



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

Financial Statements

June 30, 2014 and 2013

(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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Official Roster

June 30, 2014

**OFFICERS**

Linda Parker, Chair  
Mike Lowrimore, Vice-Chair  
Ed Street, CPA/ABV/CFF, CVA, Treasurer  
Mike Rico, Secretary  
Keith Bandoni, Past-Chair

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Keith Bandoni, CCIM, Chair, EPEC Planning and Programming Committee  
Janice Young, Chair, Advancement Committee  
Donald A. M. Power, Chair, Recruiting and Nominating Committee  
Ed Street, Chair, Finance Committee

**EX-OFFICIO MEMBERS**

Douglas M. Brown, Dean  
Emily Fox, Chief Development Officer

**BOARD MEMBERS**

John Attwood	Marcus Mims, CPA
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Wayne Brown, CPA (Advisory Only)	Joni K. Pierce, CFA
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Rocklan E. Lawrence	Xavier Zamarripa



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Two Park Square, Suite 700  
6565 Americas Parkway, N.E.  
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, 2014 and 2013, 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, which collectively comprise the Anderson Foundation's basic financial statements as listed in the table of contents.

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

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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, 2014 and 2013, 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 – Executive and Professional Education Center, and statement of functional expenses for the years ended June 30, 2014 and 2013, on pages 25 through 28 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of revenue and expenses – Executive and Professional Education Center, and statement of functional expenses for the years ended June 30, 2014 and 2013 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 – Executive and Professional Education Center, and statement of functional expenses for the years ended June 30, 2014 and 2013 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 September 17, 2014 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  
September 17, 2014

**THE ROBERT O. ANDERSON  
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Management's Discussion and Analysis (Unaudited)

June 30, 2014 and 2013

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, 2014 and 2013.

**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, 2014 and 2013, 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:

<b>Condensed Balance Sheet Information</b>			
	<b>2014</b>	<b>2013</b>	<b>2012</b>
Current assets	\$ 3,638,820	3,863,887	3,352,476
Current liabilities	\$ 1,371,279	1,805,241	1,491,111
Net position:			
Unrestricted	1,821,968	1,624,483	1,409,327
Restricted	445,573	434,163	452,038
Total net position	<u>2,267,541</u>	<u>2,058,646</u>	<u>1,861,365</u>
Total liabilities and net position	<u>\$ 3,638,820</u>	<u>3,863,887</u>	<u>3,352,476</u>

**Assets**

A majority of the June 30, 2014, 2013, and 2012 assets are in the form of cash, investments, and accounts receivable. The total balances included in investments as of June 30, 2014, 2013, and 2012 are \$1,461,261, \$1,303,541, and \$1,193,870, respectively. The primary factor contributing to the increase in investments in fiscal year 2014 and fiscal year 2013 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. In December 2013, the Foundation opened a Sweep account also at Wells Fargo. The checking account maintains a \$250,000 balance. The balance over \$250,000 is invested nightly in the sweep account. The book balances in the checking and sweep accounts as of June 30, 2014 and checking account as of June 2013 and 2012 are \$1,146,371, \$1,110,453, and \$907,372, respectively. Cash and cash equivalents on the balance sheet also includes a money market account in the amount of \$62,695, \$42,800, and \$48,747 for June 30, 2014, 2013, and 2012, respectively.

Accounts receivable at the Anderson Foundation consists primarily of receivables for programs at the Executive and Professional Education Center (EPEC), formerly Management Development Center (MDC). Approximately, 90% of all receivables are related to the Executive MBA (EMBA) students. There are currently two active EMBA cohort groups. Unearned revenue and receivables are posted for each student in the first year of the two-year (seven semesters) program. Revenue is recognized each semester based on actual student registration and when the course is offered. The 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 2014 with unpaid balances considered uncollectible; therefore, the allowance account balance of \$25,000 is considered sufficient at June 30, 2014. The Bursar's Office did not charge the Anderson Foundation a bad debt expense in 2013 or 2014.

