



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

Financial Statements

June 30, 2015 and 2014

(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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Official Roster

June 30, 2015

OFFICERS

Mike Lowrimore, Chair
Terri Giron-Gordon, Vice-Chair
Ed Street, CPA, Treasurer
Mike Rico, Secretary
Linda Parker, Past-Chair

COMMITTEE CHAIRS

Dennis Garcia, Chair, EPEC Planning and Programming Committee
John Attwood, Chair, Advancement Committee
Suzanne Wood Bruckner, Chair, Recruiting and Nominating Committee
Ed Street, Chair, Finance Committee

EX-OFFICIO MEMBERS

Craig White, Interim Dean
Emily Fox, Chief Development Officer

BOARD MEMBERS

Rick Anderson	Terry Laudick
Keith Bandoni, CCIM	Marcus Mims, CPA
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Beth Chase	Stuart Schoenmann
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Jim Dountas	Chris Taylor
Ed Garcia	Tracy Utterback
Sue Evatt	Janeen Vilven-Doggett
Stephen A. Griego	Vickie R. Wilcox
Bart Kinney	Xavier Zamarripa
Wayne Brown, CPA (Advisory)	Suzette Longfellow (Advisory)



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Two Park Square, Suite 700
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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. Timothy Keller, 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 statements of net position as of June 30, 2015 and 2014, 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 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 opinions.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Robert O. Anderson Schools of Management Foundation as of June 30, 2015 and 2014, 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, 2015 and 2014, 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, 2015 and 2014 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, 2015 and 2014 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, 2015 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, 2015

**THE ROBERT O. ANDERSON
SCHOOLS OF MANAGEMENT FOUNDATION**
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Management's Discussion and Analysis

June 30, 2015 and 2014

(Unaudited)

The following discussion and analysis provides an overview of the financial position and activities of the Robert O. Anderson Schools of Management Foundation (the Anderson Foundation) as of and for the fiscal years ended June 30, 2015 and 2014, and 2013. This discussion should be read in conjunction with the accompanying financial statements and notes. Management has prepared the basic financial statements and the related note disclosures along with this discussion and analysis. As such, the financial statements, notes, and their discussion are the responsibility of the Anderson Foundation.

Overview of the Basic 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, 2015, 2014, and 2013 and the following, which comprise the basic financial statements:

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

The Statements of Net Position 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.

The Anderson Foundation's condensed financial information as of and for the fiscal years ended June 30, 2015, 2014, and 2013 are provided in the following table;

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Current assets	\$ 4,663,122	3,638,820	3,863,887
Current liabilities	2,196,590	1,371,279	1,805,241
Net position:			
Unrestricted	1,966,457	1,821,968	1,624,483
Restricted	500,075	445,573	434,163
Total net position	<u>2,466,532</u>	<u>2,267,541</u>	<u>2,058,646</u>
Total liabilities and net position	<u>\$ 4,663,122</u>	<u>3,638,820</u>	<u>3,863,887</u>

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Current Assets

A majority of the June 30, 2015, 2014, and 2013 assets are in the form of cash, investments, and accounts receivable. The total balances included in investments as of June 30, 2015, 2014, and 2013 are \$1,997,888, \$1,461,261, and \$1,303,541, respectively. The increase in investments in fiscal year 2015 was due to the transfer of \$500,000 from the checking/sweep accounts to the investment account. The primary factor contributing to the increase in investments in fiscal year 2014 and 2013 was the performance of the investment portfolio during each of these years.

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 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, 2015 and June 2014 and checking account as of June 2013 are \$1,253,152, \$1,146,371, and \$1,110,453, respectively. Cash and cash equivalents on the balance sheet also includes a money market account in the amount of \$25,162, \$62,695, and \$42,800 for June 30, 2015, 2014, and 2013, 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 2015 with unpaid balances considered uncollectible; therefore, the allowance account balance of \$25,000 is considered sufficient at June 30, 2015. The Bursar's Office did not charge the Anderson Foundation a bad debt expense in 2014 or 2015, although the Bursar's Office handles all uncollectible student accounts for the Executive MBA program.

