

**The New Mexico Tech
Research Foundation**

FINANCIAL STATEMENTS

June 30, 2008 and 2007

**STATE OF NEW MEXICO
THE NEW MEXICO TECH RESEARCH FOUNDATION**

**Annual Financial Report
June 30, 2008 and 2007**

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**STATE OF NEW MEXICO
THE NEW MEXICO TECH RESEARCH FOUNDATION**

Official Roster

June 30, 2008

W. D. Peterson	President
Holm O. Bursum III	Trustee
Ann Murphy Daily	Trustee
Charlotte Lamont	Trustee
Laurence H. Lattam	Trustee
Robert L. Lee	Trustee
Daniel H. Lopez	Trustee
Lonnie Marquez	Trustee
Donald W. Morris	Trustee
James Reist	Trustee
Alex Thyssen	Secretary-Treasurer

INDEPENDENT AUDITORS' REPORT

Hector Balderas
New Mexico State Auditor
The Office of Management and Budget and
Board of Trustees
The New Mexico Tech Research Foundation
Socorro, New Mexico

We have audited the accompanying financial statements of the business-type activities of the New Mexico Tech Research Foundation (the "Foundation"), a component unit of New Mexico Tech University (the "University"), as of and for the year ended June 30, 2008 and 2007, as listed in the table of contents. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express opinions on these financial statements based on our audits.

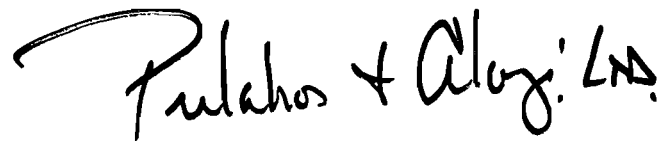
We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 opinions.

As discussed in Note 1, the financial statements of the Foundation are intended to present the financial position, and the changes in financial position and cash flows, where applicable, of only that portion of the business-type activities that are attributable to the transactions of the Foundation. They do not purport to and do not present fairly the financial position of New Mexico Tech University as of June 30, 2008 or 2007, and the changes in its financial position and its cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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 New Mexico Tech Research Foundation as of June 30, 2008 and 2007, and the respective change in financial position, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 16, 2009, on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial 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 audits.

For the year ended June 30, 2008, the Foundation has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of the basic financial statements.

A handwritten signature in black ink that reads "Pulakos & Alongi, Ltd." with a stylized flourish at the beginning.

March 16, 2009

Pulakos & Alongi, Ltd.

The New Mexico Tech Research Foundation

STATEMENTS OF FINANCIAL POSITION

June 30, 2008 and 2007

Assets

	<u>2008</u>	<u>2007</u>
Cash and cash equivalents	\$ 146,841	\$ 195,945
Note receivable	1,880,992	1,966,456
Investments	17,272,952	19,501,522
Charitable remainder unitrust	142,988	142,381
Property	1,496,771	1,556,703
Patents and other assets	4,151,114	4,676,146
	<u>\$ 25,091,658</u>	<u>\$ 28,039,153</u>

Liabilities and Net Assets

Liabilities		
Accrued payroll	\$ 11,384	\$ -
Annuity payable	420,739	348,300
Charitable remainder unitrust payable	75,439	73,860
	<u>507,562</u>	<u>422,160</u>
Total liabilities		
Net assets		
Unrestricted	22,818,756	25,983,982
Temporarily restricted	105,157	67,504
Permanently restricted	1,660,183	1,565,507
	<u>24,584,096</u>	<u>27,616,993</u>
Total net assets	<u>\$ 25,091,658</u>	<u>\$ 28,039,153</u>

