



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

Financial Statements

June 30, 2013 and 2012

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

Official Roster

June 30, 2013

**OFFICERS**

Keith Bandoni, Chair  
Linda Parker, Vice-Chair  
Joni Pierce, Treasurer  
Barbara "BJ" Jones, Secretary  
Elizabeth (Betsy) Carlson, Past-Chair

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Mike Lowrimore, Chair, Advancement Committee  
Donald A. M. Power, Chair, Recruiting and Nominating Committee  
Joni Pierce, Chair, Finance Committee

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

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Kim Nunley (Advisory Only)	



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Albuquerque, NM 87110-8179

## **Independent Auditors' Report**

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

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

We have audited the accompanying financial statements of Robert O. Anderson Schools of Management Foundation (the Anderson Foundation), a component unit of the University of New Mexico, which comprise the balance sheets as of June 30, 2013 and 2012, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Anderson Foundation as of June 30, 2013 and 2012, and the changes in its net position and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

### ***Other Matters***

#### ***Required Supplementary Information***

U.S. generally accepted accounting principles require that the *management's discussion and analysis* on pages 5 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Anderson Foundation's basic financial statements. The schedules of revenue and expenses – Management Development Center, and statement of functional expenses for the years ended June 30, 2013 and 2012, on pages 26 through 29 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of revenue and expenses – Management Development Center, and statement of functional expenses for the years ended June 30, 2013 and 2012 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of revenue and expenses – Management Development Center, and statement of functional expenses for the years ended June 30, 2013 and 2012 are fairly stated in all material respects in relation to the basic financial statements as a whole.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2013 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in



accordance with *Government Auditing Standards* in considering the Anderson Foundation's internal control over financial reporting and compliance.

KPMG LLP

Albuquerque, New Mexico  
October 14, 2013

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

Management's Discussion and Analysis (Unaudited)

June 30, 2013 and 2012

The discussion and analysis of The Robert O. Anderson Schools of Management Foundation (the Anderson Foundation) and its financial performance provides an overview of the Anderson Foundation's financial activities for the fiscal years ended June 30, 2013 and 2012.

**Overview of the Financial Statements**

The Anderson Foundation's annual report consists of the Management's Discussion and Analysis, which provides a broad narrative overview of its financial activities for the fiscal years ended June 30, 2013 and 2012, and the following, which comprise the basic financial statements:

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

The balance sheets of the Anderson Foundation provide information about the Anderson Foundation's overall financial position. The statements of revenues, expenses, and changes in net position provide information about the operating revenues and expenses and the nonoperating 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:

**Condensed Balance Sheet Information**

		<u>2013</u>	<u>2012</u>	<u>2011</u>
Current assets	\$	3,863,887	3,352,476	3,638,665
Current liabilities	\$	1,805,241	1,491,111	1,595,815
Net position:				
Unrestricted		1,624,483	1,409,327	1,546,575
Restricted		434,163	452,038	496,275
Total net position		<u>2,058,646</u>	<u>1,861,365</u>	<u>2,042,850</u>
Total liabilities and net position	\$	<u>3,863,887</u>	<u>3,352,476</u>	<u>3,638,665</u>

**Assets**

A majority of the June 30, 2013, 2012, and 2011 assets are in the form of cash, investments, and accounts receivable. The total balances included in investments as of June 30, 2013, 2012, and 2011, are \$1,303,541, \$1,193,870, and \$1,248,888, respectively. The primary factor contributing to the increase in investments in fiscal year 2013 and fiscal year 2012 was the performance of the investment portfolio during each of these years.

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The Anderson Foundation maintained cash in a checking account at the Wells Fargo Bank, N.A. All deposits were made into the checking account. The book balances in the checking account as of June 30, 2013, 2012, and 2011 are \$1,110,453, \$907,372, and \$1,232,456, respectively. Cash and cash equivalents on the balance sheet also includes a money market account in the amount of \$42,800, \$48,747, and \$11,993 for June 30, 2013, 2012, and 2011, respectively.

Accounts receivable at the Anderson Foundation consists primarily of receivables for programs at the Management Development Center (MDC). Approximately 78% of all receivables are related to the Executive MBA (EMBA) students. There are currently two active EMBA cohort groups. Deferred revenue and receivables are posted for each student at the beginning of the two-year (seven semesters) program. Revenue is recognized each semester based on actual student registration and when the course is offered. The deferred (unearned) revenue and unpaid receivables for classes not taken are reversed if the student leaves the program prior to graduation. There were no students during 2013 with unpaid balances considered uncollectible; therefore, the allowance account balance of \$23,948 is considered sufficient at June 30, 2013. Beginning in 2011, the University of New Mexico (UNM) Bursar's Office set up an allowance account for the receivables held at UNM related to EMBA tuition and fees. In 2012, UNM returned \$25,574 in EMBA student receivables that were sent to collections over the last few years and collected in 2012. Anderson Foundation had already written off the accounts against the Anderson Foundation allowance account. The returned funds were credited to the bad debt expense, creating a \$(13,305) balance in the bad debt expense account for 2012. The Bursar's Office did not charge the Anderson Foundation a bad debt expense in 2013.

Prepaid expenses for the MDC were \$131,813, \$8,113, and \$0 at June 30, 2013, 2012, and 2011, respectively. At June 30, 2013, total prepaid expenses increased by \$123,700 when compared to June 30, 2012. The increase is primarily the result of the 2012-2014 EMBA cohort being the first class to go on an international trip in August, rather than in March. An airline ticket for a staff member and fees to the travel agency, including hotel rooms in two Brazilian cities, totaling \$103,885, were paid prior to June 30, 2013 for the August trip. Student fees of \$18,248 for three cohort groups were paid in advance by the students, third parties, and financial aid for courses taken after June 30, 2013, with no comparable advance payments at June 30, 2012 or 2011.



