

**THE UNIVERSITY OF  
NEW MEXICO ALUMNI  
ASSOCIATION**  
**(A Component Unit of the  
University of New Mexico)**

**Financial Statements**

**June 30, 2009**

Moss Adams LLP  
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**THE UNIVERSITY OF NEW MEXICO ALUMNI ASSOCIATION**  
**(A Component Unit of the University of New Mexico)**  
**Official Roster**  
**June 30, 2009**

**OFFICERS**

Judy Zanotti - President of the Board  
Ruth Schifani - President Elect of the Board  
Gene Baca - Treasurer of the Board  
Lillian Montoya-Rael - Past President of the Board

**COMMITTEE CHAIRS**

Lillian Montoya –Rael – Chair, Executive Committee  
Gene Baca – Chair, Finance Committee

**EX-OFFICIO MEMBER**

Karen Abraham – Associate Vice President; Secretary of the Board

**DISTINGUISHED LIFETIME MEMBER**

Marion Fleck

**BOARD MEMBERS**

Gene Baca	Charles Barth
Karen Bayless	Penny Beaumont
Amy Boule	Lila Boyden
Brian Burnett	Adrian Chernoff
Steve Chreist	Brian Colon
Henry Crumpton	Tom Daulton
Rich Diller	Kathy Gordon
Nancy Herring	James Jimenez
Alice Loy	Arthur Lindberg
Lenton Malry Jr.	Henrietta Mann
Matthew Martinez	Cheryl Matherly
Lillian Montoya-Rael	Laurie Moye
Pat Mulhall	Hilary Noskin
V.B. Price	Jennifer Riordan
Gail Rosenblum	Randy Royster
Ruth Schifani	Kathi Schroeder
Erma Sedillo	Jane Shuler Gray
Lynn Slade	Donald “Duffy” Swan
John E. Thorson	Jimmy Trujillo
Waneta Tuttle	Angie Wilcox
Cody Willard	Kathie Winograd
Judy Zanotti	

## Independent Auditors' Report

The Board of Directors  
University of New Mexico Alumni Association  
and  
Hector H. Balderas  
New Mexico State Auditor

We have audited the accompanying basic financial statements of the University of New Mexico Alumni Association (Association), a component unit of the University of New Mexico, as of and for the years ended June 30, 2009 and 2008 as listed in the table of contents. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 2009 and 2008, and the changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 9, 2009 on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial

The Board of Directors  
University of New Mexico Alumni Association  
and  
Hector H. Balderas  
New Mexico State Auditor

reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 4 through 7 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Moss Adams LLP*

Albuquerque, New Mexico  
October 9, 2009

**THE UNIVERSITY OF NEW MEXICO ALUMNI ASSOCIATION**  
**(A Component Unit of the University of New Mexico)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2009**

As a component unit of the University of New Mexico (UNM), the Alumni Association (Association) has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments*.

**Overview of the Financial Statements**

The Association's annual report consists of the Management's Discussion and Analysis (MD&A), which provides a broad narrative overview of its financial activities for the fiscal years ended June 30, 2009 and 2008, and the following, which comprise the basic financial statements:

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

The financial statements give an overall picture of the Association's financial situation and should be read in conjunction with the MD&A.

The balance sheet of the Association provides both long-term and short-term information about the Association's overall financial status. The Statement of Revenues, Expenses and Changes in Net Assets provides information about the operating revenues and expenses and the non-operating revenues of the Association. The Statement of Cash Flows provides information about the sources and uses of cash by the Association. The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

**THE UNIVERSITY OF NEW MEXICO ALUMNI ASSOCIATION**  
**(A Component Unit of the University of New Mexico)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**June 30, 2009**

