



**State of New Mexico**  
**New Mexico Highlands University Foundation**

(A Component Unit of New Mexico Highlands University)

**Financial Statements and  
Supplementary Information**

**For the Year Ended June 30, 2022**

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## **Introductory Section**

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**New Mexico Highlands University Foundation**  
**(A Component Unit of New Mexico Highlands University)**  
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**June 30, 2022**

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**New Mexico Highlands University Foundation  
 (A Component Unit of New Mexico Highlands University)  
 Official Roster  
 June 30, 2022**

<u>Name</u>	<u>Title</u>
<b>ADMINISTRATIVE OFFICIALS</b>	
Theresa M. Law, JD, CFRE	Vice-President
Vanessa Velasquez	Executive Administrative Assistant
<b>BOARD MEMBERS</b>	
Dr. Carlotta Lockmiller	President
Vince E. Marchi	Vice-President
Viola Martinez	Secretary
Paul Cassidy	Treasurer
Dr. Sam Minner	NMHU President
Theresa M. Law	Ex-Officio
Dr. James Abreu	Public Director
Tina M. Cordova	Public Director
Jan Denton	Public Director
Dr. Paul Grindstaff	Public Director
Dr. Eileen Madrid	Public Director
LouElla-Marr Montoya	Public Director
Felicia Ortiz	Public Director
Dr. Barbara A. Perea Casey	Public Director
Dr. D. Pauline Rindone	Public Director
Victoria Sanchez	Public Director
Dr. Tom Whitson	Member
Max Baca	Ex-officio
Jeannae Leger	Ex-officio

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## **Financial Section**

## **INDEPENDENT AUDITORS' REPORT**

Brian S. Colón, Esq., New Mexico State Auditor and  
U.S. Office of Management and Budget  
New Mexico Highlands University Foundation Board  
New Mexico Highlands University Foundation  
Las Vegas, New Mexico

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the business-type activities of the New Mexico Highlands University Foundation (the "Foundation"), a component unit of New Mexico Highlands University (the "University"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

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 the Foundation, as of June 30, 2022, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Emphasis of Matter***

##### ***Reporting Entity***

As discussed in Note 1, the financial statements of the entity are intended to present the financial position and the changes in financial position of only the Foundation. They do not purport to, and do not, present fairly the financial position of New Mexico Highlands University, as of June 30, 2022, the changes in its financial position for the year then ended in conformity in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### *Change in Accounting Principle*

As described in Note 2 to the financial statements, in 2021 the Foundation adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Foundation's basic financial statements. The accompanying supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and other disclosures but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2022 on our consideration of the 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 solely 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 effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

Carr, Riggs & Ingram, LLC  
Albuquerque, New Mexico  
November 1, 2022

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## **Basic Financial Statements**

**New Mexico Highlands University Foundation**  
**(A Component Unit of New Mexico Highlands University)**  
**Statement of Net Position**

**June 30, 2022**

**Assets**

Current assets

Cash and cash equivalents	\$	931,938
Pledge receivable		106,095
Lease receivable		213,708
Interest receivable		89
Prepaid expenses		7,306

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Total current assets		1,259,136
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Noncurrent assets

Restricted cash and cash equivalents		1,413,142
Certificates of deposit		1,000,000
Pooled investment in endowment, including assets held for others of \$2,773,032		9,111,345
Non-depreciable capital assets		6,615,033
Depreciable capital assets, net		865,476

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Total noncurrent assets		19,004,996
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Total assets	\$	20,264,132
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**Liabilities**

Current liabilities

Accounts payable	\$	6,764
Note payable		598,910

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Total current liabilities		605,674
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Assets held for others		2,773,032
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Total liabilities		3,378,706
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Deferred inflows of resources

Deferred inflows - lease		213,264
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Total deferred inflows of resources		213,264
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**Net position**

Net investment in capital assets		6,881,599
Restricted for		
Scholarships, programming, athletics		1,331,116
Nonexpendable endowments		5,443,245
Expendable grants and contributions		2,076,425
Unrestricted		939,777

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Total net position		16,672,162
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Total liabilities and net position	\$	20,264,132
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*The accompanying notes are an integral part of these financial statements.*

**New Mexico Highlands University Foundation**  
**(A Component Unit of New Mexico Highlands University)**  
**Statement of Revenues, Expenses and Changes in Net Position**

