

**CENTRAL NEW MEXICO
COMMUNITY COLLEGE
FOUNDATION, INC.**
(A Component Unit of
Central New Mexico Community College)
Financial Statements
For the Fiscal Years Ended June 30, 2013 and 2012
(With Independent Auditors' Reports Thereon)



ABEYTA • WEINER • CHERNE P.C.
Certified Public Accountants

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.
(A Component Unit of Central New Mexico Community College)

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CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Official Roster

June 30, 2013

Harrison Ogawa, President

Kathy Ulibarri, Treasurer

Ross Busby, President Elect/Vice President

Lisa McCulloch, Secretary

Sally Adams, Managing Director, Betty's Bath and Day Say

Ian Anderson, Publisher, New Mexico Business Weekly

Steven Anaya, RANM

Thomas Briones, Attorney, Briones Business Consulting, P.C.

Bruce Beebe, Senior VP, Wells Fargo Bank

Ross Busby, VP, Bank of the West

Adrian Chavez, Sr. Food Service Rep., Pepsi Beverages Company

Regina Chavez, Cultural Economy Educator, Cultural Econ

Roger Cook, Retired, Intel Corporation

Dale Dekker, Dekker/Perich/Sabatini, LTD

Gina Euell, Exhibit Solutions of NM

Ed Garcia, President, Garcia Automotive Group

Melissa Gonzales, VP, Bank of the Rio Grande

Mark Gorham, Lorelei Investment

David Grieves, Chavez Grieves Consulting Engineers Inc.

Ann Lerner, Film Liaison, Albuquerque City Film Office

John Lewinger, Colliers International

Natasha Martell-Jackson, Community Programs Manager, Intel

Emertius Board Member: Carl Alongi, REDW

Sherman McCorkle, CEO, Sandia Science and Technology Park

Dave Melton, Sacred Power Corporation

Kirk Meyer, CFO, Don Chalmers Ford

Janice Micali, Retired TVI Vice President Student Services

Diane Harrison Ogawa, Executive Director, PNM Resources Foundation

Peter Parnegg, Owner, Coldwell Banker Legacy

JJ Parsons, Retired VP Performance Excellence, Presbyterian

Don Power, President and CEO, Jaynes Corporation

Michael Ragsdale, CFO, U.S. New Mexico Federal Credit Union

Ruth Schifani, Attorney, Modrall Sperling Law Firm

Angela Silva, Senior VP, Bank of Albuquerque

Ray Smith, President, Klinger Constructors

Amy Tapia, Sandia National Laboratories

Joseph Varro Jr., President & CEO, DSRM National Bank

Kathie Winograd, President, CNM

Kathy Ulibarri, Vice President Planning and Budget, CNM

Lisa McCulloch, Executive Director, CNM Foundation

Honorary Board Member: Donna and Jack Rust



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Central New Mexico Community College Foundation, Inc.
New Mexico State Auditor

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Central New Mexico Community College Foundation, Inc. (Foundation), a component unit of Central New Mexico Community College, as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements which collectively comprise the 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 accounting principles generally accepted in the United States of America; 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. 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 auditor's 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Central New Mexico Community College Foundation, Inc., as of June 30, 2013 and 2012, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-7 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the Foundation's financial statements. The accompanying schedule of cash and investments is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of cash and investments is the responsibility of management and was 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 the auditing standards generally accepted in the United States of America. In our opinion, the schedule of cash and investments is 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 November 1, 2013, on our consideration of Central New Mexico Community College 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 Central New Mexico Community College Foundation's internal control over financial reporting and compliance.

A. Beyta, Weiner & Cherna, P. C.

Albuquerque, NM
November 1, 2013

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Management's Discussion and Analysis (Unaudited)

June 30, 2013 and 2012

As a component unit of the Central New Mexico Community College (College) Central New Mexico Community College Foundation, Inc. (Foundation) applies the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Government*.

Overview of the Basic Financial Statements

The Foundation's annual report consists of management's discussion and analysis (MD&A), which provides a broad narrative overview of its financial activities for the fiscal years ended June 30, 2013 and 2012, and the following, which comprise the basic financial statements:

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

The statements of net position of the Foundation provide both long-term and short-term information about the Foundation's overall financial status. The statements of revenues, expenses, and changes in net position provide information about the operating revenues and expenses, and the non-operating revenues of the Foundation. The statements of cash flows provide information about the sources and uses of cash by the Foundation. The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Management's Discussion and Analysis (Unaudited)

June 30, 2013 and 2012

Condensed Financial information

Condensed Assets, Liabilities, and Net Position

	2013	2012	2011
Current assets	\$ 787,962	\$ 661,420	\$ 677,016
Noncurrent assets	5,725,213	5,239,008	6,515,894
Total assets	<u>\$ 6,513,175</u>	<u>\$ 5,900,428</u>	<u>\$ 7,192,910</u>
Current liabilities	\$ 154,424	\$ 453,389	\$ 2,252,321
Noncurrent liabilities	-	-	-
Total liabilities	<u>154,424</u>	<u>453,389</u>	<u>2,252,321</u>
Net position:			
Unrestricted	9,586	17,919	(66,729)
Restricted:			
Expendable	2,436,349	1,651,091	2,217,097
Nonexpendable	3,912,816	3,778,029	2,790,221
Total net position	<u>6,358,751</u>	<u>5,447,039</u>	<u>4,940,589</u>
Total liabilities and net position	<u>\$ 6,513,175</u>	<u>\$ 5,900,428</u>	<u>\$ 7,192,910</u>

