



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, 2024

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INTRODUCTORY SECTION



**New Mexico Highlands University Foundation
(A Component Unit of New Mexico Highlands University)
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June 30, 2024**

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**New Mexico Highlands University Foundation
 (A Component Unit of New Mexico Highlands University)
 Official Roster
 June 30, 2024**

<u>Name</u>	<u>Title</u>
ADMINISTRATIVE OFFICIALS	
Theresa M. Law, JD, CFRE	Vice-President through August 31, 2024
Vanessa Velasquez	Executive Administrative Assistant

BOARD	
Vince E. Marchi	President
Dr. Paul Grindstaff	Vice-President
Viola Martinez	Secretary
Felicia Ortiz	Treasurer
Dr. Sam Minner	NMHU President
Theresa M. Law	Ex-Officio
Paul Cassidy	Public Director
Dr. James Abreu	Public Director
Tina Cordova	Public Director
Jan Denton	Public Director
Jeannae Leger	Public Director
LouElla-Marr Montoya	Public Director
Victoria Sanchez	Public Director
Shari Jones	Public Director
Dr. D. Pauline Rindone	Public Director
Roman Romero	Public Director
Stephanie Gonzales	Ex-officio

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FINANCIAL SECTION





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INDEPENDENT AUDITOR’S REPORT

Joseph M. Maestas, P.E., CFE, New Mexico State Auditor and
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, 2024, 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, 2024, 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 Auditor’s 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 the financial position of the University, as of June 30, 2024, 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.

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.

Auditor's 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 auditor's report that includes our opinion. 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 an opinion 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 auditor's 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, 2024, 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, 2024

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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, 2024

Assets

Current assets

Cash and cash equivalents	\$	1,022,589
Pledges receivable		14,270
Note receivable, short-term		520,557
Prepaid expenses		12,159

Total current assets		1,569,575
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Noncurrent assets

Restricted cash and cash equivalents		1,153,446
Note receivable, net of current portion		2,143,333
Certificates of deposit		1,000,000
Pooled investment in endowment, including assets held for others of \$3,897,216		12,794,303
Non-depreciable capital assets		6,238,152

Total noncurrent assets		23,329,234
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Total assets	\$	24,898,809
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Liabilities

Current liabilities

Accounts payable	\$	294,381
Note payable, short-term		95,728

Total current liabilities		390,109
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Note payable, net of current portion		368,745
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Assets held for others		3,897,216
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Total liabilities		4,656,070
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Net position

Net investment in capital assets		5,773,679
Restricted for		
Scholarships, programming, athletics		764,517
Nonexpendable endowments		6,542,908
Expendable grants and contributions		3,625,981
Unrestricted		3,535,654

Total net position		20,242,739
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Total liabilities and net position	\$	24,898,809
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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, 2024

Operating revenues	
Contributions from donors	\$ 120,485
Proceeds from sales of artwork	302
Contributed supplies, facilities and services	820,696
1% admin investment revenue	119,283
Other income	43,339
<hr/>	
Total operating revenues	1,104,105
<hr/>	
Operating expenses	
University support	437,185
Professional contracts and fees	228,621
Student aid grants and stipends	256,453
Contributed supplies, facilities and services	607,396
Bank and credit card fees	16,049
Other expense	58,567
<hr/>	
Total operating expenses	1,604,271
<hr/>	
Operating (loss)	(500,166)
<hr/>	
Non-operating revenues (expenses)	
Contributions from donors	1,045,940
Programming revenue	74,123
Programming expense	(505,256)
Endowment available earning distributions	(17,247)
Loss on auction of artwork	(7,600)
Investment income	1,076,038
Interest income	175,914
Interest expense	(21,514)
<hr/>	
Net non-operating revenues (expenses)	1,820,398
<hr/>	
Change in net position	1,320,232
<hr/>	
Net position, beginning of year	18,922,507
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Net position, end of year	\$ 20,242,739

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, 2024

Cash flows from operating activities

Receipts from gifts, bequests and endowments	\$	110,654
Disbursement of net aid to students		(256,453)
Payments to beneficiaries and suppliers		(1,036,077)
Other income, net of other expense		104,055

Net cash (used in) operating activities		(1,077,821)
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Cash flows from investing activities

Gain on investments		1,339,268
Purchase of investments		(1,050,000)
Investment income		297,895
Investment fees		(12,698)
Other investment fees		(29,416)
Proceeds from note receivable		490,316
Interest revenue from note receivable		175,914

Net cash provided by investing activities		1,211,279
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Cash flows from financing activities

Payments on long-term debt		(92,081)
Interest paid on long-term debt		(21,514)

Net cash (used in) investing activities		(113,595)
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Net change in cash and cash equivalents		19,863
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Total cash and cash equivalents, beginning of year		2,156,172
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Total cash and cash equivalents, end of year	\$	2,176,035
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Unrestricted cash, end of year	\$	1,022,589
Restricted cash, end of year		1,153,446

Total cash and cash equivalents, end of year	\$	2,176,035
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The accompanying notes are an integral part of these financial statements.