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**Liabilities**

The majority of the current liabilities balance is the deferred revenue from the MDC Executive MBA program. Most of the June 30, 2013 deferred revenue will be recognized as income during the fiscal year ending June 30, 2014 and a small balance in fiscal year ending June 30, 2015 as the students in the 2012-2014 cohort group complete courses. Total deferred revenue as of June 30, 2013 is \$1,122,772, up from \$1,022,520 on June 30, 2012. Deferred revenue increased for several reasons, including changes to the cohort class schedule and changes in how summer semester tuition is recognized over two fiscal years. In the past, all summer classes for the two current cohort groups were recognized in the current fiscal year. Beginning in fiscal year 2012, summer classes taught after June 30 are recognized in the fiscal year when the majority of the class is taught. Two courses, one from each of the current cohort groups (2011-2013 and 2012-2014) will be recognized in 2014. The orientation class for the latest cohort group (2013-2015) was held in June 2013 and recognized in 2013, while the rest of their classes, taught after June 30, will be recognized in 2014. Tuition also increased from \$830 per credit hour for the 2011-2013 group to \$875 for 2012-2014. Deferred revenue as of June 30, 2013, 2012, and 2011 is as follows:

	<b>June 30,</b>		
	<b>2013</b>	<b>2012</b>	<b>2011</b>
Deferred revenue:			
EMBA Cohort 2009-2011	\$ —	—	11,860
EMBA Cohort 2010-2012	—	64,370	779,505
EMBA Cohort 2011-2013	98,770	878,140	48,877
EMBA Cohort 2012-2014	908,250	31,055	—
EMBA Cohort 2013-2015	57,500	—	—
EMBA students from prior Cohort	5,545	23,210	—
International trip (Brazil in August)	33,472	—	—
Total EMBA deferred revenue	1,103,537	996,775	840,242
Career and professional development	19,235	19,545	—
Other revenues	—	6,200	—
All deferred revenue	\$ 1,122,772	1,022,520	840,242

This is the first year that the international residency is scheduled for August, instead of March. Student payments due before June 30, 2013 for the August 2013 trip are included in the deferred revenue and will be recognized in 2014.

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The other significant current liability is the amount due to UNM for salaries, fringe benefits, and operating expenses paid through UNM. While the majority of the expenses are for the MDC programs (EMBA programs, Career and Professional Development programs, and GRE/GMAT), most of the MDC expenditures are offset by revenue received through UNM for the various programs. Financial aid is collected by UNM, and online payments for Career and Professional Development and GRE/GMAT programs are received through UNM Touchnet. The remaining payable (75% of the net total in 2013) was for functional expenses, including faculty and student support, general operating, and fundraising. Fluctuations in the balances each year depend on the type of expenditures and the revenue received through UNM. The amount due to UNM at year-end June 30, 2013, 2012, and 2011 was \$558,672, \$428,165, and \$684,017, respectively.

Accounts payable to outside vendors increased from \$40,426 in 2012 to \$123,797 in 2013. In 2011, accounts payable totaled \$56,961. The increase at June 30, 2013 as compared to 2012 was due to several factors including timing of when invoices are received and paid. The three most significant increases were increases in the faculty salaries payable for the courses taught in the EMBA, GRE/GMAT, and Career and Professional Development programs in 2013; the 2013 Hall of Fame earnings designated for the UNM Foundation Hall of Fame scholarship (expensed in 2013 and paid in 2014); and the awards for the 2013 UNM Business Plan competition (expensed in 2013 but paid in 2014) once the student groups completed the requirements of the committee.

### **Net Position**

Net position at the Anderson Foundation consists of two amounts: restricted and unrestricted. The restricted funds at the end of fiscal years 2013, 2012, and 2011 are \$434,163, \$452,038, and \$496,275, respectively. The balances in the restricted accounts are designated for various academic departments, programs, scholarships, or student organizations. The restriction on the funds is determined by the donors, who designate student organizations, academic departments, student scholarships or various programs and initiatives. The two restricted accounts with the most activity in 2013 and 2012 are the UNM Business Plan Competition (BPC) and the Entrepreneurial Challenge (EC). The BPC is funded by a number of donors and Technology Innovation Program endowment at UNM. The EC was partially funded by a grant from the McCune Foundation in 2011 and 2012 and was funded by donations in 2013. The two competitions were held on separate days in 2012 but on the same day in 2013. The funding and expenses will be combined in 2014.

Included in the unrestricted net position are designated funds that are either funds allocated by the Anderson Foundation Board through the Anderson Dean to the faculty, departments, students, and staff at the UNM Anderson School of Management or are funds generated by faculty consulting activities, special teaching programs, or conferences. Funds in these 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 designated funds are \$341,107, \$390,447, and \$418,865 as of June 30, 2013, 2012, and 2011, respectively. The balances decreased during fiscal years 2012 and 2013 due to increased faculty activities.