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

Operating revenues:			
Gifts and pledges	\$ 1,320,452	\$ 814,896	\$ 681,372
Grant revenue	476,316	1,879,736	795,075
Total operating revenues	<u>1,796,768</u>	<u>2,694,632</u>	<u>1,476,447</u>
Operating expenses:			
Contributions to CNM:			
Scholarships	278,952	268,520	294,624
Program support	903,296	2,389,227	1,189,862
Equipment and supplies	92,793	32,989	38,605
Fund raising	102,964	74,386	97,987
General and administrative	23,485	23,639	18,297
Uncollectible pledges	12,665	2,801	(352)
Total operating expenses	<u>1,414,155</u>	<u>2,791,562</u>	<u>1,639,023</u>
Operating income (loss)	<u>382,613</u>	<u>(96,930)</u>	<u>(162,576)</u>
Nonoperating revenues (expenses):			
Investment income	432,939	75,359	707,840
Investment management fees	(42,182)	(50,442)	(44,250)
Total nonoperating revenues	<u>390,757</u>	<u>24,917</u>	<u>663,590</u>
Contributions to permanent endowments:			
Gifts and pledges	138,342	578,463	60,677
Change in net position	911,712	506,450	561,691
Net position, beginning of year	5,447,039	4,940,589	4,378,898
Net position, end of year	<u>\$ 6,358,751</u>	<u>\$ 5,447,039</u>	<u>\$ 4,940,589</u>

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Management's Discussion and Analysis (Unaudited)

June 30, 2013 and 2012

Financial Analysis

The Foundation's total assets at June 30, 2013 of \$6,513,175 represent a increase of 10.4% from the previous year total of \$5,900,428 and decreased total liabilities of \$298,965 resulting in net position of \$6,358,751, an increase of \$911,712 from the previous year net position of \$5,447,039. The increase in net position occurred primarily due to an increase in donations that was part of the fundraising goal to raise ten million dollars over three years in a naming rights campaign. The Foundation has investment management authority of the investment funds and manages the assets of the investment funds through the Finance and Investment Committee, which is comprised of members of the Foundation Board of Directors. The fair value of investments at June 30, 2013 was \$5,215,831 which included money market mutual funds of \$457,478 and certificates of deposit of \$199,715, classified as cash and cash equivalents in the statements of net position.

The Foundation's total assets at June 30, 2012 of \$5,900,428 represented a decrease of 18% from the previous year total of \$7,192,910 and decreased total liabilities of \$453,389 resulting in net position of \$5,447,039, an increase of \$506,450 from the previous year net position of \$4,940,589. The increase in net position occurred primarily due to an increase in endowment corpus donations that were a part of the fundraising goal to increase the value of the Foundation's endowments by one million dollars. The fair value of investments at June 30, 2012 was \$5,164,586 which included money market mutual funds of \$859,658, classified as cash and cash equivalents in the statements of net position.

Contributions to permanent endowments including gifts and pledges in 2013 were \$138,342. Total operating revenue and contributions to unrestricted and temporarily restricted funds, which includes donations, pledges, and noncash revenue, were \$1,796,768 for the fiscal year ended June 30, 2013.

Contributions to permanent endowments including gifts and pledges in 2012 were \$578,463. Total operating revenue and contributions to unrestricted and temporarily restricted funds, which includes donations, pledges, and noncash revenue, were \$2,694,632 for the fiscal year ended June 30, 2012.

The Foundation continues to support CNM programs such as CNM Connect, an innovative new model aimed at more thoroughly connecting students to the support services that can increase their chances for success; Making Money Work, which supports the online financial literacy program to high schools across New Mexico as dual credit; and the Rust Opportunity Fund, which provides emergency assistance to CNM students facing an unforeseen financial obstacle that may force them to drop out of school. Additionally, the Foundation has expanded support and fundraising for the Changing Lives, Building Community Fund which directly supports the Foundation's mission to provide the extra assistance necessary for students to obtain the quality educational opportunities they deserve; the Milestone Fund, a performance-based scholarship that provides incentive for students' academic performance and persistence in school; and the Student Success Fund, an incentive for students to complete a certificate or degree, knowing they will have the education, the qualifications, and the "tools of the trade" to compete and succeed in the job market.

In July 2012, the Foundation embarked on a three-year naming rights fundraising campaign with a potential to raise ten million dollars during the campaign. The Foundation raised \$845,000 during Fiscal Year 2013.

