

Annual Financial Report

2011-2012



Live, Learn and Thrive.™
nmsu.edu



Arrowhead Center, Inc.
(A Component Unit of New Mexico State University)

Financial Statements
Table of Contents
June 30, 2012 and 2011

Board of Directors and Corporation Officers	2
Report of Independent Auditors.....	3-4
Management’s Discussion and Analysis.....	5-7

Financial Statements:

Statements of Net Assets	8
Statements of Revenues, Expenses, and Changes in Net Assets.....	9
Statements of Cash Flows	10
Notes to Financial Statements.....	11-15

SUPPLEMENTARY INFORMATION

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	16-17
Schedule of Findings and Responses.....	18
Exit Conference	19

ARROWHEAD CENTER, INC.
Board of Directors and Corporation Officers

2012 Directors

Tilahun Adera

Jon Barela

Kevin Boberg

Garrey Carruthers

Lowell Catlett

Vimal Chaitanya

Barbara Couture

Christopher Dulany

Javier Gonzales

Ricardo Jacquez

Jay Jordan

Bruce Kite

Davin Lopez

James Manatt

Jackie Kerby Moore

Michael Morehead

Michael Rivera

Van Romero

Christa Slaton

Angela Throneberry

Wendy Wilkins

Ben Woods

Officers

Garrey Carruthers – President and Chairman of the Board

Vimal Chaitanya – Vice President

Tilahun Adera – Secretary

Angela Throneberry – Treasurer

Kevin Boberg – Chief Executive Officer

REPORT OF INDEPENDENT AUDITORS

The Board of Directors
Arrowhead Center, Inc. and
Mr. Hector Balderas
New Mexico State Auditor

We have audited the accompanying statements of financial position of Arrowhead Center, Inc. (Center) (a blended component unit of New Mexico State University) as of June 30, 2012 and 2011, and the related statements listed in the table of contents for the years then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the Center as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2012 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Board of Directors
Arrowhead Center, Inc. and
Mr. Hector Balderas
New Mexico State Auditor

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 5 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Mess Adams LLP

Albuquerque, New Mexico

October 22, 2012

Arrowhead Center, Inc.
(A Component Unit of New Mexico State University)

Management's Discussion and Analysis
For the Years Ended June 30, 2012, 2011 and 2010

(Unaudited)

This discussion and analysis of Arrowhead Center, Inc. (Arrowhead) and its financial performance provides an overview of Arrowhead's financial activities for the fiscal years ended June 30, 2012, 2011 and 2010. All accounting transactions for fiscal years 2012, 2011 and 2010 are considered to be governmental activities for purposes of applying the Governmental Accounting Standards Board's (GASB) accounting standards.

Financial Highlights

- Arrowhead's net assets decreased by \$274,441 due to two major projects. The first was \$194,576 for Qwest to place fiber based services on the property. The second was in the amount of \$68,031 to remodel the Genesis C Suite 170 – 192. In 2011, Arrowhead's net assets increased \$84,866 due to program service income being greater than supporting services expenses. In 2010, Arrowhead's net assets increased \$166,679 which was largely due to a full year of operating the Genesis Center.
- Arrowhead's operating expenses increased by \$436,389 in 2012 due to the two major projects as well as increased utilities and professional services. The increase in operating expenses between 2011 and 2010 was largely due to general overhead. In 2012, although the operating revenues increased by \$110,319, operating expenses increased by much more, resulting in an operating loss of \$273,630, which reduced ending net assets. In 2011 and 2010 operating revenues surpassed operating expenses resulting in net operating income which continued to increase the ending net assets.
- The cash position remained fairly constant between 2012 and 2011. Although the operating expenses were higher in 2012, they were prepaid in 2011. This caused a reduction of cash of \$209,707 in 2011. In 2010, the cash position increased by \$157,869.

Using This Annual Report

This annual report contains the following financial statements: Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets, and Statement of Cash Flows. Arrowhead's address is: Arrowhead Center, Inc., MSC 3CR, P.O. Box 30001, Las Cruces, NM 88003.

