



**NEW MEXICO TECH**  
SCIENCE • ENGINEERING • RESEARCH • UNIVERSITY

**AUDIT REPORT 2009**  
*For the year ending June 30, 2009*



*Photo by Tom Kauri*

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# New Mexico Institute of Mining and Technology

## Official Roster

June 30, 2009

### Board of Regents

#### Ex Officio Members:

|                               |                                     |
|-------------------------------|-------------------------------------|
| The Honorable Bill Richardson | Governor of the State of New Mexico |
| Dr. Viola Florez              | Cabinet Secretary, Higher Education |

#### Appointed Members:

|                      |                     |
|----------------------|---------------------|
| Ann Murphy Daily     | President           |
| Jerry A. Armijo      | Secretary/Treasurer |
| Abe Silver, Jr.      | Member              |
| Richard N. Carpenter | Member              |
| William Villanueva   | Member              |

### Principal Administrative Officials

|                    |  |
|--------------------|--|
| Daniel H. López    | President  |
| Lonnie G. Marquez  | Vice President for Administration and Finance                |
| Peter F. Gerity    | Vice President for Academic Affairs                          |
| Ricardo T. Maestas | Vice President for Student and University Relations          |
| Van D. Romero      | Vice President for Research and Economic Development         |
| Peter A. Scholle   | Director, New Mexico Bureau of Geology and Mineral Resources |
| Robert L. Lee      | Director, New Mexico Petroleum Recovery Research Center      |
| John L. Meason     | Director, Energetic Materials Research and Testing Center    |
| Arleen Valles      | Director of Finance  |
| Anna McLain        | Director of Sponsored Projects                               |
| Leyla A. Sedillo   | Associate Vice President for Budget and Analysis             |
| Alex K. Thyssen    | Internal Auditor   |

## Independent Auditors' Report

Board of Regents  
New Mexico Institute of  
Mining and Technology  
Socorro, New Mexico  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor

We have audited the accompanying financial statements of the business-type activities, each discretely presented component unit and the fiduciary fund of the New Mexico Institute of Mining and Technology (Institute) as of and for the year ended June 30, 2009, as listed in the table of contents. We have also audited the budget comparison presented as supplementary information for the year ended June 30, 2009, as listed in the table of contents. These financial statements and budgetary comparisons are the responsibility of the Institute's management. Our responsibility is to express opinions 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 Institute'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.

As discussed in Note 1, the financial statements of the Institute are intended to present the financial position and the changes in financial position, where applicable, cash flows, of only that portion of the business-type activities of the State of New Mexico that is attributable to the transactions of the Institute. They do not purport to, and do not present

Board of Regents  
New Mexico Institute of  
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Socorro, New Mexico  
and  
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New Mexico State Auditor

fairly the financial position of the State of New Mexico as of June 30, 2009, and the changes in its financial position its cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities, each discretely presented component unit and the fiduciary fund of the Institute as of June 30, 2009, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the budget comparisons referred to above present fairly, in all material respects the budget comparison for the year ended June 30, 2009 in conformity with the budgetary basis of accounting prescribed by the New Mexico Administrative Code, and more fully described in Note 1, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2009, on our consideration of the Institute's internal control over financial reporting and 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.

Management's Discussion and Analysis, presented on pages 4 through 14, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Board of Regents  
New Mexico Institute of  
Mining and Technology  
Socorro, New Mexico  
and  
Mr. Hector Balderas  
New Mexico State Auditor

Our audit was conducted for the purpose of forming opinions on the financial statements, that collectively comprise the Institute's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by US Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. In addition, the Schedule of Deposit Collateral and the Schedule of Changes in Assets and Liabilities are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, the Schedule of Changes in Assets and Liabilities and the Schedule of Deposit Collateral have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Moss Adams LLP*

Albuquerque, New Mexico  
November 12, 2009



**NEW MEXICO INSTITUTE OF MINING & TECHNOLOGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2009**

The New Mexico Institute of Mining and Technology (New Mexico Tech) Management's Discussion and Analysis of annual financial statements provide an overview of New Mexico Tech's financial activities for the fiscal year ending June 30, 2009. Also included is a 2008 financial summary for comparison purposes. This annual report is the seventh year the financial statements are presented in the Governmental Accounting Standard Board Statements (GASB) 34 and 35 reporting format. New Mexico Tech, as do all of New Mexico colleges and universities, uses the Business Type Activity (BTA) format to report the financial statements.

The purpose of the Management's Discussion and Analysis (MDA) is to provide users of this report a brief overview of the year's activities as they relate to the funds and assets administered by New Mexico Tech. The MDA is a written discussion of the primary financial statements included in the annual report. It also provides the reader with a discussion of the major activities that occurred during the year and the effect of the activities to New Mexico Tech.

A brief summary is provided for the following financial reports:

- Statement of Net Assets (SNA);
- Statement of Revenues, Expenses and Changes in Net Assets (SRECNA); and
- Statement of Cash Flow.

The MDA gives New Mexico Tech's management a forum to analyze the activities for the fiscal year, including, but not limited to, a comparison of current fiscal year to last year's financial summary, enrollment data, research activities and capital projects. The report gives the reader a written assessment of the impact of the decisions made during the year that support the mission of New Mexico Tech. Therefore, the MDA begins with a brief description of the primary financial statements.

**Statement of Net Assets (SNA)**

The Statement of Net Assets is a report of the financial and capital resources managed by New Mexico Tech. The SNA is a summary of New Mexico Tech's assets and liabilities, and, it is a "snapshot" of New Mexico Tech at the close of business at the date of the statement—in this case June 30, 2009.



**NEW MEXICO INSTITUTE OF MINING & TECHNOLOGY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**Year Ended June 30, 2009**

The statement format used by New Mexico Tech is Assets less Liabilities equals Net Assets. Assets and liabilities are presented in the order of their liquidity. Thus, the current assets and current liabilities are listed before non-current assets and non-current liabilities.

New Mexico Institute of Mining and Technology  
 Comparative Statement of Net Assets (in thousands)  
 For the two years ending June 30, 2009

|                                    | Balance<br>30-Jun-08 | Balance<br>30-Jun-09 | %<br>Change |
|------------------------------------|----------------------|----------------------|-------------|
| <b>Current Assets</b>              |                      |                      |             |
| Cash & Cash Equivalents            | \$ 34,654            | 33,114               | -4.4%       |
| Short Term Investments             | 2,355                | 17,027               | 623.0%      |
| Receivables, Net                   | 13,920               | 9,360                | -32.8%      |
| Inventories                        | 1,460                | 1,396                | -4.3%       |
| Other Assets                       | 2,298                | 2,245                | -2.3%       |
|                                    | <u>54,687</u>        | <u>63,142</u>        | 15.5%       |
| <b>Non-Current Assets</b>          |                      |                      |             |
| Restricted Cash & Cash Equivalents | 6,315                | 11,200               | 77.4%       |
| Endowment Investments              | 26,147               | 23,102               | -11.6%      |
| Other Long Term Investments        | 30,824               | 26,130               | -15.2%      |
| Capital Assets net                 | 126,498              | 136,615              | 8.0%        |
|                                    | <u>189,784</u>       | <u>197,047</u>       | 3.8%        |
| <b>Total Assets</b>                | <u>\$ 244,471</u>    | <u>260,189</u>       | 6.4%        |
| <b>Current Liabilities</b>         |                      |                      |             |
| Total Current Liabilities          | \$ 19,094            | 26,044               | 36.4%       |
|                                    | <u>19,094</u>        | <u>26,044</u>        | 36.4%       |
| <b>Non-Current Liabilities</b>     |                      |                      |             |
| Non Current Liabilities            | 8,517                | 10,932               | 28.4%       |
|                                    | <u>8,517</u>         | <u>10,932</u>        |             |
| <b>Total Liability</b>             | <u>27,611</u>        | <u>36,976</u>        | 33.9%       |
| <b>Net Assets - Capital</b>        |                      |                      |             |
| Capital Assets Net                 | 126,498              | 136,615              | 8.0%        |
| Restricted Net Assets              | 59,038               | 68,883               | 16.7%       |
| Unrestricted Net Assets            | 31,324               | 17,715               | -43.4%      |
|                                    | <u>216,860</u>       | <u>223,213</u>       | 2.9%        |
|                                    | <u>\$ 244,471</u>    | <u>260,189</u>       | 6.4%        |

**NEW MEXICO INSTITUTE OF MINING & TECHNOLOGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2009**

Total assets increased \$15.7 million or 6.4%. Several categories in the asset classification had significant changes during the fiscal year.

- Short Term Investments increased \$14.7 million because cash was transferred during the year to NM State Treasures LGIP Fund because of the higher rate of return.
- Net Receivables decreased \$4.6 million because collections were up in the grant and contracts.
- Total current assets increased \$8.5 million mainly because Contracts and Grants Receivable decrease
- Non-Current Asset increased \$7.3 million dollars.
- Restricted Cash increased \$4.9 million dollars because of the deposit or prepayment for the MRO construction project.
- Capital assets, net of depreciation, increased \$10.0 million because of the addition of Kelly Building and Jones Hall.
- Total Liabilities increase \$5.5 million dollars. The increase is due mainly in the non-current liability of compensated absences.