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Management's Discussion and Analysis (Unaudited)

June 30, 2013 and 2012

For the fiscal years ended June 30, 2013 and 2012, non-operating revenues, which include interest and dividends, unrealized and realized gains or losses on investments, and investment management fees, were \$390,757 and \$24,917, respectively. Approximately 80% and 87.5% of the Foundation's assets are held as investments in 2013 and 2012, respectively. The Foundation's stated goal of CPI + 5% was 6.75% for the fiscal year. The endowment investments' net rate of return for fiscal years 2013 and 2012 was 7.66% and (1.64%) respectively.

The CNM Foundation works to not only inspire disadvantaged students and families to dream big but also to equip them with the resources they need to achieve those dreams and transform their lives. We work to:

- Provide people with a solid foundation and support system to allow them to meet their goals and become the people that they, and society, want them to be. As students are provided with the resources and tools needed for change and growth, they can and will achieve their goals.
- Build processes for low-income and vulnerable populations to enter and be retained in the education system.

Economic Outlook

The Foundation is Central New Mexico Community College's (the College) private, non-profit organization created to leverage private resources and opportunities to maximize the College's operational and program funding. The Foundation also works to provide the extra financial assistance necessary for the citizens of the College's service area to obtain the educational opportunities they deserve. In support of the College, the Foundation will be working towards generating increasing revenues in times of economic instability to support the College's programs and students.

The College's economic outlook is closely related to its role as the state's largest community college. The College is dependent upon ongoing financial and political support from the state government. In FY 2013, state appropriations increased \$4.7 million, a revenue increase of approximately 10.8%. State appropriations increased an additional 9% for FY 2014 when compared to FY 2013.

The recent recession continues to impact philanthropy in New Mexico, including the Foundation, in that donors are being more conservative in their giving. However, investment earnings are reflecting positive returns and continuing to stabilize. It is anticipated that this pattern will continue over the next year. The Foundation continues to look to new strategies to meet the needs of the College and its students.

With the economic condition has come greater fragility in the College's student population. The demand for emergency scholarships has increased. With stabilization of investment earning, the Foundation was able to distribute \$112,000 in earnings from endowments to provide student assistance in FY 2013. In addition, the Foundation has successfully implemented a program to raise funds from both new and existing donors to meet the needs during this period of economic uncertainty.

Contact Information

Additional information may be obtained by contacting the Executive Director, Lisa McCulloch at (505) 224-4688. 525 Buena Vista Dr. SE, Albuquerque, NM 87106.

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Statements of Net Position

June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets:		
Current assets:		
Cash and cash equivalents – unrestricted (note 2)	\$ 11,158	\$ 18,645
Cash and cash equivalents – restricted (note 2)	506,234	543,469
Pledges receivable – unrestricted, net (note 3)	2,650	2,650
Pledges receivable – restricted, net (note 3)	261,925	76,465
Other receivable – unrestricted	1,398	7,414
Other receivable – restricted	4,597	12,777
Total current assets	<u>787,962</u>	<u>661,420</u>
Noncurrent assets:		
Cash and cash equivalents – restricted (note 2)	657,193	859,658
Investments – restricted (note 2)	4,558,638	4,304,928
Pledges receivable – restricted, net (note 3)	509,382	74,422
Total noncurrent assets	<u>5,725,213</u>	<u>5,239,008</u>
Total assets	<u>\$ 6,513,175</u>	<u>\$ 5,900,428</u>
Liabilities:		
Current liabilities:		
Accounts payable	\$ 13,785	\$ 6,579
Due to CNM	69,239	117,002
Deferred revenue	71,400	329,808
Total liabilities	<u>\$ 154,424</u>	<u>\$ 453,389</u>
Net position:		
Unrestricted	\$ 9,586	\$ 17,919
Restricted:		
Expendable:		
Scholarships	1,382,935	572,063
Program Support	1,053,414	1,079,028
Nonexpendable:		
Scholarships	3,703,803	3,569,576
Program Support	209,013	208,453
Total net position	<u>\$ 6,358,751</u>	<u>\$ 5,447,039</u>

See accompanying notes to financial statements.

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenues:		
Gifts and pledges	\$ 1,320,452	\$ 814,896
Grant revenue	476,316	1,879,736
Total operating revenues	<u>1,796,768</u>	<u>2,694,632</u>
Operating expenses:		
Contributions to CNM:		
Scholarships	278,952	268,520
Program support	903,296	2,389,227
Equipment and supplies	92,793	32,989
Fundraising	102,964	74,386
General and administrative (note 4)	23,485	23,639
Uncollectible pledges	12,665	2,801
Total operating expenses	<u>1,414,155</u>	<u>2,791,562</u>
Operating income (loss)	<u>382,613</u>	<u>(96,930)</u>
Nonoperating revenues (expenses):		
Investment income	432,939	75,359
Investment management fees and taxes	(42,182)	(50,442)
Total nonoperating revenues	<u>390,757</u>	<u>24,917</u>
Contributions to permanent endowments:		
Gifts and pledges	<u>138,342</u>	<u>578,463</u>
Change in net position	911,712	506,450
Net position, beginning of year	5,447,039	4,940,589
Net position, end of year	<u><u>\$ 6,358,751</u></u>	<u><u>\$ 5,447,039</u></u>