Arrowhead Center, Inc.
(A Component Unit of New Mexico State University)

Management's Discussion and Analysis
For the Years Ended June 30, 2012, 2011 and 2010

Overview of the Financial Statements

The Statement of Net Assets of Arrowhead provides information about Arrowhead's overall financial status. The Statement of Revenues, Expenses, and Change in Net Assets provides information about the operating revenues and operating expenses and the non-operating revenues and non-operating expenses of Arrowhead. The Statement of Cash Flows provides information about the sources and uses of cash.

Reporting on Arrowhead's Activities

Financial Highlights

Arrowhead's condensed financial information as of, and for the years ended June 30, 2012, 2011 and 2010 are provided in the following table:

	2012	2011	2010
Current assets	\$ 547,072	\$ 833,762	\$ 780,769
Other assets	138,942	139,753	107,327
Total assets	<u>\$ 686,014</u>	<u>\$ 973,515</u>	<u>\$ 888,096</u>
Current liabilities	7,292	20,352	19,799
Net assets	678,722	953,163	868,297
Total liabilities and net assets	<u>\$ 686,014</u>	<u>\$ 973,515</u>	<u>\$ 888,096</u>
Operating revenues	\$ 567,691	\$ 457,372	\$ 460,527
Operating expenses	841,321	404,932	294,661
Operating (loss) income	<u>(273,630)</u>	<u>52,440</u>	<u>165,866</u>
Non-operating revenue (expense)	(811)	32,426	813
Change in net assets	<u>(274,441)</u>	<u>84,866</u>	<u>166,679</u>
Net assets, beginning of year	953,163	868,297	701,618
Net assets, end of year	<u>\$ 678,722</u>	<u>\$ 953,163</u>	<u>\$ 868,297</u>

Arrowhead Center, Inc.
(A Component Unit of New Mexico State University)

Management's Discussion and Analysis
For the Years Ended June 30, 2012, 2011 and 2010

Statement of Net Assets

Assets – The majority of the assets in 2012, 2011 and 2010 were in the form of cash, \$510,699, \$545,855 and \$755,562, respectively. In 2011, Arrowhead also had prepaid expenses of \$272,576. All cash was held by Arrowhead's fiscal agent, New Mexico State University. In 2012 and 2010, the change in investments was minimal, however, in 2011, investments increased by \$32,426.

Liabilities and Net Assets – In 2012, 2011 and 2010 current liabilities were \$7,292, \$20,352 and \$19,799, respectively. The decrease in 2012 was due to a reduction in accounts payable. The amounts remained relatively the same in total for 2011 and 2010, however, in 2011, accounts payable increased due to one large contract that was outstanding and unearned revenue decreased due to GTL and FTL revenue being recognized in 2011. The 2012 net assets of \$678,722 decreased from prior year due to the prepaid expense in 2011 being expensed in 2012. The 2011 net assets of \$953,163 increased by \$84,866 from prior year due an increase in prepaid expense that was somewhat offset by a decrease in cash. The 2010 net assets of \$868,297 increased from prior year due to an increase in revenues, cash and a decrease in current liabilities.

Statement of Revenues, Expenses, and Changes in Net Assets

Revenues – Operating revenue earned in 2012, 2011 and 2010 were derived from private contracts, royalties, license fees, and rental income. Non operating revenue was derived from Arrowhead's portion of ownership of stocks in privately held companies.

Expenses – Total operating expenses increased by \$436,389 in 2012 due to two major projects as well as increased overhead. In 2011 operating expenses increased by \$110,271 because of general overhead. Total operating expenses increased by \$58,247 during 2010 primarily because of general overhead support.

This financial report is designed to provide a general overview of Arrowhead's finances for all those with an interest in Arrowhead's finances.