Net Assets is divided into three categories:

- Invested in capital assets, net of related debt: This category consists of capital assets reduced by outstanding debt and accumulated depreciation. The net increased \$6.9 million represents the additional equipment and capital construction projects capitalized during the year. Also included in the net is the addition depreciation expense. See footnote number 3 for more detail.
- Restricted net assets: This category is subdivided into non-expendable and expendable. The non-expendable is restricted assets that are for investment purposes only, such as endowments. Expendable restricted assets are available for expenditures restricted by the creditor, donor or other external source such as grants and contracts. This category increased \$9.8 million.
- Unrestricted net assets: This category reports the assets available to New Mexico Tech for any lawful purpose. These funds decrease \$6.5 million, due mostly to the investment in capital assets, offset partially by the increase of net assets from revenues and expenditures and the increase in New Mexico Tech share of the New Mexico Land Grant Permanent Fund.

**NEW MEXICO INSTITUTE OF MINING & TECHNOLOGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2009**

**Statement of Revenue, Expenses and Changes in Net Assets (SRECNA)**

The Statement of Revenues, Expenses and Changes in Net Assets (SRECNA) is a report of New Mexico Tech's economic activity for the twelve-month period or fiscal year ending June 30, 2009. The SRECNA reports the revenues and expenses for one-year's activity, unlike the SNA which is a snapshot of New Mexico Tech as of the date of the statement. Operating and non-operating revenues and expenditures are reported in this statement.

Operating revenues are received to provide goods and services to the constituencies of New Mexico Tech. The operating revenue includes; tuition, federal, state and private grants and contracts and auxiliary service fees.

- Total operating revenue increased \$4.8 million.
- Net tuition revenue increased \$598 thousand.
- Grants and contracts revenue increased \$485 thousand compared to a decrease of \$3.4 million last year.
- All other income increased \$3.7 million.

Operating expenses are the cost of providing the good and services for the operating revenue received.

- Total operating expenses increased \$12.1 million.
- The instruction and general expenditures decreased \$1.1 million.
- Research and other sponsored expenditures increased \$8.4 million.
- The net operating loss for this fiscal year is \$43.3 million compared to last year's net operating loss of \$36.0 million. The GASB required reporting format is mandated to not include state support as operating revenue. New Mexico Tech and all state universities will report an operating loss from operations.
- Non-operating revenues are funds or commitments received in support of the institute, but do not provide for the operation of the institute, such as interest income, gifts and endowments. The one major exception for public colleges and universities is state appropriations. GASB 34/35 requires state appropriations to be included as non-operating revenues, even though those revenues are in direct support of the educational mission of the institute. Instruction and general expenses are reported as operating expenses, therefore, because of the anomaly, an operating loss is reported each year. Non-operating expenses are the expenditure or investment of the funds received from non-operating sources.

**NEW MEXICO INSTITUTE OF MINING & TECHNOLOGY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**Year Ended June 30, 2009**

The non-operating revenues decreased \$3.7 million compared to last year due to the state budget reduction for fiscal year 2008 of \$3.1 million.

**New Mexico Institute of Mining and Technology**  
**Comparative Statement of Revenues, Expenses, and Changes in Net Assets (in the thousands)**

|   | 30-Jun-08          | 30-Jun-09       | %<br>Change  |
|---|--------------------|-----------------|--------------|
| <b>Operating Revenues</b>                           |                    |                 |              |
| Tuition & Fees                                      | \$ 8,001           | 8,771           | 9.6%         |
| Less Discount Scholarship Allowance                 | (2,527)            | (2,699)         | 6.8%         |
| Grants & Contracts                                  | 86,314             | 87,129          | 0.6%         |
| State L&P   | 1,338              | 1,282           | -4.2%        |
| Sales & Services of Auxiliaries                     | 4,771              | 4,887           | 2.4%         |
| Less Discount Scholarship Allowance                 | (957)              | (965)           | 0.8%         |
| Other   | 5,587              | 9,238           | 65.3%        |
| <b>Total Operating Revenues</b>                     | <b>\$ 102,527</b>  | <b>107,643</b>  | <b>4.7%</b>  |
| <b>Operating Expense</b>                            |                    |                 |              |
| Instruction   | \$ 15,471          | 15,554          | 0.5%         |
| Academic Support                                    | 2,093              | 1,694           | -19.0%       |
| Student Services                                    | 3,010              | 2,151           | -28.5%       |
| Institutional Support                               | 5,901              | 6,179           | 4.7%         |
| O & M   | 6,227              | 6,073           | -2.5%        |
| Research  | 81,475             | 91,837          | 10.3%        |
| Public Service                                      | 2,387              | 2,964           | 24.2%        |
| Student Aid   | 4,508              | 6,587           | 46.1%        |
| Auxiliaries   | 4,326              | 4,610           | 6.6%         |
| Expense related to tuition discounts and allowances | (3,484)            | (3,664)         | 5.2%         |
| Depreciation  | 7,383              | 7,294           | -2.5%        |
| Independent Operations                              | 4,344              | 4,416           | 1.7%         |
| Other   | 4,861              | 4,078           | 44.3%        |
| <b>Total Operating Expense</b>                      | <b>138,502</b>     | <b>149,773</b>  | <b>8.8%</b>  |
| <b>Operating Loss</b>                               | <b>\$ (35,975)</b> | <b>(42,130)</b> | <b>20.4%</b> |

NEW MEXICO INSTITUTE OF MINING & TECHNOLOGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2009

**Non-Operating Revenues**

|      |  |                  |                |         |
|------|--|------------------|----------------|---------|
| C100 | State Appropriations                         | \$ 45,272        | 42,178         | -6.8%   |
| C200 | Gifts  | 1,564            | 1,307          | -16.4%  |
| C300 | Interest & Investment Income (Loss)          | 3,456            | (4,272)        | -95.2%  |
| C400 | Other  | 1,037            | 967            | -16.7%  |
| D100 | Capital Appropriations                       | 4,368            | 9,879          | 126.1%  |
| D200 | Capital Gifts & Grants                       | 604              | -              | -100.0% |
| D250 | Int & Oth Exp on Cap Related Debt            | (30)             | -              | -445.1% |
| D300 | Additions to Permanent Endowments            | 346              | (1,576)        | -555.3% |
|      | <b>Total Non-Operating Revenues</b>          | <u>56,617</u>    | <u>48,483</u>  | -6.5%   |
|      | <b>Total Operating Revenues</b>              | 102,528          | 107,643        | 4.7%    |
|      | <b>Total Non-Operating Revenues</b>          | <u>56,617</u>    | <u>48,483</u>  | -6.5%   |
|      | <b>Total Revenues</b>                        | <u>159,145</u>   | <u>156,126</u> | 0.7%    |
|      | <b>Total Operating Expense</b>               | <u>138,502</u>   | <u>149,773</u> | 8.8%    |
|      | <b>Net Increase (Decrease) in net assets</b> | <u>\$ 20,642</u> | <u>6,353</u>   | -53.4%  |

**Statement of Cash Flows**

The Statement of Cash Flows is a summary of the sources and uses of funds received by New Mexico Tech. The statement is presented in five sections. Each section is a summary of the funds received to that particular activity and the funds used for the activity. The Statement of Cash Flows includes:

- Cash flows from operating activities;
- Cash flow from non-capital financing activities;
- Cash flow from capital and related financing activities;
- Cash flow from investment activities; and
- Reconciliation of operating income (loss) to net cash provided (used) by operating activities.

Note: The New Mexico Institute of Mining and Technology Foundation statements are included as a component unit, but its operations are not managed or controlled by New Mexico Tech.

**NEW MEXICO INSTITUTE OF MINING & TECHNOLOGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2009**

**Comparison of Budget to Actual**

Included in this audit report is a Budget Comparison Summary of the original budget to the final budget to the actual revenue and expenses for the current unrestricted funds and the current restricted funds. This report is required by the New Mexico State Auditor. The report is in a fund accounting format, which is used for accounting and budgeting by the State of New Mexico. Four budget adjustment requests (BAR) were file and approved by the Department of Higher Education during the year

The Original Budget and the Final Budget are compared to Actual Revenues and Expenditures reflect the changes in the original budget at New Mexico Tech compared to the final outcome.

The restricted current funds revenues and expenditures budget comparisons are submitted for informational purposes. Unlike the unrestricted current fund, the activity for restricted current funds does not coincide with the New Mexico Tech fiscal year.

**Capital Asset and Debt Administration**

The replacement of the New Mexico Tech aged and dilapidated hot and chilled water system continue to be the top priority for capital projects. A State of New Mexico General Obligation Bond for \$8.0 million was authorized by the 2008 legislative session. The voter approved the Bonds in the November 2008 election.

A request for bid was issued for loop project in September 2009. Only two bids were received. A protest was filed by the highest bidder. A new request for bid will be issued to encourage more companies to submit bids. The project planned to begin construction by February 2010.

Renovation of Jones Hall is still in progress. The major replacement of the buildings mechanical system has been completed, however, as with all remodel projects, new problems arise and are being addressed as we move forward. Jones Hall is being fully utilized for teaching and research. Kelly Hall addition has been completed, occupied and dedicated in October 2009. The new Civil Engineer lab behind Workman Center requires additional upgrades to meet program certification requirements. Upgrades will continue and are scheduled for completion by Fall 2010.

The Refunding and Improvement Revenue Bond Series 1998 was paid in full on May 2008. The Institute does not have any outstanding long term debt at this time. However, We are the early planning for a new dormitory. Detail of the project are still in the discussion stages.

NEW MEXICO INSTITUTE OF MINING & TECHNOLOGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2009

**Currently Known Facts**

*Enrollment*

Enrollment at New Mexico Tech continues to remain relatively unchanging for the last several years. Student credit hours by fiscal year are as follows:

- FY 06 student credit hours 44,628;
- FY 07 student credit hours 44,419;
- FY 08 student credit hours 44,985;
- FY 09 student credit hours 44,822.