See accompanying notes to financial statements

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Statements of Cash Flows

Years ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Cash received from donors and other sources	\$ 826,678	\$ 1,014,924
Cash paid to beneficiaries and vendors for scholarships	(102,964)	(74,386)
Cash paid to CNM for scholarships and program support	(1,222,805)	(2,757,152)
Cash paid for operating expenses	<u>(23,485)</u>	<u>(23,639)</u>
Net cash provided by (used in) operating activities	<u>(522,576)</u>	<u>(1,840,253)</u>
Cash flows from noncapital financing activities:		
Donations and pledges	<u>138,342</u>	<u>578,463</u>
Net cash provided by (used in) financing activities	<u>138,342</u>	<u>578,463</u>
Cash flows from investing activities:		
Proceeds from sale or maturity of investments	7,037,777	3,826,680
Purchases of investments	(6,995,995)	(2,271,573)
Interest and dividends received	137,447	155,762
Investment management fees	<u>(42,182)</u>	<u>(50,442)</u>
Net cash (used in) provided by investing activities	<u>137,047</u>	<u>1,660,427</u>
 Net increase (decrease) in cash and cash equivalents	 (247,187)	 398,637
Cash and cash equivalents, beginning of year	<u>1,421,772</u>	<u>1,023,135</u>
Cash and cash equivalents, end of year	<u>\$ 1,174,585</u>	<u>\$ 1,421,772</u>
 Cash and cash equivalents, unrestricted	 \$ 11,158	 \$ 18,645
Cash and cash equivalents, restricted	<u>1,163,427</u>	<u>1,403,127</u>
Total	<u>\$ 1,174,585</u>	<u>\$ 1,421,772</u>
 Reconciliation of operating (loss) income to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 382,613	\$ (96,930)
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:		
Change in assets and liabilities:		
Pledges receivable	(620,420)	(137,153)
Other receivable	14,196	112,096
Account payable	7,206	(167,992)
Due to CNM	(47,763)	68,587
Deferred revenue	<u>(258,408)</u>	<u>(1,618,861)</u>
Total adjustments	<u>(905,189)</u>	<u>(1,743,323)</u>
 Net cash provided by (used in) operating activities	 <u>\$ (522,576)</u>	 <u>\$ (1,840,253)</u>
 Supplemental disclosure of noncash investing, noncapital, and financing activities:		
Contributions of equipment and supplies	\$ 92,793	\$ 32,989
Distributions to CNM of equipment and supplies	(92,793)	(32,989)
Change in fair value of investments	(123,197)	(1,686,803)

See accompanying notes to financial statements.

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Notes to Financial Statements

June 30, 2013 and 2012

(1) Summary of Significant Accounting Policies

(a) Organization

Albuquerque Technical Vocational Institute Foundation, Inc. changed its legal name to Central New Mexico Community College Foundation, Inc. on June 2, 2006. Central New Mexico Community College Foundation (the Foundation) was organized in 1986 as a not-for-profit New Mexico corporation under Section 501(c)(3) of the Internal Revenue Code. The Foundation is classified as a publicly supported organization (not a private foundation). The Foundation was incorporated for the purpose of providing support to Central New Mexico Community College (the College) and is authorized through its articles of incorporation to receive and hold any property, real or personal, bequeathed, given in trust, or in any other way for the use or benefit of the College, or any student or instructor therein, or for the carrying on for the College in any line of work, teaching or investigation, which the donor, grantor, or testator may designate.

(b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

As a component unit of the College, the Foundation presents its financial statements in accordance with U.S. generally accepted accounting standards as established by the Governmental Accounting Standards Board (GASB).

The Foundation's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

The Foundation follows Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; and Statement No. 38, *Certain Financial Statement Note Disclosures*. The financial statement presentation required by these statements provides a comprehensive perspective of the Foundation's assets, liabilities and net position, revenues, expenses, changes in net position, and cash flows.

Operating revenues and expenses are related to the primary, continuing operations of the Foundation. All other revenues and expenses are considered non-operating in the financial statements.

(c) Management's Estimates and Assumptions

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Notes to Financial Statements

June 30, 2013 and 2012

(1) Summary of Significant Accounting Policies (continued)

(d) Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Foundation considers restricted cash and all short-term debt securities or other cash investments purchased, if any, with an original maturity of three months or less to be cash equivalents.

(e) Investments

Investments consist primarily of money market mutual funds, federal agency obligations, corporate obligations, and marketable securities. Marketable securities are carried at fair value based on quoted market prices. Money market mutual funds are carried at amortized cost, which approximates fair value. The change in fair value is reported in investment income in the statements of revenues, expenses, and changes in net position.

(f) Agreements

An agreement between the Foundation and the College was entered into on December 2, 1991, and most recently amended on April 10, 2012. The agreement formalizes the relationship between the Foundation and the College and establishes the sole purpose for the Foundation as soliciting, managing, and distributing private gifts and donations given for the benefit of the College. The Foundation also agreed to be the custodian and manager of any endowments received from private donors or other affiliated organizations. The College agreed to provide staff support, office and meeting space, related physical support services, and other services at no cost to the Foundation. The estimated value of these services is not recorded in the accompanying financial statements.