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Unrestricted funds are primarily from unrestricted contributions or net revenues generated by the activities of the MDC. The MDC is a self-supporting department within the Anderson Foundation, offering a variety of educational products, including the EMBA program, Career and Professional Development, and GRE/GMAT preparation classes. The GRE/GMAT classes are for potential Anderson EMBA, MBA, and Masters of Accounting students. A portion of the estimated net revenues for the fiscal year is allocated to the Dean of the Anderson School, who allocates funds to the academic departments, individual faculty, staff development, and student activities. If net revenues exceed the estimated allocations, unrestricted funds become part of the unrestricted net position. If net revenues are less than the estimated allocations, the unrestricted net position is reduced. The change in unrestricted net position during fiscal years 2013 and 2012 of \$215,156 and \$(137,248), respectively, is primarily related to the mixed performance of the investment portfolio and higher revenues from the MDC in 2013 than in 2012, as well as similar changes in other revenues and support.

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Operating revenues:			
Management Development Center (MDC)			
operations:			
Revenues	\$ 2,438,375	2,052,648	2,155,300
Expenses	<u>(1,832,509)</u>	<u>(1,623,599)</u>	<u>(1,567,822)</u>
Net revenue from MDC operations	605,866	429,049	587,478
Other revenues and support	<u>446,011</u>	<u>369,549</u>	<u>458,616</u>
Total operating revenues and other support	<u>1,051,877</u>	<u>798,598</u>	<u>1,046,094</u>
Operating expenses:			
Program services	607,874	612,313	605,765
Fundraising activities	153,718	136,425	134,258
Management and general	<u>160,191</u>	<u>154,930</u>	<u>176,138</u>
Total operating expenses	<u>921,783</u>	<u>903,668</u>	<u>916,161</u>
Operating income (loss)	<u>130,094</u>	<u>(105,070)</u>	<u>129,933</u>
Nonoperating revenues (expenses):			
Investment activities	103,723	(18,264)	195,126
Transfer to UNM Foundation	<u>(36,536)</u>	<u>(58,151)</u>	<u>(14,095)</u>
Nonoperating revenues (expenses), net	<u>67,187</u>	<u>(76,415)</u>	<u>181,031</u>
Increase (decrease) in net position	197,281	(181,485)	310,964
Net position, beginning of year	<u>1,861,365</u>	<u>2,042,850</u>	<u>1,731,886</u>
Net position, end of year	<u>\$ 2,058,646</u>	<u>1,861,365</u>	<u>2,042,850</u>

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June 30, 2013 and 2012

**Operating Revenues**

Revenue from the MDC is approximately 85% of the Anderson School Foundation 2013 gross income. Approximately 76% of the MDC revenue is generated from the Executive MBA program. The revenue generated by the EMBA program between 2013, 2012, and 2011 was \$1,856,784, \$1,784,995, and \$1,804,324, respectively. Changes in these revenues can be attributed to changes in the tuition rates, the number of students in the cohort groups, and the number of students attending the international residency. Other educational products offered by the MDC include a number of Career and Professional standard and customized programs and GRE/GMAT preparatory classes. Due to staff changes and demand for both standard and customized programs, revenues from the Career and Professional Development (132%) and the GRE/GMAT (76%) increased significantly from 2012 to 2013. The additional products increased from 13% of the total MDC revenue in 2012 to 24% in 2013.

Other revenues at the Anderson Foundation include restricted and unrestricted donations, small faculty consulting projects, conferences, and fundraising events, such as the annual Hall of Fame Event and the Taste of Anderson (Creative Kitchens). Only the table sales and contributions made directly to the Anderson Foundation are recorded in fundraising. Net proceeds from the fundraising events are used to support student programs and scholarships. Total other revenue increased by \$76,462 during 2013 as compared to 2012 and decreased by \$89,067 during 2012 as compared to 2011. The state of the economy and the recognition of the Anderson School contribute to the changes in the other revenues.

The Management Development Center (MDC) is a self-supporting department within the Anderson Foundation. Faculty, staff, and students working for the MDC are considered employees of The University of New Mexico. The salaries, payroll taxes, and UNM benefits for the faculty teaching in the various programs, and staff and students supporting the programs account for about half of the total expenditures. Expenditures for the MDC were \$1,832,509 in 2013, \$1,623,599 in 2012, and \$1,567,822 in 2011. Staff salaries were up slightly in 2013 because of changes in staff and the use of student employees. EMBA faculty salaries increased in 2013 because of changes in the course schedule, recognition of compensation in the fiscal year when the course is taught, and a raise in the individual faculty salaries teaching in the EMBA program. The faculty salaries for the Career and Professional Development and the GRE/GMAT programs increased in 2013 because of the number of standard and customized courses offered. Other expenses that increased in 2013 were student fees, consultants, computer supplies and database, and travel (including the international trip). There were decreases in marketing and advertising and postage and printing. Student fees paid to UNM are at the same rate as other UNM graduate students and allow EMBA students to use UNM libraries, student health, Johnson gym, and other facilities.

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June 30, 2013 and 2012

Expenditures outside the MDC include programs, general and administrative, and fundraising costs. Program funds are allocated to faculty, students, and staff at the Anderson School of Management for a variety of programs and activities. Expenditures for students include Washington Campus (partial payment for WC tuition), student orientation, career fairs, travel to various local, national, and international competitions and conferences, and scholarships. Faculty allocations are used for various professional conferences, course development, equipment, computers, and software to support faculty teaching and research. Anderson staff are allocated \$25,000 annually for professional development, workshops, and conferences. Fundraising costs include the annual Hall of Fame dinner, donor cultivation, and correspondence and newsletters to alumni and donors. Non-MDC operating expenses were \$921,783, \$903,668, and \$916,161 for the years ended June 30, 2013, 2012, and 2011, respectively. The fluctuation in these balances is primarily related to the state of the economy and the cost of fundraising events such as the Hall of Fame dinner.