**For the Year Ended June 30, 2022**

<b>Operating revenues</b>	
Contributions from donors	\$ 27,393
Lease income	391,757
Proceeds from sale of artwork	596
Contributed supplies, facilities and services	560,282
Other income	67,012
<b>Total operating revenues</b>	<b>1,047,040</b>
<b>Operating expenses</b>	
University support	185,260
Operating expenses	338,516
Student aid grants and stipends	214,264
Contributed supplies, facilities and services	244,127
Other expense	30,263
Depreciation	57,698
<b>Total operating expenses</b>	<b>1,070,128</b>
<b>Operating (loss)</b>	<b>(23,088)</b>
<b>Non-operating revenues (expenses)</b>	
Contributions from donors	690,935
Programming revenue	51,021
Programming expense	(801,624)
Loss on auction of artwork	(1,575)
Investment income	(1,146,011)
Interest income	1,905
Interest expense	(30,965)
<b>Net non-operating revenues (expenses)</b>	<b>(1,236,314)</b>
<b>Change in net position</b>	<b>(1,259,402)</b>
<b>Net position, beginning of year</b>	<b>17,931,564</b>
<b>Net position, end of year</b>	<b>\$ 16,672,162</b>

*The accompanying notes are an integral part of these financial statements.*

**New Mexico Highlands University Foundation**  
**(A Component Unit of New Mexico Highlands University)**  
**Statement of Cash Flows**

**For the Year Ended June 30, 2022**

**Cash flows from operating activities**

Receipts from gifts, bequests and endowments	\$	71,754
Receipts from leasing activities		391,224
Disbursement of net aid to students		(214,264)
Payments to beneficiaries and suppliers		(799,801)
Other income, net of other expense		36,749

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Net cash (used in) operating activities (514,338)

**Cash flows from investing activities**

Net investment activity		68,093
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Net cash provided by investing activities 68,093

**Cash flows from financing activities**

Payments on long-term debt		(24,475)
Interest paid on long-term debt		(30,965)

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Net cash provided by investing activities (55,440)

Net decrease in cash and cash equivalents (501,685)

Total cash and cash equivalents, beginning of year 2,846,765

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Total cash and cash equivalents, end of year 2,345,080

Restricted cash, end of year 1,413,142

Unrestricted cash, end of year 931,938

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Total cash and cash equivalents, end of year \$ 2,345,080

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*The accompanying notes are an integral part of these financial statements.*

**For the Year Ended June 30, 2022**

<b>Operating (loss)</b>	\$	(23,088)
<b>Reconciliation of operating loss to net cash (used in) operating activities</b>		
Depreciation expense		57,698
Contributed supplies, facilities and services		(560,282)
<b>Assets, liabilities, and deferred inflows</b>		
Pledge receivable		43,765
Lease receivable		(213,708)
Interest receivable		(89)
Prepaid expenses		(7,306)
Accounts payable		(24,592)
Deferred inflows - lease		213,264
<b>Net cash (used in) operating activities</b>	\$	<b>(514,338)</b>
<b>Supplemental cash flow information</b>		
Unrealized loss on investment	\$	(1,891,623)
Donated artwork added to capital assets	\$	316,155
Artwork donated to other organizations	\$	-

*The accompanying notes are an integral part of these financial statements.*

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**New Mexico Highlands University Foundation**  
**(A Component Unit of New Mexico Highlands University)**  
**Notes to Financial Statements**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

New Mexico Highlands University Foundation (the "Foundation") is a legally separate, tax-exempt component unit of the New Mexico Highlands University (the "University") and was incorporated by the University in 1970 and was formed to encourage, solicit, receive, and administer gifts and bequests of real and personal property and funds for scientific, educational, public service, and charitable purposes for the advancement and benefit of New Mexico Highlands University and its objectives and, to that end (a) to take and to hold, either absolutely or in trust for any limitations and conditions imposed by law or the instrument under which received; (b) to sell, lease, convey, and dispose of any such property, to invest and re-invest any proceeds and other funds, and to deal with and expend the principal and income for any purpose herein authorized; (c) to act as trustee; and (d) in general, to exercise any, all, and every power, including trust powers, which a non-profit organized under the laws of New Mexico for the foregoing purposes can be authorized to exercise.

The University 1) assigns staff to service the administrative needs of the Foundation; 2) provides suitable office and meeting space; 3) pays the cost of reasonable utilities, maintenance and repairs, property insurance, and any other reasonable physical facility support services; 4) provides certain reasonable administration support services; and 5) provides, at no cost to the Foundation, reasonable information technology processing and support, including acquisition of appropriate hardware and software.

The New Mexico Highlands University Foundation is a discretely presented component unit of the University and reported upon as a part of the basic financial statements of the University. New Mexico Highlands University issues separately issued financial statements. Additional information regarding New Mexico Highlands University may be obtained directly from their administrative office as follows: 1005 Diamond St, Las Vegas, NM 87701.

These financial statements include those activities and functions related to the Foundation which are controlled by or dependent upon its Board. The accompanying financial statements do not present the financial position and results of operations of the University, taken as a whole in accordance with generally accepted accounting principles (GAAP).

***Reporting Entity***

In evaluating how to define the Foundation, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61, GASB Statement No. 80, and GASB Statement No. 90.

Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic, but not the only-criterion, for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency.

**New Mexico Highlands University Foundation**  
**(A Component Unit of New Mexico Highlands University)**  
**Notes to Financial Statements**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Reporting Entity (Continued)***

Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the nomination and voting on board members, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Foundation has no component units required to be included in these financial statements.