(g) Net Position

Unrestricted net position represent resources whose use is not limited or restricted by donors. Unrestricted net position has arisen from exchange transactions and receipt of unrestricted contributions. Restricted expendable net position includes resources in which the Foundation is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties. Unexpendable restricted net position consists of endowment funds in which the donors have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Foundation's policy is to first apply the expense toward restricted resources, and then toward unrestricted resources.

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Notes to Financial Statements

June 30, 2013 and 2012

(1) Summary of Significant Accounting Policies (continued)

(h) Revenue Recognition and Donations and Pledges

Annual contributions are generally available for unrestricted use in the year donated unless specifically restricted by the donor. Grants and other contributions of cash and other assets are reported as restricted if they are received with donor stipulations that limit the use of the donated assets. Contributions of donated noncash assets are recorded at their estimated fair values in the period received.

The Foundation records pledges receivable as assets and revenue if the pledges are evidenced by unconditional promises to give those items in the future and when all applicable eligibility requirements are met. The Foundation considers an executed charitable gift or endowment agreement or a letter thanking the donor for the pledge as evidence as an unconditional promise. Unconditional promises to give due in subsequent years are recorded at the present value of their net realizable value, using risk free interest rates applicable to the years in which the promises are received to discount the amounts. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year end.

(i) Deferred Revenue

For voluntary non-exchange transactions, the Foundation recognizes receivables and revenues when all applicable requirements, including time requirements are met. Deferred revenues are reported when resources received before the eligibility requirements are met and/or donor/grantor requires unspent funds to be returned. Resources received in advance where all eligibility requirements have been met are recorded as revenues when received. Deferred revenue at June 30, 2013 and 2012 are \$71,400 and \$329,808, respectively.

(j) Income Taxes

The Foundation is an organization described in Internal Revenue Code (IRC) Section 501(c)(3) and as such is exempt from federal and state income tax on its related income under Section 501(a). Furthermore, as a publicly supported organization, it is classified as a public charity and not a private foundation under Section 509(a)(1). The Foundation had no material unrelated business income during fiscal years 2013 and 2012; therefore, no provision for income taxes is included in the financial statements.

(k) Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Notes to Financial Statements

June 30, 2013 and 2012

(1) Summary of Significant Accounting Policies (continued)

(l) Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

In November 2010, the GASB issued Statement 61, The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34. GASB 61 provides additional criteria for classifying entities as component units to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. This statement is effective for periods beginning after June 15, 2012. The adoption of GASB 61 does not have any impact on the Foundation's current financial statements.

In December 2010, the GASB issued Statement 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This statement is effective for periods beginning after December 15, 2011. The adoption of GASB 62 does not have any impact of the Foundation's financial statements.

In June 2011, the GASB issued Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components: assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011.

Recently Issued and Accounting Pronouncements

In November 2010, the GASB issued Statement 60, Accounting and Financial Reporting for Service Concession Arrangements. GASB 60 provides financial reporting guidance for service concession arrangements (SCAs). SCAs are defined as an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This statement is effective for periods beginning after December 15, 2011. The adoption of GASB 60 does not have any impact on the Foundation's financial statements.

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Notes to Financial Statements

June 30, 2013 and 2012

(2) Cash and Investments

A summary of cash and investments as of June 30 follows (See Schedule 1 for details):

	<u>2013</u>	<u>2012</u>
Cash	\$ 517,392	\$ 562,114
Money market	457,478	859,658
Certificates of deposit	199,715	-
Total cash and cash equivalents	<u>1,174,585</u>	<u>1,421,772</u>
Federal agency obligations	796,174	983,956
Corporate obligations	41,174	719,139
Certificates of deposit	248,699	20,160
Marketable securities:		
Mutual funds	565,358	274,362
Stocks	2,907,233	2,307,311
Total investments	<u>4,558,638</u>	<u>4,304,928</u>
Total cash and investments	<u><u>\$ 5,733,223</u></u>	<u><u>\$ 5,726,700</u></u>

Included in investment income in the statements of revenues, expenses, and changes in fund net position at June 30, 2013 and 2012, are realized gains of \$418,689 and \$23,165, respectively.

(a) Investment Policy

Investment portfolio management is the responsibility of the Foundation's management. The Foundation's Finance and Investment Committee revised the investment policy which was approved in March 2013 by the Board of Directors. The fundamental goal of the policy is to produce the maximum return possible while preserving the Foundation's assets. Investments are divided into three main portfolios (pools): (1) Temporary Restricted, (2) Endowments (Restricted), and (3) Eloy Reyes Title V Memorial Endowment for La Comunidad.

Temporary Restricted Portfolio investments will consist of money market or other conservative investments with an average maturity of less than three years meeting the following criteria: (1) Certificates of deposit are authorized to the extent of FDIC insurance coverage; (2) portfolio can contain U.S. Treasury bills and notes and U.S. agency securities; (3) the average credit quality of the fixed income portfolio shall be AA or higher as defined by Moody's with an effective maturity of less than 3 years; and (4) no single issuer of debt or equity should make up more than 5% of the Portfolio except for U.S. government obligations. The following table sets out the asset allocation guidelines for the portfolio.