**Nonoperating Revenues and Expenses**

The Anderson Foundation's investments are managed by Wells Fargo according to the Investment Policy Statement (IPS) approved by the Anderson Foundation Board in June 2012. Investment earnings increased \$121,987 during 2013 as compared to 2012 and decreased \$213,390 during 2012 as compared to 2011. Changes are a result of the performance of the investment portfolio.

Transfers from the Anderson Foundation checking to various UNM endowed and nonendowed accounts were \$36,536 and \$58,151 in 2013 and 2012, respectively. The transfers were a result of net proceeds from table sales, ticket sales, and contributions from several fundraising events. The 2013 and 2012 transfers were from the annual Hall of Fame dinner, "How to Succeed in Business" alumni event, and the Taste of Anderson (Creative Kitchens) fundraising event. The net proceeds from the events were transferred to the Hall of Fame Endowed Scholarship, the Regional Computer Forensics Lab, and Johnson Marketing Center, as designated by the individual donors.

**Factors Impacting Future Periods and Subsequent Events**

The continued uncertainty of the economy and its effect on student enrollment, tuition increases, contributions from donors, and the overall performance of the investment portfolio could have a significant impact on the Anderson Foundation.

**Contacting the Anderson Foundation's Financial Management**

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

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

Robert 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**  
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Balance Sheets

June 30, 2013 and 2012

<b>Assets</b>	<b>2013</b>	<b>2012</b>
Current assets:		
Cash and cash equivalents	\$ 1,153,253	956,119
Investments	1,303,541	1,193,870
Accounts receivable, less allowance for doubtful receivables of \$23,948 in 2013 and \$25,000 in 2012	1,140,910	1,118,858
Due from The University of New Mexico	98,663	50,665
Inventory – MDC textbooks	33,160	20,359
Prepaid expenses – MDC	131,813	8,113
Promotion items on hand	2,547	4,492
Total current assets	<b>\$ 3,863,887</b>	<b>3,352,476</b>
<b>Liabilities and Net Position</b>		
Current liabilities:		
Accounts payable	\$ 123,797	40,426
Due to The University of New Mexico	558,672	428,165
Deferred revenue	1,122,772	1,022,520
Total current liabilities	<b>1,805,241</b>	<b>1,491,111</b>
Net position:		
Unrestricted	1,624,483	1,409,327
Restricted	434,163	452,038
Total net position	<b>2,058,646</b>	<b>1,861,365</b>
Total liabilities and net position	<b>\$ 3,863,887</b>	<b>3,352,476</b>

See accompanying notes to financial statements.

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

Years ended June 30, 2013 and 2012

	<b>2013</b>	<b>2012</b>
Operating revenues and other support:		
Management Development Center revenues	\$ 2,438,375	2,052,648
Management Development Center expenses	(1,832,509)	(1,623,599)
Net revenue from Management Development Center operations	605,866	429,049
Contributions	170,967	122,041
Consulting and conference revenue	125,399	122,940
Fundraising events	121,575	95,243
Other income	28,070	29,325
Total operating revenues and other support	1,051,877	798,598
Operating expenses:		
Program services	607,874	612,313
Fundraising activities	153,718	136,425
Management and general	160,191	154,930
Total operating expenses	921,783	903,668
Operating income (loss)	130,094	(105,070)
Nonoperating revenues and expenses:		
Interest/dividend income	23,570	21,498
Net unrealized and realized gains (losses) on investments	80,153	(39,762)
Transfer to UNM Foundation	(36,536)	(58,151)
Nonoperating revenues and expenses, net	67,187	(76,415)
Increase (decrease) in net position	197,281	(181,485)
Net position, beginning of year	1,861,365	2,042,850
Net position, end of year	\$ 2,058,646	1,861,365

See accompanying notes to financial statements.

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

Statements of Cash Flows

Years ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Receipts from Management Development Center	\$ 2,516,576	2,114,175
Receipts from other revenues and support	398,014	440,071
Payments to The University of New Mexico	(428,165)	(684,017)
Payments to UNM Foundation	—	(14,595)
Payments to outside vendors	(2,246,807)	(2,122,767)
Net cash flows from operating activities	<u>239,618</u>	<u>(267,133)</u>
Cash flows from noncapital financing activity – transfers to UNM Foundation	(36,536)	(58,151)
Cash flows from investing activities:		
Investments purchased	(1,116,376)	(305,206)
Investments proceeds	1,086,858	320,462
Investment income	23,570	21,498
Net cash flows from investing activities	<u>(5,948)</u>	<u>36,754</u>
Net increase (decrease) in cash and cash equivalents	197,134	(288,530)
Cash and cash equivalents, beginning of year	<u>956,119</u>	<u>1,244,649</u>
Cash and cash equivalents, end of year	<u>\$ 1,153,253</u>	<u>956,119</u>
Reconciliation of changes in net position to net cash from operating activities:		
Operating income (loss)	\$ 130,094	(105,070)
Adjustments to reconcile changes in net position to net cash flows from operating activities:		
Changes in assets and liabilities:		
Accounts receivable	(22,052)	(120,751)
Due from The University of New Mexico	(47,998)	70,525
Inventory – MDC textbooks	(12,801)	1,287
Prepaid MDC expenses	(123,700)	(8,113)
Promotional items on hand	1,945	(307)
Accounts payable	83,371	(16,535)
Due to The University of New Mexico	130,507	(255,852)
Due to UNM Foundation	—	(14,595)
Deferred revenues	100,252	182,278
Net cash flows from operating activities	<u>\$ 239,618</u>	<u>(267,133)</u>

See accompanying notes to financial statements.