The New Mexico Tech Research Foundation

STATEMENT OF ACTIVITIES

Year Ended June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues				
Contributions	\$ 1,269	\$ -	\$ 94,676	\$ 95,945
Interest and dividend income	696,415	84,211	-	780,626
Royalty income	-	-	-	-
Change in value of split-interest agreement	29,078	-	-	29,078
Net realized and unrealized losses on investments	(2,172,561)	-	-	(2,172,561)
Other income	63,290	-	-	63,290
Net assets released from restrictions	46,558	(46,558)	-	-
Total revenues	<u>(1,335,951)</u>	<u>37,653</u>	<u>94,676</u>	<u>(1,203,622)</u>
Expenses				
Program	950,075	-	-	950,075
Support	879,200	-	-	879,200
Total expenses	<u>1,829,275</u>	<u>-</u>	<u>-</u>	<u>1,829,275</u>
Change in net assets	<u>(3,165,226)</u>	<u>37,653</u>	<u>94,676</u>	<u>(3,032,897)</u>
Net assets, beginning of year	<u>25,983,982</u>	<u>67,504</u>	<u>1,565,507</u>	<u>27,616,993</u>
Net assets, end of year	<u>\$ 22,818,756</u>	<u>\$ 105,157</u>	<u>\$ 1,660,183</u>	<u>\$ 24,584,096</u>

See Notes to Financial Statements.

The New Mexico Tech Research Foundation

STATEMENT OF ACTIVITIES

Year Ended June 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues				
Contributions	\$ 42,555	\$ -	\$ 43,767	\$ 86,322
Interest and dividend income	595,683	76,188	-	671,871
Royalty income	63,234	-	-	63,234
Change in value of split-interest agreement	28,395	-	-	28,395
Net realized and unrealized gains on investments	2,291,471	-	-	2,291,471
Other income	93,736	-	-	93,736
Net assets released from restrictions	50,577	(50,577)	-	-
Total revenues	<u>3,165,651</u>	<u>25,611</u>	<u>43,767</u>	<u>3,235,029</u>
Expenses				
Program	972,474	-	-	972,474
Support	807,797	-	-	807,797
Total expenses	<u>1,780,271</u>	<u>-</u>	<u>-</u>	<u>1,780,271</u>
Change in net assets	<u>1,385,380</u>	<u>25,611</u>	<u>43,767</u>	<u>1,454,758</u>
Net assets, beginning of year	<u>24,598,602</u>	<u>41,893</u>	<u>1,521,740</u>	<u>26,162,235</u>
Net assets, end of year	<u>\$ 25,983,982</u>	<u>\$ 67,504</u>	<u>\$ 1,565,507</u>	<u>\$ 27,616,993</u>

The New Mexico Tech Research Foundation

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2008 and 2007

	2008	2007
Change in net assets	\$ (3,032,897)	\$ 1,454,758
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Realized and unrealized losses (gains) on investments	2,123,423	(2,291,471)
Amortization	533,688	533,688
Depreciation	59,932	59,932
Changes in assets and liabilities		
Other receivables	-	87,036
Note receivable	85,464	80,161
Charitable remainder unitrust	(607)	(29,854)
Other assets	-	3,109
Accounts payable and accrued liabilities	11,384	24,699
Annuity payable	72,439	-
Charitable remainder unitrust payable	1,579	11,188
	(145,595)	(66,754)
Investing activities		
Proceeds from the sales and maturities of investments	968,996	753,228
Purchase of investments	(863,849)	(804,504)
Patent costs	(8,656)	(7,853)
	96,491	(59,129)
Change in cash and cash equivalents	(49,104)	(125,883)
Cash and cash equivalents, beginning of year	195,945	321,828
Cash and cash equivalents, end of year	\$ 146,841	\$ 195,945

The New Mexico Tech Research Foundation

NOTES TO FINANCIAL STATEMENTS

June 30, 2008 and 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The New Mexico Tech Research Foundation is a New Mexico not-for-profit corporation located in Socorro, New Mexico. The Foundation is organized to assist the New Mexico Institute of Mining and Technology by making available funds to pursue inventions, copyrights and other intellectual properties, institutional support and scholarships.

Support

The Foundation reports contributions of cash and other assets as restricted support if received with donor stipulations that limit the use of donated assets. When a donor restriction expires, restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Cash and cash equivalents

The Foundation considers cash on hand, cash held in banks and highly liquid instruments with original maturities of three months or less to be cash and cash equivalents.