Prepaid expenses for the EPEC were \$42,574, \$131,813, and \$8,113 at June 30, 2014, 2013, and 2012, respectively. At June 30, 2014, total prepaid expenses decreased by \$89,239 when compared to June 30, 2013. The decrease is primarily the result of the change in how the international residency expenses were paid. The 2012-2014 EMBA cohort was the first class to go on an international trip in August, rather than in March. The travel agency for the trip to Brazil in August 2013 required two large payments, totaling \$103,885, before June 30, 2013. For the trip to China in August 2014, a different travel agency requested a wire transfer in July 2014. Two airline tickets for a staff members and visa payments, totaling \$7,122, were paid prior to June 30, 2014 for the August trip. Student fees of \$22,505 for all three cohort groups and early admission reduced rate of \$4,235 for the 2014-2016 cohort group were paid in advance by the students, third parties, and financial aid for courses taken after June 30, 2014. Advanced payments of fees at June 30, 2013 were \$18,248.



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June 30, 2014 and 2013

**Liabilities**

The majority of the current liabilities balance is the unearned revenue from the EPEC Executive MBA program. Most of the June 30, 2014 unearned revenue will be recognized as income during the fiscal year ending June 30, 2015 and a small balance in fiscal year ending June 30, 2016 as the students in the 2013-2015 cohort group complete courses. Total unearned revenue as of June 30, 2014 is \$802,562, down from \$1,122,772 on June 30, 2013. Unearned revenue decreased for several reasons, including changes to the cohort class schedule and a lower than average 2013-2015 cohort group. The 2012-2014 cohort has 42 students remaining in the program. The 2013-2015 cohort has 32 students. 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 class is taught. Two courses, one from each of the current cohort groups (2012-2014 and 2013-2015) will be recognized in 2015. The orientation class for the latest cohort group (2014-2016) was held in June 2014 and recognized in 2014, while the rest of their classes, taught after June 30, will be recognized in 2015. Tuition increased from \$875 per credit hour for the 2012-2014 group to \$920 for 2013-2015. Career and professional development (CPD) unearned revenue also decreased by \$18,090. Unearned revenue as of June 30, 2014, 2013, and 2012 is as follows:

	<b>June 30</b>		
	<b>2014</b>	<b>2013</b>	<b>2012</b>
Unearned revenue:			
EMBA Cohort 2010-2012	\$ 1,750	—	64,370
EMBA Cohort 2011-2013	4,150	98,770	878,140
EMBA Cohort 2012-2014	72,625	908,250	31,055
EMBA Cohort 2013-2015	687,240	57,500	—
EMBA Cohort 2014-2016	12,830	—	—
EMBA students from prior Cohort	—	5,545	23,210
International trip (China 2014 and Brazil 2013)	21,947	33,472	—
Total EMBA unearned revenue	800,542	1,103,537	996,775
Career and professional development	1,145	19,235	19,545
Other revenues	875	—	6,200
All unearned revenue	\$ 802,562	1,122,772	1,022,520

This is the second year that the international residency is scheduled for August, instead of March. Student payments due before June 30, 2014 for the August 2014 trip are included in the unearned revenue and will be recognized in 2015.

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The other significant current liability is the amount due to The University of New Mexico (UNM) for salaries, fringe benefits, and operating expenses paid through UNM. While the majority of the expenses are for the EPEC programs (EMBA programs, Career and Professional Development programs, and GRE/GMAT), most of the EPEC 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 (71% of the net total in 2014) 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, 2014, 2013, and 2012 was \$544,508, \$558,672, and \$428,165, respectively.

Accounts payable decreased from \$123,797 in 2013 to \$24,209 in 2014. In 2012, accounts payable totaled \$40,426. The decrease at June 30, 2014 as compared to 2013 was due to several factors including timing of when invoices are received and paid. The three most significant decreases were due to changes in how UNM paid faculty salaries for the courses taught in the EMBA, GRE/GMAT, and Career and Professional Development programs in 2014; the 2013 Hall of Fame earnings designated for the UNM Foundation Hall of Fame scholarship (expensed in 2013 and paid in 2014); and some of 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 2014, 2013, and 2012 are \$445,573, \$434,163, and \$452,038, 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. The restricted account with the most activity in 2014 and 2013 is the UNM Business Plan Competition (BPC), which includes the Entrepreneurial and Technology competitions. The BPC is funded by a number of donors and Technology Innovation Program endowment at UNM. The competitions were held on separate days in 2012 but on the same day in 2013 and 2014. The competitions were 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 \$403,533, \$341,107, and \$390,447 as of June 30, 2014, 2013, and 2012, respectively. The balances increase or decrease due to faculty activities.