***Basis of Accounting and Financial Statement Presentation***

As a component unit of the University, the Foundation presents its financial statements in accordance with accounting standards generally accepted in the United States as established by the Governmental Accounting Standards Board (GASB). The Foundation applies the business-type activity accounting and 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 significant accounting policies utilized by the Foundation in the preparation of the financial statements are described below.

***Assets, Liabilities, Deferred Inflows of Resources and Net Position***

***Cash and cash equivalents***

Cash and cash equivalents consist of cash on hand and all highly-liquid investments with original maturities of three months or less. For purposes of the statement of cash flows, cash and cash equivalents include demand deposits and money market accounts with an original maturity of three months or less.

***Pledges Receivable***

Pledges are recorded at net realizable value.

**New Mexico Highlands University Foundation**  
**(A Component Unit of New Mexico Highlands University)**  
**Notes to Financial Statements**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Liabilities, Deferred Inflows of Resources and Net Position (Continued)***

*Allowance for Doubtful Accounts*

Generally accepted accounting principles (GAAP) include the use of the valuation method for estimating the allowance for doubtful accounts. The Foundation uses the direct write-off method in recognizing uncollectible pledges receivable. Under this method, pledges are charged to operations when they are deemed by management to be uncollectible. The Foundation's use of the direct write-off method does not result in a material change to the financial statements in comparison to the valuation method. There were no pledges receivable written off during fiscal year 2022.

*Endowments*

Investments are presented in the financial statements in accordance with GASB Statement No. 40, Deposits and Investment Risk Disclosures, which addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. The Foundation also reports investments under the provisions of GASB Statement No. 72, Fair Value Measurement and Application. Changes in the unrealized gain (loss) on the carrying value of investments are reported as a component of investment income (loss) in the statement of revenues, expenses, and changes in net position.

The Foundation manages its endowment in a manner consistent with the standards of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The majority of the Foundation's endowment is made up of investments. Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of net position. Net appreciation/depreciation on donor restricted endowments and related investment income are recorded as an increase in restricted, expendable net position and are available for expenditure in accordance with donor specifications.

*Capital Assets*

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation in the case of gifts or artwork. The Foundation has a building and land held for lease to the University. The Foundation's accounting policy over the building and land held for lease follows the same policy as the above capital assets policy. The land held for lease to the University includes \$676,899 that was purchased with endowment funds but is now a part of capital assets. The purchase was authorized by the Board for the purpose of leasing it to the University as a revenue source for the endowment. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The Foundation's non-depreciable capital consists of artwork, land and a land investment.

**New Mexico Highlands University Foundation**  
**(A Component Unit of New Mexico Highlands University)**  
**Notes to Financial Statements**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Liabilities, Deferred Inflows of Resources and Net Position (Continued)***

*Capital Assets (Continued)*

The Foundation's art collection is recorded at estimated fair value at the date of acquisition or at cost if purchased. During 2022 donated works of art totaling \$316,155 were included in capital asset additions. All artwork is capitalized and is not depreciated.

*Net Position*

Restricted nonexpendable contributions and investments are permanently restricted by the donor. Investment earnings used for distributions are recorded in unrestricted net position. Investment earnings with donor restrictions are recorded in temporarily or permanently restricted net position based on the nature of the restrictions.

Unrestricted net position represents resources whose use is not limited or restricted by donors. Unrestricted net position have arisen from exchange transactions and receipt of unrestricted contributions. Restricted net position 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 position are resources that the Foundation is legally or contractually obligated to spend in accordance with imposed restrictions by third parties, such as donors.

Donor Restricted endowment disbursements of the net appreciation of investments are permitted in accordance with the Uniform Prudent Management of Institutional Funds Act (46-9A-1 to 46-9A-12 NMSA), except where a donor has specified otherwise. The Finance/Investment Committee of the Foundation and University management review the investment earnings designed to support distributions from the endowment and to protect the purchasing power of the endowment principal. Distributions from the endowment are made available to the University, which benefits from each individual endowment.

***Revenues and Expenses***

Operating revenues include activities that have the characteristics of exchange transactions such as lease income on Foundation capital assets. Revenue on contracts and grants are recognized to the extent that the underlying exchange transaction has occurred. Unrestricted donations are classified as operating, as they are not financing or investing activities. Fundraising activities are a major activity of the Foundation and are considered operating revenues.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, investment income (loss), and other revenue sources that are defined as nonoperating revenues by GASB 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Fund and Governmental Entities That Use Proprietary Fund Accounting*, and GASB 34, such as investment income. Gifts and contributions are recognized when all applicable eligibility requirements have been met.

**New Mexico Highlands University Foundation**  
**(A Component Unit of New Mexico Highlands University)**  
**Notes to Financial Statements**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Revenues and Expenses (Continued)***

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 towards restricted, and then toward unrestricted resources.