Royalties and other receivables

Management reviews the collectability of its receivables and, if necessary, records an allowance for its estimate of uncollectible accounts. Bad debt history and current facts and circumstances are the primary bases for this estimate. When an account is deemed uncollectible, it is charged off against the allowance. An allowance of \$178,742 was recorded at June 30, 2008 and 2007.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the statements of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

The Foundation has a joint power agreement with the Institute for investment of the majority of the Foundation's funds. The majority of investments of the Foundation are held by the New Mexico State Investment Council. The Foundation's funds are combined with those of several other funds of the Institute. Income is allocated based on the proportionate market value of the investment of each participating fund.

The New Mexico Tech Research Foundation

NOTES TO FINANCIAL STATEMENTS

June 30, 2008 and 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Charitable Remainder Unitrust

Charitable remainder unitrust assets are the result of an agreement between donors and the Foundation in which the trust was established by the donors and administered by the Foundation. The Foundation is required to pay a fixed percentage of the fair market value of the trust's assets each year to a designated beneficiary during the beneficiary's lifetime. The trust assets were measured at the fair value when received. A corresponding liability is measured at the present value of expected future cash flows to be paid to the beneficiary.

Property

The Foundation records property at cost; donations of property are recorded at their estimated fair value. The building is being depreciated using a straight-line method over a twenty-seven and a half year estimated useful life. The Foundation capitalizes property and equipment purchases with a cost over \$500.

Amortization

The Foundation amortizes patents using a straight-line method over the fifteen-year estimated life of the patents.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentration

The Foundation periodically maintains cash in bank deposit accounts which exceed the federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Income taxes

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and has been classified by the Internal Revenue Service as a public charity.

Reclassifications

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

The New Mexico Tech Research Foundation

NOTES TO FINANCIAL STATEMENTS

June 30, 2008 and 2007

NOTE 2 - ROYALTY AGREEMENT

The Foundation's royalty agreement provides that 56% of the royalties received by the Foundation are to be paid to the inventor and a pharmaceutical company for services rendered in licensing the product. This agreement expired in 2007.

NOTE 3 - CASH ON DEPOSIT

According to the Federal Deposit insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits, and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$100,000 in aggregate and separate from the \$100,000 coverage for public unit demand deposits at the same institution.

New Mexico State statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered or a joint safekeeping receipt issued, to the Foundation for at least one-half the amount in excess of FDIC coverage on deposit with the institution.

The schedule below discloses the State of New Mexico, Office of the State Auditor's requirements on reporting the insured portion of the Foundation's deposits.

	First State	Wells Fargo	USB Money Market
Total of deposits in the bank	\$ 973,460	\$ 940,268	\$ 27,896
Less FDIC coverage	100,000	100,000	27,896
Total uninsured funds	\$ 873,460	\$ 840,268	\$ -
 Collateral requirement	 \$ 436,730	 \$ 420,134	 \$ -
Pledged collateral held by the pledging bank's trust department but not in Foundation's name	\$ -	\$ -	\$ -
 Custodial credit risk-deposits			
Account balance		\$ 1,941,624	
FDIC insured		227,896	
Collateral		-	
Uninsured and uncollateralized		1,713,728	
Total deposits		\$ 1,941,624	

The New Mexico Tech Research Foundation

NOTES TO FINANCIAL STATEMENTS

June 30, 2008 and 2007

NOTE 3 - CASH ON DEPOSIT - Continued

Custodial credit risk is the risk that in the event of a bank failure, the governments' deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2008, the Foundation's bank balance of \$1,941,624 was exposed to custodial credit risk of \$1,713,728 as indicated above.

The types of collateral allowed are direct obligations of the United States government and all bonds issued by an agency, district or political subdivision of the State of New Mexico.

