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

FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

June 30, 2012

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PRECISE. PERSONAL. PROACTIVE.

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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, 2012

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Van Romero	Vice President
Alex Thyssen	Treasurer-Secretary
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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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, 2012, 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. An audit also includes 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 respective financial position of the Corporation, as of June 30, 2012, and the respective changes in financial position and cash flows, thereof, for the year 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 November 13, 2012 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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, 2012, management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires 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.

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

Atkinson & Co., Ltd.

Albuquerque, New Mexico
November 13, 2012

The New Mexico Tech University Research Park Corporation
(A Component Unit of The New Mexico Institute of Mining and Technology)

BALANCE SHEET

June 30, 2012

ASSETS		
Current assets:		
Cash and cash equivalents	$	14,547
Note receivable		30,000
Deferred tax asset, net of valuation allowance of $227,500		-
Total current assets		44,547
Noncurrent assets:		
Equity investments		59,339
Total assets	$	103,886
LIABILITIES		
Current liabilities:		
Due to New Mexico Institute of Mining and Technology	$	39,078
Total current liabilities		39,078
NET ASSETS		64,808
Total net assets and liabilities	$	103,886

The accompanying notes are an integral part of this financial statement.

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, 2012

Operating revenues:		
Investment and other income	$	213
Operating expenses:		
Administrative expenses		17,397
Income tax provision		-
CHANGE IN NET ASSETS		(17,184)
Net assets, beginning of year, as previously stated		27,094
Prior period restatement		54,898
Net assets, beginning of year, as restated		81,992
Net assets, end of year	$	64,808

The accompanying notes are an integral part of this financial statement.

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, 2012

CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to vendors	$	(17,397)
Interest received		213
Net cash flows used by operating activities		(17,184)
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Disbursements of notes receivable		(60,000)
Repayments on notes receivable		60,178
Purchases of investments		(10,000)
Capital distribution from equity investment		5,559
Net cash flows used by investing activities		(4,263)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(21,447)
Cash and cash equivalents, beginning of year		35,994
Cash and cash equivalents, end of year	$	14,547

Reconciliation of operating income to net cash used by operating activities:		
Operating loss	$	(17,184)
Adjustments to reconcile operating income and net cash used by operating activities		
Changes in assets and liabilities		
Deferred tax asset, net of valuation allowance of $227,500		-
Net cash used by operating activities	$	(17,184)

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for income taxes	$	51

The accompanying notes are an integral part of this financial statement.

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. 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 the institute. The Corporation has no component units.

2. 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 the 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.

3. 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.

4. Net Assets

Unrestricted net assets represent resources whose use is not limited or restricted by time or purpose. Unrestricted net assets that 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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. 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.

6. 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.

7. Income Taxes

The Corporation is taxed as a C-corporation under the Internal Revenue Code (IRC).

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Corporation has adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, *Income Taxes*. FASB ASC 740 provides detailed guidance for the financial statement recognition, measurement, and disclosure of uncertain tax positions in an enterprise's financial statements. Income tax positions must meet a more-likely-than-not recognition threshold at the effective date to be recognized upon the adoption of FASB ASC 740 and in subsequent periods. The provisions of FASB ASC 740 have been applied to all Corporation income tax positions commencing from that date. The Corporation's policy is to classify income tax penalties and associated interest according to their natural classification rather than as income tax expense. During the year ended June 30, 2012, the Corporation recognized $0 in interest and penalties. As of June 30, 2012, management does not believe the Corporation has any uncertain tax positions that would require financial statement recognition, measurement, or disclosure under FASB ASC 740. Due to statutes of limitation, the Corporation is no longer subject to examinations by tax authorities for tax years before 2009.

The Corporation is a supporting organization of the Institute and not a private foundation.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

7. Income Taxes - Continued

The Corporation is in the process of applying 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.

8. Subsequent Events

Subsequent events have been evaluated through November 13, 2012, the date at which the financials were available for issuance, to determine whether such events should be recorded or disclosed in the consolidated financial statements for the year ended June 30, 2012. Management believes no material subsequent events have arisen that would require adjustment or disclosure.