Unrestricted funds are primarily from unrestricted contributions or net revenues generated by the activities of the Executive and Professional Education Center (EPEC). EPEC is a self-supporting department within the Anderson Foundation, offering a variety of educational products, including two cohorts of 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,

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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 2014 and 2013 of \$197,485 and \$215,156, respectively, is primarily related to the performance of the investment portfolio and lower revenues from EPEC in 2014 than in 2013, as well as similar changes in other revenues and support.

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating revenues:			
Executive and Professional Education Center (EPEC) operations:			
Revenues	\$ 2,221,532	2,438,375	2,052,648
Expenses	(1,760,218)	(1,832,509)	(1,623,599)
Net revenue from EPEC operations	461,314	605,866	429,049
Other revenues and support	600,924	446,011	369,549
Total operating revenues and other support	1,062,238	1,051,877	798,598
Operating expenses:			
Program services	656,723	607,874	612,313
Fundraising activities	138,345	153,718	136,425
Management and general	187,266	160,191	154,930
Total operating expenses	982,334	921,783	903,668
Operating income (loss)	79,904	130,094	(105,070)
Nonoperating revenues (expenses):			
Investment activities	177,711	103,723	(18,264)
Transfer to UNM Foundation	(48,720)	(36,536)	(58,151)
Nonoperating revenues (expenses), net	128,991	67,187	(76,415)
Increase (decrease) in net position	208,895	197,281	(181,485)
Net position, beginning of year	2,058,646	1,861,365	2,042,850
Net position, end of year	\$ 2,267,541	2,058,646	1,861,365

**Operating Revenues**

Revenue from EPEC is approximately 77% of the Anderson School Foundation 2014 gross income. Approximately, 75% of the EPEC revenue is generated from the Executive MBA program. The revenue generated by the EMBA program between 2014, 2013, and 2012 was \$1,662,928, \$1,856,784, and \$1,784,995, 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

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offered by EPEC include a number of Career and Professional Development (CPD) 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 and the GRE/GMAT increased significantly from 2012 to 2013. The change between 2013 and 2014 were less than 1% for the CPD and were down 25% for the GRE/GMAT. The additional products were 24% of the total EPEC revenue in 2013 to 25% in 2014.

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). The table sales and contributions made directly to the Anderson Foundation are recorded in fundraising. Other contributions for the events are sent directly to UNM Foundation for the endowments associated with the events. Net proceeds from the fundraising events are used to support student programs and scholarships. Total other revenue increased by \$154,913 during 2014 as compared to 2013 and increased by \$76,462 during 2013 as compared to 2012. The state of the economy and the recognition of the Anderson School contribute to the changes in the other revenues.

The Executive and Professional Education Center (EPEC) is a self-supporting department within the Anderson Foundation. Faculty, staff, and students working for EPEC 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 EPEC were \$1,760,218 in 2014, \$1,832,509 in 2013, and \$1,623,599 in 2012. Staff salaries were up in 2014 because of increases in the number of staff. The faculty salaries for the Career and Professional Development and the GRE/GMAT programs increased in 2014 because of the number of standard and customized courses offered. Other expenses that decreased in 2014 were student fees, consultants, marketing and advertising, and travel (including the international trip). 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.

Expenditures outside EPEC 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, 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 can apply for funding to attend workshops and conferences for professional development. Fundraising costs include the annual Hall of Fame dinner, donor cultivation, and correspondence and newsletters to alumni and donors. Non-EPEC operating expenses were \$982,334, \$921,783, and \$903,668 for the years ended June 30, 2014, 2013, and 2012, 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.

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June 30, 2014 and 2013

**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 \$73,988 during 2014 as compared to 2013 and increased \$121,987 during 2013 as compared to 2012. Changes are a result of the performance of the investment portfolio. Earnings include interest, dividends, and realized and unrealized gains and losses.