Prepaid expenses for the EPEC were \$88,950, \$42,574, and \$131,813 at June 30, 2015, 2014, and 2013, respectively. At June 30, 2015, total prepaid expenses increased by \$46,376 when compared to June 30, 2014. The increase in 2015 and the decrease in 2014 is primarily the result of the change in how the international residency expenses were paid to the various travel agencies. 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. For the August 2015 international residency, the agency required a deposit in March \$(16,449) and the final balance in June 2015 \$(38,969). Two airline tickets for staff members, totaling \$3,585, were paid prior to June 30, 2015 for the August trip. Prepaid expenses also include student fees of \$18,920. All University of New Mexico (UNM) graduate students, including EMBA students, are charged \$55 per credit hour for the use of campus libraries, student health center, gyms, and other services. The EMBA program tuition is recognized as revenue when the students register. The fees paid to UNM through Anderson Foundation are recorded as an expense. The fees are charged by the University of New Mexico (UNM) for the use of campus libraries, student health center, gyms, and other services available to all UNM students,

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including the EMBA students. The Anderson Foundation considers the \$55/credit hour fees for classes registered in 2015 but taken in 2016 to be prepaid to UNM. Advanced payments of fees at June 30, 2014 were \$22,505. Other prepaid expenses included software paid annually and expensed monthly. The software is used by EPEC to track potential students for all programs and registration in the CPD and GRE/GMAT classes.

Current Liabilities

The majority of the current liabilities balance is the unearned revenue from the EPEC Executive MBA program. Most of the June 30, 2015 unearned revenue will be recognized as income during the fiscal year ending June 30, 2016 and a small balance in fiscal year ending June 30, 2017 as the students in the 2014-2016 cohort group complete courses. Total unearned revenue as of June 30, 2015 is \$1,341,598. The balance includes a \$168,990 grant paid in advance for the new MBA-ED program which starts in September 2015. The program funded by the Woodrow Wilson National Fellowship Foundation admits K-12 teachers and principals who will earn an education related MBA degree. Another reason for the increase is the timing on the summer 2015 courses and the deadline for the 2015-2017 cohort to pay all summer 2015 tuition by June 26, 2015. The total unearned revenue as of June 30, 2014 is \$802,562, down from \$1,122,772 on June 30, 2013. Unearned revenue decreased in 2014 for several reasons, including changes to the cohort class schedule and a lower than average 2013-2015 cohort group. Tuition increased from \$975 per credit hour for the 2014-2016 group to \$1,070 for 2015-2017.

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Unearned revenue:			
EMBA Cohort 2011-2013	\$ —	—	98,770
EMBA Cohort 2012-2014	—	72,625	908,250
EMBA Cohort 2013-2015 (31 students)	68,080	687,240	57,500
EMBA Cohort 2014-2016 (41 students)	853,015	12,830	—
EMBA Cohort 2015-2017 (34 students)	218,280	—	—
EMBA students from prior Cohort	4,795	5,900	5,545
International trip (Munich 2015, China 2014 and Brazil 2013)	28,438	21,947	33,472
Total EMBA unearned revenue	<u>1,172,608</u>	<u>800,542</u>	<u>1,103,537</u>
Career and professional development	—	1,145	19,235
MBA-ED	168,990	—	—
Other	—	875	—
All unearned revenue	<u>\$ 1,341,598</u>	<u>802,562</u>	<u>1,122,772</u>

The 2014-2016 international residency is scheduled for August 2015. Student payments due before June 30, 2015 for the August 2015 trip are included in unearned revenue and will be recognized in 2016.

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 EPEC (EMBA

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programs, Career and Professional Development programs, and GRE/GMAT preparation), a portion of the EPEC expenditures are offset by revenue received through UNM for the various programs. Financial aid is collected by UNM for the EMBA programs and online payments for Career and Professional Development (CPD) and GRE/GMAT programs are received through UNM Touchnet. The remaining payable (53% of the net total in 2015) 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, 2015, 2014, and 2013 was \$829,724, \$544,508, and \$558,672, respectively.