Although total enrollment credit hours has not increase beyond the 5% threshold of the base year, the upper division and the graduate credit hours have increased significantly compared to the lower division credit hours. The higher value of the upper division hours increased the 2010 funding for the instruction. Even though the 2010 budget was eligible for additional funding to support the educational mission of New Mexico Tech, it failed to materialize because the state funding was much less then expected for Higher Education. Without the budget cuts, New Mexico Tech was eligible for an additional \$2.2 million dollars in formula growth. A cut of 5.5% to the educational support formula, an increase in the employer share of 1.08% to Educational Retirement Board and the reduction in the Equipment Renewal and Replacement Formula, resulted in final increase of the I&G formula for 2010 of only \$1.0 million.

*Higher Education Funding, Formula*

The funding formula for higher education in New Mexico rewards universities who grow their enrollment by more than 3%; otherwise, they are funded at the SCH in their base year. New Mexico Tech's new base year is 2008. The New Mexico Higher Education Department, along with representatives of the universities and two year schools, continue reviewing the formula and its future financial impact on higher education in state. The forecast for high school graduation rates in New Mexico continues to be discouraging because of smaller class sizes and low graduation rates. Smaller high school graduating class means fewer students are in the pipeline to attend New Mexico colleges and universities.

Despite the budget reductions, inflationary factors, such as health insurance, utilities and risk management insurance continue to rise.. The "cost of opening the doors" expenses continue to be a top priority. The separate funding mechanism used to fund these cost are embedded into the funding formula, but it is uncertain that any new increase will be included in the 2011 budget.



**NEW MEXICO INSTITUTE OF MINING & TECHNOLOGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2009**

**Research**

Research continues to provide a public service to the community and enhances the education experience for the students. Most students have hands-on experience in their major field of study. This is a rare opportunity for students, and it is provided by only a select few universities in the world.

Research at New Mexico continues to have an excellent year. Research expenditures increased to \$89.8 million compared to \$81.5 million in 2008. Research revenue is 56.0% of total revenues and 80.1% of Operating Revenue. Research expenditures are 59.7% of total operating expenses.

The leading research center continues to EMRTC. Under the EMRTC umbrella the following center are; Playas Training Center, Institute for Complex System Analysis (ICASA) and Engineering Research and Application (IERA). As the EMRTC departments expand their sphere of influence they continue to procure long term contracts that help stabilize their programs.

Additionally, all of the research centers are operating with in their financial restraints. The Bureau of Geology, Petroleum Research and Recovery Center and International Law Enforcement Academy are all recipient of state fund to support their mission. This funding source is receiving the deepest budget cuts for the fiscal year 2010. However, the budgets are being closely monitored by their staff.

The Magdalena Ridge Observatory interferometer is still under construction, but completion is expected to be on schedule. The single telescope is operational. It has participated in many astronomical projects. Include one of four telescopes that tracked the NASA experiment that crash into the moon to detect water.

**Economic Outlook**

The economic outlook for New Mexico Tech over the next four to five years has gone from optimistic to wait and see to serious state budget reduction for expenditures. Revenue forecast for the State of New Mexico required New Mexico Tech to reduce the 2010 budgets by up to 4.0% for the I&G budget and 6.5% for the special projects. This is after we reduced our 2009 state budgets by 2.5%. The administration reduced all 2010 budgets by 3.5% before the 2009 Special Session in anticipation of the budget cut. In anticipation of further budget cuts for FY 2010 at the January 2010 session, the cuts by the administration will not be changed. New Mexico Tech is closely monitoring the expenditure they can control, including freezing all new hires to the I&G budget also cuts to, travel and supplies. Any unnecessary expenses are being eliminated.

**NEW MEXICO INSTITUTE OF MINING & TECHNOLOGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2009**

The research and public services programs are aggressively seeking new funding. Because of New Mexico Tech's national and international reputation as an outstanding research university, their services are in demand. The research programs enhance the teaching, research and economic development missions of New Mexico Tech. the local community and the state.

The longevity of the established programs has help solidify their funding. Recognizing the possibility of the turnover several years ago, we have changed the focus of funding requests from the legislature branch to the agencies. This redirection has helped insure programs continue to be funded whoever is in office.

The New Mexico Tech Admission office has increased its recruitment efforts out of state, in such states as Texas, California, Arizona and Florida. These states are ripe for recruitment because their universities are at or near full capacity, and they have a large Hispanic population. New Mexico Tech did reach its goal of being recognized as a Hispanic Serving Institution. Hispanic enrollment at New Mexico Tech has reached the threshold of 25%. By qualifying as a Hispanic serving institution more research and grant, plus other funding opportunities' are available to New Mexico Tech.

**Capital Projects**

Magdalena Ridge Observatory is estimated at \$50 million construction project. The first phase of the construction, the single telescope, is completed and operational. The second phase of the construction, the interferometer is expected to be complete and operation within the next two year.

As mentioned earlier in this report, the main campus utility infrastructure is defective. During the colder months more failures occur in the hot water loop, however the Facilities Management Department has the necessary staff, equipment and supplies to quickly repair the failures. Each failure requires the entire system to be shut down until the broken line is fixed. When the system is off, the campus is with out heat and domestic hot water. The system's failure is caused by its age (over 25 years old), construction activity on the campus, including the roof repairs and replacements due to the October 2004 hail storm, and a 2.9 earthquake on October 2005 whose epicenter was two miles from the campus.

**NEW MEXICO INSTITUTE OF MINING & TECHNOLOGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2009**

The number one capital funding request from the 2010 New Mexico State Legislature is the construction of a new Geology Building to house the Bureau of Geology. The estimated cost first phase of the new building is estimated to be \$24.2 million for a 65,000 square foot building to be located west of the Library on Bullock Street. The Higher Education Department has supported the new building with funding of \$15 million for inclusion in the 2011 General Obligation Bond. This will not be enough to complete the project but as with most state funded projects it will help to begin the construction progress with the anticipation that funding in following years will become available.

**Requests for Information**

Questions concerning any of the financial information provided in this report or requests for additional information should be addressed to Lonnie G. Marquez, Vice President for Administration and Finance, New Mexico Institute of Mining and Technology, 801 Leroy Place, Socorro, New Mexico 87801-4796. There are separately issued financial statements available for the New Mexico Tech Research Foundation and New Mexico Tech University Research Park Corporation, the component units of the Institute. These are available at the same location.

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
STATEMENT OF NET ASSETS  
June 30, 2009

| ASSETS  | Institute             | Component Units |                   |
|---|-----------------------|-----------------|-------------------|
|   |                       | Research Park   | Foundation        |
| <b>Current Assets</b>   |                       |                 |                   |
| Cash and cash equivalents   | \$ 33,113.638         | 29,419          | 1,189,096         |
| Short-term investments  | 17,026.451            | -               | 12,848,789        |
| Contract and grant receivables  | 8,300.528             | -               | -                 |
| Student accounts receivable, net of allowance for doubtful receivables of \$448,454 | 200.080               | -               | -                 |
| Other accounts receivable   | 859.420               | -               | 208,765           |
| Inventories   | 1,396.481             | -               | -                 |
| Other assets  | 2,245.136             | -               | 115,808           |
| <b>Total current assets</b>   | <b>63,141.734</b>     | <b>29,419</b>   | <b>14,362,458</b> |
| <b>Noncurrent Assets</b>  |                       |                 |                   |
| Restricted cash and cash equivalents  | 11,200.376            | -               | -                 |
| Endowment investments   | 23,102.072            | -               | -                 |
| Other long-term investments   | 26,129.447            | -               | 1,552,720         |
| Capital assets, net of accumulated depreciation                                     | 136,615.132           | -               | 5,209,092         |
| <b>Total noncurrent assets</b>  | <b>197,047.027</b>    | <b>-</b>        | <b>6,761,812</b>  |
| <b>Total assets</b>   | <b>\$ 260,188,761</b> | <b>29,419</b>   | <b>21,124,270</b> |
| <b>LIABILITIES</b>  |                       |                 |                   |
| <b>Current Liabilities</b>  |                       |                 |                   |
| Accounts payable and accrued payroll  | \$ 7,285,251          | -               | 3,710             |
| Accrued compensated absences  | 3,484,325             | -               | -                 |
| Due to primary government   | -                     | 39,078          | 749,902           |
| Other liabilities   | -                     | -               | 528,830           |
| Deferred revenue  | 15,274.140            | -               | -                 |
| <b>Total current liabilities</b>  | <b>26,043,716</b>     | <b>39,078</b>   | <b>1,282,442</b>  |
| <b>Noncurrent Liabilities</b>   |                       |                 |                   |
| Deposits  | 70,389                | -               | -                 |
| Accrued compensated absences  | 6,861,429             | -               | -                 |
| Other noncurrent liabilities  | 4,000,000             | -               | -                 |
| <b>Total noncurrent liabilities</b>   | <b>10,931,818</b>     | <b>-</b>        | <b>-</b>          |
| <b>Total liabilities</b>  | <b>36,975,534</b>     | <b>39,078</b>   | <b>1,282,442</b>  |
| <b>NET ASSETS</b>   |                       |                 |                   |
| Invested in capital assets  | 136,615.132           | -               | 5,209,092         |
| Restricted for  |                       |                 |                   |
| Non expendable  | 42,141,590            | -               | 1,666,298         |
| Expendable  |                       |                 |                   |
| Scholarships, research, instruction, and other                                      | 3,918,038             | -               | -                 |
| Loans   | 1,646,490             | -               | -                 |
| Capital projects  | 21,176,786            | -               | -                 |
| Unrestricted (deficit)  | 17,715,191            | (9,659)         | 12,966,438        |
| <b>Total net assets</b>   | <b>223,213,227</b>    | <b>(9,659)</b>  | <b>19,841,828</b> |
| <b>Total net assets and liabilities</b>   | <b>\$ 260,188,761</b> | <b>29,419</b>   | <b>21,124,270</b> |

See Notes to Financial Statements.