For the Year Ended June 30, 2024

Operating (loss) \$ (500,166)

Reconciliation of operating (loss) to net cash (used in) operating activities

Contributed supplies, facilities and services (820,696)

Changes in assets and liabilities

Pledges receivable (10,033)

Prepaid expenses (7,553)

Accounts payable 260,727

Unearned revenue (100)

Net cash (used in) operating activities \$ (1,077,821)

Supplemental cash flow information

Donated artwork added to capital assets \$ 213,300

Interest income on building note receivable \$ 175,914

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.

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)

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.

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.

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.

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

Pledges Receivable

Pledges are recorded at net realizable value.

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 2024.

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.

Note Receivable

In February 2023, a note receivable was created between the Foundation and the University for the sale of a building and land to the University. See Note 4.

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

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 purchase was authorized by the Board for the purpose of leasing it to the University as a revenue source for the endowment. In February 2023 this land and the building were sold to the University and a note receivable was created between the Foundation and the University. 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.

The Foundation's art collection is recorded at acquisition value at the date of acquisition or at cost if purchased. During 2024 donated works of art totaling \$213,300 were included in capital asset additions. All artwork is capitalized and is not depreciated.

Accounts payable

Accounts payable represent amounts owed to suppliers for goods and services that have been received but not yet paid for as of June 30, 2024.

Notes payable

Short-term notes payable represent amounts borrowed under promissory notes that are due within one year. Long-term notes payable are amounts borrowed under promissory notes that are due beyond one year.

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 has arisen from exchange transactions and receipt of unrestricted contributions. Restricted net position represents 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.

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)

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

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly removed the conditions. Fundraising activities are a major activity of the Foundation and are considered operating revenues. The 1% annual management fee assessed by the Foundation shall be calculated once annually, on December 31st, and allocated on a pro rata basis to each endowed fund based on the total value of the fund. This fee may be assessed even though no actual distributions from a particular endowed fund are made in that year and may be assessed even though fund value has decreased.

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.

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.

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)

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 2023, 2022 and 2021 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 and fair market value of investments.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 1, 2024, 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.

Recently Issued and Implemented Accounting Pronouncements

GASB Statement No. 100, *Accounting Changes and Error Corrections*. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature.

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

In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). There were no significant impacts of implementing this Statement.

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

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

GASB Statement No. 102, *Certain Risk Disclosures*. The requirements of this Statement aim to improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024. Earlier application is encouraged.

GASB Statement No. 103, *Financial Reporting Model Improvements*. The requirements of this Statement aim to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The requirements of this Statement aim to improve reporting on capital assets by separately disclosing specific types of capital assets in financial statement notes. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

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

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

Note 2: 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. As a separate legal 501(c)(3) entity, the Foundation is not subject to the public money act pledged collateral requirements. 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 Community First Bank, New Mexico Bank and Trust and Southwest Capital Bank.

	Community First Bank	New Mexico Bank and Trust	Southwest Capital Bank	Total
Total amount of deposits	\$ 200,000	\$ 2,203,777	\$ 800,000	\$ 3,203,777
Deposit accounts covered by the FDIC coverage	(200,000)	(250,000)	(250,000)	(700,000)
Amount covered by ICS agreement	\$ -	\$ 1,953,777	\$ 550,000	\$ 2,503,777

Reconciliation of Deposits and Investments to the Statement of Net Position:

Deposits	\$ 3,203,777
NMSIC	12,794,303
<hr/>	
Total deposits and investments	15,998,080
Petty cash	112
Less reconciling items	(27,854)
<hr/>	
Total cash and cash equivalents and investments	\$ 15,970,338
<hr/>	
Statement of net position	
Cash and cash equivalents	\$ 1,022,589
Restricted cash and cash equivalents	1,153,446
Certificates of deposit	1,000,000
Investments	12,794,303
<hr/>	
Total cash and cash equivalents and investments	\$ 15,970,338

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

Note 2: 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 \$356,933 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 2: DEPOSITS AND INVESTMENTS (Continued)

Endowment (Continued)

A summary of the endowment at June 30, 2024, is below:

Investments		
Permanent endowment, non-expendable*	\$	5,271,106
Restricted, expendable		3,625,981
Funds held for others		3,897,216
<hr/>		
Total investments		12,794,303
Other endowment assets		
Restricted, expendable		
Cash		356,933
<hr/>		
Total endowment investments	\$	13,151,236
<hr/>		

*This does not include \$1,000,000 for CDs and accumulated interest which is permanently restricted and part of the endowment but not held in the investment pool at NMSIC.