Transfers from the Anderson Foundation checking to various UNM endowed and nonendowed accounts were \$48,720 and \$36,536 in 2014 and 2013, respectively. The transfers were a result of net proceeds from table sales, ticket sales, and contributions from several fundraising events. The 2014 and 2013 transfers were from the annual Hall of Fame dinner and the Taste of Anderson (Creative Kitchens) fundraising event. The net proceeds from the events were transferred to the Hall of Fame Endowed Scholarship and the Johnson Marketing Center Endowment, 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  
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Balance Sheets

June 30, 2014 and 2013

<b>Assets</b>	<b>2014</b>	<b>2013</b>
Current assets:		
Cash and cash equivalents	\$ 1,209,066	1,153,253
Investments	1,461,261	1,303,541
Accounts receivable, less allowance for doubtful receivables of \$25,000 in 2014 and \$23,948 in 2013	803,035	1,140,910
Due from The University of New Mexico	69,838	98,663
Inventory – EPEC textbooks/brochures	49,331	33,160
Prepaid expenses – EPEC	42,574	131,813
Promotion items on hand	3,715	2,547
Total current assets	\$ 3,638,820	3,863,887
<b>Liabilities and Net Position</b>		
Current liabilities:		
Accounts payable	\$ 24,209	123,797
Due to The University of New Mexico	544,508	558,672
Unearned revenue	802,562	1,122,772
Total current liabilities	1,371,279	1,805,241
Net position:		
Unrestricted	1,821,968	1,624,483
Restricted	445,573	434,163
Total net position	2,267,541	2,058,646
Total liabilities and net position	\$ 3,638,820	3,863,887

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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating revenues and other support:		
Executive and Professional Education Center revenues	\$ 2,221,532	2,438,375
Executive and Professional Education Center direct and allocated costs	<u>(1,760,218)</u>	<u>(1,832,509)</u>
Net revenue from Executive and Professional Education Center operations	461,314	605,866
Contributions	156,061	170,967
Consulting and conference revenue	253,714	125,399
Fundraising events	135,550	121,575
Other income	<u>55,599</u>	<u>28,070</u>
Total operating revenues and other support	<u>1,062,238</u>	<u>1,051,877</u>
Operating expenses:		
Program services	656,723	607,874
Fundraising activities	138,345	153,718
Management and general	<u>187,266</u>	<u>160,191</u>
Total operating expenses	<u>982,334</u>	<u>921,783</u>
Operating income	<u>79,904</u>	<u>130,094</u>
Nonoperating revenues and expenses:		
Interest/dividend income	29,700	23,570
Net unrealized and realized gains on investments	148,011	80,153
Transfer to UNM Foundation	<u>(48,720)</u>	<u>(36,536)</u>
Nonoperating revenues and expenses, net	<u>128,991</u>	<u>67,187</u>
Increase in net position	208,895	197,281
Net position, beginning of year	<u>2,058,646</u>	<u>1,861,365</u>
Net position, end of year	<u><u>\$ 2,267,541</u></u>	<u><u>2,058,646</u></u>

See accompanying notes to financial statements.

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Statements of Cash Flows

Years ended June 30, 2014 and 2013

	<b>2014</b>	<b>2013</b>
Cash flows from operating activities:		
Receipts from Executive and Professional Development Center	\$ 2,239,197	2,516,576
Receipts from other revenues and support	629,749	398,014
Payments to The University of New Mexico	(558,672)	(428,165)
Payments to outside vendors	(2,225,730)	(2,246,807)
Net cash flows from operating activities	84,544	239,618
Cash flows from noncapital financing activity – transfers to UNM Foundation	(48,720)	(36,536)
Cash flows from investing activities:		
Investments purchased	(614,296)	(1,116,376)
Investments proceeds	604,585	1,086,858
Investment income	29,700	23,570
Net cash flows from investing activities	19,989	(5,948)
Net increase in cash and cash equivalents	55,813	197,134
Cash and cash equivalents, beginning of year	1,153,253	956,119
Cash and cash equivalents, end of year	\$ 1,209,066	1,153,253
Reconciliation of changes in net position to net cash from operating activities:		
Operating income	\$ 79,904	130,094
Adjustments to reconcile changes in net position to net cash flows from operating activities:		
Changes in assets and liabilities:		
Accounts receivable	337,876	(22,052)
Due from The University of New Mexico	28,825	(47,998)
Inventory – EPEC textbooks	(16,171)	(12,801)
Prepaid EPEC expenses	89,240	(123,700)
Promotional items on hand	(1,168)	1,945
Accounts payable	(99,588)	83,371
Due to The University of New Mexico	(14,164)	130,507
Unearned revenues	(320,210)	100,252
Net cash flows from operating activities	\$ 84,544	239,618

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 Executive and Professional Education Center (EPEC) 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.