**Condensed Financial Information**

	2009	2008	2007
Current Assets	<u>\$ 7,400,901</u>	<u>8,234,067</u>	<u>8,350,060</u>
Current Liabilities	<u>\$ 301,685</u>	<u>463,572</u>	<u>629,397</u>
Net Assets			
Restricted expendable	29,525	29,256	29,168
Unrestricted	<u>7,069,691</u>	<u>7,741,239</u>	<u>7,691,495</u>
<b>Total liabilities and net assets</b>	<u>\$ 7,400,901</u>	<u>8,234,067</u>	<u>8,350,060</u>
Operating Revenue			
Royalties	<u>\$ 1,022,645</u>	<u>959,345</u>	<u>1,001,047</u>
Alumni programs	<u>102,602</u>	<u>79,703</u>	<u>193,283</u>
Letterman alumni programs	<u>36,963</u>	<u>80,032</u>	<u>52,934</u>
Merchandise sales	<u>243</u>	<u>414</u>	<u>944</u>
<b>Total operating revenue</b>	<u>1,162,453</u>	<u>1,119,494</u>	<u>1,248,208</u>
Operating Expenses			
Alumni programs	<u>807,064</u>	<u>778,381</u>	<u>660,619</u>
Management and general	<u>33,554</u>	<u>33,110</u>	<u>66,045</u>
<b>Total operating expenses</b>	<u>840,618</u>	<u>811,491</u>	<u>726,664</u>
Operating income	<u>321,835</u>	<u>308,003</u>	<u>521,544</u>
Non operating Revenue			
Allocations from UNM Foundation	65,000	65,000	65,000
Contributions	10,351	14,176	17,332
Investment income, net	<u>(1,068,465)</u>	<u>(337,347)</u>	<u>790,128</u>
	<u>(993,114)</u>	<u>(258,171)</u>	<u>872,460</u>
Change in net assets	<u>(671,279)</u>	<u>49,832</u>	<u>1,394,004</u>
Net assets, beginning of year	<u>7,770,495</u>	<u>7,720,663</u>	<u>6,326,659</u>
Net assets, end of year	<u>\$ 7,099,216</u>	<u>7,770,495</u>	<u>7,720,663</u>

**THE UNIVERSITY OF NEW MEXICO ALUMNI ASSOCIATION**  
**(A Component Unit of the University of New Mexico)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**June 30, 2009**

**Financial Analysis**

The balance sheet discloses information on assets, liabilities and net assets. The Association's total assets at June 30, 2009 of \$7,400,901 exceeded total liabilities of \$301,685 yielding total net assets of \$7,099,216. The total net assets showed a decrease of 8.6% for the 2009 fiscal year. Association's total assets at June 30, 2008 of \$8,234,067 exceeded total liabilities of \$463,572 yielding total net assets of \$7,770,495. Total net assets showed an increase of 0.6% for the 2008 fiscal year. The primary factor contributing to the decrease of total net assets were the investment portfolio which suffered significant losses during the 2009 fiscal year. In addition, the Association's liabilities decreased from the prior year due to recognition of deferred revenue from the BA credit card contract in the current year and no additional liabilities were incurred. Liabilities went from \$463,572 at June 30, 2008 to \$301,685 at June 30, 2009. Liabilities went from \$629,397 at June 30, 2007 to \$463,572 at June 30, 2008. The Association does not have capital assets since it is a component unit of UNM and UNM holds title of all capital assets.

The major portion of the Association's assets is its investments (43%). In the past year, investments suffered from the weakening economy. The net decrease in fair value of the investment portfolio for fiscal year 2009 amounted to \$1,297,072, which was even greater than the previous year's net decrease of \$582,298, which was a significant loss from the net increase in 2007 of \$559,245. The current investments resulted in slightly lower earnings in dividends and interest and than in prior years due to market fluctuations. Investment income in 2008 was \$244,951 and investment income in 2009 is \$228,607 while 2007 was \$230,883. The losses suffered in the investment portfolio was a major contributor to the Associations decrease in net assets \$671,278 for 2009. In comparison, the 2008 increase in net assets was \$49,834.