Accounts payable increased slightly from \$24,209 in 2014 to \$25,268 in 2015. In 2013, accounts payable totaled \$123,797. The slight increase at June 30, 2015 as compared to 2014 and the decrease at June 30, 2014 as compared to 2013 was due to several factors including timing of orders and payments for goods and services paid through the Anderson Foundation checking account.

Net Position

Net position at the Anderson Foundation consists of two amounts: restricted and unrestricted. The restricted funds at the end of fiscal years 2015, 2014, and 2013 are \$500,075, \$445,573, and \$434,163, 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 2015, 2014, and 2013 is the UNM Business Plan Competition (BPC), which includes both the Entrepreneurial and the Technology competitions. The BPC is funded by a number of sponsors and Technology Innovation Program (TIP) endowment at UNM.

Included in the unrestricted net position are designated funds that are from two sources. (1) Funds are allocated by the Anderson Foundation Board through the budget process to the Anderson Dean. The Anderson Dean allocates funds to individual faculty, departments, students, and staff at the UNM Anderson School of Management. (2) Funds are generated by faculty consulting activities, special teaching programs, student competitions 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 \$413,360, \$403,533, and \$341,107 as of June 30, 2015, 2014, and 2013, respectively. The balances increase or decrease due to faculty, chair, and dean 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 Executive MBA program, Career and Professional Development (CPD), 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

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estimated allocations, the unrestricted net position is reduced. The change in unrestricted net position during fiscal years 2015 and 2014 of \$198,991 and \$208,895, respectively, and is summarized by the following table.

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Operating revenues:			
Executive and Professional Education Center (EPEC) operations:			
Revenues	\$ 2,425,521	2,221,532	2,438,375
Expenses	(1,779,003)	(1,760,218)	(1,832,509)
Net revenue from EPEC operations	646,518	461,314	605,866
Other revenues and support	501,126	600,924	446,011
Total operating revenues and other support	<u>1,147,644</u>	<u>1,062,238</u>	<u>1,051,877</u>
Operating expenses:			
Program services	624,613	656,723	607,874
Fundraising activities	122,626	138,345	153,718
Management and general	171,518	187,266	160,191
Total operating expenses	<u>918,757</u>	<u>982,334</u>	<u>921,783</u>
Operating income	<u>228,887</u>	<u>79,904</u>	<u>130,094</u>
Nonoperating revenues (expenses):			
Investment activities	(789)	177,711	103,723
Transfer to UNM Foundation	(29,107)	(48,720)	(36,536)
Nonoperating revenues (expenses), net	<u>(29,896)</u>	<u>128,991</u>	<u>67,187</u>
Increase in net position	198,991	208,895	197,281
Net position, beginning of year	<u>2,267,541</u>	<u>2,058,646</u>	<u>1,861,365</u>
Net position, end of year	<u>\$ 2,466,532</u>	<u>2,267,541</u>	<u>2,058,646</u>

Total Operating Revenues and Other Support and Operating Expenses

Revenue from EPEC is approximately 82% of the Anderson Foundation 2015 gross income and 74% of the Anderson Foundation 2014 gross income. Approximately, 66% of the EPEC revenue was generated from the Executive MBA program in 2015, compared to 75% in 2014. The revenue generated by the EMBA program in 2015, 2014, and 2013 was \$1,600,945, \$1,662,928, and \$1,856,784, respectively. Changes in the revenues can be attributed to changes in the tuition rates, the number of students in the cohort groups, and the number of students

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attending the international residency. Other educational products 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 customized programs, revenues from the Career and Professional Development and the GRE/GMAT increased from 2014 to 2015. The increases between 2014 and 2015 were 48% for the CPD and 47% for the GRE/GMAT.