Arrowhead Center, Inc.
(A Component Unit of New Mexico State University)

Statements of Net Assets
As of June 30, 2012 and 2011

	2012	2011
ASSETS		
Current Assets		
Cash	\$ 510,699	\$ 545,855
Accounts receivable	36,373	15,331
Prepaid expense	-	272,576
	<u>547,072</u>	<u>833,762</u>
Long Term Assets		
Investments	<u>138,942</u>	<u>139,753</u>
TOTAL ASSETS	<u><u>686,014</u></u>	<u><u>973,515</u></u>
LIABILITIES		
Current Liabilities		
Accounts payable	4,893	17,825
Unearned Revenue	2,399	2,527
TOTAL LIABILITIES	<u>7,292</u>	<u>20,352</u>
NET ASSETS		
Unrestricted	<u>678,722</u>	<u>953,163</u>
TOTAL NET ASSETS	<u><u>\$ 678,722</u></u>	<u><u>\$ 953,163</u></u>
The accompanying notes are an integral part of these financial statements.		

Arrowhead Center, Inc.
(A Component Unit of New Mexico State University)

*Statements of Revenues, Expenses, and Changes in Net Assets
For the Years Ended June 30, 2012 and 2011*

	2012	2011
REVENUES		
Operating Revenues		
Program services income	<u>\$ 567,691</u>	<u>\$ 457,372</u>
EXPENSES		
Operating Expenses		
Program services	10,090	4,000
Supporting services	<u>831,231</u>	<u>400,932</u>
Total Operating Expenses	<u>841,321</u>	<u>404,932</u>
Net Operating (Loss) Income	(273,630)	52,440
NON OPERATING REVENUES		
Other non operating revenues (expenses)	<u>(811)</u>	<u>32,426</u>
(Decrease) Increase in Net Assets	(274,441)	84,866
NET ASSETS		
Beginning of Year	<u>953,163</u>	<u>868,297</u>
End of Year	<u><u>\$ 678,722</u></u>	<u><u>\$ 953,163</u></u>
The accompanying notes are an integral part of these financial statements.		

Arrowhead Center, Inc.
(A Component Unit of New Mexico State University)

Statements of Cash Flows
For the Years Ended June 30, 2012 and 2011

	2012	2011
Cash Flows from Operating Activities		
Program services income	\$ 546,521	\$ 451,918
Payments to suppliers	(581,677)	(661,625)
Net cash used in operating activities	<u>(35,156)</u>	<u>(209,707)</u>
Net Decrease in Cash	(35,156)	(209,707)
Cash-Beginning of Year	<u>545,855</u>	<u>755,562</u>
Cash-End of Year	<u><u>\$ 510,699</u></u>	<u><u>\$ 545,855</u></u>
Reconciliation of Net Operating Income to Net Cash Used by Operating Activities		
Operating (Loss) Income	\$ (273,630)	\$ 52,440
Change in Assets and Liabilities:		
(Increase) decrease in accounts receivable	(21,042)	9,876
Decrease (increase) in prepaid expenses	272,576	(272,576)
Decrease in unearned revenue	(128)	(15,330)
(Decrease) increase in accounts payable	(12,932)	15,883
Net cash used in operating activities	<u><u>\$ (35,156)</u></u>	<u><u>\$ (209,707)</u></u>
Supplemental Disclosure of Non-cash Investing And Financing Activities		
Acquisition of stock in private company in lieu of rent	\$ -	\$ 32,426
The accompanying notes are an integral part of these financial statements.		

Arrowhead Center, Inc.
(A Component Unit of New Mexico State University)

Notes to Financial Statements
For the years ended June 30, 2012 and 2011

Note 1: Organization and Nature of Operations

Arrowhead Center, Inc. (Arrowhead), formerly known as the New Mexico State University Technology Transfer Corporation, is organized pursuant to the provisions of the State of New Mexico's University Research Park Act of 1989 (Act). The purpose of the Act is to foster economic development within the State through the development of research parks or University real property, and through the cooperative ventures of innovative technological significance.