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

	June 30, 2023	Gain	Income	Contributions	Distributions	Fees	June 30, 2024
Investments	\$ 10,239,121	\$ 1,339,268	\$ 297,895	\$ 1,050,000	\$ (119,283)	\$ (12,698)	\$ 12,794,303
Cash	135,205	-	221,728	-	-	-	356,933
<hr/>							
Total endowment	\$ 10,374,326	\$ 1,339,268	\$ 519,623	\$ 1,050,000	\$ (119,283)	\$ (12,698)	\$ 13,151,236
<hr/>							

Investments

The College invests its endowment funds with the New Mexico State Investment Council (“NMSIC”) pooled funds. Pursuant to New Mexico law Section 6-8-71 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 2: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The following represents the concentration of credit risk regarding the investments of the Foundation at June 30, 2024:

Investment	Market Value	Percent of Foundation's Investment
Deposits	\$ 2,203,777	13.8%
NMSIC	12,794,303	80.0%
CDs	1,000,000	6.3%
Total Foundation cash and investments	\$ 15,998,080	100.0%

The NMSIC investments consisted of the following at June 30, 2024:

For the year ending June 30,	2024
Investment with NMSIC	
Domestic Equities	
US Large Cap Index Pool	\$ 5,566,301
US Small/Mid Cap Pool	1,729,628
US Corporate Bonds	
Credit Plus Pool	1,452,242
Core Bonds Pool	1,888,814
International Equities	
Non-US Emerging Markets Pool	1,200,441
Non-US Developed Markets Index Pool	956,877
Total endowment investments	\$ 12,794,303

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, 2024, 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 2: 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, 2024, 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.

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

Note 2: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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.

During 2024, 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 \$12,794,303 in investments at June 30, 2024, 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, 2024:

	Total	Level 1	Level 2	Level 3
US Large Cap Index Pool	\$ 5,566,301	\$ -	\$ 5,566,301	\$ -
Core Bonds Pool	1,888,814	-	1,888,814	-
US Small/Mid Cap Pool	1,729,628	-	1,729,628	-
US Core Plus Bonds Pool	1,452,242	-	1,452,242	-
Non-US Emerging Markets Index Pool	1,200,441	-	1,200,441	-
Non-US Developed Markets Index Pool	956,877	-	956,877	-
Totals	\$ 12,794,303	\$ -	\$ 12,794,303	\$ -

Note 3: ASSETS HELD FOR OTHERS AND TRANSACTION WITH THE PRIMARY INSTITUTION

As of June 30, 2024, assets held by the Foundation include University endowments in the amount of \$3,897,216. During 2024, the Foundation provided \$226,319 of scholarship funds to the University.

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

Note 4: NOTE RECEIVABLE

The Foundation was leasing a building it owns in Rio Rancho, New Mexico to the University. However, on February 1, 2023, a note receivable was formed in the amount of \$3,350,000 between the Foundation and the University for the University to purchase the building and its land. The note carries a 6% interest rate with monthly payments of \$55,519 and matures on January 1, 2029.

The note receivable activity for the year ending June 30, 2024 was as follows:

June 30, 2023	Additions	Retirements	June 30, 2024	Current Portion
\$ 3,154,206	\$ -	\$ (490,316)	\$ 2,663,890	\$ 520,557

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

Fiscal Years Ending June 30,	Principal	Interest	Total Debt Service
2025	\$ 520,557	\$ 145,673	\$ 666,230
2026	552,664	113,566	666,230
2027	586,751	79,479	666,230
2028	622,941	43,289	666,230
2029	380,977	7,658	388,635
Totals	\$ 2,663,890	\$ 389,665	\$ 3,053,555

Note 5: CAPITAL ASSETS

Capital assets of the Foundation consisted of the following at June 30, 2024:

	June 30, 2023	Additions	Deletions	June 30, 2024
Capital assets not being depreciated				
Land	\$ 237,390	\$ 46,569	\$ -	\$ 283,959
Land investments	676,899	-	-	676,899
Artwork	5,071,594	213,300	(7,600)	5,277,294
Total capital assets not being depreciated	5,985,883	259,869	(7,600)	6,238,152
Net capital assets	\$ 5,985,883	\$ 259,869	\$ (7,600)	\$ 6,238,152

The Foundation had a loss on donation of artwork of \$7,600 for the year ended June 30, 2024.