Deposit classification in the financial statements at June 30, 2008 follows:

Cash and investments	\$ 146,841
Add outstanding checks and Reconciling items	<u>1,794,783</u>
Total deposits	<u>\$1,941,624</u>

NOTE 4 - INVESTMENTS

	<u>2008</u>	<u>2007</u>
New Mexico State Investment Council-Equity Large Cap Active Fund	\$ 10,681,727	\$ 13,290,421
New Mexico State Investment Council-Fixed Income Core Bonds Fund	4,583,197	4,356,052
Equity securities and mutual funds	1,272,743	1,193,042
Insurance annuity	420,739	348,300
Certificates of deposit	<u>314,546</u>	<u>313,707</u>
	<u>\$ 17,272,952</u>	<u>\$ 19,501,522</u>

The New Mexico Tech Research Foundation

NOTES TO FINANCIAL STATEMENTS

June 30, 2008 and 2007

NOTE 5 - NOTE RECEIVABLE

The Foundation funded the construction of a building for a company which leases land from New Mexico Institute of Mining and Technology. The Foundation has a note receivable for the amount of the loan. The note bears a variable rate of interest based on Wall Street Journal Prime (currently 8.25%), is payable monthly over 15 years and is secured by the building.

NOTE 6 - PROPERTY

	<u>2008</u>	<u>2007</u>
Land	\$ 164,650	\$ 164,650
Building	<u>1,648,127</u>	<u>1,648,127</u>
	1,812,777	1,812,777
Less accumulated depreciation	<u>316,006</u>	<u>256,074</u>
	<u>\$ 1,496,771</u>	<u>\$ 1,556,703</u>

NOTE 7 - PATENTS

	<u>2008</u>	<u>2007</u>
Patents	\$ 8,021,841	\$ 8,013,185
Less accumulated amortization	<u>4,001,228</u>	<u>3,467,540</u>
	<u>\$ 4,020,613</u>	<u>\$ 4,545,645</u>

Patents are recorded at amortized appraised value in the statements of financial position. The Foundation has not received any earnings to date on these patents; however, there is current use of patent technology at the Institute. It is management's opinion that there is no impairment in patent value.

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted assets are available for the purposes of the emergency loan program.

The New Mexico Tech Research Foundation

NOTES TO FINANCIAL STATEMENTS

June 30, 2008 and 2007

NOTE 9 - SUPPORT EXPENSES

	<u>2008</u>	<u>2007</u>
Patent amortization	\$ 533,688	\$ 533,688
Depreciation	59,932	59,932
Salaries and benefits	65,000	64,650
Retainage annuity	100,000	50,000
Legal	46,716	32,290
Professional services	23,634	22,487
Management fee	25,195	26,595
Property taxes	47	170
US Investment charges	14,541	8,149
Other	<u>10,447</u>	<u>9,836</u>
	<u>\$ 879,200</u>	<u>\$ 807,797</u>

NOTE 10 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as specified by the donor. Purpose restrictions accomplished during the year follow:

	<u>2008</u>	<u>2007</u>
Educational scholarships	\$ 29,044	\$ 29,850
Merit awards	<u>17,514</u>	<u>20,727</u>
	<u>\$ 46,558</u>	<u>\$ 50,577</u>

The New Mexico Tech Research Foundation

NOTES TO FINANCIAL STATEMENTS

June 30, 2008 and 2007

NOTE 11 - PERMANENTLY RESTRICTED NET ASSETS

Income earned on permanently restricted net assets is available for scholarships and awards for students of the Institute. Any income not used during a year is to be reinvested and becomes permanently restricted. Permanently restricted net assets follow:

	<u>2008</u>	<u>2007</u>
Educational scholarships	\$ 756,155	\$ 854,259
Merit awards	<u>904,028</u>	<u>711,248</u>
	<u>\$ 1,660,183</u>	<u>\$ 1,565,507</u>

NOTE 12 - RELATED PARTY TRANSACTIONS AND DONATED SERVICES

The Institute provides the Foundation's office space in exchange for property management services provided to the Institute by the Foundation. These transactions are not recorded in the Foundation's financial statements, as they are not significant and have no affect on the change in net assets.

The Foundation owns a \$420,000 insurance annuity which was acquired to benefit the president of the Institute. The annual payment was \$100,000 in 2008 and \$50,000 in 2007.

Several of the Foundation's board members are also officers of the Institute.

The Foundation leases an apartment building to the Institute. The lease is classified as an operating lease, and expires in June 2009 with an option to renew for an additional three years. Minimum future rentals are \$90,150 at June 30, 2008.