Total operating revenues of \$1,162,453 were recorded at June 30, 2009. Non-operating revenues were at negative \$993,114. Total revenues decreased 80% from the prior year, largely due to poor performance of the investment portfolio. Total operating revenues of \$1,119,494 were recorded at June 30, 2008. Non-operating revenues were at negative \$258,171. Total revenues decreased 59% from the prior year, largely due to poor performance of the investment portfolio.

Total operating expenses for fiscal year 2009 was \$840,618, which represented a 3.5% increase in spending from the prior year. These increases are primarily for substantial increases in the Mirage publication which were partially offset with decreased expenses in the Letterman Association's Scholarship programs. Total operating expenses for fiscal year 2008 was \$811,491, which represented a 12% increase in spending from the prior year.



**THE UNIVERSITY OF NEW MEXICO ALUMNI ASSOCIATION**  
**(A Component Unit of the University of New Mexico)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**June 30, 2009**

**Contacting the Association's Financial Management**

If you have questions about this report or need additional information, contact The University of New Mexico Alumni Association at Hodgkin Hall, Albuquerque, New Mexico, 87131-0001.

THE UNIVERSITY OF NEW MEXICO ALUMNI ASSOCIATION  
(A Component Unit of the University of New Mexico)  
BALANCE SHEETS  
June 30, 2009 and 2008

	2009	2008
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 1,857,081	3,301,156
Investments	5,332,419	4,593,491
Accounts receivable	194,046	320,348
Prepaid expenses	17,273	18,900
Income taxes receivable	82	172
Total current assets	\$ 7,400,901	8,234,067
 <b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 970	5,000
Deferred revenue	300,715	458,572
Total current liabilities	301,685	463,572
Net Assets		
Restricted expendable	29,525	29,256
Unrestricted	7,069,691	7,741,239
Total net assets	7,099,216	7,770,495
Total liabilities and net assets	\$ 7,400,901	8,234,067

*See Notes to Financial Statements.*

THE UNIVERSITY OF NEW MEXICO ALUMNI ASSOCIATION  
(A Component Unit of the University of New Mexico)  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
Years Ended June 30, 2009 and 2008

	2009	2008
Operating revenues		
Royalties	\$ 1,022,645	959,345
Alumni programs	102,602	79,703
Letterman alumni programs	36,963	80,032
Merchandise sales	243	414
	<hr/>	<hr/>
<b>Total operating revenues</b>	<b>1,162,453</b>	<b>1,119,494</b>
	<hr/>	<hr/>
Operating expenses		
Alumni programs	807,064	778,381
Management and general	33,554	33,110
<b>Total operating expenses</b>	<b>840,618</b>	<b>811,491</b>
	<hr/>	<hr/>
<b>Operating income</b>	<b>321,835</b>	<b>308,003</b>
	<hr/>	<hr/>
Nonoperating revenues		
Allocation from the UNM Foundation	65,000	65,000
Contributions	10,351	14,176
Investment income, net	228,607	244,951
Net (decrease) in fair value of investments	(1,297,072)	(582,298)
<b>Total nonoperating revenues</b>	<b>(993,114)</b>	<b>(258,171)</b>
	<hr/>	<hr/>
<b>Change in net assets</b>	<b>(671,279)</b>	<b>49,832</b>
	<hr/>	<hr/>
Net assets, beginning of year	7,770,495	7,720,663
	<hr/>	<hr/>
<b>Net assets, end of year</b>	<b>\$ 7,099,216</b>	<b>7,770,495</b>
	<hr/>	<hr/>

*See Notes to Financial Statements.*

THE UNIVERSITY OF NEW MEXICO ALUMNI ASSOCIATION  
(A Component Unit of the University of New Mexico)  
STATEMENTS OF CASH FLOWS  
Years Ended June 30, 2009 and 2008