Contributions of donated noncash assets are recorded at their fair values in the period received.

***Contributed Supplies, Facilities and Services***

Contributed facilities represent the estimated fair rental value of the office space and general corporate services provided by the University. Contributed facilities are provided on a month to month basis. Contributed services are recognized if the services received a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services are recorded as in-kind expense and are included with University support in the financial statements. The Foundation also may receive contributions of various supplies.

***Income Tax Status***

The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and has been determined to be an organization which is not a private foundation.

The Internal Revenue Service has not examined any of the Form 990 tax returns. However, the Foundation's tax returns for 2021, 2020 and 2019 are subject to examination by the IRS, generally, for three years after they were filed. The Foundation recognizes tax benefits only to the extent the Foundation believes it is "more likely than not" that its tax position will be sustained upon IRS examination.

***Use of 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 reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for the Foundation is management's estimate of depreciation on assets over their estimated useful lives

***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 31, 2022 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**New Mexico Highlands University Foundation**  
**(A Component Unit of New Mexico Highlands University)**  
**Notes to Financial Statements**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Recently Issued and Implemented Accounting Pronouncements***

During the fiscal year ended June 30, 2022, the Foundation adopted GASB Statement No. 87, *Leases*, GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, GASB Statement No. 92, *Omnibus 2020*, GASB Statement No. 93, *Replacement of Interbank Offered Rates*, and GASB Statement No. 98, *The Annual Comprehensive Financial Report*,

The implementation of GASB No. 87, *Leases*, had a major impact on the Foundation. The other statements did not have a significant impact on the Foundation because the activities of the Foundation were not affected by the statement in a material manner.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. (This new effective date reflects the immediate implementation of GASB Statement No. 95.)

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The requirements of this Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The requirements of this Statement will provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Earlier application is encouraged.

**New Mexico Highlands University Foundation**  
**(A Component Unit of New Mexico Highlands University)**  
**Notes to Financial Statements**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Recently Issued and Implemented Accounting Pronouncements (Continued)***

In May 2022, GASB issued Statement No. 99, Omnibus 2022. The requirements of this Statement establishes or amends accounting and financial reporting requirements for specific issues related to financial guarantees, derivative instruments, leases, public-public and public-private partnerships (PPPs), subscription-based information technology arrangements (SBITAs), the transition from the London Interbank Offered Rate (LIBOR), the Supplemental Nutrition Assistance Program (SNAP) (formerly, food stamps), nonmonetary transactions, pledges of future revenues, the focus of government-wide financial statements, and terminology. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The requirements of this Statement will enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023. Earlier application is encouraged.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The requirements of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023. Earlier application is encouraged.

The Foundation is evaluating the requirements of the above statements and the impact on reporting.

**NOTE 2: ADOPTION OF GASB 87 LEASES**

The Foundation adopted GASB No. 87 Leases (GASB 87) as of July 1, 2021. The Foundation evaluated contracts that were formerly accounted for as operating leases to determine whether they meet the definition of a lease as defined in GASB 87. The contracts to lease office space to the University met the definition of a lease and the University calculated and recognized a rent receivable of \$578,860 as of July 1, 2021. There were no impacts to the beginning net position related to the adoption of GASB 87.

**New Mexico Highlands University Foundation**  
**(A Component Unit of New Mexico Highlands University)**  
**Notes to Financial Statements**

**NOTE 3: DEPOSITS AND INVESTMENTS**

***Deposits***

*Custodial Credit Risk* - Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned to it. The Foundation does not have a deposit policy for custodial credit risk, other than following state statutes as set forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). The Foundation holds bank balances at NM Bank and Trust which is located in Las Vegas, New Mexico. New Mexico Bank and Trust offers Insured Cash Sweep (ICS) services to place the Foundations funds into demand deposit accounts (using the ICS demand option), money market deposit accounts (using the ICS savings option), or both, at other FDIC-insured member institutions. Sweeps occur in increments below the standard FDIC insurance maximum of \$250,000 so that both principal and interest are eligible for FDIC insurance. The Foundation has entered in ICS agreements for all accounts held at New Mexico Bank and Trust.

***Deposits***

	<b>New Mexico Bank and Trust</b>	<b>Total</b>
Total amount of deposits	\$ 2,400,409	\$ 2,400,409
Deposit accounts covered by the FDIC coverage	(250,000)	(250,000)
Amount covered by ICS agreement	\$ 2,150,409	\$ 2,150,409

Reconciliation of Deposits and Investments to the Statement of Net Position and Statement of Fiduciary Assets and Liabilities

Deposits		\$ 2,400,409
NMSIC		9,111,345
Certificates of deposit		1,000,000
Total deposits and investments		12,511,754
Petty cash		260
Less reconciling items		(55,589)
Total cash and cash equivalents and investments		\$ 12,456,425
Statement of net position		
Cash and cash equivalents	\$	901,503
Restricted cash and cash equivalents		1,443,577
Certificates of deposit		1,000,000
Investments		9,111,345
Net deposits and investments		\$ 12,456,425

**New Mexico Highlands University Foundation**  
**(A Component Unit of New Mexico Highlands University)**  
**Notes to Financial Statements**

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

***Endowment***

The Foundation supports vital scholarship and other programs from the earnings of its endowment. Net position associated with the endowment fund, including amounts to be designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions or as funds held for others.