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Notes to Financial Statements

June 30, 2013 and 2012

(2) Cash and Investments (continued)

Asset Class	Temporary Restricted Pool		Appropriate benchmark
	Long-term Policy Weight	Rebalancing Range %	
Short term fixed income	75	0-90	Merrill Lynch 1-5 US Treasury
Cash	<u>25</u>	10-50	3 Month T-Bills
Total	<u><u>100</u></u>		

Endowment Portfolio investments consist of equity securities, Certificates of deposit (to the extent of FDIC insurance coverage), U.S. Treasury bills and notes and U.S. agency securities. Investment managers may purchase fixed income securities issued by U.S. corporations that carry a credit rating characterized as below investment grade Moody's (lower than Baa3) at the time of purchase.

The fixed income portion of the portfolio is limited to a 15% allocation to high yield bonds. Investment managers may also purchase fixed income securities issued by non-U.S. sovereign governments or corporations. The fixed income portion of the portfolio is limited to a 10% allocation to Non U.S. bonds. Up to twenty-five percent of the Portfolio can be invested in foreign issues of debt or equity. No single issuer of debt or equity should make up more than 5% of the Portfolio except for U.S. government obligations. On June 30, 2013, the portfolio consisted of 15.3% of U.S. government obligations.

The following table sets out the asset allocation guidelines for the portfolio. Any temporary cash held within the portfolio under an equities or bond asset class will be considered as part of that asset class and not part of the cash position.

Asset Class	Endowment Pool		Appropriate benchmark
	Long-term Policy Weight	Rebalancing Range %	
U.S. large cap equities	35	20-50	Russell 1000
U.S. small-mid equities	10	5-20	Russell 2500
International equities	15	10-30	MSCI World Ex. USA
Global fixed income	35	25-50	Barclays Aggregate Bond Index
Cash	<u>5</u>	0-20	3 Month T-Bills
Total	<u><u>100</u></u>		

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Notes to Financial Statements

June 30, 2013 and 2012

(2) Cash and Investments (continued)

(b) Custodial Credit Risk

In the case of deposits, the custodial credit risk is the risk that in the event of a depository institution failure, the Foundation's deposits may not be recovered.

At June 30, 2013, the Foundation's bank balance was \$526,183 in checking and savings accounts. Amounts above \$265,000 in the checking account are invested in overnight sweep accounts which are collateralized at the invested balance. The checking and savings accounts are covered by federal depository (FDIC) insurance up to \$250,000 per account, per depository institution. Therefore \$15,000 of the checking account balance was uninsured and uncollateralized at June 30, 2013.

The balance of the money market mutual funds accounts at June 30, 2013 was \$457,478. Money market mutual funds are short-term investments that are classified as cash equivalents.

The balance of the certificates of deposit at June 30, 2013 was \$448,414. Certificates of deposit are insured by the federal depository (FDIC) insurance up to \$250,000 per account, per depository institution. The balance of Certificates of deposits that mature within 90 days and are classified as cash equivalents as of June 30, 2013 was \$199,715.

At June 30, 2012, the Foundation's bank balance was \$562,114 which was covered by federal depository (FDIC) insurance.

The balance of the money market mutual fund accounts at June 30, 2012 was \$859,658. Money market mutual funds are short-term investments that are classified as cash equivalents.

The balance of the certificates of deposit at June 30, 2012 was \$20,160.

In the case of investments, the custodial credit risk is the risk that, in the event of the counterparty's failure, the Foundation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Money market mutual funds and external investment pools are not exposed to credit risk.

The Foundation's investment portfolio is covered by the Securities Investor Protection Corporation (SIPC), up to \$500,000 of protection, of which \$100,000 may be cash for each protected account. Additionally, the brokerage firm provides supplemental protection on eligible assets over \$500,000 through underwriters, subject to aggregate loss limit of \$600 million. A per client limit for cash is \$1,900,000. Note that SIPC does not protect against losses in the portfolio value due to market fluctuations.

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Notes to Financial Statements

June 30, 2013 and 2012

(2) Cash and Investments (continued)

(c) Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the Foundation. The following table provides information on the credit ratings associated with the Foundation's investment in debt securities at June 30, 2012 and 2011 (See Schedule 1 for details).

	Rating	2013 Fair Value	2012 Fair Value
Federal agency obligations:			
Federal home loan mortgage corp.	AAA	\$ 51,695	\$ 208,369
Federal national mortgage assoc.	AAA	279,304	135,014
US treasury notes	AAA	315,901	442,602
US treasury bonds	AAA	1,407	197,971
US treasury inflation notes	AAA	73,450	-
US treasury inflation bonds	AAA	74,417	-
		<u>796,174</u>	<u>983,956</u>
Corporate obligations:			
Corporate bonds	AA+	2,202	125,310
Corporate bonds	AA	4,353	58,907
Corporate bonds	A+	4,328	58,651
Corporate bonds	A	11,065	175,092
Corporate bonds	A-	10,366	301,179
Corporate bonds	BBB+	4,265	-
Corporate bonds	BBB	4,595	-
		<u>41,174</u>	<u>719,139</u>
Total rated securities		<u>\$ 837,348</u>	<u>\$ 1,703,095</u>

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The Foundation does not have a formal investment policy that limits investment maturities as a means of managing its exposure to changing interest rates.