	2009	2008
Cash Flows from Operating Activities		
Cash receipts from royalties	\$ 991,090	696,893
Cash receipts from programs	139,565	159,735
Cash receipts from merchandise sales	243	414
Payments to suppliers	(842,931)	(831,049)
Net cash provided by operating activities	<u>287,967</u>	<u>25,993</u>
Cash Flows From Noncapital Financing Activities		
Cash receipts from contributions	10,351	14,180
Cash receipts from allocations from the UNM Foundation	65,000	65,000
Net cash provided by noncapital financing activities	<u>75,351</u>	<u>79,180</u>
Cash Flows from Investing Activities		
Investments purchased	(5,253,307)	(11,200,241)
Investments proceeds	3,217,307	11,873,136
Cash receipts from investment income	228,607	244,951
Net cash (used) provided by investing activities	<u>(1,807,393)</u>	<u>917,846</u>
Net (decrease) increase in cash and cash equivalents	(1,444,075)	1,023,019
Cash and cash equivalents, beginning of year	<u>3,301,156</u>	<u>2,278,137</u>
Cash and cash equivalents, end of year	<u>\$ 1,857,081</u>	<u>3,301,156</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 321,835	308,003
Adjustments to reconcile operating income to net cash provided by operating activities		
Changes in assets and liabilities		
Accounts receivable	126,302	(104,595)
Prepaid expenses	1,627	(12,643)
Income taxes receivable	90	1,053
Accounts payable	(4,030)	(7,968)
Deferred revenue	(157,857)	(157,857)
Net cash provided by operating activities	<u>\$ 287,967</u>	<u>25,993</u>

See Notes to Financial Statements.

**THE UNIVERSITY OF NEW MEXICO ALUMNI ASSOCIATION**  
**(A Component Unit of the University of New Mexico)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1. ORGANIZATION**

The University of New Mexico Alumni Association (Association), a component unit of the University of New Mexico, is a not-for-profit organization incorporated August 29, 1962 to provide and coordinate events and activities for the purpose of maintaining a positive relationship between the University of New Mexico and its alumni. Although the Association is an independent corporate entity, it operates in conjunction with the University of New Mexico Alumni Relations Office. Approximately 5.5% of the Association's support for 2009 came from the University of New Mexico Foundation.

The University of New Mexico Alumni Letterman Association (Letterman Association) is a chapter of the Association operating under the Association's tax-exempt status and federal tax I.D. number for the purpose of promoting and enhancing varsity athletics and higher education at the University of New Mexico. The activities of the Letterman Association are included in the accompanying financial statements. Summarized financial information for the Letterman Association as of June 30, 2009 and 2008 is as follows:

	2009	2008
Assets		
Cash	\$ 11,640	9,367
Certificate of deposit	<u>6,450</u>	<u>6,256</u>
<b>Total assets</b>	<b><u>\$ 18,090</u></b>	<b><u>15,623</u></b>
Net assets		
<b>Total net assets</b>	<b><u>\$ 18,090</u></b>	<b><u>15,623</u></b>
Revenues from other support-Letterman programs	\$ 37,153	80,294
Expenses-Letterman Alumni programs	<u>34,884</u>	<u>84,472</u>
<b>Changes in net assets</b>	<b><u>\$ 2,269</u></b>	<b><u>(4,178)</u></b>

The Association also has 16 other chapters nationwide. The activities of these chapters are not included in the accompanying financial statements, as management of the Association considers the activities to be immaterial to these financial statements. The Association has no component units.

THE UNIVERSITY OF NEW MEXICO ALUMNI ASSOCIATION  
(A Component Unit of the University of New Mexico)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

*Measurement Focus, Basis of Accounting, and Financial Statement Presentation.* As a component unit of the University of New Mexico, the Association prepared its financial statements in accordance with the accounting disclosure and reporting requirements under Governmental Accounting Standards Board (GASB) pronouncements, as the Association meets the criteria of a governmental entity. The Association has no component units. The Association'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.

Pursuant to GASB No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Association has elected to apply all relevant pronouncements of the Financial Accounting Standards Board except those that conflict with GASB pronouncements, not including those issued after November 30, 1989.