Other operating revenues at the Anderson Foundation include restricted and unrestricted donations, 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 either paid online to UNM Foundation or sent directly to UNM Foundation for the endowments associated with the events. Anderson Foundation does not include any donations made directly to endowment accounts at UNM Foundation. Net proceeds from the fundraising events are used to support student programs and scholarships. Total other revenue decreased by \$99,798 during 2015 as compared to 2014. The changes from year to year in the other operating revenues depend on a number of factors, including the timing of the contributions and consulting payments, the economy, marketing of the events or other factors. For instance, part of the decrease in consulting revenue is due to a \$107,879 payment in February 2014 for a project at Sandia Labs which ended in 2014. Other projects at Sandia Labs will be completed in future years and do not always coincide with the Anderson Foundation fiscal year end.

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 61% of the total expenditures in 2015 and 57% in 2014. Expenditures for EPEC were \$1,779,003 in 2015, \$1,760,218 in 2014, and \$1,832,509 in 2013. Staff salaries were down in 2015 because of vacancies, while the faculty salaries for the Career and Professional Development and the GRE/GMAT programs increased in 2014 and 2015 because of the number of standard and customized courses offered. Other expenses that decreased in 2015 were student fees, meals and facilities, 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 UNM 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 \$918,757, \$982,334, and \$921,783 for the years ended June 30, 2015, 2014, and 2013, 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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Nonoperating Revenues and Expenses

The Anderson Foundation's investments are managed by Wells Fargo according to the Investment Policy Statement (IPS) revised by the Finance Committee and Wells Fargo managers and approved by the Anderson Foundation Board in February 2015. Investment interest and dividend earnings increased \$16,743 during 2015 as compared to 2014. Net unrealized and realized gains/losses on investments were \$(47,232) in 2015 and were \$148,011 in 2014. Investment earnings are a result of the performance of the investment portfolio.

Transfers from the Anderson Foundation checking to various UNM endowed accounts were \$29,107 and \$48,720 in 2015 and 2014, respectively. The transfers were a result of net proceeds from table sales, ticket sales, and contributions from several fundraising events. The 2015 and 2014 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 Deborah and Rick Johnson Marketing Center Endowment.

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 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:

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The University of New Mexico
MSC 05-3090
1924 Las Lomas NE
Albuquerque, NM 87131
505-277-4234

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Statements of Net Position

June 30, 2015 and 2014

Assets	2015	2014
Current assets:		
Cash and cash equivalents	\$ 1,278,314	1,209,066
Investments	1,997,888	1,461,261
Accounts receivable, less allowance for doubtful receivables of \$25,000 in 2015 and \$25,000 in 2014	1,173,838	803,035
Due from The University of New Mexico	74,888	69,838
Inventory – EPEC textbooks/brochures	47,472	49,331
Prepaid expenses – EPEC	88,950	42,574
Promotion items on hand	1,772	3,715
Total current assets	\$ 4,663,122	3,638,820
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 25,268	24,209
Due to The University of New Mexico	829,724	544,508
Unearned revenue	1,341,598	802,562
Total current liabilities	2,196,590	1,371,279
Net position:		
Unrestricted	1,966,457	1,821,968
Restricted	500,075	445,573
Total net position	2,466,532	2,267,541
Total liabilities and net position	\$ 4,663,122	3,638,820

See accompanying notes to financial statements.

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Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2015 and 2014

	2015	2014
Operating revenues and other support:		
Executive and Professional Education Center revenues	\$ 2,425,521	2,221,532
Executive and Professional Education Center direct and allocated costs	(1,779,003)	(1,760,218)
Net revenue from Executive and Professional Education Center operations	646,518	461,314
Contributions	149,136	156,061
Consulting and conference revenue	205,994	253,714
Fundraising events	127,525	135,550
Other income	18,471	55,599
Total operating revenues and other support	1,147,644	1,062,238
Operating expenses:		
Program services	624,613	656,723
Fundraising activities	122,626	138,345
Management and general	171,518	187,266
Total operating expenses	918,757	982,334
Operating income	228,887	79,904
Nonoperating revenues and expenses:		
Interest/dividend income	46,443	29,700
Net unrealized and realized gains on investments	(47,232)	148,011
Transfer to UNM Foundation	(29,107)	(48,720)
Nonoperating revenues and expenses, net	(29,896)	128,991
Increase in net position	198,991	208,895
Net position, beginning of year	2,267,541	2,058,646
Net position, end of year	\$ 2,466,532	2,267,541

See accompanying notes to financial statements.