Effective July 1, 2013 the Anderson Foundation has adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65), which amends or supersedes the accounting and financial reporting guidance for certain items previously required to be reported as assets or liabilities. The objective is to either properly classify certain items that were previously reported as assets or liabilities as deferred outflows of resources or deferred inflows of resources or recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses) or inflows of resources (revenues). The financial reporting impact resulting from the implementation of GASB 65 in the Anderson Foundation financial statements was the reclassifying of "Deferred Revenue" to "Unearned Revenue" for all years presented.

**(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,

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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 UNM (all computers and any furniture or equipment with a cost greater than \$1,000) to the Anderson School at 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 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.

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**(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 Executive and Professional Education Center (EPEC) 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 unearned and recognized in the appropriate fiscal year. In 2014, EPEC 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 unearned revenue from the individual student. Revenue is recognized quarterly for the credit hours taken during the fiscal year. As revenue is recognized, unearned revenue is reduced. Unearned 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 2014 and 2013 totaled \$50,370 and \$36,543 for program and support services, and \$67,822 and \$93,619 for EPEC, respectively.

**(3) Related-Party Transactions**

As of June 30, 2014 and 2013, the Anderson Foundation has net accounts payable of \$544,508 and \$558,672, 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, 2014 is included below:

Name of depository	Account name	Account type	Bank balance	Reconciling items	Reconciled balance
Wells Fargo	Operating	Cash	\$ 250,000	(19,012)	230,988
Wells Fargo	Sweep	Cash	915,383	—	915,383
Wells Fargo	Investment	Money market	62,695	—	62,695
			\$ 1,228,078	(19,012)	1,209,066

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	Investment	Money market	42,800	—	42,800
			\$ 1,233,579	(80,326)	1,153,253

*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 \$1,228,078 and \$1,233,579 on deposit with a local financial institution at June 30, 2014 and 2013, respectively. During 2014 the Anderson Foundation set up a sweep account in order to collateralize its uninsured cash deposits. The balance in the operating account at June 30, 2014 was insured up to the first \$250,000 by the Federal Deposit Insurance Corporation (FDIC), and the remaining balance of \$915,383 was collateralized through the sweep account which purchases U.S. Treasuries and Agencies. The balance in the operating account at June 30, 2013 was insured up to the first \$250,000 by the FDIC, leaving an uninsured balance of \$940,779. The money market mutual funds held by the Anderson Foundation are not subject to custodial credit risk.

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**(5) Investments**

The Anderson Foundation has an investment account with Wells Fargo Bank – Wealth Management with balances of \$1,461,261 and \$1,303,541 as of June 30, 2014 and 2013, 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.

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, 2014 and 2013 and the Anderson Foundation’s exposure to custodial credit risk is as follows:

	<b>Fair value amounts at</b>	
	<b>2014</b>	<b>2013</b>
Subject to custodial credit risk:		
Corporate obligations	\$ 25,376	25,862
Not subject to custodial credit risk:		
Mutual funds	1,109,994	986,694
Marketable alternatives	174,623	137,322
Real estate funds	151,268	153,663
	\$ 1,461,261	1,303,541

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*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, 2014 and 2013 had a Standard & Poor's rating of BBB+ or higher. All of the fixed income mutual funds held at June 30, 2014 and 2013 had an average credit quality of B or above.

*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 percentage</u>	<u>Strategic target percentage</u>	<u>Maximum percentage</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
Marketable alternatives:		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, 2014 and 2013.

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As of June 30, 2014 and 2013, the Anderson Foundation has investments in the following investments that represent greater than 5% of the total investments:

	<u>2014</u>	<u>2013</u>
Dodge and Cox Income Fund	\$ 88,953	90,021
PIMCO Total Return Fund	89,697	90,198
Harbor Capital Appreciation Fund	92,456	121,366
MFS Value Fund (Institutional Class)	90,316	85,587
Artisan International Fund	76,525	70,600
Dodge and Cox International Fund	75,390	69,452
Oppenheimer Developing Markets Fund	75,871	—

*Foreign Currency Risk:* The Anderson Foundation did not hold any investments that were subject to foreign currency risk at June 30, 2014 or 2013.

