



**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, 2015

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, 2015

Donald Monette	President
Van Romero	Vice President
Colleen Guengerich	Treasurer-Secretary
W.D. Peterson	Director
Lonnie Marquez	Director
Richard Cervantes	Director
Warren Ostergren	Director



CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
The New Mexico Tech University Research Park Corporation
and
Mr. Timothy Keller
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, 2015, 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.

Auditors' 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 auditors' 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, 2015, 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

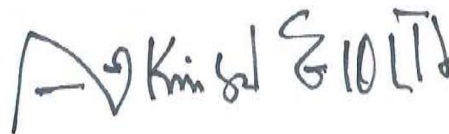
For the year ended June 30, 2015, Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic 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 Information

The schedule of vendor information, required by 2.2.2 NMAC, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2015 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 blue ink, appearing to read "Atkinson & Co., Ltd.", with a stylized flourish on the left side.

Atkinson & Co., Ltd.

Albuquerque, New Mexico
October 30, 2015

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, 2015

ASSETS

Current assets:

Cash and cash equivalents	\$ 138,461
Accrued interest receivable	<u>10,842</u>

Total current assets	149,303
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Noncurrent assets:

Notes receivable	1,527,544
Private equity investment	<u>2,250,000</u>

Total assets	<u>\$ 3,926,847</u>
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LIABILITIES

Current liabilities:

Due to New Mexico Institute of Mining and Technology	<u>\$ 58,013</u>
--	------------------

Total current liabilities	58,013
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NET POSITION

	<u>3,868,834</u>
--	------------------

Total liabilities and net position	<u>\$ 3,926,847</u>
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The accompanying notes are an integral part of these 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 POSITION

Year Ended June 30, 2015

OPERATING REVENUES:	
Realized gain on private equity investment	\$ 1,071,744
OPERATING EXPENSES:	
Administrative expenses	<u>(32,134)</u>
Total operating activities	1,039,610
NON-OPERATING ACTIVITIES	
Unrealized gain on private equity investment	2,123,641
Private equity investment income, net	364,711
Interest income	<u>23,342</u>
Total non-operating activities	2,511,694
PROVISION FOR INCOME TAXES	
Income tax benefit	<u>146,031</u>
CHANGE IN NET POSITION	3,697,335
Net position, beginning of year	<u>171,499</u>
Net position, end of year	<u><u>\$ 3,868,834</u></u>

The accompanying notes are an integral part of these 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, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Payments to vendors	\$ (13,199)
Payments to State of New Mexico for income taxes and penalties	<u>(16,249)</u>
Net cash flows used in operating activities	(29,448)
CASH FLOWS FROM INVESTMENT ACTIVITIES	
Distribution of income from private equity investment	144,056
Interest received on notes receivable	<u>12,500</u>
Net cash flows provided by investing activities	<u>156,556</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	127,108
Cash and cash equivalents, beginning of year	<u>11,353</u>
Cash and cash equivalents, end of year	<u>\$ 138,461</u>
Reconciliation of operating income to net cash used by operating activities:	
Change in net position - operations	\$ 1,039,610
Realized gain on private equity investment	(1,071,744)
Adjustments to reconcile operating income and net cash used by operating activities	
Increase in due to New Mexico Institute of Mining and Technology	18,935
Decrease in income taxes payable, interest and penalties	<u>(16,249)</u>
Net cash used in operating activities	<u>\$ (29,448)</u>

The accompanying notes are an integral part of these 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 - CONTINUED

Year Ended June 30, 2015

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for income taxes	<u>\$ 16,249</u>
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During 2015, the Corporation's private equity investment in RiskSense, Inc. was increased by \$2,123,641 to recognize unrealized gain.

During 2015, 40% (850,000 shares) of the Corporation's private equity investment in Computational Analysis and Network Enterprise Solutions, LLC (CAaNES) was sold for \$1,500,000 by financing that entire amount. The amount financed was reduced by \$344,017 to impute interest at 4.25%. A realized gain of \$1,071,744 was recorded as a result of this transaction.