The Foundation has designed their endowment policies to ensure that donor funds are appropriately managed, are used appropriately used for the benefit of the University and the Foundation, contributions are preserved where directed by the donor, and that funds achieve the purpose directed by the donor. Consistent with these goals, the Foundation has established the following policies:

- a. Pooled Endowment Fund: All endowed funds may be aggregated for investment purposes, so long as a calculation and accounting of the principal and activity related to each fund is maintained. Earnings, gains, losses, dividends, distributions, interest, and all other additions to or losses from the pooled funds shall be allocated on a prorata basis, taking into account the date of establishment of each fund and its amounts, to each discrete fund as maintained in Foundation records.
- b. Earnings, gains, losses, dividends, or other additions to or losses from the pooled endowment fund shall be calculated quarterly and distributed on a pro rata basis to each endowed fund. The amount available annually for distribution shall be calculated annually, as of December 31, and shall be calculated as follows:
  - For funds with a principal balance of \$10,000 or more that were established at least three years prior to the date of calculation, the annual amount available for distribution shall be 5% of the average of the fund balance over the past twelve quarters.
  - For fund with a principal balance of \$10,000 or more that were established less than three years prior to the date of calculation, the annual amount for distribution shall be recommended by the Finance Committee to the Board.
  - For funds with a principal balance of less than \$10,000 the annual amount for distribution shall be recommended by the Finance Committee to the Board.
- c. The Foundation assesses a 1% annual management fee on December 31st of each year which is allocated on a pro rata basis to each endowed fund.

In addition to pooled investments, the Foundation also has cash in the amount of \$181,357 in their endowment. This is included with cash and cash equivalents on the Foundation's statement of net position.

**New Mexico Highlands University Foundation**  
**(A Component Unit of New Mexico Highlands University)**  
**Notes to Financial Statements**

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

**Endowment (Continued)**

A summary of the endowment at June 30, 2022 is below:

Investments		
Permanent endowment, non-expendable	\$	4,261,888
Restricted, expendable		2,076,425
Funds held for others		2,773,032
<hr/>		
Total investments		9,111,345
Other endowment assets		
Restricted, expendable		
Cash		181,357
<hr/>		
Total endowment investments	\$	9,292,702
<hr/>		

The current year activity related to the endowment is summarized below:

	June 30, 2021	Loss	Income	Distributions	Transfers	Fees	June 30, 2022
Investments	\$ 10,460,545	\$ (1,891,623)	\$ 211,785	\$ (211,631)	\$ 554,448	\$ (12,179)	\$ 9,111,345
Cash	108,695	-	627,110	-	(554,448)	-	181,357
<hr/>							
Total capital assets not being depreciated	\$ 10,569,240	\$ (1,891,623)	\$ 838,895	\$ (211,631)	\$ -	\$ (12,179)	\$ 9,292,702
<hr/>							

**Investments**

The College invests its endowment funds with the New Mexico State Investment Council (“NMSIC”) pooled funds. Pursuant to New Mexico law Section 6-8-7I of NMSA 1978, as amended, the State Investment Council manages several equity and bond investment pools to provide long-term investment opportunities for State agencies and designated institutions that have funds available for a long-term investment program that will extend for more than one year.

*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.

**New Mexico Highlands University Foundation**  
**(A Component Unit of New Mexico Highlands University)**  
**Notes to Financial Statements**

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

**Investments (Continued)**

The following represents the concentration of credit risk regarding the investments of the Foundation at June 30, 2022:

<b>Investment</b>	<b>Market Value</b>	<b>Percent of Foundation's Investment</b>
Deposits	\$ 2,400,409	19.2%
NMSIC	9,111,345	72.8%
CDS	1,000,000	8.0%
<b>Total Foundation investments</b>	<b>\$ 12,511,754</b>	<b>100.0%</b>

The NMSIC investments consisted of the following at June 30, 2022:

<b>For the year ending June 30,</b>	<b>2022</b>
Investment with NMSIC	
Domestic Equities	
US Large Cap Index Pool	\$ 3,608,281
US Small/Mid Cap Pool	1,205,683
US Corporate Bonds	
US Core Bonds Pool	1,180,812
Core Bonds Pool	1,653,391
International Equities	
Non-US Emerging Markets Pool	597,630
Non-US Developed Markets Index Pool	865,548
<b>Total endowment investments</b>	<b>\$ 9,111,345</b>

*Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of June 30, 2022, the Foundation did not hold any investments subject to credit risk because all of the Foundation's investments, except its certificates of deposit and deposits, are held by the NMSIC. The Foundation's certificates of deposit are held with Community 1st Bank and Southwest Capital Bank.