*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, 2014 and 2013 is summarized as follows:

	<u>Fair value</u>	<u>2014 Investment maturities</u>			
		<u>Less than 1 year</u>	<u>1–5 years</u>	<u>5–10 years</u>	<u>More than 10 years</u>
Exposed to interest rate risk:					
Corporate obligations	\$ 25,376	25,376	—	—	—
Mutual funds – fixed income	439,556	—	439,556	—	—
	464,932	25,376	439,556	—	—
Not exposed to interest rate risk:					
Mutual funds – other than fixed income	670,438				
Marketable alternatives	174,623				
Real estate funds	151,268				
Total investments	\$ 1,461,261				

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		2013 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	\$	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		649,991				
Marketable alternatives		137,322				
Real estate funds		153,663				
Total investments	\$	1,303,541				

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

	June 30, 2014		June 30, 2013	
	Unrestricted	Total	Unrestricted	Total
Interest/dividend income	\$ 29,700	29,700	23,570	23,570
Realized gains, net	64,721	64,721	78,469	78,469
Unrealized gains, net	83,290	83,290	1,684	1,684
Total investment income	\$ 177,711	177,711	103,723	103,723

**(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 \$21,082,845 and \$18,629,755 as of June 30, 2014 and 2013, respectively. A portion of the earnings from the funds, in the amount of \$707,617 and \$694,371, 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) estimates quarterly earnings 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.

The June 30, 2014 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, 2014 is \$5,733,971. Associated restricted funds were moved to the spending account in 2012 to cover consulting



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and planning expenses incurred in 2013 and 2014. In addition, quarterly earnings distributions have been made to the spending account. The June 30, 2014 balance in the quasi spending account is \$402,728. 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, 2014 and 2013 is included below:

	<b>2014</b>	<b>2013</b>
Unrestricted contributions due to the Anderson Foundation	\$ 28,832	36,075
Restricted expendable funds due to the Anderson Foundation – Business Plan Competition account	41,006	62,588
Total due to the Anderson Foundation	69,838	98,663
Other restricted expendable funds available to the Anderson School	403,820	523,049
Total nonendowed funds held by UNM	\$ 473,658	621,712

**(8) Net Position**

Restricted net position is available for the following purposes:

	<b>2014</b>	<b>2013</b>
Programs	\$ 268,002	264,988
Scholarships	177,571	169,175
Restricted net position	\$ 445,573	434,163

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

	<b>2014</b>	<b>2013</b>
Undesignated	\$ 1,418,435	1,283,376
Designated	403,533	341,107
Unrestricted net position	\$ 1,821,968	1,624,483

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 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 – Executive and Professional Education Center

June 30, 2014

	<b>EMBA program</b>	<b>Career and professional development programs</b>	<b>GMAT Prep course</b>	<b>Total</b>
<b>Revenues:</b>				
Student fees	\$ 1,662,928	—	—	1,662,928
Registration fees	—	458,899	99,705	558,604
Total revenues	<u>1,662,928</u>	<u>458,899</u>	<u>99,705</u>	<u>2,221,532</u>
<b>Direct costs:</b>				
Compensation	263,754	140,158	33,293	437,205
Bad debt expense	4,937	—	—	4,937
Books/course materials	110,866	40,062	—	150,928
Consultants	—	803	—	803
Computer supplies/database	1,654	1,247	—	2,901
Dues and memberships	2,555	185	—	2,740
Marketing and advertising	56,360	11,462	—	67,822
Materials and services	14,297	6,583	972	21,852
Meals and facilities	121,800	4,043	—	125,843
Parking	16,430	9,265	—	25,695
Postage and printing	4,782	7,644	926	13,352
Service agreement	19,470	11,222	1,623	32,315
Student fees	127,423	—	—	127,423
Telephone	—	—	—	—
Training and development	5,965	1,151	—	7,116
Travel and recruiting	144,857	4,285	—	149,142
Total direct costs	<u>895,150</u>	<u>238,110</u>	<u>36,814</u>	<u>1,170,074</u>
Segment contribution	<u>767,778</u>	<u>220,789</u>	<u>62,891</u>	<u>1,051,458</u>
<b>Allocated fixed costs:</b>				
Staff compensation	421,884	116,051	25,214	563,149
Copier/office supplies	12,689	3,491	758	16,938
Equipment	—	—	—	—
Materials and services	1,198	329	72	1,599
Telephone	6,336	1,743	379	8,458
Total allocated costs	<u>442,107</u>	<u>121,614</u>	<u>26,423</u>	<u>590,144</u>
Net revenue from Executive and Professional Education Center	<u>\$ 325,671</u>	<u>99,175</u>	<u>36,468</u>	<u>461,314</u>