Prior to the sale, the Corporation recorded accrued income in the amount of \$364,711 for its ownership interest in CAaNES. Subsequent to the sale, the Corporation recorded two notes payable to the Corporation in connection with pre-sale profits earned by CAaNES in the total amount of \$371,561.

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

The New Mexico Tech University Research Park Corporation (Corporation), a Component Unit of The New Mexico Institute of Mining and Technology (Institute), is a New Mexico not-for-profit corporation located in Socorro, New Mexico. On November 19, 2014, the Corporation became a not-for-profit entity effective July 1, 2013 subsequent to the issuance of the June 30, 2014 audit financial statements upon receipt of the IRS determination letter, which changed the status from a "C" Corporation, a taxable entity. 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.

The Corporation implemented Government Accounting Standards Board (GASB) Statement No. 62, "*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.

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). Deferred outflows of resources consumed and deferred inflows of resources received and available as they are now included in the elements that make up a statement of net financial position reporting the residual of all elements in a statement of financial position. The statement of financial position of the Corporation conforms to the presentation requirements of GASB 63.

The Corporation implemented 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 (FY14). There were no deferred outflows or inflows of resources to separately report at June 30, 2015.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3. Revenue and Cost Recognition

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 are typically derived by providing goods or services as well as recognition of income from sales of investments in exchange transactions. The Corporation did have one exchange transaction during the year ended June 30, 2015.

Operating expenses represent amounts paid to acquire or produce goods and services provided in return for operating revenues, and are necessary to carry out the mission of the Corporation. Examples of operating expenses are legal expenses, professional services, and certain taxes incurred from operations.

Non-operating revenues represent non-exchange transactions and investment income and unrealized appreciation in investments in which the Corporation received or gained value without directly giving a value in return. Examples of non-operating revenues include gains and losses from investments, interest income, and other income items. The Corporation had no non-operating expenses during the year ended June 30, 2015.

4. Net Position

Unrestricted net position represents resources whose use is not limited or restricted by time or purpose. Unrestricted net position has arisen primarily from the receipt of unrestricted investment gains less general and administrative expenses.

Restricted net position is net position that has third-party (statutory or granting agency) limitations on their use. There are no restricted net position assets at June 30, 2015.

5. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Corporation considers cash and cash equivalents to be cash held in bank at June 30, 2015.

6. Notes Receivable

Notes receivable are stated at net realizable value. Management reviews the collectability of its notes receivable and, if necessary, records an allowance for its estimate of uncollectible accounts. Notes receivable are uncollateralized. Bad debt history and current facts and circumstances are the primary basis for this estimate. When an account is deemed uncollectible, it is charged off against the allowance. There is no allowance for doubtful accounts deemed necessary at June 30, 2015.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

7. Private Equity Investments

Private equity investment represents ownership in closely held businesses, which are not publicly traded. Private equity investments are recorded in the financial statements on the accrual basis in accordance with US GAAP. These investments are recorded on the equity method of accounting in accordance with GASB 31 as the Corporation owns between 20% and 50% of the businesses and is able to exercise some level of control.

The Corporation's investment strategy for private equity investments is to directly invest in select information technology as well as research and development companies that support incubation to commercialization for such business activities associated with the Institute, which in turn operate with the objective of obtaining long-term growth and return on investment to the Corporation.

Private equity investments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. There was no impairment loss of private equity investments during 2015.

8. 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. Significant estimates used in preparing these financial statements include appreciation or impairment loss of private equity investments and an allowance for doubtful accounts on the notes receivable.

9. Income Taxes

The Corporation applied for and received tax exempt status under Section 501(c)(3) of the Internal Revenue Code as of July 2014, effective July 1, 2013. The Corporation engaged in no material unrelated activities and therefore no provision for income taxes has been made. The Corporation is classified as a public charity supporting the Institute and not a private foundation.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

9. Income Taxes - Continued

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. There were no uncertain tax positions taken by the Corporation for the year ended June 30, 2015. The Corporation's policy is to classify income tax penalties and interest, when applicable, within income tax expense. The Corporation paid \$16,249 in interest and penalties related to activities prior to becoming a 501(c)(3). Under the statute of limitations, the Corporation's tax returns are no longer subject to examination by tax authorities for years prior to 2012.