Investment Type	2013 - Investment maturities			
	Fair Value	Less than 1 year	1-5 years	5 years +
Federal agency obligations	\$ 796,174	\$ -	\$ 106,018	\$ 690,156
Corporate obligations	41,174	-	17,126	24,048

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

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Notes to Financial Statements

June 30, 2013 and 2012

(2) Cash and Investments (continued)

Investment Type	2012 - Investment maturities			
	Fair Value	Less than 1 year	1-5 years	5 years +
Federal agency obligations	\$ 983,956	\$ -	\$ 600,888	\$ 383,068
Corporate obligations	719,139	51,157	237,160	430,822

(e) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the Foundation's investment in a single type of security. The Foundation had 15.3% of the portfolio on June 30, 2013 and 12.4% of the investment portfolio on June 30, 2012 in U.S. government obligations, which exceeds the 5% limitation of the IPS but is allowed under Section G. Temporary Infraction Exception.

(f) Foreign Currency Risk

Foreign currency risk is the potential risk of loss arising from investments denominated in foreign currencies when there are changes in exchange rates. The potential risk of loss arising from changes in exchange rates can be significant. At June 30, 2013 and 2012, the Foundation held no international obligations.

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

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Notes to Financial Statements

June 30, 2013 and 2012

(3) Pledges Receivable

Pledges receivable consisted of the following at June 30:

	<u>2013</u>	<u>2012</u>
Amounts receivable in less than one year	\$ 264,575	\$ 79,115
Amounts receivable in more than one year	525,500	77,700
Total pledges receivable	<u>790,075</u>	<u>156,815</u>
Less discounts to net present value	316	141
Less allowance for doubtful pledges	15,802	3,137
Pledges receivable, net	<u>773,957</u>	<u>153,537</u>
Less current portion:		
Current unrestricted	2,650	2,650
Current restricted	261,925	76,465
	<u>264,575</u>	<u>79,115</u>
Noncurrent assets: pledges receivable, restricted	<u>\$ 509,382</u>	<u>\$ 74,422</u>

Noncurrent pledges receivable are discounted at the U.S. Treasury Bill 90 day rate of 0.04% and 0.09% for the years ended June 30, 2013 and 2012, respectively.

(4) General and Administrative Expenses

General and administrative expenses consisted of the following for the years ended June 30:

	<u>2013</u>	<u>2012</u>
Board expenses	\$ 12,657	\$ 9,916
Printing and publication	7,716	10,205
Insurance expense	1,611	1,520
Bank charges	1,167	904
Supplies and postage and shipping	334	1,094
	<u>\$ 23,485</u>	<u>\$ 23,639</u>

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Notes to Financial Statements

June 30, 2013 and 2012

(5) Related Party Transactions

The College provides office space, personnel, utilities, and general operating expenses to the Foundation at no cost. No value has been assigned to these amounts for financial reporting purposes. In addition, the Foundation will incur certain expenditures including various scholarships and programs that are paid through the College. The Foundation will reimburse the College for these items it has paid on behalf of the Foundation.

During the fiscal year 2013 and 2012, members of the board of directors made new gifts and pledges to the Foundation totaling \$54,643 and \$45,964, respectively. At June 30, 2013 and 2012, the Foundation had \$23,500 and \$35,500, respectively, of pledges receivable due from various members of the board of directors.

(6) Risk Management

The Foundation is physically housed within the College and the College provides office space, personnel, utilities, and general operating expenses to the Foundation. The Foundation's exposure to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters fall within the College's insurance coverage. The College uses the New Mexico Public Schools Insurance Authority (NMPSIA) which was formed on April 5, 1985.

Under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 1978), as amended, as an insurance fund to provide health, disability, and life insurance coverage (benefits coverage), and property, casualty, and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the state of New Mexico. The College is one of 91 members that participate in NMPSIA. Participation in NMPSIA is mandatory for all K 12 public schools except those with enrollment exceeding 60,000 students. Participation is voluntary for other public education institutions. The College pays an annual premium to the pool for its general insurance coverage. The agreement for formation of NMPSIA provides that the pool will be self-sustaining through member premiums. NMPSIA establishes self-insured retentions by line of coverage and procures insurance or reinsurance, where indicated, in excess of the self-insured retention on a per occurrence basis. NMPSIA will publish its own financial report for the year ended June 30, 2013.

In addition, the Foundation has officer and director liability insurance with an outside third party.

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Notes to Financial Statements

June 30, 2013 and 2012

(7) Endowments

On July 1, 2009 the Uniform Prudent Management of Institutional Funds Act became effective in New Mexico. If a donor has not provided specific instructions, state law permits the Board of Directors to authorize for expenditure the interest, dividends and net appreciation (realized and unrealized) of the investments of endowment funds.