**THE ROBERT O. ANDERSON
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Statements of Cash Flows

Years ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Receipts from Executive and Professional Development Center	\$ 2,593,754	2,239,197
Receipts from other revenues and support	486,071	629,749
Payments to The University of New Mexico	(544,508)	(558,672)
Payments to outside vendors	(1,899,546)	(2,225,730)
Net cash flows from operating activities	<u>635,771</u>	<u>84,544</u>
Cash flows from noncapital financing activity – transfers to UNM Foundation	(29,107)	(48,720)
Cash flows from investing activities:		
Investments purchased	(961,597)	(614,296)
Investments proceeds	377,738	604,585
Investment income	46,443	29,700
Net cash flows from investing activities	<u>(537,416)</u>	<u>19,989</u>
Net increase in cash and cash equivalents	69,248	55,813
Cash and cash equivalents, beginning of year	<u>1,209,066</u>	<u>1,153,253</u>
Cash and cash equivalents, end of year	<u>\$ 1,278,314</u>	<u>1,209,066</u>
Reconciliation of changes in net position to net cash from operating activities:		
Operating income	\$ 228,887	79,904
Adjustments to reconcile changes in net position to net cash flows from operating activities:		
Changes in assets and liabilities:		
Accounts receivable	(370,803)	337,876
Due from The University of New Mexico	(5,050)	28,825
Inventory – EPEC textbooks	1,859	(16,171)
Prepaid EPEC expenses	(46,376)	89,240
Promotional items on hand	1,943	(1,168)
Accounts payable	1,059	(99,588)
Due to The University of New Mexico	285,216	(14,164)
Unearned revenues	539,036	(320,210)
Net cash flows from operating activities	<u>\$ 635,771</u>	<u>84,544</u>
Supplemental information:		
In-kind contributions	\$ 10,000	—

See accompanying notes to financial statements.

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

Notes to Financial Statements

June 30, 2015 and 2014

(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 and Practices

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

(a) *Basis of Accounting and Presentation*

As a propriety fund, the Anderson Foundation's financial statements are reported using a flow of economic resources measurement focus and the full accrual basis of accounting. Accordingly, revenues are recognized when they are earned and expenses are recognized as soon as the liability is incurred. Operating revenues and expenses are those incurred by the Anderson 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.

The accompanying financial statements include only the accounts of the Anderson Foundation, which has no component units.

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

Notes to Financial Statements

June 30, 2015 and 2014

(b) Net Position

For accounting and reporting purposes, the Anderson Foundation reports its net position in the following net asset categories as applicable:

- 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 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.

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

Notes to Financial Statements

June 30, 2015 and 2014

(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.

(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 and 2015, 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 (seven semester) 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 cohorts and the first semester for the new cohort who started on June 19, 2015.

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.

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

Notes to Financial Statements

June 30, 2015 and 2014

(k) Use of Estimates

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

(l) Advertising Costs

The Anderson Foundation expenses advertising costs as incurred.

