



**THE NEW MEXICO TECH UNIVERSITY
RESEARCH PARK CORPORATION
(A COMPONENT UNIT OF THE NEW MEXICO
INSTITUTE OF MINING AND TECHNOLOGY)
FINANCIAL STATEMENTS
JUNE 30, 2011**

MOSS ADAMS_{LLP}

Certified Public Accountants | Business Consultants

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**THE NEW MEXICO TECH UNIVERSITY RESEARCH PARK CORPORATION
(A COMPONENT UNIT OF THE NEW MEXICO INSTITUTE OF MINING AND
TECHNOLOGY)**

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**THE NEW MEXICO TECH UNIVERSITY RESEARCH PARK CORPORATION
(A COMPONENT UNIT OF THE NEW MEXICO INSTITUTE OF
MINING AND TECHNOLOGY)**

Official Roster

June 30, 2011

Jerry A. Armijo	President
Van Romero	Vice President
Alex Thyssen	Treasurer- Secretary
W.D. Peterson	Director
Lonnie Marquez	Director

Report of Independent Auditors

Board of Trustees
The New Mexico Tech University Research Park Corporation
and
Mr. Hector H. Balderas
New Mexico State Auditor

We have audited the accompanying basic financial statements of the New Mexico Tech University Research Park Corporation (Corporation), a component unit of The New Mexico Institute of Mining and Technology (Institute), as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Corporation'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 audit provides a reasonable basis for our opinions.

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

Board of Trustees
The New Mexico Tech University Research Park Corporation
and
Mr. Hector H. Balderas
New Mexico State Auditor

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2011, on our consideration of the Corporation'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 audit.

For the year ended June 30, 2011, the Corporation 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.

Mess Adams LLP

Albuquerque, New Mexico
November 4, 2011

THE NEW MEXICO TECH UNIVERSITY RESEARCH PARK CORPORATION
(A Component Unit of the New Mexico Institute of Mining and Technology)
BALANCE SHEET
June 30, 2011

ASSETS

Current Assets

Cash and cash equivalents	\$ 35,994
Note receivable	<u>30,178</u>

Total assets \$ 66,172

LIABILITIES AND NET ASSETS

Current Liabilities

Due to New Mexico Institute of Mining and Technology	<u>\$ 39,078</u>
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Total liabilities 39,078

NET ASSETS 27,094

Total liabilities and net assets \$ 66,172

See Notes to Financial Statements.

THE NEW MEXICO TECH UNIVERSITY RESEARCH PARK CORPORATION
(A Component Unit of the New Mexico Institute of Mining and Technology)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Year Ended June 30, 2011

Operating revenues	
Investment and other income	\$ 35,967
In-kind lease revenue	36,543
Total operating revenues	<u>72,510</u>
Operating Expenses	
Administrative expenses	9,767
In-kind lease expense	36,543
Total operating expenses	<u>46,310</u>
Change in net assets	26,200
Net assets, beginning of year	<u>894</u>
Net assets, end of year	<u><u>\$ 27,094</u></u>

See Notes to Financial Statements.

THE NEW MEXICO TECH UNIVERSITY RESEARCH PARK CORPORATION
(A Component Unit of the New Mexico Institute of Mining and Technology)
STATEMENT OF CASH FLOWS
Year Ended June 30, 2011

Cash Flows From Operating Activities	
Payment to vendors	\$ (9,767)
Payment from investment	35,967
	<u>26,200</u>
Cash Flows From Investment Activities	
Notes receivable	<u>(30,178)</u>
Net decrease in cash and cash equivalents	(3,978)
Cash and cash equivalents, beginning of year	<u>39,972</u>
Cash and cash equivalents, end of year	<u>\$ 35,994</u>

Reconciliation of Operating Income to Net Cash used by
Operating Activities

Operating income	\$ 26,200
Adjustments to reconcile operating income to net cash used by operating activities	
Changes in assets and liabilities	
Due to New Mexico Institute of Mining and Technology	-
Net cash provided by operating activities	<u>\$ 26,200</u>

See Notes to Financial Statements.

THE NEW MEXICO TECH UNIVERSITY RESEARCH PARK CORPORATION
(A Component Unit of the New Mexico Institute of Mining and Technology)
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. The New Mexico Tech University Research Park Corporation (the Corporation), a component unit of the New Mexico Institute of Mining and Technology (the Institute), is a New Mexico not-for-profit corporation located in Socorro, New Mexico. The Corporation is organized to contribute to and assist the Institute by making funds available to pursue technology research and other programs being carried out by Institute. The Corporation has no component units.

Basis of Presentation. The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America for governmental entities. The significant accounting policies are summarized below.

As a proprietary fund, the Corporation's financial statements are reported using a flow of economic resources measurement focus and the full accrual basis of accounting. Accordingly, revenues are recognized when they are earned and expenses are recognized as soon as the liability is incurred.

Operating revenues and expenses are those incurred by the Corporation and events and activities that relate directly to the Corporation.

Accounting Standards. As a component unit of the Institute, the Corporation 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. Under the provisions of that standard, the Corporation has elected not to apply Statements on Financial Accounting Standards issued by the Financial Accounting Standards Board after November 1989.