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**(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 is as 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 UNM, prepares its 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.

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 (MDC) and events and activities that relate directly to the Anderson School of Management (Anderson School) faculty, staff, and students. Revenues from investments and revenues and expenses that are transferred to UNM Foundation for a variety of purposes are considered nonoperating activities in the statement of revenues, expenses, and changes in net position.

In fiscal year 2013, the Anderson Foundation adopted GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB 63), which establishes a new statement of net position format that reports separately all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the net residual amount of the other elements). The statement requires deferred outflows of resources and deferred inflows of resources to be reported separately from assets and liabilities. The financial reporting impact resulting from the implementation of GASB 63 in the Anderson Foundation's financial statements was the renaming of "Net Assets" to "Net Position," including changing the name of the financial statement from "Statement of Revenues, Expenses, and Changes in Net Assets" to "Statement of Revenues, Expenses, and Changes in Net Position".

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**(b) *Net Position***

Unrestricted net position represents resources whose use is not limited or restricted by donors. Unrestricted net position has arisen from exchange transactions, receipt of unrestricted contributions, and expirations of existing restrictions. Restricted 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 funds for support of faculty and department activities.

Restricted net position represents resources whose use is limited by donors for the support of the academic activities of UNM faculty and/or students. Such restrictions are legally enforceable. Restricted funds 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 and money market funds.

**(d) *Concentrations of Credit Risk***

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

Accounts receivable comprise amounts due from sources: (1) from students enrolled in The Executive Masters of Business Administration Program (EMBA) for tuition and (2) 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.

**(f) *Equipment and Depreciation***

Since 1995, the Anderson Foundation donates capital acquisitions that can be listed as inventory at the UNM (all computers and any furniture or equipment with a cost greater than \$1,000) to the Anderson School at the UNM. Donated acquisitions are maintained on the UNM inventory list and depreciated according to UNM policies. Donated long-lived assets are capitalized at their fair values at the date of donation.

**(g) *Investments***

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values. Unrealized gains and losses are included in the change in

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net position. Investment income and gains restricted by a donor are reported as increases in unrestricted net position 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 exempt from federal income tax under Section 501(a) of the Internal Revenue Code (the Code) as an organization described in Section 501(c)(3) of the Code. 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 MDC's nondegree educational programs (Career and Professional Development and GRE/GMAT). Revenue is recognized as cash is received during the year. Payments received for future programs at year-end are deferred and recognized in the appropriate fiscal year. In 2013, the MDC increased the number of customized training programs. The combination of regular standard certificate programs and the customized training is currently under the title of Career and Professional Development.

The EMBA is a two-year academic program with participants earning a Master's of Business Administration degree from the UNM. 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 quarterly 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.

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 functional 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.

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**(1) Advertising Costs**

The Anderson Foundation expenses advertising costs as incurred. Advertising expense in 2013 and 2012 totaled \$36,543 and \$48,212 for program and support services, and \$93,619 and \$154,208 for the MDC, respectively.

**(3) Related-Party Transactions**

As of June 30, 2013 and 2012, the Anderson Foundation has net accounts payable of \$558,672 and \$428,165, 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, 2013 is included below:

Name of depository	Account name	Account type	Bank balance	Reconciling items	Reconciled balance
Wells Fargo	Operating	Cash	\$ 1,190,779	(80,326)	1,110,453
Wells Fargo	Department	Money market	42,800	—	42,800
			<u>\$ 1,233,579</u>	<u>(80,326)</u>	<u>1,153,253</u>

A detail of the cash accounts at June 30, 2012 is included below:

Name of depository	Account name	Account type	Bank balance	Reconciling items	Reconciled balance
Wells Fargo	Operating	Cash	\$ 968,024	(60,652)	907,372
Wells Fargo	Department	Money market	48,747	—	48,747
			<u>\$ 1,016,771</u>	<u>(60,652)</u>	<u>956,119</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 a total of \$1,233,579 and \$1,016,771 on deposit with a local financial institution at June 30, 2013 and 2012, respectively. The balance in the operating account was insured up to the first \$250,000 by the Federal Deposit Insurance Corporation, leaving an uninsured balance at June 30, 2013 of \$940,779. The balance in the operating account is noninterest bearing and as such was fully insured by the Federal Deposit Insurance Corporation at June 30, 2012. The Anderson Foundation does not require collateral on its cash deposits. Money market mutual funds are not subject to custodial credit risk.

**(5) Investments**

The Anderson Foundation has an investment account with Wells Fargo Bank – Wealth Management with balances of \$1,303,541 and \$1,193,870 as of June 30, 2013 and 2012, respectively.

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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.

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 are qualified for inclusion in the portfolio. No more than 10% of the market value of fixed income portfolio shall be less than single “A” quality.

*Investment Policy Statement (IPS):* In June 2012, the Anderson Foundation Board of Directors approved several changes to its Investment Policy Statement (IPS), as recommended by the Anderson Foundation Finance Committee. Changes were made to the “Asset Allocation Guidelines and Constraints” to be consistent with the Wells Fargo Investment Strategy. The IPS has been written to assist in the supervising, monitoring, and evaluating of the Anderson Foundation’s investments. The objective of 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 investments, 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 custodial credit risk or credit quality risk.