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
Year Ended June 30, 2009

|   | Institute          | Component Units |                  |
|---|--------------------|-----------------|------------------|
|   |                    | Research Park   | Foundation       |
| Operating revenues                                  |                    |                 |                  |
| Tuition and fees                                    | \$ 8,770,794       | -               | -                |
| Tuition discounts and allowances                    | (2,699,669)        | -               | -                |
| Federal grants and contracts                        | 59,142,704         | -               | -                |
| State and local grants and contracts                | 6,147,050          | -               | -                |
| Private grants and contracts                        | 18,873,490         | -               | -                |
| Other grants and contracts                          | 2,966,727          | -               | -                |
| State land and permanent fund income                | 1,282,182          | -               | -                |
| Sales and services of auxiliary enterprises         | 4,887,275          | -               | -                |
| Tuition discounts and allowances                    | (964,756)          | -               | -                |
| Other   | 9,237,085          | 36,543          | 99,881           |
| <b>Total operating revenues</b>                     | <b>107,642,882</b> | <b>36,543</b>   | <b>99,881</b>    |
| Expenses  |                    |                 |                  |
| Instruction and general                             |                    |                 |                  |
| Instruction   | 15,554,407         | -               | -                |
| Academic support                                    | 1,694,439          | -               | -                |
| Student services                                    | 2,150,805          | -               | -                |
| Institutional support                               | 6,178,685          | -               | -                |
| Operations and maintenance support                  | 6,072,689          | -               | -                |
| Research  | 37,427,777         | -               | -                |
| Other sponsored activities                          | 54,409,394         | -               | -                |
| Public service                                      | 2,964,157          | -               | -                |
| Student aid grants and stipends                     | 6,587,260          | -               | -                |
| Auxiliary enterprises                               | 4,610,442          | -               | -                |
| Expense related to tuition discounts and allowances | (3,664,425)        | -               | -                |
| Independent operations                              | 4,416,414          | -               | -                |
| Other expenditures                                  | 4,077,197          | 51,049          | 1,101,234        |
| Depreciation and amortization                       | 7,293,635          | -               | 593,620          |
| <b>Total operating expenses</b>                     | <b>149,772,876</b> | <b>51,049</b>   | <b>1,694,854</b> |
| Operating (loss)                                    | \$ (42,129,994)    | (14,506)        | (1,594,973)      |

See Notes to Financial Statements.

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS (CONTINUED)  
Year Ended June 30, 2009

|  | Institute             | Component Units |                    |
|--|-----------------------|-----------------|--------------------|
|  |                       | Research Park   | Foundation         |
| Non operating revenues                           |                       |                 |                    |
| State appropriations                             | \$ 42,178,465         | -               | -                  |
| Gifts  | 1,306,837             | -               | -                  |
| Interest and investment income (loss)            | (4,272,405)           | -               | (3,129,493)        |
| Net nonoperating revenues (loss)                 | <u>39,212,897</u>     | <u>-</u>        | <u>(3,129,493)</u> |
| <br>   |                       |                 |                    |
| Income (loss) before other revenues and expenses | <u>(2,917,097)</u>    | <u>(14,506)</u> | <u>(4,724,466)</u> |
| <br>   |                       |                 |                    |
| Other revenues (expenses)                        |                       |                 |                    |
| Capital appropriations                           | 9,878,620             | -               | -                  |
| Other  | 967,170               | -               | (17,802)           |
| Deletions to permanent endowments                | (1,575,828)           | -               | -                  |
| Net other revenues (expenses)                    | <u>9,269,962</u>      | <u>-</u>        | <u>(17,802)</u>    |
| <br>   |                       |                 |                    |
| Net increase (decrease) in net assets            | <u>6,352,865</u>      | <u>(14,506)</u> | <u>(4,742,268)</u> |
| <br>   |                       |                 |                    |
| Net assets, beginning of year                    | <u>216,860,362</u>    | <u>4,847</u>    | <u>24,584,096</u>  |
| <br>   |                       |                 |                    |
| Net assets, end of year                          | <u>\$ 223,213,227</u> | <u>(9,659)</u>  | <u>19,841,828</u>  |

See Notes to Financial Statements.

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
STATEMENT OF CASH FLOWS  
Year Ended June 30, 2009

|  | Institute            | Component Units |                  |
|--|----------------------|-----------------|------------------|
|  |                      | Research Park   | Foundation       |
| <b>Cash Flows From Operating Activities</b>                      |                      |                 |                  |
| Tuition and fees   | \$ 6,086,631         | -               | -                |
| Grants and contracts   | 97,635,252           | -               | -                |
| Sales and services of educational activities                     | 4,887,275            | -               | -                |
| Other operating receipts   | 9,459,909            | -               | 99,881           |
| Payments to employees for salaries and benefits                  | (62,416,597)         | -               | -                |
| Payments to suppliers  | (76,447,018)         | (10)            | (80,554)         |
| Other payments   | -                    | -               | (218,620)        |
| <b>Net cash used by operating activities</b>                     | <b>(20,794,548)</b>  | <b>(10)</b>     | <b>(199,293)</b> |
| <b>Cash Flows From Noncapital Financing Activities</b>           |                      |                 |                  |
| State appropriations   | 42,178,465           | -               | -                |
| Gifts for other than capital purposes                            | 1,306,837            | -               | -                |
| Other non operating revenue (expense)                            | 967,170              | -               | -                |
| Unrealized loss on Land Grant Permanent Fund                     | (1,575,828)          | -               | -                |
| <b>Net cash provided by noncapital financing activities</b>      | <b>42,876,644</b>    | <b>-</b>        | <b>-</b>         |
| <b>Cash Flows From Investment Activities</b>                     |                      |                 |                  |
| Purchases of investments   | (6,932,885)          | -               | (90,000)         |
| Proceeds from sales of investments                               | -                    | -               | 476,677          |
| Cash received from note receivable                               | -                    | -               | 119,507          |
| Interest received on investments                                 | (4,272,405)          | -               | 575,645          |
| <b>Net cash provided (used) by investing activities</b>          | <b>(11,205,290)</b>  | <b>-</b>        | <b>1,081,829</b> |
| <b>Cash Flows From Capital and Related Financing Activities</b>  |                      |                 |                  |
| Cash paid for capital assets                                     | (17,410,508)         | -               | (154,827)        |
| Capital appropriations received                                  | 9,878,620            | -               | -                |
| <b>Net cash used by capital and related financing activities</b> | <b>(7,531,888)</b>   | <b>-</b>        | <b>(154,827)</b> |
| <b>Net increase (decrease) in cash and cash equivalents</b>      | <b>3,344,918</b>     | <b>(10)</b>     | <b>727,709</b>   |
| Cash and cash equivalents, beginning of year                     | 40,969,096           | 29,429          | 461,387          |
| <b>Cash and cash equivalents, end of year</b>                    | <b>\$ 44,314,014</b> | <b>29,419</b>   | <b>1,189,096</b> |
| <b>Cash and cash equivalents</b>                                 |                      |                 |                  |
| Unrestricted   | \$ 33,113,638        | 29,419          | 1,189,096        |
| Restricted   | 11,200,376           | -               | -                |
| <b>Total</b>   | <b>\$ 44,314,014</b> | <b>29,419</b>   | <b>1,189,096</b> |

See Notes to Financial Statements.



NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
 STATEMENT OF CASH FLOWS (CONTINUED)  
 Year Ended June 30, 2009

|  | Institute       | Component Units |             |
|--|-----------------|-----------------|-------------|
|  |                 | Research Park   | Foundation  |
| RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES          |                 |                 |             |
| Operating (loss)   | \$ (42,129,994) | (14,506)        | (1,594,973) |
| Adjustments to reconcile operating (loss) to net cash used by operating activities |                 |                 |             |
| Depreciation and amortization expense  | 7,293,635       | -               | 593,620     |
| Changes in assets and liabilities  |                 |                 |             |
| Student accounts receivable  | (27,861)        | -               | -           |
| Inventories  | 62,995          | -               | -           |
| Other assets   | 53,083          | -               | 27,180      |
| Contract and grant receivables   | 4,682,894       | -               | -           |
| Other receivables  | (94,602)        | -               | -           |
| Accounts payable and accrued expenses  | 898,725         | -               | (7,674)     |
| Due to primary government  | -               | 14,496          | 749,902     |
| Deferred revenue   | 5,822,387       | -               | -           |
| Student and other deposits   | (9,716)         | -               | -           |
| Compensated absences   | 228,759         | -               | -           |
| Other payables   | 2,425,147       | -               | 32,652      |
| Net cash used by operating activities  | \$ (20,794,548) | (10)            | (199,293)   |

*See Notes to Financial Statements.*

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS  
Year Ended June 30, 2009

|                                     | Agency<br>Funds            |
|-------------------------------------|----------------------------|
| <b>ASSETS</b>                       |                            |
| Cash                                | \$ 522,282                 |
| Short-term investments              | <u>2,125,365</u>           |
| <b>Total assets</b>                 | <u><u>\$ 2,647,647</u></u> |
| <br>                                |                            |
| <b>LIABILITIES</b>                  |                            |
| Liabilities for claims expense      | \$ 866,918                 |
| Deposits held in custody for others | <u>1,780,729</u>           |
| <b>Total liabilities</b>            | <u><u>\$ 2,647,647</u></u> |

*See Notes to Financial Statements.*

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Organization.* The New Mexico Institute of Mining and Technology (Institute) is declared to be and is confirmed as a state educational institution by Section 11 of Article XII of the Constitution of the State of New Mexico, as amended. The Institute was founded in 1889 under the New Mexico Territorial Laws of 1889.