Operating revenues and expenses are those incurred that relate directly to events and activities required to maintain a positive relationship between the University of New Mexico and its alumni. These activities constitute the Association's ongoing principal operations. All other revenues and expenses are considered non-operating.

*Net Assets.* Unrestricted net assets represent resources whose use is not limited or restricted by donors. Unrestricted net assets have arisen from exchange transactions and receipt of unrestricted contributions.

Restricted net assets represent those operating funds on which external restrictions have been imposed that limit the purposes for which such funds can be used. Restricted expendable net assets are resources that the Association is legally or contractually obligated to spend in accordance with imposed restrictions by third parties, such as donors. When an expense is incurred that can be paid using either restricted or unrestricted resources, the Association's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

*Cash and Cash Equivalents.* The Association considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Included in cash and cash equivalents for purposes of the statements of cash flows are cash on deposit with financial institutions and amounts on deposit with the University of New Mexico Foundation.

**THE UNIVERSITY OF NEW MEXICO ALUMNI ASSOCIATION**  
**(A Component Unit of the University of New Mexico)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Income Taxes.* The Association is a not-for-profit organization as described in Internal Revenue Code (IRC) Section 501(c)(3) and as such is not subject to tax on income from activities related to its exempt purpose under IRC Section 501(a). Furthermore, the Association has been determined not to be a private foundation under IRC Section 509(a). The Association does conduct some activities that are unrelated to its exempt purpose and are subject to federal and state income tax. Accordingly, a provision for income taxes has been included in the financial statements.

*Revenue Recognition.* Revenue and support is recognized as the Association becomes entitled to the funds. A portion of its revenue is derived from an annual allocation of funds from the University of New Mexico Foundation. Another portion of the Association's revenues results from alumni activities sponsored by the Association whereby revenues are recorded when earned. In addition, the Association receives royalties from several licensing agreements made with unrelated parties. The Association is paid a percentage royalty for use of its name and logo. Revenues are recognized when the Association becomes entitled to such funds in accordance with these agreements.

Effective July 1, 2003, the Association entered into a credit card affinity agreement with MBNA. The Association provides MBNA with semi-annual UNM alumni listings in exchange for a fixed dollar amount or set percentages of the proceeds for new credit card agreements. During fiscal year 2004, the Association received \$1,105,000 in advance payments and receives payments every quarter from July 2003 over the next seven years. The Association is recognizing revenue evenly over the seven-year life of the contract. Cash received but not recognized as revenue is recorded as deferred revenue. In the current year the Association had deferred revenue of \$616,429 relating to this contract.

*Contributions.* The Association recognizes revenue from contributions when all applicable eligibility requirements are met. All purpose-restricted contributions are reported as increases in restricted net assets until the restriction is accomplished. At such time, the restricted net assets are reclassified to unrestricted net assets. Promises to give (pledges) are recorded at net realizable value.

*Accounts Receivable.* Accounts receivable consist of amounts receivable from MBNA and others under affinity agreements. The Association has not provided an allowance for their collectability as management considers them fully collectable.

*Investments.* Investments are reported at fair value determined by published market data and consist of mutual funds. The change in fair value is reported in the statements of revenues, expenses, and changes in net assets.

THE UNIVERSITY OF NEW MEXICO ALUMNI ASSOCIATION  
(A Component Unit of the University of New Mexico)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments that potentially subject the Association to concentrations of risk consist primarily of investments in mutual funds and cash and cash equivalents. The Association's investments are high-quality securities placed with financial institutions. Management attempts to reduce risk through diversification of the investment portfolio among instruments and issuers. The Association maintains cash and cash equivalents with financial institutions that exceed the FDIC limits. The Foundation limits the amount of credit exposure with any one financial institution and believes that no significant concentration of credit risk exists with respect to cash and cash equivalents. The Association is not subject to any statutory or policy restrictions on cash deposits or investments.