A summary of the investments held by the Anderson Foundation at June 30, 2013 and 2012 and the Anderson Foundation’s exposure to custodial credit risk is as follows:

	<b>Fair value amounts at</b>	
	<b>2013</b>	<b>2012</b>
Subject to custodial credit risk:		
Corporate obligations	\$ 25,862	100,831
Not subject to custodial credit risk:		
Mutual funds	1,124,016	948,172
Real estate funds	153,663	144,867
	\$ 1,303,541	1,193,870

*Credit Quality Risk – Investments:* Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Anderson Foundation is required to disclose credit ratings of its investments in order to assess credit risk; however, none of the Anderson Foundation’s investments meet the criteria for disclosure except for the corporate obligations and fixed income mutual funds. All of the corporate obligations held at June 30, 2013 and 2012 had a Standard & Poor’s rating of BBB+ or higher. All of the fixed income mutual funds held at June 30, 2013 and 2012 had an average credit quality of B or above.

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*Concentration of Credit Risk* – Investments: Concentration risk is the risk of loss attributed to the magnitude of the Anderson 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:

	<u>Minimum %</u>	<u>Strategic target %</u>	<u>Maximum %</u>
Fixed income:	25	39	60
Cash	—	3	10
Investment Grade Bonds	14	21	34
High Yield Bonds	—	5	15
International Developed Markets Bonds	—	7	17
International Emerging Markets Bonds	—	3	12
Equities:	25	37	60
Domestic Large Cap equities	6	14	26
Domestic Mid Cap equities	—	5	14
Domestic Small Cap equities	—	3	13
International Developed Markets Bonds	1	10	21
International Emerging Markets Bonds	—	5	14
Real estate:	—	12	20
Global Real Estate – Public	—	7	14
Commodities	—	5	14
Complementary strategies:	—	12	20
Hedge Funds – Relative Value	—	2	12
Hedge Funds – Macro	—	5	14
Hedge Funds – Event Driven	—	3	14
Private Equity	—	2	12

The Anderson Foundation’s investments were within the minimum and maximum ranges indicated above at June 30, 2013.

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As of June 30, 2013, the Anderson Foundation has investments in the following investments that represent greater than 5% of the total investments:

		<u>2013</u>
Dodge and Cox Income Fund	\$	90,021
PIMCO Total Return Fund		90,198
Harbor Capital Appreciation Fund		121,366
MFS Value Fund (Institutional Class)		85,587
Artisan International Fund		70,600
Dodge and Cox International Fund		69,452

As of June 30, 2012, the Anderson Foundation did not have any investments in one issuer that represented more than 5% of total investments.

*Foreign Currency Risk:* The Anderson Foundation did not hold any investments that were subject to foreign currency risk at June 30, 2013 or 2012.

*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.

Fair value at June 30, 2013 and 2012 is summarized as follows:

		<u>2013 Investment maturities</u>			
		<u>Fair value</u>	<u>Less than 1 year</u>	<u>1 – 5 years</u>	<u>5 – 10 years</u>
Exposed to interest rate risk:					
Corporate obligations	\$	25,862	—	25,862	—
Mutual funds – fixed income		336,703	—	14,168	322,535
		362,565	—	40,030	322,535
Not exposed to interest rate risk:					
Mutual funds – other than fixed income		787,313			
Real estate funds		153,663			
Total investments	\$	<u>1,303,541</u>			

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		2012 Investment maturities				
		Fair value	Less than 1 year	1 – 5 years	5 – 10 years	More than 10 years
Exposed to interest rate risk:						
Corporate obligations	\$	100,831	75,869	24,962	—	—
Mutual funds – fixed income		422,018	—	75,311	346,707	—
		522,849	75,869	100,273	346,707	—
Not exposed to interest rate risk:						
Mutual funds – other than fixed income		526,154				
Real estate funds		144,867				
Total investments	\$	1,193,870				

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

	June 30, 2013		June 30, 2012	
	Unrestricted	Total	Unrestricted	Total
Interest/dividend income	\$ 23,570	23,570	21,498	21,498
Realized gains (losses), net	78,469	78,469	(12,273)	(12,273)
Unrealized gains (losses), net	1,684	1,684	(27,489)	(27,489)
Total investment income (loss)	\$ 103,723	103,723	(18,264)	(18,264)

**(6) Endowments Held by UNM/UNM Foundation**

In addition to the funds recorded on the Anderson Foundation's financial statements, UNM/UNM Foundation Endowment Program holds endowment funds and related expendable income funds, which have been contributed for the benefit of the Anderson School. The principal balances amounted to \$18,629,755 and \$15,095,795 as of June 30, 2013 and 2012, respectively. A portion of the earnings from the funds, in the amount of \$694,371 and \$561,361, respectively, was allocated to the spending accounts for sponsored faculty research awards and student scholarships at the Anderson School, as stipulated by the donor. The UNM Foundation (UNMF) changed the process for allocating earnings to the spending accounts in 2012. In past years, the entire allocation for the fiscal year was posted on June 30 for use in the next fiscal year. Starting in 2012, UNMF allocated quarterly estimates for the first three quarters. The final annual allocation was determined and adjustments were made in the fourth quarter allocation on June 30. The principal endowment balances disclosed herein are not recorded in the Anderson Foundation's financial statements.



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The June 30, 2013 principal endowment balance recorded on the UNMF financial statements includes a quasi endowment established for the ASM Building Fund. The principal balance on June 30, 2013 is \$5,064,769. Associated restricted funds were moved to the spending account in 2012 to cover consulting and planning expenses incurred in 2012 and 2013. The June 30, 2013 balance in the quasi spending account is \$210,724. The entire \$5 million pledge has been donated to the principal account.