According to the Constitution of the State of New Mexico, the legislature shall provide for the control and management by a Board of Regents consisting of five members appointed by the Governor and confirmed by the State Senate for overlapping terms of six years. Section 21-11-4 of the New Mexico Statutes Annotated, 1978 Compilation (NMSA 1978), also vests this control and management in the Board of Regents.

The Institute offers both graduate and undergraduate degree programs in many fields. Major programs offered include earth sciences, physical and biological sciences, mineral engineering disciplines, mathematics, and computer science. The Institute is also involved in numerous research projects, many of which are performed under government or private contracts.

In reporting the financial statements, all significant transactions and balances between the Institute and the Fiduciary fund are eliminated.

*Reporting Entity.* In May 2002, Governmental Accounting Standards Board issued Statement No 39. The statement established standards for identifying a component unit through evaluation of the reporting entity and significance of certain related party transactions, defined as potential component units. Depending on the results of the GASB 39 evaluation, financial information of related parties determined to be component units could be required to be included in the financial statements of the reporting entity.

In evaluating how to define the Institute for financial reporting purposes, management has evaluated the Institute's potential component units. The basic, but not the only, criterion for including a potential component unit as part of the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability of responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and the accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of the criterion involves considering whether the activity benefits the Institute. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Institute is able to exercise oversight responsibilities. In the financial statements, discrete presentation entails reporting component unit financial data in a column separate from the financial data of the Institute. Based on the application of these criteria, the New Mexico Tech Research Foundation and New Mexico Tech University Research Park are included in these financial statements as a discretely presented component units.

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

The financial statements of New Mexico Tech Research Foundation and New Mexico Tech University Research Park Corporation can be obtained directly at the Institute's office at the following address: NM Institute of Mining and Technology, 801 Leroy Place, Socorro NM 87801.

**The New Mexico Tech Research Foundation (the Foundation)** is a New Mexico not-for-profit corporation located in Socorro, New Mexico. The Foundation is organized to assist the New Mexico Institute of Mining and Technology by making available funds to pursue inventions, copyrights and other intellectual properties, institutional support and scholarships. The Foundation has no component units.

**The New Mexico Tech University Research Park Corporation (the Corporation)**, 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 available funds to pursue technology research and other programs being carried out by Institute. The Corporation has no component units.

The inclusion of the assets and income of the Foundation as a component unit of the New Mexico Institute of Mining and Technology (Institute) for accounting purposes only, has been directed by the Office of the State Auditor of New Mexico. It is, however, noted that as between the Institute and the Foundation, an agreement was reached on November 25, 2001 stating: "The Institute understands and agrees that the Foundation is not controlled by the Institute, but is controlled by the Foundation Board of Trustees." Thus, for all purposes, except accounting purposes, the Foundation has no obligation to provide resources and earnings to the Institute, except by action of the Foundation's Board of Trustees. The Foundation's Board of Trustees is not appointed by the Institute and is made up of four persons with no employment relationship with the Institute and only four persons with such a relationship. The Institute does not provide financial assistance to the Foundation, the Foundation pays rent for the space, which it occupies in one of the buildings owned by the Institute, and the Institute does not control the Foundation Board of Directors. Therefore, the Foundation has the ability to direct its resources and income at its sole discretion.

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

*Basis of Accounting.* For financial reporting purposes, the Institute is considered a special-purpose government engaged only in business-type activities. Accordingly, the Institute's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

The Institute has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The Institute has elected to not apply FASB pronouncements issued after the applicable date.

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

*Budget.* The Institute follows the requirements established by the New Mexico Higher Education Department (HED) in formulating its budgets and in exercising budgetary control. It is through the HED's policy that, when an appropriation has been made to the Institute, its Board of Regents can, in general, adopt an operating budget within the limits of available income.

*Procedures for Approval of Operating Budgets*

1. The institution will submit an original typed copy that has been approved by the Institution's regents to the HED's office by May 1st.
2. The HED meets in June and acts on approval of the budgets.
3. The budgets, as approved by the HED, are transmitted to the Budget Division of the Department of Finance and Administration for official approval prior to July 1.

Unexpended state appropriations do not revert to the State of New Mexico at the end of the fiscal year, and are available for appropriation by the Institute in subsequent years, per the General Appropriation Act.

*Budgetary Basis and Control.* Under Title 5 of the New Mexico Administrative Code, Chapter 3, part 4, paragraph 10 – Items of Budgetary Control: total expenditures or transfers may not exceed the amount shown in the approved budget. Expenditures used as the items of budgetary basis are as follows: (1) unrestricted and restricted expenditures are considered separately; (2) total expenditures in instruction and general; (3) total expenditures of each budget function in current funds other than instruction and general; and (4) within the plant funds budget, the items of budgetary control are major projects, library bonds, equipment bonds, minor capital outlay,

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

renewals and replacements, and debt service. The Institute has no restricted instruction and general budget. Budget revisions must be approved by the executive secretary of the New Mexico Department of Higher Education and then by the Budget Division of the Department of Finance and Administration.

The Institute received a special appropriation for MESA in the amount of \$1,340,600 for fiscal year 2009. This amount is included in the final budget and was expended during the year with no outstanding encumbrances remaining at year end.

*Cash and Cash Equivalents.* For purposes of the statement of cash flows, cash and cash equivalents include demand, savings, and money market accounts with an original maturity of 3 months or less.

*Restricted Cash and Cash Equivalents.* This cash is resources that the Institute is legally or contractually obligated to spend in accordance with imposed restrictions by third parties.

*Investments.* Certain investments such as debt and equity securities and pooled investment funds are recorded at market value. The change in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statements of revenues, expenses and changes in net assets. The carrying value of investments is based on quoted market prices.

Investments are made in accordance with the Constitution of the State of New Mexico and the policies of the Board of Regents. The investment policy has been structured in accordance with the Uniform Prudent Investor Act, NMSA 47-7 (601-612).

The Institute accounts for investment portfolio at the fair market value on June 30 of each fiscal year. Endowment income is reported each year on the fair market value of the investments. The investments are managed on a total return basis with 4.5% of the average five year market value being made available for expenditure, and the remaining returns retained in the funds to compensate for inflationary growth. In the case of reserves, allocated, and agency funds, the total returns will remain with the funds until these funds are required to be expended for the purposes for which they were established. Capital losses reported for the endowment fund pooled investments for fiscal year ending June 30, 2009 were \$3,564,780. Endowment income made available for distribution for the established purpose was \$799,188. The Institute follows the State of New Mexico Uniform Management of Institutional Funds Acts (Chapter 46, Article 9, NMSA 1978) in accounting for net appreciation/depreciation of endowments.

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

*Inventory.* Inventories of supplies and materials held for sale or use are stated substantially at the lower of cost (first-in, first-out) or market value.

*Income Taxes.* The Institute, as an instrumentality of the State of New Mexico, is exempt from federal income taxes under Section 115 of the Internal Revenue Code. Contributions to the Institute are deductible by donors as provided under Section 170 of the Internal Revenue Code. The Foundation is exempt from taxes under Section 501(c)(3) of the Internal Revenue Code.

*Accounts Receivable.* The Institute records student tuition and fees and student accounts receivable at rates established at the time a student registers for classes. Accounts receivable also include amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the Institute's grants and contracts. Provision for uncollectible student accounts is recorded to maintain an adequate allowance for anticipated losses.

*Other Receivables.* Other receivables consist of amounts due under various agreements not related to grants or contracts and amounts due from component units. Management reviews the collectability of its receivables and, if necessary, records an allowance for its estimate of uncollectible accounts. Bad debt history and current facts and circumstances are their primary bases for this estimate. When an account is deemed uncollectible, it is charged off against the allowance. There was no allowance at year end.

*Other Assets.* Other assets consist of student loans outstanding under the federal Perkins loan program.

*Noncurrent Cash and Investments.* Cash and investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, are classified as noncurrent assets in the statement of net assets.

*Capital Assets.* Property, plant and equipment assets purchased or acquired at a value of \$5,000 or greater are capitalized. All capital assets are valued at historical cost or estimated historical cost if actual history is not available. Donated assets, or those contributed by other governmental entities, are valued at their estimated fair market value on the date donated. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are in which the expense was incurred. The Institute does not capitalize historical treasures or works of art as they are immaterial. Other costs incurred for repairs and maintenance are expensed as incurred.



NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

Depreciation on all assets is provided on the straight-line basis over estimated useful lives with no salvage value. The Institute estimates the useful lives of fixed assets as follows:

|  |               |
|--|---------------|
| Non-major infrastructure networks and land | 20 - 30 years |
| Building                                   | 30 - 40 years |
| Furniture, fixtures and equipment          | 5 - 12 years  |
| Library materials                          | 10 years      |

*Compensated Absences.* The Institute accounts for the accumulated vacation leave on the accrual basis. Accrued vacation up to 240 hours for employees with 10 years of service and 336 hours thereafter is recorded at 100% of the employee's hourly wage. Compensatory time is accrued at a rate of one and one-half hours for each hour of employment for which overtime compensation is required for those employees covered by the Fair Labor Standards Act (FLSA). Employees exempt from coverage by FLSA earn one hour of compensatory time for each overtime hour. The accrual direct and incremental salary related payments such as, the employees share of social security taxes.