**New Mexico Highlands University Foundation**  
**(A Component Unit of New Mexico Highlands University)**  
**Notes to Financial Statements**

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

**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. The Foundation does not have a policy that manages its exposure to fair value losses arising from increasing interest rates. As of June 30, 2022, the Foundation did not hold any investments subject to interest rate risk.

*Fair Value Measurements*

The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described below:

- Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
  
- Level 2      Inputs to the valuation methodology include:
  - Quoted prices for similar assets or liabilities in active markets.
  - Quoted prices for identical or similar assets or liabilities in inactive markets.
  - Inputs other than quoted prices that are observable for the asset or liability.
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
  
- Level 3      Inputs to the valuation methodology are unobservable and significant to the fair value measurement

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. See above for discussion of valuation methodologies used to measure fair value of investments.

The investment portfolio is comprised of pooled investments with the NMSIC and is recorded in the financial statements at fair value. The corresponding unrealized gain or loss in the fair value in relation to costs is accounted for as a separate item in the statement of revenues, expenses, and changes in net position.

**New Mexico Highlands University Foundation**  
**(A Component Unit of New Mexico Highlands University)**  
**Notes to Financial Statements**

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

**Investments (Continued)**

During 2022, the Foundation used the net asset value provided by the NMSIC as an approximation of the fair value of NMSIC investments. These investments are classified within Level 2 of the fair value hierarchy.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Foundation maintained a balance of \$9,111,345 in investments at June 30, 2022, which required fair value disclosure. The following table sets forth by level within the fair value hierarchy of the Foundation's assets at fair value as of June 30, 2022:

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
US Large Cap Index Pool	\$ 3,608,281	\$ -	\$ 3,608,281	\$ -
Core Bonds Pool	1,653,391	-	1,653,391	-
US Small/Mid Cap Pool	1,205,605	-	1,205,605	-
US Core Plus Bonds Pool	1,180,812	-	1,180,812	-
Non-US Emerging Markets Index	865,548	-	865,548	-
Non-US Developed Markets Index	597,708	-	597,708	-
	<b>\$ 9,111,345</b>	<b>\$ -</b>	<b>\$ 9,111,345</b>	<b>\$ -</b>

**NOTE 4: ASSETS HELD FOR OTHERS AND TRANSACTION WITH THE PRIMARY INSTITUTION.**

As of June 30, 2022, assets held by the Foundation include University endowments in the amount of \$2,773,032. During 2022, the Foundation provided \$123,086 of scholarship funds to the University.

**New Mexico Highlands University Foundation**  
**(A Component Unit of New Mexico Highlands University)**  
**Notes to Financial Statements**

**NOTE 5: CAPITAL ASSETS**

Capital assets of the Foundation consisted of the following at June 30, 2022:

	June 30, 2021	Additions	Deletions	June 30, 2022
Capital assets not being depreciated				
Land	\$ 1,233,390	\$ -	\$ -	\$ 1,233,390
Land investments	676,899	-	-	676,899
Artwork	4,390,164	316,155	(1,575)	4,704,744
<b>Total capital assets not being depreciated</b>	<b>6,300,453</b>	<b>316,155</b>	<b>(1,575)</b>	<b>6,615,033</b>
Capital assets being depreciated				
Building	2,250,237	-	-	2,250,237
<b>Total capital assets being depreciated</b>	<b>2,250,237</b>	<b>-</b>	<b>-</b>	<b>2,250,237</b>
Less accumulated depreciation				
Building	(1,327,063)	(57,698)	-	(1,384,761)
<b>Total other assets being depreciation, net</b>	<b>923,174</b>	<b>(57,698)</b>	<b>-</b>	<b>865,476</b>
<b>Net capital assets</b>	<b>\$ 7,223,627</b>	<b>\$ 258,457</b>	<b>\$ (1,575)</b>	<b>\$ 7,480,509</b>

The Foundation had a loss on donation of artwork of \$1,575 for the year ended June 30, 2022.

**NOTE 6. NOTES PAYABLE**

The Foundation has a 5% note payable to a bank related to its Rio Rancho land and building. The Foundation has the ability to make additional draws on the loan to upgrade and remodel the building. During 2022 there were no additional draws on the loan for this purpose. The loan is due in 59 monthly installments of \$4,760 through December 18, 2022, at which time the remaining balance is due. The terms of the note include a due on demand clause. Interest expense for the year ended June 30, 2022 totaled \$30,965. The loan is secured by a real estate mortgage.