(3) Related-Party Transactions

As of June 30, 2015 and 2014, the Anderson Foundation has net accounts payable of \$829,724 and \$544,508, 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, 2015 is included below:

Name of depository	Account name	Account type	Bank balance	Reconciling items	Reconciled balance
Wells Fargo	Operating	Cash	\$ 250,000	138,001	388,001
Wells Fargo	Sweep	Cash	865,151	—	865,151
Wells Fargo	Investment	Money market	25,162	—	25,162
			<u>\$ 1,140,313</u>	<u>138,001</u>	<u>1,278,314</u>

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
			<u>\$ 1,228,078</u>	<u>(19,012)</u>	<u>1,209,066</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 ROBERT O. ANDERSON
SCHOOLS OF MANAGEMENT FOUNDATION**
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Notes to Financial Statements

June 30, 2015 and 2014

The Anderson Foundation had a total of \$1,140,313 and \$1,228,078 on deposit with a local financial institution at June 30, 2015 and 2014, 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, 2015 and June 30, 2014 was insured up to the first \$250,000 by the Federal Deposit Insurance Corporation (FDIC), and the remaining balances of \$865,151 and \$915,383 for 2015 and 2014, respectively, was collateralized through the sweep account which purchases U.S. Treasuries and Agencies. The money market mutual funds held by the Anderson Foundation 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 \$1,997,888 and \$1,461,261 as of June 30, 2015 and 2014, respectively. The Anderson Foundation increased the amount of the investment account by \$500,000 in 2015 with four deposits of \$125,000 spread over three months.

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 investment portfolio shall be less than single “BBB” quality.

Investment Policy Statement (IPS): In February 2015, the Anderson Foundation Board of Directors approved changes to its Investment Policy Statement (IPS), as recommended by the Anderson Foundation Finance Committee. In addition to the Anderson IPS, a standardized IPS is in place with Wells Fargo. 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.

**THE ROBERT O. ANDERSON
SCHOOLS OF MANAGEMENT FOUNDATION**
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Notes to Financial Statements

June 30, 2015 and 2014

A summary of the investments held by the Anderson Foundation at June 30, 2015 and 2014 and the Anderson Foundation's exposure to custodial credit risk is as follows:

	Fair value amounts at	
	2015	2014
Subject to custodial credit risk:		
Corporate obligations	\$ —	25,376
Not subject to custodial credit risk:		
Mutual funds:		
Fixed income – domestic	329,328	309,546
Fixed income – international	101,931	130,011
Equities – domestic	785,057	417,808
Equities – international	371,738	252,629
Complementary strategies	187,560	174,623
Real estate funds	222,274	151,268
	\$ 1,997,888	1,461,261

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. The Anderson Foundation's IPS limits credit risk by requiring that individual fixed-income securities to have a credit rating of "BBB" quality or above and ensuring no more than 10% of the market value of the investment portfolio to have a credit rating less than single "BBB" quality.

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:

	Minimum percentage	Strategic target percentage	Maximum percentage
Cash	—%	3%	10%
Fixed income	15	21	45
Equities	25	49	75
Real assets	—	12	20
Complementary strategies	—	15	20

**THE ROBERT O. ANDERSON
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June 30, 2015 and 2014

The Anderson Foundation's investments were within the minimum and maximum ranges indicated above at June 30, 2015. Investments at June 30, 2014 were within the minimum and maximum ranges set forth by the IPS in existence as of that date.

As of June 30, 2015 and 2014, the Anderson Foundation has investments in the following investments that represent greater than 5% of the total investments:

	<u>2015</u>	<u>2014</u>
Harbor Capital Appreciation Fund	\$ 172,642	92,456
MFS Value Fund (Class 1)	172,611	90,316
Artisan International Fund	143,243	76,525
Dodge & Cox International Fund	138,479	75,390
Dodge & Cox Income Fund	*	88,953
PIMCO Total Return Fund	*	89,697
Oppenheimer Developing Markets Fund	*	75,871

* Less 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, 2015 or 2014.

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.