See accompanying independent auditors' report.

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Schedule of Revenues and Expenses – Executive and Professional Education Center

June 30, 2013

	<u>EMBA program</u>	<u>Career and professional development programs</u>	<u>GMAT Prep course</u>	<u>Total</u>
Revenues:				
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>
Direct costs:				
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	6,545	3,446	—	9,991
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
Service Agreement	32,450	—	—	32,450
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>
Allocated fixed costs:				
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 Executive and Professional Education 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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Statement of Functional Expenses

June 30, 2014

	<b>Program services</b>			<b>Support services</b>		<b>Total</b>
	<b>Faculty support</b>	<b>Student support</b>	<b>Total program services</b>	<b>Fundraising activities</b>	<b>Management and general</b>	
Compensation	\$ 27,394	11,656	39,050	—	8,717	47,767
Advertising and promotion	17,159	13,265	30,424	—	19,946	50,370
Audit and accounting	—	—	—	—	25,145	25,145
Bank charges	—	—	—	—	39,289	39,289
Business plan award	—	65,000	65,000	—	—	65,000
Commencement	—	—	—	—	7,269	7,269
Computer supplies	22,290	4,123	26,413	982	1,460	28,855
Conference expenses	—	26,963	26,963	—	—	26,963
Dues and memberships	19,750	4,444	24,194	—	2,645	26,839
Equipment	24,567	1,152	25,719	—	6,262	31,981
Remodel	—	—	—	—	9,793	9,793
Honoraria	12,000	800	12,800	—	—	12,800
Insurance	—	—	—	—	4,530	4,530
Materials and services	11,085	14,031	25,116	3,020	11,873	40,009
Meals and facilities	18,867	26,352	45,219	104,487	28,006	177,712
Parking	—	—	—	—	5,944	5,944
Printing and postage	2,186	4,747	6,933	158	5,478	12,569
Publications	—	—	—	26,058	—	26,058
Student and faculty awards	—	13,734	13,734	—	—	13,734
Subscription and books	27,705	106	27,811	—	405	28,216
Telephone	952	—	952	1,997	1,754	4,703
Training and development	8,097	—	8,097	—	286	8,383
Travel	260,740	17,558	278,298	1,643	8,464	288,405
Total expenses	\$ <u>452,792</u>	<u>203,931</u>	<u>656,723</u>	<u>138,345</u>	<u>187,266</u>	<u>982,334</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, 2013

	Program services			Support services		Total
	Faculty support	Student support	Total program services	Fundraising activities	Management and general	
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	270	916	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	1,566	11,270	35,642
Meals and facilities	24,192	25,295	49,487	121,197	23,847	194,531
Parking	—	—	—	—	5,266	5,266
Printing and postage	1,769	5,817	7,586	89	10,047	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	3,458	1,401	5,867
Training and development	11,298	—	11,298	—	732	12,030
Travel	220,581	16,292	236,873	2,231	1,321	240,425
Total expenses	\$ <u>426,533</u>	<u>181,341</u>	<u>607,874</u>	<u>153,718</u>	<u>160,191</u>	<u>921,783</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, 2014, 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 September 17, 2014.

**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  
September 17, 2014



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

Schedule of Findings and Responses

June 30, 2014

**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, 2014

An exit conference was conducted on September 17, 2014, in which the contents of this report were discussed with the following:

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

Ed Street, Board Treasurer Fiscal 2014

Craig White, Interim Dean

Mike Rico, Board Member

Deborah Bower, Fiscal Officer

Tina Armijo, Unit Administrator

**KPMG LLP**

Cynthia Reinhart, Partner

Mike Hoskins, Manager (via telephone)