A Memorandum of Agreement (MOA) between the Regents of New Mexico State University and Arrowhead has established provisions to which Arrowhead will comply. Arrowhead represents the interests of New Mexico State University (the University) in all intellectual property developed by the University and its faculty for purposes of protection, licensing, and commercialization. Arrowhead's primary purposes are to promote and contribute to economic development and to aid in the transfer of innovative technology between the faculty at the University and the public. Arrowhead furthers the interests of the University by operating research park(s) for the benefit of the University and other facilities within the State of New Mexico.

In addition to the MOA, the Regents of New Mexico State University and Arrowhead have established a Master Ground Lease to allow Arrowhead to lease two tracts of land from the University, which is scheduled to terminate on June 30, 2075. The annual Land rent to the University shall be one-half of the net proceeds received by Arrowhead during the preceding year. Net proceeds are defined as the gross land lease revenues, received by Arrowhead, less the total of any amounts retained for operating and improvements expenses as approved in the annual development plan and budget by the University. There have been no net proceeds on land rent recorded to date.

Operating revenues are derived from private contracts, royalties, license fees and rental income. Non-operating revenue was derived from Arrowhead's portion of ownership of stock in privately held investments.

The University pays the legal fees associated with the licensing of patents, which are held in the University's name, until such time as the patent generates royalty income. Arrowhead will reimburse the University for any legal fees related to the licensing of patents generating revenues.

Arrowhead Center, Inc.
(A Component Unit of New Mexico State University)

Notes to Financial Statements
For the years ended June 30, 2012 and 2011

Note 2: Summary of Significant Accounting Policies

Basis of Presentation. The Governmental Accounting Standards Board's (GASB) Statement No. 39, *Determining Whether Certain Organizations are Component Units*, provides additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. Under GASB 39 criteria, Arrowhead does not have any component units.

Basis of Accounting. The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

For financial reporting purposes, Arrowhead is considered a special-purpose government engaged only in business-type activities. Accordingly, the financial statements have been presented 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.

As a blended component unit of the University, the Arrowhead follows proprietary fund accounting as set forth in Statement No. 20 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. Arrowhead has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless the FASB pronouncement conflicts with GASB guidance. Arrowhead has elected to not apply FASB pronouncements issued after the applicable date.

Statement of Net Assets. Current assets consist of unrestricted assets, which are available for current operations or which will be available within one year.

Cash and Investments. Cash and cash equivalents consist of cash on hand and current investments, which are defined as investments that are readily convertible to known amounts of cash or which have an original maturity date within ninety days. Arrowhead had no cash equivalents at June 30, 2012 and 2011. Cash recorded in the Statement of Net Assets is held by the University in a cash management pool. Arrowhead follows all the University established cash management procedures. As of June 30, 2012 and 2011, Arrowhead had stock in privately held companies of \$138,942 and \$139,753, respectively. The stock is carried at the private company's book value, which Arrowhead management believes approximates fair market value.

Arrowhead Center, Inc.
(A Component Unit of New Mexico State University)

Notes to Financial Statements
For the years ended June 30, 2012 and 2011

Note 2: Summary of Significant Accounting Policies (continued)

Accounts Receivable. The majority of the accounts receivable includes contracts with outside vendors to perform research and analysis studies. Management has determined that no accounts receivable is uncollectible at June 30, 2012 and 2011.

Net Assets. Arrowhead's net assets are classified as follows:

Restricted net assets: Restricted net assets include resources that the organization is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Unrestricted net assets: Unrestricted net assets are used for financial transactions related to the operation of Arrowhead and may be used at the discretion of the governing board.

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

Income Taxes. Arrowhead is exempt from federal income tax under section 501(a) of the Internal Revenue Code (IRC) as an organization described in section 501(c)(3). However, income generated from activities unrelated to Arrowhead's exempt purpose is subject to tax under IRC Section 511.

Classifications of Revenues and Expenses. Operating revenue and expenses are those incurred which relate directly to facilitating commercialization of the University faculty, staff and student inventions. Operational and patent cost funding from the University is recognized when all eligibility requirements have been met. Patent cost reimbursement is recognized when earned. All other revenue and expenses are considered non-operating.