The endowment spending policy is subject to annual review and provides that the annual amount of potential distributions from each endowment fund shall be limited to a maximum of 5% of the average of the last three fiscal years' asset value of the endowment fund. At the beginning of each fiscal year, the Foundation's board of directors will determine the potential distribution amount for each endowment fund for the ensuing fiscal year. At June 30, 2013 the net appreciation of \$428,071 was available to be spent, of which \$428,071 is restricted to specific purposes.

As of June 30, 2013 the value of the Foundation's endowment portfolio was \$4,340,887 and the permanent endowment contributions were \$3,912,816.

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Schedule 1 - Schedule of Cash and Investments

June 30, 2013

Account Type	Account Name	Credit Rating	Bank Balance	Book Balance
Wells Fargo				
Checking	Business Checking		\$ 446,546	\$ 437,755
Savings	Business Savings		79,637	79,637
			<u>526,183</u>	<u>517,392</u>
Merrill Lynch				
Money Market	Temporary Restricted		171,310	171,310
Money Market	Endowment Core Portfolio		278,560	278,560
Money Market	Eloy Reyes		7,608	7,608
			<u>457,478</u>	<u>457,478</u>
Federal Agency Obligations	Federal National Mtg Assn	AAA	279,304	279,304
Federal Agency Obligations	Federal Home Loan Mtg Corp	AAA	51,695	51,695
Federal Agency Obligations	US Treasury Notes	AAA	315,901	315,901
Federal Agency Obligations	US Treasury Inflation Notes	AAA	73,450	73,450
Federal Agency Obligations	US Treasury Inflation Bonds	AAA	74,417	74,417
Federal Agency Obligations	US Treasury Bonds	AAA	1,407	1,407
			<u>796,174</u>	<u>796,174</u>
Corporate Obligations	General Electric CAP Corp	AA+	2,202	2,202
Corporate Obligations	Pfizer Inc	AA	2,412	2,412
Corporate Obligations	Wal-Mart Stores Inc	AA	1,941	1,941
Corporate Obligations	Wachovia Corp	A+	2,270	2,270
Corporate Obligations	USD Bank Nova Scotia	A+	2,058	2,058
Corporate Obligations	Comcast Corp	A-	2,363	2,363
Corporate Obligations	AT&T Inc	A-	1,922	1,922
Corporate Obligations	Philips Electronics NV	A-	2,006	2,006
Corporate Obligations	Apache Corp	A-	1,844	1,844
Corporate Obligations	Home Depot Inc	A-	2,231	2,231
Corporate Obligations	BP Capital Markets PLC	A	2,101	2,101
Corporate Obligations	Conoco Phillips	A	2,343	2,343
Corporate Obligations	JP Morgan Chase	A	2,128	2,128
Corporate Obligations	Caterpillar Financial SE	A	2,495	2,495
Corporate Obligations	John Deere Capital Corp	A	1,998	1,998
Corporate Obligations	USD Can Natural Res	BBB+	2,268	2,268
Corporate Obligations	Hewlett-Packard Co	BBB+	1,997	1,997
Corporate Obligations	Time Warner Cable Inc	BBB	2,455	2,455
Corporate Obligations	Time Warner Inc	BBB	2,140	2,140
			<u>41,174</u>	<u>41,174</u>
Certificates of Deposit			<u>448,414</u>	<u>448,414</u>
Marketable Securities	Mutual Funds		565,358	565,358
Marketable Securities	Stocks		2,907,233	2,907,233
			<u>3,472,591</u>	<u>3,472,591</u>
			<u>\$ 5,742,014</u>	<u>\$ 5,733,223</u>

See accompanying independent auditors' report.



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

Independent Auditors' Report

Board of Directors
Central New Mexico Community College Foundation, Inc.

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 business-type activities, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Central New Mexico Community College Foundation's Inc. (Foundation) basic financial statements, and have issued our report thereon dated November 1, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered the 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Foundation'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*.

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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A beyta, Weiner & Cherna, P. C.

Albuquerque, NM
November 1, 2013

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Schedule of Findings and Responses

Section A - Summary of Auditor's Results

Financial Statements

<u>Type of auditors' report issued:</u>	<u>Unqualified</u>
Internal control over financial reporting: Material weakness reported?	No
Significant deficiencies reported not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No
Other matters as required by New Mexico State Statute, 12-6-5, NMSA 1978.	No

Section B - Financial Statement Findings

None

Section C - Status of Prior Year Findings

None

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Central New Mexico Community College)

Exit Conference

An exit conference was held in a closed session on October 31, 2013, to discuss the audit report and current and prior year auditor's comments. The parties agreed to the factual accuracy of the comments contained herein. In attendance were the following individuals:

Representing Central New Mexico Community College Foundation

Joseph Varro Jr.	Foundation Board Member
Lisa McCulloch	Executive Director
Wanda Helms	Director of Contracts and Grants
Orion Osborn	Accountant

Representing Abeyta, Weiner & Cherne, P.C.

Amy C. Cherne	Principal
Brandie Safir	Staff