Net Assets. Unrestricted net assets represent resources whose use is not limited or restricted by time or purpose. Unrestricted net assets have arisen from receipt of unrestricted equity disbursement are available for use.

Restricted net assets are net assets that have third-party (statutory or granting agency) limitations on their use.

Cash and Cash Equivalents. For purposes of the Statement of Cash Flows, the Corporation considers cash and cash equivalents to be cash deposits and amounts held by its fiscal agent.

THE NEW MEXICO TECH UNIVERSITY RESEARCH PARK CORPORATION
(A Component Unit of the New Mexico Institute of Mining and Technology)
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

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.

Income Taxes. The Corporation expects to be exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code, and be classified by the Internal Revenue Service as a public charity. The Corporation engaged in no material unrelated activities and therefore no provision for income taxes has been made. The Corporation is a supporting organization of the Institute and not a private foundation.

NOTE 2. CASH AND BANK DEPOSITS

The Corporation does not have any limitations on the types of deposits or investments.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the entity’s deposits may not be returned to it. The Corporation does not have a deposit policy for custodial credit risk. As of June 30, 2011, the Corporation’s deposits were exposed to custodial credit risk as follows:

	First State Bank
Total of deposits in the bank	\$ 35,994
FDIC coverage	<u>(35,994)</u>
Total uninsured funds	<u>\$ _____</u>

Deposit classification in the financial statements at June 30, 2011 follows:

Name of Depository	Account Name	Bank Account Type	Bank Balance	Reconciling Items	Financial Statement Balance
First State Bank	Checking	Cash	<u>\$ 35,994</u>	-	<u>35,994</u>

THE NEW MEXICO TECH UNIVERSITY RESEARCH PARK CORPORATION
(A Component Unit of the New Mexico Institute of Mining and Technology)
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 3. MAJOR CONTRACTS

The Institute entered into a lease agreement with the Secretary of the Air Force (the "Government") in December 2005. The lease was subsequently transferred from the Institute to the Corporation. The term of the lease is for 50 years and requires that within 1,440 days of the beginning term date, the Corporation agrees to begin construction of a minimum 20,000 square foot commercial office building, lab research and secondary educational facility for the Corporation's use on the leased premises. Within 10 calendar years from the term beginning date, the Corporation will complete construction of a minimum of 60,000 square feet of commercial office, lab research and secondary educational space for the lessee's use on the leased premises. The Institute pays rent of \$36,543 to the Government annually on behalf of the Corporation.

NOTE 4. RELATED PARTY TRANSACTIONS

The Institute provides, on a rent-free basis, the Corporation's office space. This amount is included in the Statement of Revenues, Expenses, and Changes in Net Assets as in-kind lease revenue in the amount of \$36,543 with an offset to in-kind lease expense in the same amount.

Certain of the Corporation's board members are also officers of the Institute.

The Corporation has a due to the Institute in the amount of \$39,078 for amounts paid on behalf of the Corporation by the Institute for start up costs and legal fees.

NOTE 5. RISK MANAGEMENT

The Corporation is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; and errors and omissions and natural disasters. The Corporation is insured under the Institute's Risk Management for liability and casualty insurance, and through a private carrier for director and officer liability insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

THE NEW MEXICO TECH UNIVERSITY RESEARCH PARK CORPORATION
(A Component Unit of the New Mexico Institute of Mining and Technology)
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 6. NOTE RECEIVABLE

The Corporation advanced \$30,000 to CAaNES in April 2011 at the rate of 4.25% (Prime plus 1%). The entire advance balance and the interest in the amount of \$178 were due on June 30, 2011. Management believes that the advance and related interest is collectible at June 30, 2011.

**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***

Board of Trustees
The New Mexico Tech University Research Park Corporation
and
Mr. Hector H. Balderas
New Mexico State Auditor

We have audited the basic financial statements of the New Mexico Tech University Research Park Corporation (Corporation), a component unit of the New Mexico Institute of Mining and Technology as of and for the year ended June 30, 2011, and have issued our report thereon dated November 4, 2011. 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 Corporation is responsible for planning and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Corporation'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 Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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.

Board of Trustees
The New Mexico Tech University Research Park Corporation
and
Mr. Hector H. Balderas
New Mexico State Auditor

Our consideration of 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 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 Corporation'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 the management, the Board of Trustees 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
November 4, 2011

THE NEW MEXICO TECH UNIVERSITY RESEARCH PARK CORPORATION
(A Component Unit of the New Mexico Institute of Mining and Technology)
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2011

Prior Year Findings:

None

Current Year Findings:

None

THE NEW MEXICO TECH UNIVERSITY RESEARCH PARK CORPORATION
(A Component Unit of the New Mexico Institute of Mining and Technology)
EXIT CONFERENCE
June 30, 2011

The contents of this report were discussed on October 19, 2011. The following individuals were in attendance.

The New Mexico Tech University Research Park Corporation:

Jerry A. Armijo	President
Alex Thyssen	Treasurer-Secretary
Lonnie Marquez	Director

Moss Adams LLP:

Larry Carmony	Partner
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The financial statements were prepared with the assistance of Moss Adams LLP.