10. Subsequent Events

Subsequent events have been evaluated through October 30, 2015, 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, 2015. 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, 2015, the Corporation's deposits were exposed to custodial credit risk as follows:

	<u>First State Bank</u>
Total of deposits in the bank	\$ 138,461
FDIC coverage	<u>(138,461)</u>
Total uninsured funds	<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE B – CASH AND BANK DEPOSITS – CONTINUED

1. Custodial Credit Risk - Continued

Deposit classification in the financial statements at June 30, 2015 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	\$ 138,461	\$ -	\$ 138,461

NOTE C – PRIVATE EQUITY INVESTMENTS

As of June 30, 2014, the Corporation owned 3,850,000 of the outstanding member units (fifty percent) of Computational Analysis and Network Enterprise Solutions, LLC (CAaNES) which had an equity investment value of \$361,504. During 2015, the Corporation's equity balance in CAaNES was reduced to a net decrease of \$210,598 through recording of income for 2014 and receipt of distributions before the sale/merger. On May 1, 2015, CAaNES merged into RiskSense, Inc. (RiskSense) a Delaware Corporation. This occurred through an exchange of 3,850,000 shares of stock in RiskSense for the same proportionate ownership of RiskSense. Simultaneously with the exchange in ownership, the Corporation agreed to reduce their ownership to thirty percent by selling the other twenty percent back to RiskSense for \$1,500,000. The amount paid for purchase of 850,000 shares of stock in the amount of \$1,500,000 was financed by RiskSense issuing two zero interest rate notes to the Corporation in the amount of \$1,310,278 and \$189,722. These two loans were discounted by \$344,017 to impute interest at 4.25% resulting in a net principal amount of \$1,155,983 being recorded as of May 1, 2015. The Corporation recognized a gain on this transaction in the amount of \$1,071,742.

In accordance with the nonmonetary exchange guidance contained in GASB 31, the Corporation recognized the value of the thirty percent of RiskSense retained using the \$1,500,000 paid for the twenty percent. This equated to an initial value of \$2,250,000 being recorded as an investment in RiskSense and a resulting unrealized gain of \$2,123,641.

Since no income for RiskSense has been reported, the Corporation's 3,000,000 shares of common stock valued at \$.75 per share is stated at \$2,250,000 as of June 30, 2015.

NOTE D – NOTES RECEIVABLE

The Corporation holds a first unsecured note receivable from RiskSense with a face value of \$1,310,278 dated May 1, 2015, as partial payment for 20% of the ownership in RiskSense. This note was made at zero percent interest; therefore the Corporation imputed interest on the note using a rate of 4.25% (prime + 1%), which resulted in the loan principal balance of \$979,043

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE D – NOTES RECEIVABLE – CONTINUED

based on the present value of the note. The note will be repaid in ten annual payments of \$131,028 beginning on or before December 31, 2017. This note may be subordinated to future senior financing not to exceed \$1,000,000. Additionally, a change in ownership of RiskSense of fifty percent or more would cause all remaining amounts due under this note to become due and payable at that time. Unamortized discount is amortized to earnings on the straight-line method over the life of the loan.

The Corporation holds a second unsecured note receivable from CAaNES with a face value of \$189,722 dated April 30, 2015, as partial payment for 20% of the ownership in RiskSense. This note was made at zero percent interest; therefore the Corporation imputed interest on the note using a rate of 4.25 percent (prime + 1%) which resulted in the loan principal balance of \$176,940 based on the present value of the note. The note will be repaid with a single payment of \$189,722 due by December 31, 2016. This note may be subordinated to future senior financing not to exceed \$1,000,000. Additionally, a change in ownership of RiskSense of fifty percent or more would cause this note to become due and payable at that time. Unamortized discount is amortized to earnings on the straight-line method over the life of the loan.