Risk disclosure information relating to the Foundation's investments in the Combined Investment Fund (CIF) may be obtained by reference to the annual financial report of the UNM. That report may be obtained by contacting the Controller's office at UNM Business Center, 1700 Lomas NE, Albuquerque, New Mexico 87131-0311.

**(7) Nonendowed Funds Held by UNM**

There are current unrestricted and restricted expendable nonendowed funds designated for the Anderson School available through UNM. The unrestricted, as well as the Business Plan Competition (restricted expendable), and associated contributions/revenue and expenses are recorded by the Anderson Foundation. Other restricted expendable funds are spent by the Anderson departments, faculty, and student scholarships, as stipulated by the donors and are not recorded by the Anderson Foundation.

A detail of nonendowed funds held by UNM (due to the Anderson Foundation or available to the Anderson School) as of June 30, 2013 and 2012 is included below:

	<b>2013</b>	<b>2012</b>
Unrestricted contributions due to the Anderson Foundation	\$ 36,075	41,492
Restricted expendable funds due to the Anderson Foundation – Business Plan Competition account	62,588	9,173
Total due to the Anderson Foundation	98,663	50,665
Other restricted expendable funds available to the Anderson School	523,049	545,065
Total nonendowed funds held by UNM	\$ 621,712	595,730

**(8) Net Position**

Restricted net position is available for the following purposes:

	<b>2013</b>	<b>2012</b>
Programs	\$ 264,988	292,515
Scholarships	169,175	159,523
Restricted net position	\$ 434,163	452,038

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Unrestricted net position comprises both undesignated and designated funds as follows:

	<b>2013</b>	<b>2012</b>
Undesignated	\$ 1,283,376	1,018,880
Designated	341,107	390,447
Unrestricted net position	\$ 1,624,483	1,409,327

Included in unrestricted net position are designated funds that are either funds allocated by the Anderson Foundation Board through the Anderson Dean to the faculty, departments, students, and staff at the UNM Anderson School of Management or are funds generated by faculty consulting activities, special teaching programs, or conferences. These funds may be allocated or received in one fiscal year and spent in another depending on the timing of conferences, equipment purchases, computer and software needs, or faculty sabbaticals.

**(9) Risk Management**

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 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.

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Schedule of Revenues and Expenses – Management Development Center

June 30, 2013

	<b>EMBA program</b>	<b>Career and Professional Development programs</b>	<b>GMAT Prep course</b>	<b>Total</b>
<b>Revenues:</b>				
Student fees	\$ 1,856,784	—	—	1,856,784
Registration fees	—	456,429	125,162	581,591
Total revenues	<u>1,856,784</u>	<u>456,429</u>	<u>125,162</u>	<u>2,438,375</u>
<b>Direct costs:</b>				
Compensation	274,663	125,130	52,134	451,927
Books/course materials	149,720	34,144	30	183,894
Consultants	10,344	12,200	—	22,544
Computer supplies/database	38,995	3,446	—	42,441
Dues and memberships	5,476	930	—	6,406
Marketing and advertising	67,766	25,833	20	93,619
Materials and services	11,421	3,911	2,209	17,541
Meals and facilities	117,462	10,888	—	128,350
Parking	20,960	7,947	—	28,907
Postage and printing	5,586	4,917	453	10,956
Student fees	143,496	—	—	143,496
Telephone	2,652	384	—	3,036
Training and development	11,015	2,405	—	13,420
Travel and recruiting	158,960	6,058	—	165,018
Total direct costs	<u>1,018,516</u>	<u>238,193</u>	<u>54,846</u>	<u>1,311,555</u>
Segment contribution	<u>838,268</u>	<u>218,236</u>	<u>70,316</u>	<u>1,126,820</u>
<b>Allocated fixed costs:</b>				
Staff compensation	363,798	89,428	24,523	477,749
Copier/office supplies	21,255	5,225	1,433	27,913
Equipment	2,117	520	143	2,780
Materials and services	4,928	1,212	332	6,472
Telephone	4,599	1,131	310	6,040
Total allocated costs	<u>396,697</u>	<u>97,516</u>	<u>26,741</u>	<u>520,954</u>
Net revenue from Management Development Center	<u>\$ 441,571</u>	<u>120,720</u>	<u>43,575</u>	<u>605,866</u>

See accompanying independent auditors' report.

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Schedule of Revenues and Expenses – Management Development Center

June 30, 2012

	<u>EMBA program</u>	<u>Certificate programs</u>	<u>GMAT Prep course</u>	<u>Total</u>
<b>Revenues:</b>				
Student fees	\$ 1,784,995	—	—	1,784,995
Registration fees	—	196,598	71,055	267,653
Total revenues	<u>1,784,995</u>	<u>196,598</u>	<u>71,055</u>	<u>2,052,648</u>
<b>Direct costs:</b>				
Compensation	195,724	69,930	27,671	293,325
Bad debt expense, net of recoveries	(13,305)	—	—	(13,305)
Books/course materials	151,771	26,713	410	178,894
Consultants	—	10,000	—	10,000
Computer supplies/database	16,623	11,109	—	27,732
Dues and memberships	2,115	654	—	2,769
Marketing and advertising	126,455	27,753	—	154,208
Materials and services	7,479	1,219	737	9,435
Meals and facilities	123,198	6,220	—	129,418
Parking	19,951	4,296	—	24,247
Postage and printing	10,007	7,258	646	17,911
Student fees	136,915	—	—	136,915
Telephone	1,493	89	—	1,582
Training and development	10,910	1,170	—	12,080
Travel and recruiting	147,454	5,581	—	153,035
Total direct costs	<u>936,790</u>	<u>171,992</u>	<u>29,464</u>	<u>1,138,246</u>
Segment contribution	<u>848,205</u>	<u>24,606</u>	<u>41,591</u>	<u>914,402</u>
<b>Allocated fixed costs:</b>				
Staff compensation	382,209	62,760	4,495	449,464
Copier/office supplies	22,728	2,674	1,337	26,739
Materials and services	2,462	290	145	2,897
Telephone	5,315	625	313	6,253
Total allocated costs	<u>412,714</u>	<u>66,349</u>	<u>6,290</u>	<u>485,353</u>
Net revenue from Management Development Center	<u>\$ 435,491</u>	<u>(41,743)</u>	<u>35,301</u>	<u>429,049</u>

See accompanying independent auditors' report.