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

Note 6. NOTES PAYABLE

The Foundation had a 5% note payable to a bank related to its Rio Rancho land and building. The note payable has an interest rate of 4.25% and consists of 31 monthly installments of \$9,466 through July 30, 2025, at which time the remaining balance is due. The terms of the note includes a due on demand clause. Interest expense for the year ended June 30, 2024 totaled \$21,514. The loan is secured by a real estate mortgage.

The note payable activity for the year ending June 30, 2024 was as follows:

<u>June 30, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2024</u>	<u>Current Portion</u>
\$ 556,554	\$ -	\$ (92,081)	\$ 464,473	\$ 95,728

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

<u>Fiscal Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2025	\$ 95,728	\$ 17,868	\$ 113,596
2026	368,745	1,288	370,033
Totals	\$ 464,473	\$ 19,156	\$ 483,629

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

Note 7: NET POSITION

Net position consists of the following at June 30, 2024:

Unrestricted	\$ 3,535,654
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Total unrestricted - fund 10	3,535,654
<hr/>	
Restricted for scholarships	336,181
Restricted for programming	55,077
Restricted for athletics	143,621
Restricted for academic departments	194,295
Restricted for clubs	35,343
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Total restricted - fund 20	764,517
<hr/>	
Permanent endowment - non-expendable	8,681,075
Less agency endowment - non-expendable	(2,495,100)
Endowment cash	356,933
<hr/>	
Total endowment - non-expendable	6,542,908
<hr/>	
Endowment appreciations - expendable	5,028,096
Less agency appreciations - expendable	(1,402,115)
<hr/>	
Total appreciations - expendable	3,625,981
<hr/>	
Total endowment - fund 30	10,168,889
<hr/>	
Invested in capital assets	6,238,152
Less related debt	(464,473)
<hr/>	
Total capital - fund 40	5,773,679
<hr/>	
Net position	\$ 20,242,739
<hr/> <hr/>	

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

Note 8: INSTITUTIONAL SUPPORT

The Foundation provided the following institutional support to the University during the year ended June 30, 2024:

Dues and subscriptions	\$	80,793
Postage and printing		62,509
Special events		127,625
Presidential discretionary		81,838
Meals and entertainment		5,939
Advertising		43,013
Conferences and training		25,384
Awards		1,979
Insurance		6,740
Utilities		1,365
		437,185
<u>University support</u>	<u>\$</u>	<u>437,185</u>

Note 9: RELATED PARTIES

Foundation board members and alumni association board members made gifts to the Foundation during the year ended June 30, 2024 in the amount of \$19,306.

The Foundation has a note receivable was formed in the amount of \$3,350,000 between the Foundation and the University for the University to purchase the building and its land. See Note 4.

Note 10: 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 11: 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.

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

Note 12: 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.



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, 2024

Account Name	Type	New Mexico				Total
		Community First Bank	Bank and Trust	State Investment Council	Southwest Capital Bank	
NMHU Foundation	Short-term investment	\$ -	\$ -	\$ 12,794,303	\$ -	\$ 12,794,303
NMHU Foundation	Checking, non-interest bearing	-	137,991	-	-	137,991
NMHU Foundation	Sweep, non-interest bearing	-	930,351	-	-	930,351
NMHU Foundation	Checking, non-interest bearing	-	80,477	-	-	80,477
NMHU Foundation	Sweep, non-interest bearing	-	819,389	-	-	819,389
NMHU Foundation	Checking, non-interest bearing	-	80,000	-	-	80,000
NMHU Foundation	Sweep, non-interest bearing	-	155,569	-	-	155,569
NMHU Foundation	CD	200,000	-	-	-	200,000
NMHU Foundation	CD	-	-	-	800,000	800,000
Amounts on deposit		200,000	2,203,777	12,794,303	800,000	15,998,080
Outstanding items		-	(27,854)	-	-	(27,854)
Reconciled balance		\$ 200,000	\$ 2,175,923	\$ 12,794,303	\$ 800,000	15,970,226
Petty cash						112
Total deposits and investments						\$ 15,970,338
Reconciliation to the financial statements						
Cash and cash equivalents						\$ 1,022,589
Restricted cash and cash equivalents						1,153,446
CDs						1,000,000
Investments						12,794,303
Total cash, cash equivalents and investments						\$ 15,970,338

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COMPLIANCE SECTION



INDEPENDENT AUDITOR’S 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*

Joseph M. Maestas, P.E., CFE, New Mexico State Auditor and
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, 2024, 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, 2024.