Use of Estimates. The preparation of the financial statements in conformity with the accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Budgetary Process. Arrowhead is not required to submit its budgets to the New Mexico Higher Education Department (HED) or the New Mexico Department of Finance and Administration-State Budget Division (DFA).

Arrowhead Center, Inc.
(A Component Unit of New Mexico State University)

Notes to Financial Statements
For the years ended June 30, 2012 and 2011

Note 3: Cash and Investments

Arrowhead follows all University cash management and investment policies.

Interest Rate Risk. In accordance with the investment policy, investment maturities for cash balances are scheduled to coincide with cash flows. Arrowhead does not commit any discretionary funds to maturities longer than ten years from the date of purchase. Funds are only committed to maturities longer than five years from the date of purchase if directly related to a specific capital or other long-term project. Investments of non-discretionary funds reflect maturity dates not to exceed the final maturity dates established within the funds' restrictive purposes. At least 50% of all investment balances are to be invested in maturities less than two years.

Concentration of Credit Risk. Arrowhead's only investment is stock in privately held companies that are not rated.

Custodial Credit Risk-Deposits. In the case of deposits, this is the risk that in the event of a bank failure, Arrowhead's deposits may not be returned to it. Arrowhead does not have a deposit policy for custodial credit risk. Arrowhead's cash balance is maintained in the University's cash pool, were \$510,699 and \$545,855 at June 30, 2012 and 2011, respectively.

Note 4: Related Party

The University provides Arrowhead with various services at no charge including use of office space, supplies and personnel services. Support arising from the donated services of certain employees of the University is the most significant of the donated services. Such services are not recorded in the accompanying financial statements. Additionally, the University pays legal fees associated with the licensing of patents, which are in the name of the University, until Arrowhead receives the patents royalty income. If and when revenues are received, Arrowhead will reimburse the University for any legal fees paid related to the license agreement generating the revenue. At June 30, 2012 and 2011, Arrowhead was contingently liable for cumulative unreimbursed legal fees of \$2,196,222 and \$2,078,347, respectively. This total has been accruing since 1989, which averages \$95,488 per year.

Arrowhead Center, Inc.
(A Component Unit of New Mexico State University)

Notes to Financial Statements
For the years ended June 30, 2012 and 2011

Note 5: Contingencies

Insurance Coverage. Arrowhead is exposed to various risks of loss from torts; thefts of, damage to, and destruction of assets; business interruption; and errors and omissions and natural disasters. Arrowhead, as a component unit of New Mexico State University, is insured under New Mexico State University's Risk Management for liability and casualty insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

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

The Board of Directors
Arrowhead Center, Inc. and
Mr. Hector Balderas
New Mexico State Auditor

We have audited the financial statements of Arrowhead Center Inc. (Center) as of and for the year ended June 30, 2012, and have issued our report thereon dated October 22, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

The Board of Directors
Arrowhead Center, Inc. and
Mr. Hector Balderas
New Mexico State Auditor

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and the New Mexico State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Mess Adams LLP

Albuquerque, New Mexico
October 22, 2012

Arrowhead Center, Inc.
(A Component Unit of New Mexico State University)

Schedule of Findings and Responses
For the Year Ended June 30, 2012

FINDINGS – FINANCIAL STATEMENT AUDIT

PRIOR AUDIT FINDINGS

None

CURRENT AUDIT FINDINGS

None

Arrowhead Center, Inc.
(A Component Unit of New Mexico State University)

Exit Conference
For the Year Ended June 30, 2012

A closing conference was held on October 15, 2012, to discuss the current audit report and current and prior year auditors' comments. The parties agreed to the factual accuracy of the comments contained herein. In attendance were the following individuals:

Representing the Board of Regents for New Mexico State University

Javier Gonzales	Member
Kari Mitchell	Member

Representing Arrowhead Center, Inc.

Angela Throneberry	Treasurer
--------------------	-----------

Representing Moss Adams LLP

Scott Eliason	Partner
---------------	---------

The University's management prepared the Financial Statements. The University is responsible for the Financial Statements and its contents.