*Estimates.* The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Reclassifications.* Certain reclassifications have been made in the 2008 financial statements to conform to the 2009 presentation.

NOTE 3. CASH AND CASH EQUIVALENTS

*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.

As of June 30, 2009, the Association's deposits including certificates of deposits were exposed to custodial credit risk as follows:

Insured	\$ 46,288
Uninsured and collateralized with securities held in the financial institution's name	-
Uninsured and uncollateralized	-
	<u>46,288</u>
Reconciling items	<u>28,979</u>
Deposits per financial statements	17,309
Funds on deposit with UNM	265,127
Money market mutual funds not subject to classification or custodial credit risk	<u>1,574,645</u>
Cash and cash equivalents per financial statements	<u>\$ 1,857,081</u>



**THE UNIVERSITY OF NEW MEXICO ALUMNI ASSOCIATION**  
**(A Component Unit of the University of New Mexico)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 3. CASH AND CASH EQUIVALENTS (CONTINUED)**

As of June 30, 2008, the Association's deposits including certificates of deposits, were exposed to custodial credit risk as follows:

Insured	\$ 53,441
Uninsured and collateralized with securities held in the financial institution's name	-
Uninsured and uncollateralized	-
	<u>53,441</u>
Reconciling items	<u>26,097</u>
Deposits per financial statements	27,344
Funds in deposit with UNM	293,947
Money market mutual funds not subject to classification or custodial credit risk	<u>2,979,865</u>
Cash and cash equivalents per financial statements	<u>\$ 3,301,156</u>

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

Name of Depository	Account Name	Account Type	Bank Balance	Reconciling Items	Reconciled Balance
Bank of America	Checking Account	Cash	\$ 30,754	25,085	5,669
University of New Mexico	FRS Expenditures	Cash	44,135	-	44,135
University of New Mexico	Public Agency	Cash	206,618	-	206,618
Financial Institution	Letterman	Cash	15,534	3,894	11,640
University of New Mexico	Affinity NM License Plates	Cash	14,374	-	14,374
Bank of America	BA	Money Market	556,726	-	556,726
Bank of America	Business Investment Savings	Money Market	932,763	-	932,763
Genworth Financial Trust	New Frontiers	Money Market	5,814	-	5,814
Genworth Financial Trust	Assetmark Investments	Money Market	72,172	-	72,172
Genworth Financial Trust	PIMCO	Money Market	7,170	-	7,170
			<u>\$ 1,886,060</u>	<u>28,979</u>	<u>1,857,081</u>

**NOTE 4. INVESTMENTS**

Investments are held by the UNM Alumni Association as well as at the UNM Foundation in the Combined Investment Fund (CIF). Investments held by the UNM Alumni Association represent investments physically entered into by the Association and which are still being held by the Association at June 30, 2009. The objective of these investments is to preserve principal, achieve moderate growth and meet limited income needs of the Association.

THE UNIVERSITY OF NEW MEXICO ALUMNI ASSOCIATION  
(A Component Unit of the University of New Mexico)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 4. INVESTMENTS (CONTINUED)**

*Custodial Credit Risk.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Association will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

A summary of the Investments held by the Association at June 30, 2009 and 2008, and the Association's exposure to custodial credit risk is as follows:

Custodial Credit Risk (2009)

Domestic corporate stock	\$ 2,587,999
Fixed income	932,462
Mutual funds	<u>944,716</u>
<b>Total securities held by custodians</b>	<b>4,465,177</b>

Investments not subject to custodial credit risk

Certificate of Deposit	839,867
Other	<u>27,375</u>
	<u>\$ 5,332,419</u>

Custodial Credit Risk (2008)

Domestic corporate stock	<u>\$ 3,752,158</u>
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**Total securities held by custodians** 3,752,158

