



**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, 2013**

atkinson

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, 2013

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



CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS

ATKINSON & CO. LTD.  
6501 AMERICAS PKWY NE  
SUITE 700  
ALBUQUERQUE, NM 87110

T 505 843 6492  
F 505 843 6817

ATKINSONCPA.COM

PO BOX 25246  
ALBUQUERQUE, NM 87125

## 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

### Report on Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

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, 2013, and the respective changes in financial position and cash flows, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

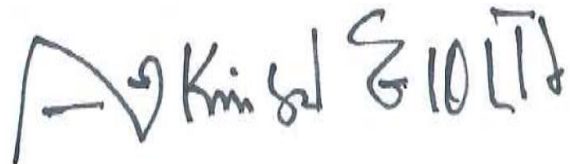
## **Other Matters**

### *Required Supplementary Information*

For the year ended June 30, 2013, Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2013 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* in considering the Corporation's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Atkinson & Co., Ltd.", with a stylized flourish on the left side.

**Atkinson & Co., Ltd.**

Albuquerque, New Mexico  
November 12, 2013

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

**STATEMENT OF NET POSITION**

June 30, 2013

ASSETS

Current assets:

Cash and cash equivalents	\$	29,855
Prepaid income taxes		1,279
Deferred tax asset, net of valuation allowance of \$225,700		<u>-</u>

Total current assets 31,134

Noncurrent assets:

Equity investments		<u>81,560</u>
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Total assets \$ 112,694

LIABILITIES

Current liabilities:

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

NET POSITION

73,616

Total net position \$ 112,694

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 POSITION**

Year Ended June 30, 2013

OPERATING REVENUES:	
Investment and other income	\$ 22,434
OPERATING EXPENSES:	
Administrative expenses	13,625
Income tax provision	<u>-</u>
CHANGE IN NET POSITION	8,809
Net position, beginning of year	<u>64,807</u>
Net position, end of year	<u><u>\$ 73,616</u></u>

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, 2013

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Payments to vendors	\$ (13,625)
Income taxes paid	(1,279)
Interest received	<u>213</u>
Net cash flows used in operating activities	(14,691)
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>	
Repayments on notes receivable	<u>30,000</u>
Net cash flows provided by investing activities	<u>30,000</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	15,309
Cash and cash equivalents, beginning of year	<u>14,546</u>
Cash and cash equivalents, end of year	<u><u>\$ 29,855</u></u>
Reconciliation of operating income to net cash used by operating activities:	
Change in net position - operations	\$ 8,809
Adjustments to reconcile operating income and net cash used by operating activities	
Changes in assets and liabilities	<u>(23,500)</u>
Net cash used in operating activities	<u><u>\$ (14,691)</u></u>

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

Cash paid for income taxes	<u><u>\$ 1,279</u></u>
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The accompanying notes are an integral part of this financial statement.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2013

### 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 charged to 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. It is organized under the New Mexico Research Park and Economic Act of the New Mexico Statutes Annotated (21-28-1 through 21-28-25 NMSA 1978) to promote, develop, and manage research parks or technological innovations for scientific, educational, and economic development opportunities in accordance with bylaws adopted by the Corporation.

#### 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. New Accounting Standards – GASB 62, 63 and 65 Implementation

##### GASB 62

The Corporation implemented Government Accounting Standards Board (GASB) Statement No. 62 during the year ended June 30, 2013, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" which codifies preexisting authoritative guidance from all sources into GASB standards and edits such standards for the government environment as appropriate. It further eliminates the election for proprietary fund and business type reporting entities to apply certain Financial Accounting Standards guidance after November 30, 1989.

##### GASB 63

The Corporation implemented Governmental Accounting Standards Board Statement No. 63 "Financial Reporting of Deferred Outflows or Resources, Deferred Inflows of Resources, and Net Position" (GASB 63) for the year ending June 30, 2013. GASB 63 introduces a fundamental change to the reporting of elements that make up a statement of financial position.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2013

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

3. New Accounting Standards – GASB 62, 63 and 65 Implementation – Continued

GASB 63 - Continued

Deferred outflows of resources and deferred inflows of resources are now included in the elements that make up a statement of financial position and GASB 63 introduces the term **net position** for reporting the residual of all elements in a statement of financial position. The statement of financial position of the Corporation at June 30, 2013 conforms to the presentation requirements of GASB 63. There were no deferred outflows or inflows to separately report at June 30, 2013.

GASB 65

Governmental Accounting Standards Board Statement No. 65 “Items Previously Reported as Assets and Liabilities” (GASB 65) changes the classification of various financial statement balances including several more common type transactions to deferred outflows and inflows of resources. GASB 65 is applicable for years beginning after December 15, 2012. The Corporation will implement this standard next year. Management is reviewing the provisions of this statement for possible effects on its financial reporting.

4. Net Position

Unrestricted net position represents resources whose use is not limited or restricted by time or purpose. Unrestricted net position that has arisen from receipt of unrestricted equity disbursement is available for use.