**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**

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget
And
Board of Trustees
The New Mexico Tech Research Foundation
Socorro, New Mexico

We have audited the accompanying financial statements of the governmental activities of the New Mexico Tech Research Foundation (the Foundation), as of and for the years ended June 30, 2008 and 2007, which comprise the Foundation's basic financial statements as listed in the table of contents and have issued our report thereon dated March 16, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Foundation'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 Foundation's internal control over financial reporting.

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

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

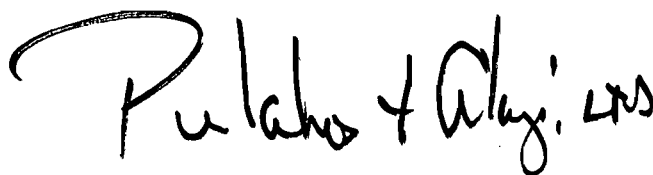
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as items FS 2008-1 and FS 2008-2.

The Foundation's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Foundation's responses, and accordingly, we do not express an opinion on them.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Pulakos & Alongi, LLP". The signature is written in a cursive, flowing style.

March 16, 2009

Pulakos & Alongi, Ltd.

**STATE OF NEW MEXICO
THE NEW MEXICO TECH RESEARCH FOUNDATION**

Schedule of Findings and Responses

June 30, 2008

A. FINDINGS

FS-2008-1 Lack of Sufficient Collateral

Condition: The Foundation does not have sufficient collateral for two of its bank accounts at June 30, 2008. Both accounts have in excess of \$900,000 on deposit.

Criteria: Collateral is required under Section 6-10-17, NMSA 1978 in an amount equal to one-half of the public monies on deposit over the FDIC insurance.

Cause: The Foundation was unaware that the monies were considered public monies.

Effect: The Foundation has the risk that the banks will not return the monies on deposit.

Recommendation: We recommend that the Foundation notify the banks that the monies are public monies and request from the bank adequate pledged collateral for one-half of the monies on deposit in excess of the FDIC insurance coverage.

Entity's response: Management of the Foundation will contact the appropriate banking institutions and request an adequate collateralization level.

**STATE OF NEW MEXICO
THE NEW MEXICO TECH RESEARCH FOUNDATION**

Schedule of Findings and Responses

June 30, 2008

FS 2008-2 Expenditure of Funds for Personal or Corporate Use

Condition: The Foundation spent funds on various drinks, sponsorships, and entertainment for various individuals and organizations without receiving a corresponding benefit to the Foundation.

Criteria: The anti-donation clause, Article IX, Section 14, of the New Mexico Constitution requires that all expenditures of public monies by a public entity must be to acquire benefit to that agency. Under GASB 14 and GASB 3, Paragraphs 5 and 6, the Foundation qualifies as a component unit of another entity.

Cause: The Foundation was not aware of the GASB rules that identify the Foundation as a component unit of another entity and must comply with the public monies laws and regulations and the anti-donation clause.

Effect: The Foundation has expended funds for entertainment, gifts, and libations that could constitute an abuse of public funds under relevant law and the GASB rules of the Foundation as a component unit of another entity.

Recommendation: We recommend that the Foundation adopt policies and procedures for the expenditure of public monies that conform to the state laws.

Entity's response: The Foundation will research the legal requirements and adopt policies and procedures for expenditures that are in conformity with applicable state laws.

**STATE OF NEW MEXICO
THE NEW MEXICO TECH RESEARCH FOUNDATION**

Other Disclosures

June 30, 2008

A. Auditor Prepared Financial Statements

It would be preferred and desirable for the Foundation to prepare its own GAAP-basis financial statements; however, the client believes that although they are capable of preparing, reviewing and taking responsibility for the financial statements, it was included in the engagement letter that the IPA would prepare the financial statements. As such, the outside auditor prepared the GAAP-basis financial statements and footnotes for inclusion in the annual audit report.

B. Exit Conference

The contents of this report were discussed on March 16, 2009. The following individuals were in attendance.

The New Mexico Tech Research Foundation
Alex Thyssen, Secretary-Treasurer

Pulakos & Alongi, Ltd.
Jake Dopson, CPA
Ed Amsden, CPA