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Statement of Functional Expenses

June 30, 2013

	Program services			Support services		Total
	Faculty support	Student support	Total program services	Management and general	Fundraising activities	
Compensation	\$ 26,648	5,835	32,483	8,824	—	41,307
Advertising and promotion	8,366	11,970	20,336	16,207	—	36,543
Audit and accounting	—	—	—	24,075	—	24,075
Bank charges	—	—	—	38,271	—	38,271
Business plan award	—	50,000	50,000	—	—	50,000
Commencement	—	—	—	7,348	—	7,348
Computer supplies	40,946	2,881	43,827	916	270	45,013
Conference expenses	16,238	19,264	35,502	—	—	35,502
Dues and memberships	18,834	1,930	20,764	4,045	—	24,809
Equipment	26,621	1,949	28,570	1,231	—	29,801
Honoraria	2,353	250	2,603	—	—	2,603
Insurance	—	—	—	4,071	—	4,071
Materials and services	8,562	14,244	22,806	11,270	1,566	35,642
Meals and facilities	24,192	25,295	49,487	23,847	121,197	194,531
Parking	—	—	—	5,266	—	5,266
Printing and postage	1,769	5,817	7,586	10,047	89	17,722
Publications	—	—	—	—	24,907	24,907
Student and faculty awards	—	25,614	25,614	—	—	25,614
Subscription and books	19,117	—	19,117	1,319	—	20,436
Telephone	1,008	—	1,008	1,401	3,458	5,867
Training and development	11,298	—	11,298	732	—	12,030
Travel	220,581	16,292	236,873	1,321	2,231	240,425
Total expenses	\$ <u>426,533</u>	<u>181,341</u>	<u>607,874</u>	<u>160,191</u>	<u>153,718</u>	<u>921,783</u>

See accompanying independent auditors' report.

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

Statement of Functional Expenses

June 30, 2012

	Program services			Support services		Total
	Faculty support	Student support	Total program services	Management and general	Fundraising activities	
Compensation	\$ 31,929	7,387	39,316	11,494	—	50,810
Advertising and promotion	8,607	24,325	32,932	14,817	463	48,212
Audit and accounting	—	—	—	27,820	—	27,820
Bank charges	—	—	—	29,456	—	29,456
Business plan award	—	70,000	70,000	—	—	70,000
Commencement	—	—	—	6,625	—	6,625
Computer supplies	22,337	2,257	24,594	1,369	2,361	28,324
Conference expenses	31,808	27,609	59,417	—	—	59,417
Dues and memberships	16,515	1,836	18,351	4,594	—	22,945
Equipment	23,115	678	23,793	2,569	—	26,362
Honoraria	16,641	—	16,641	—	—	16,641
Insurance	—	—	—	3,858	—	3,858
Materials and services	8,371	14,519	22,890	11,924	4,230	39,044
Meals and facilities	21,969	16,167	38,136	18,598	106,498	163,232
Parking	—	—	—	5,393	—	5,393
Printing and postage	3,213	5,164	8,377	6,158	67	14,602
Publications	—	—	—	—	11,546	11,546
Student and faculty awards	—	17,435	17,435	—	—	17,435
Subscription and books	17,662	—	17,662	1,091	—	18,753
Telephone	1,732	—	1,732	2,469	4,691	8,892
Training and development	18,380	—	18,380	—	—	18,380
Travel	190,017	12,640	202,657	6,695	6,569	215,921
Total expenses	\$ <u>412,296</u>	<u>200,017</u>	<u>612,313</u>	<u>154,930</u>	<u>136,425</u>	<u>903,668</u>

See accompanying independent auditors' report.



**KPMG LLP**  
Two Park Square, Suite 700  
6565 Americas Parkway, N.E.  
Albuquerque, NM 87110-8179

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Robert O. Anderson Schools of Management Foundation (the Anderson Foundation), which comprise the balance sheet as of June 30, 2013, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 14, 2013.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Anderson Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Anderson Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Anderson Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Anderson Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Anderson Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Anderson Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**KPMG LLP**

Albuquerque, New Mexico  
October 14, 2013



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

Schedule of Findings and Responses

June 30, 2013

**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, 2013

An exit conference was conducted on September 26, 2013, in which the contents of this report were discussed with the following:

**The Robert O. Anderson Schools of Management Foundation**

Deborah Bower, Fiscal Officer

Douglas M. Brown, Dean

Joni K. Pierce, Board Treasurer Fiscal 2013

Edward Street, Board Treasurer Fiscal 2014

Audrey Arnold, MDC, Program Operations Director

Mike Rico, Board Member

Rick Salmon, Board Member

John T. Chavez, Board Member

**KPMG LLP**

Cynthia Reinhart, Partner

Helen Mann, Senior Manager