**THE ROBERT O. ANDERSON
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Notes to Financial Statements

June 30, 2015 and 2014

Fair value at June 30, 2015 and 2014 is summarized as follows:

		2015 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	\$	—	—	—	—	—
Mutual funds – fixed income		431,258	431,258	—	—	—
		431,258	431,258	—	—	—
Not exposed to interest rate risk:						
Mutual funds – other than fixed income		1,566,630				
Total investments	\$	<u>1,997,888</u>				

		2014 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	\$	25,376	25,376	—	—	—
Mutual funds – fixed income		439,556	439,556	—	—	—
		464,932	464,932	—	—	—
Not exposed to interest rate risk:						
Mutual funds – other than fixed income		996,329				
Total investments	\$	<u>1,461,261</u>				

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

	June 30, 2015		June 30, 2014	
	Unrestricted	Total	Unrestricted	Total
Interest/dividend income	\$ 46,443	46,443	29,700	29,700
Realized gains, net	(5,566)	(5,566)	64,721	64,721
Unrealized gains, net	(41,666)	(41,666)	83,290	83,290
Total investment income	\$ <u>(789)</u>	<u>(789)</u>	<u>177,711</u>	<u>177,711</u>

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

Notes to Financial Statements

June 30, 2015 and 2014

(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 \$20,471,324 and \$21,082,845 as of June 30, 2015 and 2014, respectively. A portion of the earnings from the funds, in the amount of \$755,735 and \$707,617, 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, 2015 principal endowment balance recorded on the UNMF financial statements includes a quasi-endowment established for the Anderson School of Management Building Fund. The principal balance on June 30, 2015 is \$5,549,993. Associated restricted funds were moved to the spending account in 2012 to cover consulting and planning expenses incurred in 2014 and 2015. In addition, quarterly earnings distributions have been made to the spending account. The June 30, 2015 balance in the quasi-endowment spending account is \$621,935. 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 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

UNM nonendowed funds, designated for the Anderson School, are available to the Anderson Dean as stipulated by the donors. Only the unrestricted funds and the Business Plan Competition (restricted expendable) are recorded by the Anderson Foundation. Other restricted expendable funds, used to support the Anderson School academic departments, faculty, and student scholarships, 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, 2015 and 2014 is included below:

	<u>2015</u>	<u>2014</u>
Unrestricted contributions due to the Anderson Foundation	\$ 1,821	28,832
Restricted expendable funds due to the Anderson Foundation – Business Plan Competition account	<u>73,067</u>	<u>41,006</u>
Total due to the Anderson Foundation	74,888	69,838
Other restricted expendable funds available to the Anderson School	<u>275,016</u>	<u>403,820</u>
Total nonendowed funds held by UNM	<u>\$ 349,904</u>	<u>473,658</u>

**THE ROBERT O. ANDERSON
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Notes to Financial Statements

June 30, 2015 and 2014

(8) Net Position

Restricted net position is available for the following purposes:

	2015	2014
Programs	\$ 275,386	268,002
Scholarships	224,689	177,571
Restricted net position	\$ 500,075	445,573

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

	2015	2014
Undesignated	\$ 1,553,097	1,418,435
Designated	413,360	403,533
Unrestricted net position	\$ 1,966,457	1,821,968

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.

(10) Subsequent Events

Subsequent events are evaluated by management through the date of the accompanying financial statements are available to be issued, which is October 14, 2015.



KPMG LLP
Two Park Square, Suite 700
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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. Timothy Keller, 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 Statement of net position as of June 30, 2015, 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, 2015.