Investments not subject to custodial credit risk

Certificate of Deposit	814,227
Other	<u>27,106</u>
	<u>\$ 4,593,491</u>

*Concentration of Credit Risk – Investments.* Concentration risk is the risk of loss attributed to the magnitude of the Association's investment in a single issuer. Investments in any one issuer that represents 5% or more of total investments are considered to be exposed to concentrated credit risk and are required to be disclosed. Investments issued and explicitly guaranteed by the U. S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. As of June 30, 2009, the Association did not have any investments in one issuer that represented more than 5% of total investments, except as noted below:

ING intermediate fixed income	\$ 932,462
Certificates of deposit with Bank of the West	<u>833,417</u>
	<u>\$ 1,765,879</u>

THE UNIVERSITY OF NEW MEXICO ALUMNI ASSOCIATION  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

NOTE 4. INVESTMENTS (CONTINUED)

*Interest Rate Risk - Investments.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Currently, the Association does not have a policy to limit its exposure to interest rate risk and is not exposed to interest rate risk.

A summary of the investments held by the Association and the respective maturities at June 30, 2009, and the exposure to interest rate risk is as follows:

	Fair Value	Maturity
Exposed to interest rate risk		
Certificates of deposit	\$ 277,977	12 months
	285,731	12 months
	269,709	9 months
	<u>6,450</u>	12 months
	839,867	
Not exposed to interest rate risk		
Corporate stock	2,587,999	
Fixed income	932,462	
Mutual funds	944,716	
Other	<u>27,375</u>	
Total investments	<u>\$ 5,332,419</u>	

A summary of the investments held by the Association and the respective maturities at June 30, 2008, and the exposure to interest rate risk is as follows:

	Fair Value	Maturity
Exposed to interest rate risk		
Certificates of deposit	\$ 269,511	12 months
	262,096	12 months
	276,364	9 months
	<u>6,256</u>	12 months
	<u>\$ 814,227</u>	
Not exposed to interest rate risk		
Corporate stock	\$ 3,752,158	
Other	<u>27,106</u>	
Total investments	<u>\$ 3,779,264</u>	

**THE UNIVERSITY OF NEW MEXICO ALUMNI ASSOCIATION**  
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**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 4. INVESTMENTS (CONTINUED)**

*Credit Quality Risk.* Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Association is required to disclose credit ratings of its investments in order to assess credit risk, however, none of the Association's investments meet the criteria for disclosure except for the money market funds. Ratings for the money market funds could not be located.

Risk disclosure information relating to the Association investments in the CIF may be obtained by reference to the annual financial report of the University of New Mexico. That report may be obtained by contacting the Controller's office at Scholes Hall, Room 251, 1801 Roma NE, 1 University of New Mexico, Albuquerque, NM 87131-0311.

At June 30, 2009 and 2008, the Association held approximately \$696,061 and \$896,289 of investments in the CIF, respectively. These funds are not reported on the Balance Sheets of the Association but disclosed in footnote 7 of these financial statements.

During the years ended June 30, 2009 and 2008, the Foundation experienced realized and unrealized gains (losses) on investments held as outlined below:

<b>2009</b>		
	<b>Realized</b>	<b>\$ (1,002,554)</b>
	<b>Unrealized</b>	<b>(294,518)</b>
<b>2008</b>		
	Realized	\$ (118,837)
	Unrealized	(463,461)

The calculation of realized gains/losses is independent of a calculation of the net change in fair value of investments. In addition, realized gains/losses on investments that had been held in more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in the prior year and current year.

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

Name of Depository	Account Name	Account Type	Bank Balance
TD Ameritrade	Corporation Acct	Domestic Corporate Stock	\$ 2,305,113
TD Ameritrade	New Frontier	Domestic Corporate Stock	282,886
TD Ameritrade	PIMCO	Mutual Funds	944,716
Genworth Financial Trust	Corporation Acct	Fixed Income	932,462
Morgan Stanley	Scholarship	Other	27,375
Bank of the West	Certificated of Deposit	Certificate of Deposit	833,417
Bank of America	Certificated of Deposit	Certificate of Deposit	6,450
			<u>\$ 5,332,419</u>

**THE UNIVERSITY OF NEW MEXICO ALUMNI ASSOCIATION**  
**(A Component Unit of the University of New Mexico)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 5. RELATED PARTY TRANSACTIONS**

The University of New Mexico provides office space, personnel, supplies, and utilities to the Association at no cost. No value has been assigned to these amounts for financial reporting purposes.