NOTE B – CASH AND BANK DEPOSITS

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

1. 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, 2012, the Corporation's deposits were exposed to custodial credit risk as follows:

	First State Bank
Total of deposits in the bank	$ 14,547
FDIC coverage	(14,547)
Total uninsured funds	$ -

Deposit classification in the financial statements at June 30, 2012 follows:

Name of Depository	Account Name	Bank Account Type	Bank Balance	Reconciling Items	Financial Statement Balance
First State Bank	Checking	Cash	$ 14,547	$ -	$ 14,547

NOTE C – NOTE RECEIVABLE

The Corporation advanced $30,000 to CAaNES in April 2012 at the rate of 4.25% (Prime plus 1%). The entire advance balance and the interest in the amount of $213 were due on June 30, 2012. Management believes that the advance and related interest is collectible at June 30, 2012.

NOTE D - INCOME TAXES

There was no provision for income taxes during the year ended June 30, 2012, due primarily to the absence of taxable income.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, are presented below:

Current income taxes	$ -
Deferred income taxes	-
Total provision for income taxes	$ -

The components of the deferred income tax assets and liabilities are as follows:

Current deferred tax assets	
Benefit of net operating loss carryforwards	$ 227,500
Valuation allowance	(227,500)
Total deferred tax assets, net	$ -

The net operating loss carryforwards expire beginning in fiscal years 2028 and 2014 for federal and state purposes, respectively.

A valuation allowance has been established for periods prior to the year ending June 30, 2012 to offset deferred tax assets arising from net operating losses because of the uncertainty of their realization. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion of all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Because management intends to apply for recognition as a not-for-profit entity under section 501(c)(3) of the IRC, it is unlikely that the majority of the carryforwards will be realized.

NOTE E – RELATED PARTY TRANSACTIONS

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 in prior years on behalf of the Corporation by the Institute for start up costs and legal fees.

NOTE F – 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.

NOTE G – PRIOR PERIOD RESTATEMENT

The New Mexico Tech University Research Park Corporation is currently a C corporation for tax purposes. It has a deferred tax asset of $227,500 offset by a valuation allowance of $227,500 (see Note D) that was not previously recorded. There is no change to beginning net assets for recoding these amounts arising in periods before June 30, 2011. Additionally investments were increased by $54,898 for an additional investment of the Corporation not previously recorded.

SUPPLEMENTARY INFORMATION

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

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

We have audited the financial statements of the New Mexico Tech University Research Park Corporation (the Corporation), a Component Unit of The New Mexico Institute of Mining and Technology as of and for the year ended June 30, 2012, and have issued our report thereon dated November 13, 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 Corporation is responsible for establishing 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 opinions 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.

Our consideration of the 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, as defined above. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as described above. However, we identified certain deficiencies in internal control over financial reporting, described as item 12-01 in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting. 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.

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 *Governmental Auditing Standards.*

The Corporation's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Corporation's response and, accordingly, we express no opinion on it.

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

Atkinson & Co., Ltd.

Atkinson & Co., Ltd.

Albuquerque, New Mexico
November 13, 2012

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2012

STATUS OF PRIOR YEAR FINDINGS

None

CURRENT YEAR FINDING

12-01 PRIOR PERIOD RESTATEMENTS (SIGNIFICANT DEFICIENCY)

CONDITION
Two prior period restatements were recorded for deferred tax assets related to the carryforward of federal and state net operating losses and for the value of the Corporation's capital account from its equity investment in an LLC.

CRITERIA
Per accounting principles generally accepted in the United States of America (GAAP), the annual provision for income taxes should be recorded as the Corporation is currently taxed as a C-corporation for federal and state income tax purposes. Any deferred taxes that arise from temporary differences should also be recorded.

Additionally, per GAAP, the equity investment should be recorded as such in the financial statements using the equity method as the Corporation owns 50% of the entity.

CAUSE
Unknown.

EFFECT
Beginning net assets were understated by $54,898.

RECOMMENDATION
The Corporation should ensure that all transactions are recorded in accordance with GAAP in the period they occur.

MANAGEMENT RESPONSE
Management agrees and will continue to record changes in value to its equity investment each year.

The New Mexico Tech University Research Park Corporation
(A Component Unit of The New Mexico Institute of Mining and Technology)

FINANCIAL STATEMENT PREPARATION AND EXIT CONFERENCE

June 30, 2012

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The basic financial statements have been prepared by Atkinson & Co., Ltd. with the assistance of the Corporation. The content in this report is the responsibility of the Corporation.

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An Exit Conference was held on November 12, 2012 and attended by the following:

For Atkinson & Co., Ltd.:

Martin Mathisen, CPA, CGFM	Shareholder/Audit Director
Clark Cagle, CPA, CCIFP	Audit Senior Manager
Sarah Brack, CPA	Audit Senior

For The New Mexico Tech University Research Park Corporation:

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

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