The note payable activity for the year ending June 30, 2022 was as follows:

	June 30, 2021	Additions	Retirements	June 30, 2022
\$	623,385	\$ -	\$ (24,475)	\$ 598,910

**New Mexico Highlands University Foundation**  
**(A Component Unit of New Mexico Highlands University)**  
**Notes to Financial Statements**

**NOTE 6. NOTES PAYABLE (Continued)**

The scheduled maturity of note payable for the Foundation is as follows at June 30:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2023	\$ 598,910	\$ 15,103	\$ 614,013

**NOTE 7: NET POSITION**

Net position consists of the following at June 30, 2022:

Unrestricted	\$ 939,777
<b>Total unrestricted - fund 10</b>	<b>939,777</b>
Restricted for scholarships	358,762
Restricted for programming	524,860
Restricted for athletics	57,980
Restricted for academic departments	339,621
Restricted for clubs	49,893
<b>Total restricted - fund 20</b>	<b>1,331,116</b>
Permanent endowment - non-expendable	6,256,988
Less agency endowment - non-expendable	(1,995,100)
Donor gifts - non-expendable	1,000,000
Endowment cash	181,357
<b>Total endowment - non-expendable</b>	<b>5,443,245</b>
Endowment appreciations-expendable	2,854,357
Less agency appreciations-expendable	(777,932)
<b>Total appreciations - expendable</b>	<b>2,076,425</b>
<b>Total endowment - fund 30</b>	<b>7,519,670</b>
Invested in capital assets	7,480,509
Less related debt	(598,910)
<b>Total capital - fund 40</b>	<b>6,881,599</b>
<b>Net position</b>	<b>\$ 16,672,162</b>

**New Mexico Highlands University Foundation**  
**(A Component Unit of New Mexico Highlands University)**  
**Notes to Financial Statements**

**NOTE 8: LEASE WITH NEW MEXICO HIGHLANDS UNIVERSITY**

The Foundation leases a building it owns in Rio Rancho, New Mexico to New Mexico Highland University. The Foundation entered into a twenty-year operating lease agreement on January 30, 1997, with the option to renew the lease for five additional consecutive one-year periods upon the same terms and conditions. Lease income for the year ended June 30, 2022, was \$391,757.

June 30,	Principal	Interest	Total Receipts
2023	\$ 213,708	\$ 356	\$ 214,065
Total lease receivable	\$ 213,708	\$ 356	\$ 214,065

**NOTE 9: OPERATING EXPENSES AND INSTITUTIONAL SUPPORT**

The Foundation had the following operating expenses during the year ended June 30, 2022:

Contract services	\$ 5,191
Professional fees	128,806
Equipment	15,104
Grants to organizations	72,120.00
Commissions	58,724
Postage and printing	39,719
Travel	11,378
Supplies	6,230
Board expense	1,244
<b>Operating expenses</b>	<b>\$ 338,516</b>

The Foundation provided the following institutional support to the University during the year ended June 30, 2022:

Dues and subscriptions	\$ 89,235
Uniforms	1,543
Special events	38,223
Meals and entertainment	21,538
Advertising	22,440
Rent	45
Conferences and training	5,481
Awards	1,125
Insurance	4,331
Utilities	1,299
<b>University support</b>	<b>\$ 185,260</b>

**New Mexico Highlands University Foundation**  
**(A Component Unit of New Mexico Highlands University)**  
**Notes to Financial Statements**

**NOTE 10: RELATED PARTIES**

Foundation board members and alumni association board members made gifts to the Foundation during the year ended June 30, 2022 in the amount of \$22,825.

**NOTE 11: RISK MANAGEMENT**

The Foundation is physically housed within the University that 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, damage, or destruction of assets; errors and omissions; injuries to employees; and natural disasters fall within the University's insurance coverage.

**NOTE 12: COMMITMENTS AND CONTINGENCIES**

The Foundation is party to various litigation and other claims in the ordinary course of business. The Foundation is unaware of any material pending or threatened litigation, claims, or assessments against the Foundation that are not covered by the University's insurance.

**NOTE 13: CONCENTRATIONS**

The Foundation depends on financial resources flowing from, or associated with, private donors. Because of this dependency, the Foundation is subject to changes in specific flows of private donor donations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

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## **Supplementary Information**

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**New Mexico Highlands University Foundation**  
**(A Component Unit of New Mexico Highlands University)**  
**Schedule of Deposit and Investment Accounts**  
**June 30, 2022**