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, 2015

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

Schedule of Revenues and Expenses – Executive and Professional Education Center

June 30, 2015

	EMBA program	Career and professional development programs	GMAT Prep course	Total
Revenues:				
Student fees	\$ 1,600,945	—	—	1,600,945
Registration fees	—	670,575	154,001	824,576
Total revenues	<u>1,600,945</u>	<u>670,575</u>	<u>154,001</u>	<u>2,425,521</u>
Direct costs:				
Compensation	244,404	250,770	59,166	554,340
Bad debt expense	—	—	—	—
Books/course materials	146,468	25,787	911	173,166
Consultants	7,615	969	—	8,584
Computer supplies/database	428	2,136	—	2,564
Dues and memberships	1,185	210	—	1,395
Marketing and advertising	36,107	36,330	954	73,391
Materials and services	10,378	5,397	—	15,775
Meals and facilities	93,459	3,898	—	97,357
Parking	15,634	6,795	—	22,429
Postage and printing	3,813	11,722	932	16,467
Service agreement	19,470	11,358	1,623	32,451
Student fees	115,731	—	—	115,731
Telephone	—	—	—	—
Training and development	8,457	—	—	8,457
Travel and recruiting	80,192	(93)	—	80,099
Total direct costs	<u>783,341</u>	<u>355,279</u>	<u>63,586</u>	<u>1,202,206</u>
Segment contribution	<u>817,604</u>	<u>315,296</u>	<u>90,415</u>	<u>1,223,315</u>
Allocated fixed costs:				
Staff compensation	349,857	148,129	32,067	530,053
Copier/office supplies	14,166	5,998	1,298	21,462
Equipment	—	—	—	—
Materials and services	11,558	4,894	1,059	17,511
Telephone	5,129	2,172	470	7,771
Total allocated costs	<u>380,710</u>	<u>161,193</u>	<u>34,894</u>	<u>576,797</u>
Net revenue from Executive and Professional Education Center	<u>\$ 436,894</u>	<u>154,103</u>	<u>55,521</u>	<u>646,518</u>

See accompanying independent auditors' report.

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

Schedule of Revenues and Expenses – Executive and Professional Education Center

June 30, 2014

	EMBA program	Career and professional development programs	GMAT Prep course	Total
Revenues:				
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>
Direct costs:				
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>
Allocated fixed costs:				
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.

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

Statement of Functional Expenses

June 30, 2015

	Program services			Support services		Total
	Faculty support	Student support	Total program services	Fundraising activities	Management and general	
Compensation	\$ 56,441	5,066	61,507	—	15,584	77,091
Advertising and promotion	3,616	998	4,614	—	27,469	32,083
Audit and accounting	—	—	—	—	24,406	24,406
Bank charges	—	—	—	—	41,021	41,021
Business plan award	—	55,000	55,000	—	—	55,000
Commencement	—	—	—	—	7,156	7,156
Computer supplies	34,443	3,641	38,084	1,236	1,525	40,845
Conference expenses	—	9,124	9,124	—	—	9,124
Dues and memberships	20,380	5,642	26,022	—	3,555	29,577
Equipment	39,449	2,880	42,329	—	1,489	43,818
Remodel	—	—	—	—	—	—
Honoraria	1,000	—	1,000	—	—	1,000
Insurance	—	—	—	—	4,457	4,457
Materials and services	6,705	10,751	17,456	3,130	14,347	34,933
Meals and facilities	22,135	20,040	42,175	112,526	16,985	171,686
Parking	—	—	—	—	5,577	5,577
Printing and postage	2,470	6,627	9,097	276	712	10,085
Publications	—	—	—	—	—	—
Student and faculty awards	—	23,116	23,116	—	—	23,116
Subscription and books	16,098	3,499	19,597	—	221	19,818
Telephone	667	—	667	1,897	92	2,656
Training and development	44,962	—	44,962	—	80	45,042
Travel	221,881	7,982	229,863	3,561	6,842	240,266
Total expenses	\$ <u>470,247</u>	<u>154,366</u>	<u>624,613</u>	<u>122,626</u>	<u>171,518</u>	<u>918,757</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, 2014

	Program services			Support services		Total
	Faculty support	Student support	Total program services	Fundraising activities	Management and general	
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)

Schedule of Findings and Responses

Year ended June 30, 2015

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

Year ended June 30, 2015

An exit conference was held on October 14, 2015. During this meeting, the contents of this report were discussed with the following individuals:

The Robert O. Anderson Schools of Management Foundation

Ed Street,	Board Treasurer Fiscal 2015
Craig White,	Interim Dean
Deborah Bower,	Fiscal Officer
KPMG LLP	
Caroline Garcia	Partner
Lakmini Perera	Manager