The Association annually receives an allocation from the University of New Mexico Foundation, which it considers non operating revenue. The allocation for each year ending June 30, 2009 and 2008 was \$65,000. In addition, the Association will incur certain expenditures that are paid through the University of New Mexico. On a quarterly basis, the Association will reimburse the University of New Mexico for those expenditures it has paid on behalf of the Association. At June 30, 2009 and 2008, the Association had unrestricted balances on deposit with the University of New Mexico Foundation of \$44,135 and \$57,658, respectively.

**NOTE 6. RESTRICTED EXPENDABLE NET ASSETS**

Restricted net assets are available for the following purposes:

	<b>2009</b>	2008
Scholarships	<b><u>\$ 29,525</u></b>	<u>29,256</u>

**NOTE 7. ENDOWMENTS HELD BY THE UNIVERSITY OF NEW MEXICO FOUNDATION**

In addition to the funds recorded on the Association's financial statements, the University of New Mexico/University of New Mexico Foundation Endowment Program holds endowment funds and related expendable income funds which have been contributed for the benefit of the Association. These funds amounted to \$696,061 and \$896,289 as of June 30, 2009 and 2008, respectively. Income from these funds in the amount of \$44,135 and \$57,658 was expendable for student scholarships, as stipulated by the donor as of June 30, 2009 and 2008, respectively.

THE UNIVERSITY OF NEW MEXICO ALUMNI ASSOCIATION  
(A Component Unit of the University of New Mexico)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 8. CONTINGENCIES**

*Insurance Coverage.* The Association is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; and errors and omissions and natural disasters. The Association is insured through private carriers for liability, casualty and director and officer liability insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**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***

Board of Directors  
University of New Mexico Alumni Association  
and  
Hector H. Balderas  
New Mexico State Auditor

We have audited the basic financial statements of the University of New Mexico Alumni Association (Association) a component unit of the University of New Mexico as of and for the year ended June 30, 2009 and have issued our report thereon dated October 9, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Association's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Association's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Association's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Board of Directors  
University of New Mexico Alumni Association  
and  
Hector H. Balderas  
New Mexico State Auditor

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free of 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*.

This report is intended solely for the information and use of the executive committee, board of directors, management, the University of New Mexico and State Auditor of New Mexico, and is not intended to be and should not be used by anyone other than these specified parties.

*Moss Adams LLP*

Albuquerque, New Mexico  
October 9, 2009



**THE UNIVERSITY OF NEW MEXICO ALUMNI ASSOCIATION**  
**(A Component Unit of the University of New Mexico)**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**June 30, 2009**

**FINDINGS – FINANCIAL STATEMENTS AUDIT**

**PRIOR YEAR FINDINGS**

None

**CURRENT YEAR FINDINGS**

None

**THE UNIVERSITY OF NEW MEXICO ALUMNI ASSOCIATION**  
**(A Component Unit of the University of New Mexico)**  
**EXIT CONFERENCE**  
**June 30, 2009**

We discussed the recommendations contained in this letter during the exit conference held October 13, 2009. The exit conference was attended by the following individuals:

**The University of New Mexico Alumni Association**

Ruth Schifani, Executive Committee President  
Steve Christ, Executive Committee President-elect  
Waneta Tuttle, Executive Committee Member  
Kathie Winograd, Executive Committee Member  
Karen Abraham, Associate Vice President

**Moss Adams LLP**

Jason Galloway, Manager

The University of New Mexico Alumni Association is responsible for the contents of the financial statements. Moss Adams LLP assisted with their preparation.