audit and accounting	-	-	-	20,306	-	20,306
Bank charges	-	-	-	25,064	-	25,064
Business plan award	-	30,000	30,000	-	-	30,000
Commencement	-	-	-	7,747	-	7,747
Computer supplies	24,646	1,072	25,718	617	737	27,072
Computer/software in-kind	-	-	-	-	-	-
Conference expenses	33,927	27,617	61,544	-	-	61,544
Dues and memberships	16,025	1,030	17,055	4,665	-	21,720
Equipment	29,994	402	30,396	1,307	-	31,703
Honoraria	4,493	697	5,190	-	-	5,190
Insurance	-	-	-	3,810	-	3,810
Materials and services	13,263	13,067	26,330	11,254	3,322	40,906
Meals and facilities	19,623	13,064	32,687	18,623	64,800	116,110
Parking	-	-	-	5,691	-	5,691
Printing and postage	4,262	2,438	6,700	3,912	2,643	13,255
Publications	-	-	-	-	15,339	15,339
Student and faculty awards	-	17,994	17,994	-	-	17,994
Subscription and books	23,277	-	23,277	1,734	-	25,011
Tax preparation in-kind	-	-	-	-	-	-
Telephone	1,554	-	1,554	2,066	2,980	6,600
Training and development	4,985	-	4,985	3,085	-	8,070
Travel	227,381	2,586	229,967	1,293	4,163	235,423
Total expenses	\$ <u>469,820</u>	<u>138,831</u>	<u>608,651</u>	<u>164,580</u>	<u>95,161</u>	<u>868,392</u>

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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
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	\$ <u>374,235</u>	<u>343,229</u>	<u>717,464</u>	<u>149,894</u>	<u>84,528</u>	<u>951,886</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:

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, 2010, and have issued our report thereon dated October 13, 2010. 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 deficiency in internal control exists when the design or operation of control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

The Board of Directors
The Robert O. Anderson Schools of Management Foundation

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.

Mess Adams LLP

Albuquerque, New Mexico
October 13, 2010

**THE ROBERT O. ANDERSON
SCHOOLS OF MANAGEMENT FOUNDATION
(A Component Unit of the University of New Mexico)
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2010**

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
June 30, 2010**

An exit conference was conducted on October 14, 2010, 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
Richard A. Salmon, Board Member

For Moss Adams LLP:

Brandon Solwick, Senior