*Deferred Income.* Revenue for each academic session is reported within the fiscal year during which the session is completed. Revenues for the summer session starting in May 2009, are shown as deferred income in the accompanying financial statements since the session was not completed at June 30, 2009. Deferred revenues also include amounts received from grant and contract sponsors that have not been earned.

*Noncurrent Liabilities.* Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year; and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as noncurrent assets.

*Net Assets.* The Institute's net assets are classified as follows:

*Invested in Capital Assets, Net of Related Debt.* This represents the Institute's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt. The Institute does not have any debt on June 30, 2009.

*Restricted Net Assets - Nonexpendable.* Nonexpendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

*Restricted Net Assets - Expendable.* Expendable restricted net assets are resources that the Institute is legally or contractually obligated to spend in accordance with imposed restrictions by third parties.

*Unrestricted Net Assets.* Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the Institute, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Institute's policy is to first apply the expense towards restricted, and then toward unrestricted resources.

*Revenues.* The Institute has classified its revenues as either operating or nonoperating revenues according to the following criteria:

*Operating Revenues.* Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (3) most Federal, state and local grants and contracts and Federal appropriations, and (4) interest on institutional student loans.

*Nonoperating Revenues.* Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources and state appropriations and investment income.

Contract and grant revenues are recognized when the underlying exchange transaction has occurred – that is that all eligibility requirements have been met.

State appropriations are recognized as revenue in the first year for which they are appropriated for.

*Fiduciary Funds.* Fiduciary funds are used to account for resources the Institute holds for others. It uses an agency fund to hold medical insurance premiums collected from the employees until the premiums are remitted to the insurance carriers. The Institute is responsible for seeing that the assets in these funds are spent for their intended purpose. The finances of these funds are reported in a separate statement of fiduciary net assets. The resources of these funds are excluded from the business type activity financial statements because they cannot be used to finance the Institute's operations.

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

NOTE 2. CASH AND INVESTMENTS

*Cash.* The Institute is required to comply with Section 6-10-16 and 6-10-17 NMSA 1978, which requires that 50% of the uninsured balance of public deposits be secured by pledges of qualifying securities of the depository.

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Institutions deposits may not be returned to it. The Institution does not have a deposit policy for custodial credit risk. As of June 30, 2009, the Institute's custodial credit risk was as follows:

|  |                      |
|--|----------------------|
| Bank balance insured or collateralized |                      |
| In the Institute's name                | \$ 44,099,078        |
| Uninsured and uncollateralized         | <u>2,099,948</u>     |
|  | <u>\$ 46,199,026</u> |

*Investments.* The Institute participates under a joint powers agreement in an Investment Pool (Pool) with the New Mexico State Investment Council (Council). Monies of Institute funds are pooled and invested by the Council in various debt and equity securities. Monies belonging to the New Mexico Tech Employees Benefit Trust (see Note 5) and to the New Mexico Tech Research Foundation (see Note 8) are included in the Pool under joint powers agreements with those entities; these amounts are not recorded Institute's financial statements. The Pool is recorded as investments on the Institute's balance sheets at market value. Since the Institute's investments are recorded at market value, there is a potential risk that due to the volatility of quoted market values the Institute's recorded investments in the Pool could be significantly affected.

The Institute also has investments in the State Treasurer's external investment pool (the Local Government Investment Pool). The investments are valued at fair value based on quoted market prices as of the valuation date. The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the local government pool is voluntary.

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2009

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

A detail of the cash accounts at June 30, 2009 is included below:

New Mexico Institute of Mining and Technology

| Name of Depository | Account Name                  | Bank Account Type | Bank Balance         | Reconciled Items   | Reconciled Balance |
|--------------------|-------------------------------|-------------------|----------------------|--------------------|--------------------|
| Bank of America    | Bank Fund                     | Checking          | \$ 32,051            | -                  | 32,051             |
| First State Bank   | Comptroller Cash on Deposit   | Checking          | 33,622,405           | 353,090            | 33,975,495         |
| First State Bank   | Payroll Cash on Deposit       | Checking          | 107,981              | (1,071,461)        | (963,472)          |
| First State Bank   | NMEAF Cash on Deposit         | Checking          | 21,398               | 21,137             | 42,535             |
| First State Bank   | Stafford Loan Cash on Deposit | Checking          | 34,022               | -                  | 34,022             |
| First State Bank   | MRO Cash on Deposit           | Checking          | 11,161,069           | (3,228)            | 11,157,841         |
| Wells Fargo        | Vendor Cash on Deposit        | Checking          | 427,792              | (436,634)          | (8,842)            |
| Western Bank       | Bank Fund                     | Checking          | 16,847               | 2,846              | 19,693             |
|                    |                               |                   | 45,423,565           | (1,134,250)        | 44,289,323         |
|                    | Petty Cash                    | Cash              | -                    | -                  | 24,691             |
|                    |                               |                   | <u>\$ 45,426,565</u> | <u>(1,134,250)</u> | <u>44,314,014</u>  |

Agency Fund

| Name of Depository | Account Name               | Bank Account Type | Bank Balance      | Reconciled Items | Reconciled Balance |
|--------------------|----------------------------|-------------------|-------------------|------------------|--------------------|
| Wells Fargo        | Employee Ben. Trust Oper.  | Checking          | \$ 633,298        | (112,101)        | 521,197            |
| Wells Fargo        | Employee Ben. Trust Claims | Checking          | 142,163           | (141,079)        | 1,085              |
|                    |                            |                   | <u>\$ 775,461</u> | <u>(253,180)</u> | <u>522,282</u>     |

Investments of the Institute consist of the following at June 30, 2009:

| Description     | Market Value         |
|-----------------|----------------------|
| Short-term      | \$ 17,026,451        |
| Endowment       | 23,102,072           |
| Other long-term | <u>26,129,447</u>    |
|                 | 66,257,970           |
| Agency fund     | <u>2,125,365</u>     |
| Total           | <u>\$ 68,383,335</u> |

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2009

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

|   | Balance per<br>Bank<br>Statement | Reconciled<br>Balance<br>per Books |
|---|----------------------------------|------------------------------------|
| Investment accounts                     |                                  |                                    |
| Citigroup                               |                                  |                                    |
| Langmuir endowment                      |                                  |                                    |
| Money Market funds                      | \$ 96,993                        | 96,993                             |
| Mutual funds                            | 38,196                           | 38,196                             |
| Corporate bonds                         | 466,422                          | 466,422                            |
| Government bonds                        | 83,791                           | 83,791                             |
| Certificates of Deposits                | 93,587                           | 93,587                             |
| Stocks                                  | 953,905                          | 953,905                            |
| Mortgage backed securities              | 12,412                           | 12,412                             |
| NMT Capital Campaign                    |                                  |                                    |
| Money Market funds                      | 196,361                          | 196,361                            |
| Mutual funds                            | 413                              | 413                                |
| Stocks                                  | 267,403                          | 267,403                            |
| State Investment Council Pooled Fund    | 31,900,989                       | 31,900,989                         |
| State Treasurer – LGIP                  | 18,036,770                       | 18,036,770                         |
| State Investment Council Permanent Fund | 16,236,093                       | 16,236,093                         |
|   | <u>\$ 68,383,335</u>             | <u>68,383,335</u>                  |

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2009

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

A summary of the Institute's investments at June 30, 2009 and their exposure to custodial credit risk are as follows:

|   | Investments Exposed<br>To Custodial Credit<br>Risk | Uninsured,<br>Unregistered,<br>and Held by<br>Counterparty<br>not in the<br>Institute's<br>Name | Uninsured,<br>Unregistered,<br>and held by<br>Counterparty's<br>Agent not in the<br>Institute's<br>Name | All Investments<br>Regardless<br>of Custodial<br>Credit Risk<br>Exposure<br><br>Fair Value |
|---|--|---|---|--|
| Money funds                               | \$ -   | -   | -   | 293,354  |
| Certificate of Deposit                    | -  | -   | -   | 199,022  |
| Bonds and mortgage-backed securities      | -  | -   | -   | 562,626  |
| Mutual Funds                              | -  | -   | -   | 38,609   |
|   | <u>\$ -</u>  |   |   | <u>1,093,611</u>   |
| Investments not subject to categorization |  |   |   |  |
| State Investment Council Pooled funds     |  |   |   |  |
| Fixed income securities                   |  |   |   | \$ 18,411,191  |
| Equity securities                         |  |   |   | <u>13,489,798</u>  |
|   |  |   |   | 31,900,989   |
| State Treasurer                           |  |   |   | 18,036,770   |
| State Investment Council – Permanent Fund |  |   |   | 16,236,093   |
| Common stocks                             |  |   |   | <u>1,115,872</u>   |
| <b>Total investments</b>                  |  |   |   | <u>\$ 68,383,335</u>   |

*State Investment Council Assets.* The Institute has an undivided interest in assets of the State of New Mexico Land Grant Permanent Fund.

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2009

**NOTE 2. CASH AND INVESTMENTS (CONTINUED)**

*Credit Risk-Debt Investments.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill their obligations. The Institution is required to disclose credit ratings of their debt investments in order to assess credit risk. U.S. obligations, investments explicitly guaranteed by the U.S. Government, and non-debt investments are excluded from this requirement. Currently, the Institution does have a policy that restricts investments to specific investment ratings issued by nationally recognized statistical rating organizations. The policy states that cash equivalent reserves shall consist of interest bearing or discount instruments of the U.S. Government or agencies thereof; money market funds, corporate discounted instruments, corporate issued commercial paper rated at least A-1 by Standard & Poors and by Moody's, time deposits U.S. banks. Exclusive of the U.S. government and agency issues, all other fixed income portfolio will be "A" or better rated as established by a recognized rating service and further reinforced by independent in-house credit analyses.