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 opinion 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*.

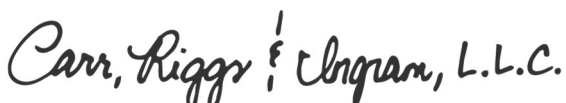
We noted a certain matter that is required to be reported pursuant to Section 12-6-55 NMSA 1978, which is described in the accompanying schedule of findings and responses under Section 12-6-5 NMSA 1978 as item 2024-001 (2023-001).

Foundation's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Foundation's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The Foundation's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 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.



Carr, Riggs & Ingram, LLC
Albuquerque, NM
November 1, 2024

**New Mexico Highlands University Foundation
(A Component Unit of New Mexico Highlands University)
Schedule of Findings and Responses
June 30, 2024**

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditor's 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

2024-001 (2023-001) – Bank Reconciliation Did Not Reconcile to the General Ledger (Other Matter) (Modified and Repeated)

Condition: One of the Foundation's June 2024 bank reconciliations did not reconcile to the general ledger by \$9,042. In addition, one of the bank reconciliations contained an invalid \$5,000 outstanding deposit and the endowment bank account reconciliation contained invalid outstanding payments of \$35,518. Management has made progress towards this finding through communications with the software provider, however resolution had not been accomplished at the time of the audit report.

Criteria: AU-C Section 200 paragraph .05 states that the financial statements are management's responsibility. Management is responsible for adopting sound accounting policies over cash, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report cash transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

Effect: The absence of a proper review and approval of year end processes could allow for incorrect cash balances at year end.

**New Mexico Highlands University Foundation
(A Component Unit of New Mexico Highlands University)
Schedule of Findings and Responses
June 30, 2024**

SECTION III: SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)

2024-001 (2023-001) – Bank Reconciliation Did Not Reconcile to the General Ledger (Other Matter) (Modified and Repeated) (Continued)

Cause: For several months during fiscal year 2024, one of the Foundation’s bank reconciliations did not reconcile to the general ledger. In addition, there was invalid outstanding deposits and checks.

Auditor’s Recommendations: The Foundation should implement a review of bank reconciliations on a monthly basis and ensure that discrepancies in the cash accounts are noted and researched to avoid any unreconciled differences.

Foundation’s response: Foundation staff/contractors will review the GL Balance and ending Bank Balance figures each month for accuracy. The Foundation has since opened an additional support ticket with the software provider (Blackbaud) to help correct the beginning GL balance entries that are causing this discrepancy. Foundation staff/contractors have been unable to make these correcting adjustments on the software and this balance variance has carried for two years now. The correction(s) will need to be made on the back end by the software provider and Foundation staff/contractors will ensure that this variance is adjusted in the current FY.

Timeline and Estimated Completion Date: December 2024

Responsible Party: Foundation Financial Consultant.

SECTION IV: SUMMARY OF PRIOR YEAR AUDIT FINDINGS

2023-001 Bank Reconciliation Did Not Reconcile to the General Ledger (Other matter) (Modified and Repeated)

New Mexico Highlands University Foundation
(A Component Unit of New Mexico Highlands University)
Other Disclosures
June 30, 2024

EXIT CONFERENCE

The contents of this report and its schedules related to the component units were discussed on November 1, 2024. The following individuals were in attendance:

New Mexico Highlands University Foundation Officials

Kristine Jaramillo	Financial/Operations Consultant
Dr. Paul Grindstaff	Interim Vice President for Advancement
Vince Marchi	Board President
Felicia Ortiz	Board Treasurer
Denice Spicer	Development Finance Officer

Highlands Stable Isotopes Corporation Officials

Stephanie Gonzales	Vice President for Finance and Administration
Dr. Neil Woolf	President
Dr. Brandon Kempner	Chief of Staff
William E. "Bill" Garcia	Chairman, Board of Regents

Carr, Riggs & Ingram, LLC

Paul Garcia, CPA	Partner
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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.