Restricted net position is net position that has third-party (statutory or granting agency) limitations on their use.

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).

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2013

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

7. Income Taxes – Continued

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, 2013, the Corporation recognized \$0 in interest and penalties. As of June 30, 2013, management does not believe the Corporation has any uncertain tax positions that would require financial statement recognition or measurement under FASB ASC 740. Due to statutes of limitation, the Corporation is no longer subject to examinations by tax authorities for tax years before 2010.

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

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 12, 2013, 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, 2013. 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.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2013

**NOTE B – CASH AND BANK DEPOSITS – CONTINUED**

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, 2013, the Corporation's deposits were exposed to custodial credit risk as follows:

	<u>First State Bank</u>
Total of deposits in the bank	\$ 29,855
FDIC coverage	<u>(29,855)</u>
Total uninsured funds	<u><u>\$ -</u></u>

Deposit classification in the financial statements at June 30, 2013 follows:

<u>Name of Depository</u>	<u>Account Name</u>	<u>Bank Account Type</u>	<u>Bank Balance</u>	<u>Reconciling Items</u>	<u>Financial Statement Balance</u>
First State Bank	Checking	Cash	\$ 29,855	\$ -	\$ 29,855

**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 was repaid before June 30, 2013.

**NOTE D – INCOME TAXES**

There was no material provision for income taxes during the year ended June 30, 2013, 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 June 30, are presented below:

Current income taxes	\$ -
Deferred income taxes	<u>-</u>
<b>Total provision for income taxes</b>	<u><u>\$ -</u></u>

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2013

**NOTE D – INCOME TAXES – CONTINUED**

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

Current deferred tax assets	
Benefit of net operating loss carryforwards	\$ 225,700
Valuation allowance	<u>(225,700)</u>
<b>Total deferred tax assets, net</b>	<u>\$ -</u>

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, 2013 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.

During 2013, the New Mexico Taxation and Revenue Department (NMTRD) assessed the Corporation \$80,749, plus penalties and interest due to disallowance of the State NOL carryforward applied in the immediate prior year return. The matter is under review with the NMTRD and management expects this to be resolved without obligation.

**NOTE E – RELATED PARTY TRANSACTIONS**

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

The Corporation has an obligation 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.

The Corporation owns one-half of Computational Analysis and Network Enterprise Solutions, LLC (CAaNES) and has an equity investment of \$71,560 at June 30, 2013, which is the principle equity investment held by the Corporation. The remaining \$10,000 out of the total equity investments of \$81,560 was with a third party.

**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.

**SUPPLEMENTARY INFORMATION**



CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS

ATKINSON & CO. LTD.  
6501 AMERICAS PKWY NE  
SUITE 700  
ALBUQUERQUE, NM 87110

T 505 843 6492  
F 505 843 6817

ATKINSONCPA.COM

PO BOX 25246  
ALBUQUERQUE, NM 87125

**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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The 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, 2013, and have issued our report thereon dated November 12, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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



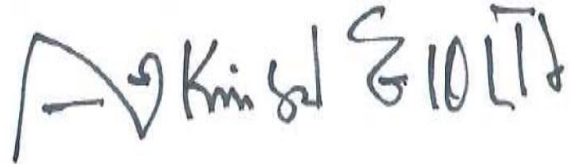
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters, 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 did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Atkinson & Co., Ltd.", with a stylized initial "A" on the left.

**Atkinson & Co., Ltd.**

Albuquerque, New Mexico  
November 12, 2013

**SUMMARY OF AUDIT FINDINGS**

Year Ended June 30, 2013

**Prior Year Finding Description**

**Status**

*Findings in Accordance with 2.2.2 NMAC (State Audit Rule)*

None

*Findings – Financial Statement Audit*

12-01 Prior Period Restatements (Significant Deficiency)

Resolved

**Current Year Finding Description**

*Findings in Accordance with 2.2.2 NMAC (State Audit Rule)*

None

*Findings – Financial Statement Audit*

None

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, 2013

\* \* \* \* \*

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.

\* \* \* \* \*

An Exit Conference was held on November 6, 2013 and attended by the following:

**For Atkinson & Co., Ltd.:**

Martin Mathisen, CPA, CGFM  
Clark Cagle, CPA, CCIFP, CGFM  
Sarah Brack, CPA, CGFM

Shareholder/Audit Director  
Audit Director  
Audit Manager

**For The New Mexico Tech University Research Park Corporation:**

Jerry A. Armijo  
Alex Thyssen  
Lonnie Marquez

President  
Treasurer-Secretary  
Director

ATKINSON & CO. LTD.  
CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS

ALBUQUERQUE, NM  
T 505 843 6492  
F 505 843 6817

RIO RANCHO, NM  
T 505 891 8111  
F 505 891 9169

[ATKINSONCPA.COM](http://ATKINSONCPA.COM)