Account Name	Type	New Mexico Bank and Trust	New Mexico State Investment Council	Southwest Capital Bank	Community First Bank	Total
NMHU Foundation	Short-term investment	\$ -	\$ 9,111,345	\$ -	\$ -	\$ 9,111,345
NMHU Foundation	Checking	80,000	-	-	-	80,000
NMHU Foundation	Sweep	847,199	-	-	-	847,199
NMHU Foundation	Checking	80,000	-	-	-	80,000
NMHU Foundation	Sweep	1,211,998	-	-	-	1,211,998
NMHU Foundation	Checking	80,000	-	-	-	80,000
NMHU Foundation	Sweep	101,212	-	-	-	101,212
NMHU Foundation	CD	-	-	-	200,000	200,000
NMHU Foundation	CD	-	-	800,000	-	800,000
Amounts on deposit		2,400,409	9,111,345	800,000	200,000	12,511,754
Outstanding items		(55,589)	-	-	-	(55,589)
Reconciled balance		<u>\$ 2,344,820</u>	<u>\$ 9,111,345</u>	<u>\$ 800,000</u>	<u>\$ 200,000</u>	<u>12,456,165</u>
Petty cash						260
						<u>\$ 12,456,425</u>
Reconciliation to the financial statements						
Cash and cash equivalents						\$ 931,938
Restricted cash and cash equivalents						1,413,142
CDS						1,000,000
Investments						9,111,345
Total deposits and investments						<u>\$ 12,456,425</u>

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## **Compliance Section**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Brian S. Colón, Esq.  
New Mexico State Auditor  
New Mexico Highlands University Foundation Board  
New Mexico Highlands University Foundation  
Las Vegas, New Mexico

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 of New Mexico Highlands University Foundation (the "Foundation"), a component unit of New Mexico Highlands University ("University"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated November 1, 2022.

**Report on 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) as a basis for designing 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. 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 or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

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

### **Purpose of This Report**

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

*Carr, Riggs & Ingram, L.L.C.*

Carr, Riggs & Ingram, LLC  
Albuquerque, NM  
November 1, 2022

**New Mexico Highlands University Foundation  
(A Component Unit of New Mexico Highlands University)  
Schedule of Findings and Responses  
June 30, 2022**

**SECTION I: SUMMARY OF AUDITORS' RESULTS**

*Financial Statements:*

- |                                                                                  |            |
|----------------------------------------------------------------------------------|------------|
| 1. Type of auditors' report issued                                               | Unmodified |
| 2. Internal control over financial reporting:                                    |            |
| a. Material weaknesses identified?                                               | No         |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements?                           | No         |

**SECTION II: FINANCIAL STATEMENT FINDINGS**

None noted.

**SECTION III: SECTION 12-6-5 NMSA 1978 FINDINGS**

None noted.

**SECTION IV: SUMMARY OF PRIOR YEAR AUDIT FINDINGS**

***Financial Statement Findings***

2021-001 – Endowment Investment Accounting Condition (Significant Deficiency) – Resolved

***Section 12-6-NMSA 1978 Findings***

2021-002 – Controls Over Cash Disbursements (Other Non-Compliance) – Resolved

2021-003 – Controls Over Cash Receipts (Other Non-Compliance) – Resolved

**New Mexico Highlands University Foundation**  
**(A Component Unit of New Mexico Highlands University)**  
**Other Disclosures**  
**June 30, 2022**

**EXIT CONFERENCE**

The contents of this report and its schedules related to the component units were discussed on October 31, 2022. The following individuals were in attendance:

University Officials

Dr. Sam Minner	President
Max Baca	Vice President of Finance, Administration, and Government Relations
Frank Marchi	Chairman, Board of Regents
Danelle Smith	Secretary/Treasurer, Board of Regents
Stephanie Gonzales, CPA	Director of Finance & Budget/Comptroller
Aaron Flure	Director of Purchasing
Ryan Aragon	Bursar/Student Accounts Receivable Manager
Catherine Diaz, CPA	Accounting Manager
Gilbert "Buddy" Rivera	ORSP Assistant Director
Emily Montoya	Interim Director of Financial Aid
Gian "Joe" Gieri	Director Information Technology Services Associate Vice President of Finance, Administration, and Government Relations
Dr. Denise Montoya	
Jill Diamond	Director of Human Resources/Payroll
Keith Tucker	Director, HLC/Accreditation Liaison Officer
Leon Bustos	HU CARES, Director of Health Education & Wellness
Maria Sena	Senior Executive Administrative Assistant

**New Mexico Highlands University Foundation**  
**(A Component Unit of New Mexico Highlands University)**  
**Other Disclosures**  
**June 30, 2022**

New Mexico Highlands University Foundation Officials

Theresa Law	Vice President of Student & Donor Engagement
Felicia Ortiz	Board Treasurer
Paul Grindstaff	Board Vice President
Leticia Griego	Foundation Development Finance Officer
Kristine Jaramillo	Consultant

Highlands Stable Isotopes Corporation Officials

Max Baca	Vice President of Finance, Administration, and Government Relations
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Carr, Riggs & Ingram, LLC

Alan D. "A.J." Bowers, Jr., CPA, CITP	Partner
Paul Garcia, CPA	Senior Manager
Colleen Gabaldon	Supervising Senior

**AUDITOR PREPARED FINANCIALS**

Carr, Riggs & Ingram, LLC prepared the GAAP-basis financial statements and footnotes of the New Mexico Highlands University Foundation from the original books and records provided to them by the management of the New Mexico Highlands University Foundation. The responsibility for these financial statements remains with the New Mexico Highlands University Foundation.