A summary of the investments at June 30, 2009 and their exposure to credit risk are as follows:

| Investments                | WAM<br>Years | Rating    | Fair Value        |
|----------------------------|--------------|-----------|-------------------|
| Money funds                | -            | Not rated | \$ 293,355        |
| Certificate of deposit     | -            | Not rated | 199,022           |
| Government bonds (FHLB)    | 1.39         | Not rated | 83,791            |
| Corporate bonds            |              |           |                   |
|                            | .22          | A2/A      | 101,135           |
|                            | .21          | A2/A      | 100,256           |
|                            | .44          | AA2/AA +  | 102,962           |
|                            | .22          | BAA1/A    | 52,387            |
|                            | .20          | AA2/AAA   | 31,852            |
|                            | 1.00         | AA2/AA+   | 77,830            |
| Mortgage-backed securities | 11.98        | Not rated | 12,412            |
| Mutual Funds               | -            | Not rated | <u>38,609</u>     |
|                            |              |           | <u>1,093,611</u>  |
| State Treasurer – LGIP     | .06          | AAAm      | <u>18,036,770</u> |



NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2009

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

Investments not subject to categorization

|   |                             |
|---|-----------------------------|
| State Investment Council Pooled funds (not rated)     | \$ 31,900,989               |
| State Investment Council – Permanent Fund (not rated) | 16,236,093                  |
| Common stocks   | <u>1,115,872</u>            |
| <b>Total Investments</b>                              | <u><u>\$ 68,383,335</u></u> |

*Interest Rate Risk-Debt Investments.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Currently, the Institution does not have a specific policy to limit its exposure to interest rate risk.

A summary of the investments and their respective maturities at June 30, 2009 and their exposure to interest rate risk are as follows:

|   | Investment Maturities |                |               |                             | Fair Value    |
|---|-----------------------|----------------|---------------|-----------------------------|---------------|
|   | Less than 1<br>Year   | 1-5 Years      | 6-10 Years    | Greater<br>than 10<br>Years |               |
| Money funds                             | \$ 293,354            | -              | -             | -                           | 293,354       |
| Certificate of deposit                  | 199,022               | -              | -             | -                           | 199,022       |
| Bonds and mortgage<br>backed securities | 51,391                | 420,993        | 80,367        | 9,875                       | 562,626       |
| Mutual funds                            | <u>38,609</u>         | -              | -             | -                           | <u>38,609</u> |
| Items subject to<br>interest rate risk  | <u>582,376</u>        | <u>420,993</u> | <u>80,367</u> | <u>9,875</u>                | 1,093,611     |

|   |                             |
|---|-----------------------------|
| State Treasurer – 24 day<br>weighted average maturity               | 18,036,770                  |
| Investments not subject to categorization                           |                             |
| State Investment Council<br>Pooled funds (not rated)                | 31,900,989                  |
| State Investment Council –<br>Land Grant Permanent Fund (not rated) | 16,236,093                  |
| Common stocks   | <u>1,115,872</u>            |
| <b>Total investments</b>  | <u><u>\$ 68,383,335</u></u> |

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

NOTE 3. CAPITAL ASSETS

Following are the changes in capital assets for the year ended June 30, 2009:

|   | Balance<br>June 30,<br>2008 | Additions          | Transfers          | Retirements        | Balance<br>June 30,<br>2009 |
|---|-----------------------------|--------------------|--------------------|--------------------|-----------------------------|
| Capital assets not being depreciated                  |                             |                    |                    |                    |                             |
| Land  | \$ 4,334,220                | -                  | -                  | -                  | 4,334,220                   |
| Construction in-progress                              | 2,522,650                   | 11,772,321         | (3,965,762)        | -                  | 10,329,209                  |
| <b>Total capital assets not<br/>being depreciated</b> | <u>\$ 6,856,870</u>         | <u>11,772,321</u>  | <u>(3,965,762)</u> | <u>-</u>           | <u>14,663,429</u>           |
| Other capital assets                                  |                             |                    |                    |                    |                             |
| Non-major infrastructure<br>networks                  | \$ 19,369,560               | -                  | 115,266            | -                  | 19,484,826                  |
| Land improvements                                     | 3,574,953                   | -                  | 487,912            | -                  | 4,062,865                   |
| Buildings   | 135,291,907                 | -                  | 1,723,454          | -                  | 137,015,361                 |
| Furniture, fixtures and<br>equipment                  | 47,466,504                  | 4,907,388          | -                  | (2,927,288)        | 49,446,604                  |
| Software  | -                           | -                  | 1,639,130          | -                  | 1,639,130                   |
| Library materials                                     | 12,574,951                  | 1,016,996          | -                  | (98,557)           | 13,493,390                  |
| <b>Total other capital<br/>assets</b>                 | <u>218,277,875</u>          | <u>5,924,384</u>   | <u>3,965,762</u>   | <u>(3,025,845)</u> | <u>225,142,176</u>          |
| Accumulated depreciation for                          |                             |                    |                    |                    |                             |
| Non-major infrastructure<br>networks                  | (6,800,507)                 | (641,034)          | -                  | -                  | (7,441,541)                 |
| Land improvements                                     | (1,900,287)                 | (119,165)          | -                  | -                  | (2,019,452)                 |
| Buildings   | (47,276,048)                | (3,952,034)        | -                  | -                  | (51,228,082)                |
| Furniture, fixtures and<br>equipment                  | (34,098,457)                | (1,989,625)        | -                  | 2,640,903          | (33,447,179)                |
| Library materials                                     | (8,561,187)                 | (591,777)          | -                  | 98,557             | (9,054,407)                 |
| <b>Total accumulated<br/>depreciation</b>             | <u>(98,636,486)</u>         | <u>(7,293,635)</u> | <u>-</u>           | <u>2,739,460</u>   | <u>(103,190,473)</u>        |
| Other capital assets, net                             | <u>\$ 119,641,389</u>       | <u>(1,369,251)</u> | <u>3,965,762</u>   | <u>(286,385)</u>   | <u>121,951,703</u>          |
| Capital assets summary                                |                             |                    |                    |                    |                             |
| Capital assets not being<br>depreciated               | \$ 6,856,870                | 11,772,321         | -                  | -                  | 14,663,429                  |
| Other capital assets, at cost                         | 218,277,895                 | 5,924,384          | -                  | (3,025,814)        | 225,142,176                 |
| <b>Total cost of capital assets</b>                   | <u>225,134,745</u>          | <u>17,697,354</u>  | <u>-</u>           | <u>(3,025,814)</u> | <u>239,805,605</u>          |
| Accumulated depreciation                              | (98,636,486)                | (7,293,635)        | -                  | 2,739,460          | (103,190,473)               |
| <b>Capital assets, net</b>                            | <u>\$ 126,498,259</u>       | <u>10,403,070</u>  | <u>-</u>           | <u>(286,385)</u>   | <u>136,615,132</u>          |

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
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 June 30, 2009

**NOTE 4. LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2009 is as follows:

|                               | Balance<br>June 30,<br>2008 | Increases        | Decreases          | Balance<br>June 30,<br>2009 | Current<br>Portion<br>(Due in 2010) |
|-------------------------------|-----------------------------|------------------|--------------------|-----------------------------|-------------------------------------|
| Non-current liabilities       |                             |                  |                    |                             |                                     |
| Accrued compensated absences  | \$ 7,659,941                | 6,349,476        | (3,663,663)        | 10,345,754                  | 3,484,325                           |
| Environmental cleanup         | 4,000,000                   | -                | -                  | 4,000,000                   | -                                   |
| Other non-current liabilities | 31,907                      | -                | (31,907)           | -                           | -                                   |
| Total non-current liabilities | <u>\$ 11,691,848</u>        | <u>6,349,476</u> | <u>(3,695,270)</u> | <u>14,346,054</u>           | <u>-</u>                            |

*Environmental Cleanup.* The Institute's Energetic Materials Research and Testing Center performs certain weapons testing for the US Department of Defense and defense contractors. As a result of the testing, which utilizes depleted uranium; the firing ranges have accumulated certain low-level radioactive waste. Responsibility for the majority of the clean up of the firing ranges contractually lies with the defense contractors that use the ranges; however, the Institute is responsible for a minor portion. Management of the Institute has accrued the costs estimated to be incurred in the clean-up process.

**NOTE 5. EMPLOYEE BENEFITS**

*Employee Benefit Trust.* The Board of Regents authorized the creation of the New Mexico Tech Employees Benefit Trust (Trust), a contributory benefit plan, to operate, control and maintain a program to provide certain health and life insurance benefits to the employees of the Institute and their families. Retired employees may participate in the Plan but must pay the full amount of their premiums. The Plan is therefore not considered a post-employment benefit plan as defined by GASB 43 *Financial Reporting for Post-Employment Benefit Plans Other than Pension Plans*. The Trust is recorded as an agency fund in the accompanying financial statements. The Board of Regents serves as trustee and has delegated the day-to-day operations of the Trust to the executive staff of the Institute. The Institute contributed \$4,772,888 and employees contributed \$3,247,733 to the Trust during the year ended June 30, 2009. At June 30, 2009, the Institute's maximum annual liability exposure under the Trust is \$130,000 per individual and \$2,000,000 in the aggregate.