The Corporation holds a third unsecured note receivable from CAaNES with a face value of \$144,000 dated April 30, 2015, as distribution of a portion of 2013 undistributed earnings of CAaNES. This note was made at 4.25 percent (prime + 1%), and will be repaid with ten annual payments of \$17,976 beginning December 31, 2016. This note also required a payment of \$12,500 representing interest on the unpaid distributions since December 31, 2013. This note may be subordinated to future senior financing not to exceed \$1,000,000.

The Corporation holds a fourth unsecured note receivable from CAaNES with a face value of \$227,561 dated April 30, 2015, as distribution of a portion of 2014 undistributed earnings of CAaNES. This note was made at 4.25 percent (prime + 1%), and will be repaid with ten annual payments of \$28,406 beginning on or before December 31, 2016. This note may be subordinated to future senior financing not to exceed \$1,000,000.

NOTE E – RELATED PARTY TRANSACTIONS

The Institute provides, on a rent-free basis, the Corporation's office space. This amount is not significant to report as in-kind lease revenue with an offset to in-kind lease expense in the same amount.

The Corporation has an obligation due to the Institute in the amount of \$58,013. Of this amount, \$39,078 relates to amounts paid in prior years on behalf of the Corporation by the Institute for start up costs and legal fees. Additionally, during the year ended June 30, 2015, the Institute paid an additional \$18,935 in legal fees.

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

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

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 – NEW ACCOUNTING STANDARD

Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* (GASB 72) provides guidance for determining a fair value measurement for financial accounting and reporting purposes and requires additional disclosures related to fair value measurements. GASB 72 defines *fair value* as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement sets fair value to be described as an exit price. GASB 72 requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. GASB 72 establishes a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels: Level 1 inputs are quoted prices (unadjusted) in active markets. Level 2 inputs are inputs - other than quoted prices - that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs.

Fair value application generally requires investments to be measured at fair value. An *investment* is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. Investments not measured at fair value continue to include, for example, money market investments, 2a7-like external investment pools, investments in life insurance contracts, common stock meeting the criteria for applying the equity method, unallocated insurance contracts, and synthetic guaranteed investment contracts. GASB 72 requires measurement at acquisition value (an entry price) for donated capital assets, donated works of art, historical treasures, and similar assets and capital assets received in a service concession arrangement. These assets were previously required to be measured at fair value.

GASB 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Governments should organize these disclosures by type of asset or liability reported at fair value. It also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent) GASB 72 is applicable for financial statements for periods beginning after June 15, 2015 (FY 16).

SUPPLEMENTARY INFORMATION

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

**SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000
 (EXCLUDING GRT)
 (UNAUDITED)**

As of June 30, 2015

RFB#/RF P#	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address per the procurement documentation, of <u>ALL</u> Vendor(s) that responded	Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A	Brief Description of the Scope of Work

No contracts exceeded \$60,000 in the current year.



CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS

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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 Directors
The New Mexico Tech University Research Park Corporation
and
Mr. Timothy Keller
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, 2015, and have issued our report thereon dated October 30, 2015.

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.

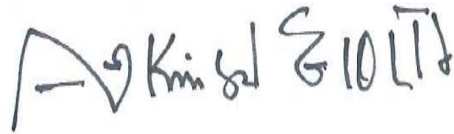
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did 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 logo to the left consisting of a large 'A' and a checkmark-like shape.

Atkinson & Co., Ltd.

Albuquerque, New Mexico
October 30, 2015

SUMMARY OF AUDIT FINDINGS

Year Ended June 30, 2015

Prior Year Finding Description

Findings in Accordance with 2.2.2 NMAC (State Audit Rule)

None

Findings – Financial Statement Audit

None

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, 2015

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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 October 27, 2015 and attended by the following:

For The New Mexico Tech University Research Park Corporation:

Donald Monette	President
Lonnie Marquez	Director
W.D. Peterson	Director
Richard Cervantes	Director
Jenny Ma	Accountant
Colleen Guengerich	Executive Director

For Atkinson & Co., Ltd.:

Clarke Cagle, CPA, CCIFP, CGFM	Audit Director
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