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 5. EMPLOYEE BENEFITS (CONTINUED)**

As of June 30, 2009, the changes in reserves for claims and claims adjustment expenses are as follows:

|  |                    |
|--|--------------------|
| Liability for claims and claims adjustment expenses at beginning of the year | \$ 750,502         |
| Incurred claims and claims adjustment expenses                               | 6,811,631          |
| Payments, net of recoveries  | <u>(6,827,900)</u> |
| Liability for claims and claims adjustment expenses at end of the year       | <u>\$ 734,233</u>  |

*Workers' Compensation Insurance.* The Institute is insured for workers' compensation through the State of New Mexico General Services Department-Risk Management Division (RMD). RMD provides workers' compensation for all employees as required by state law. The Institute remits payments to RMD for this coverage based on premium statements received from RMD. Total expense for the year ended June 30, 2009, was \$719,556 which has been charged to expenditures.

*Retirement Plan*

*Plan Description.* Substantially all of the Institute's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districted, colleges and universities) and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, PO Box 26129, Santa Fe, New Mexico 87502. The report is also available on ERB's website at [www.nmerb.org](http://www.nmerb.org).

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 5. EMPLOYEE BENEFITS (CONTINUED)**

*Funding Policy.* Plan members are required to contribute 7.825% of their gross salary. The Institute is required to contribute 10.9% of the gross covered salary. Plan members are required to contribute 7.9% of their gross salary. The employer contribution will increase .75% each year until July 1, 2011 when the employer contribution will be 13.9%. The contribution requirements of plan members and the Institute are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Institute's contributions to ERB for the fiscal years ending June 30, 2009, 2008, and 2007 were \$8,077,657, \$6,408,342 and \$7,501,994, respectively, which equal the amount of the required contributions for each fiscal year.

**NOTE 6. COMMITMENTS AND CONTINGENCIES**

*Operating Leases.* The Institute is obligated under certain lease (rental) agreements, which are accounted for as operating leases. Incorporated in each lease agreement is a fiscal funding clause, which allows the Institute to cancel the operating lease if funding for future periods is not appropriated. The likelihood of such an occurrence is considered to be remote by the Institute. Rent expense for June 30, 2009, is \$161,181.

Future minimum rental payments required under operating leases is as follows for the years subsequent to June 30, 2009:

| Years Ending June 30 |                   |
|----------------------|-------------------|
| 2010                 | \$ 125,939        |
| 2011                 | 97,527            |
| 2012                 | 80,393            |
| 2013                 | 73,240            |
| 2014                 | <u>24,153</u>     |
|                      | <u>\$ 401,252</u> |

At June 30, 2009, the Institute had issued purchase orders for materials and services which were not received and thus not reflected as liabilities in the accompanying basic financial statement. The amount of such commitments is \$32,502,803.

Construction obligations of \$2,447,998 are not presented in the financial statements. These obligations represent unfinished contracts with various entities.

**NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 6. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

*Contingencies.* Reimbursements for amounts expended by the Institute under the terms of federal and state grants and contracts are subject to audit and possible adjustments by the granting agency. Grants and contracts for the years ended June 30, 2009 and 2008, are pending audits by federal and state agencies. It is the opinion of Institute management that adjustments, if any, will not have a material effect on the Institute's financial position or results of operations.

*State Risk Management Pool.* The Institute as a state Institute defined in the New Mexico Tort Claims Act, is insured through the Risk Management Division of the State of New Mexico. Annual premiums are paid to the Office of Risk Management for coverage provided in the following areas:

1. Liability and civil rights protection for claims made by others against the Institute.
2. Coverage to protect the Institute's property and assets.

The Institute is a defendant in legal actions arising from normal business activities. Management believes that those actions are without merit or that the ultimate liability, if any, resulting from them will not materially affect the Institute's financial position or results of operations.

The Institute is insured through General Service Department, Risk Management Division.

**NOTE 7. RECONCILIATION OF BUDGET BASIS TO GAAP**

|                                |                       |
|--------------------------------|-----------------------|
| Budget basis revenues          | \$ 169,247,824        |
| Scholarship allowance          | (3,664,426)           |
| Indirect cost recovery         | (8,508,056)           |
| Interest and investment income | (4,168,718)           |
| Gifts                          | 1,306,837             |
| Other adjustments              | <u>1,912,280</u>      |
| Revenues per GAAP              | <u>\$ 156,125,741</u> |
| <br>                           |                       |
| Budget basis expenditures      | \$ 155,070,646        |
| Capital expenditures           | (5,925,033)           |
| Depreciation and amortization  | 7,293,635             |
| Scholarship allowance          | (3,664,426)           |
| Uses of compensated absences   | (3,484,326)           |
| Other adjustments              | <u>482,380</u>        |
| Expenses per GAAP              | <u>\$ 149,772,876</u> |

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 8. NEW MEXICO TECH RESEARCH FOUNDATION**

*Cash and cash equivalents.* For the purposes of the statement of cash flows, the Foundation considers cash on hand, cash held in banks and highly liquid instruments with original maturities of three months or less to be cash and cash equivalents.

*Investments.* Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) are reported as increases or decreases in unrestricted net assets.

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

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

*Capital Assets.* The Foundation records tangible and intangible capital assets purchased at cost; and donations at their estimated fair value. The building is being depreciated using a straight-line method over a twenty-seven and a half year estimated useful life. The patent is being amortized over fifteen years. The Foundation capitalizes property and equipment purchases with a cost over \$500.

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

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2009

**NOTE 8. NEW MEXICO TECH RESEARCH FOUNDATION (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 Foundation is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code, and has been classified by the Internal Revenue Service as a public charity. The Foundation engaged in no material unrelated activities and therefore no provision for income taxes has been made. The Foundation is a supporting organization of the Institute and not a private foundation.

**CASH AND BANK DEPOSITS**

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 Foundation does not have a deposit policy for custodial credit risk and does not require collateral. As of June 30, 2009, the Foundation’s deposits were exposed to custodial credit risk as follows:

|                                | First<br>State | Wells<br>Fargo | Bank<br>of America | Total        |
|--------------------------------|----------------|----------------|--------------------|--------------|
| Total of deposits in the bank  | \$ 124,717     | 10,395         | 252,105            | 387,217      |
| Less FDIC coverage             | 124,717        | 10,395         | 250,000            | 385,112      |
| Total uninsured funds          | <u>\$ -</u>    | <u>-</u>       | <u>2,105</u>       | <u>2,105</u> |
| Custodial credit risk-deposits |                |                |                    |              |
| Account balance                |                |                | \$ 387,217         |              |
| FDIC insured                   |                |                | <u>385,112</u>     |              |
| Uninsured and uncollateralized |                |                | <u>\$ 2,105</u>    |              |
| Total deposits                 |                |                | \$ 387,217         |              |
| Add: Money Market              |                |                | <u>60,638</u>      |              |
| Total deposits                 |                |                | <u>\$ 447,855</u>  |              |



NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2009

NOTE 8. NEW MEXICO TECH RESEARCH FOUNDATION (CONTINUED)

*CASH AND BANK DEPOSITS (CONTINUED)*

Deposit classification in the financial statements at June 30, 2009 follows:

| Name of Depository | Account Name | Bank Account Type | Bank Balance      | Reconciling Items | Financial Statement Balance |
|--------------------|--------------|-------------------|-------------------|-------------------|-----------------------------|
| First State Bank   | Checking     | Cash              | \$ 21,199         | 741,241           | 762,440                     |
| First State Bank   | Savings      | Cash              | 3,518             | -                 | 3,518                       |
| First State Bank   | Certificate  | CD                | 100,000           | -                 | 100,000                     |
| Bank of America    | Certificate  | CD                | 252,105           | -                 | 252,105                     |
| Wells Fargo        | Checking     | Cash              | 10,395            | -                 | 10,395                      |
| Merrill Lynch      | Investment   | Money Market      | 60,638            | -                 | 60,638                      |
|                    |              |                   | <u>\$ 447,855</u> | <u>741,241</u>    | <u>1,189,096</u>            |

*INVESTMENTS*

None of the Foundation's investments are exposed to custodial credit risks as they are all registered. Also, the Foundation holds no debt securities and therefore the investments are not subject to credit or interest rate risk. A summary of the investments at June 30, 2009 are as follows:

| Investments                                   | Ratings   | Fair Value                 |
|---|-----------|----------------------------|
| Held at Merrill Lynch investment account      |           |                            |
| Equity Securities                             | Not Rated | \$ 551,403                 |
| Mutual Funds                                  | Not Rated | <u>259,934</u>             |
|   |           | <u>811,337</u>             |
| Investments not subject to categorization     |           |                            |
| State Investment Council Pooled funds         |           |                            |
| Fixed income securities                       |           | 4,462,248                  |
| Equity securities                             |           | 7,863,691                  |
| Less: reconciling items – transfer in transit |           | <u>(750,000)</u>           |
|   |           | <u>11,575,939</u>          |
| Insurance Annuity                             |           | <u>461,513</u>             |
| <b>Total investments</b>                      |           | <u><b>\$12,848,789</b></u> |

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2009

NOTE 8. NEW MEXICO TECH RESEARCH FOUNDATION (CONTINUED)

*CAPITAL ASSETS*

|   | 2009                 |                  |           | Ending<br>Balance |
|---|----------------------|------------------|-----------|-------------------|
|   | Beginning<br>Balance | Increases        | Decreases |                   |
| Capital assets not being depreciated          |                      |                  |           |                   |
| Land  | \$ 164,650           | -                | -         | 164,650           |
| Other   | 130,501              | -                | -         | 130,501           |
| Total capital assets not<br>being depreciated | <u>\$ 295,151</u>    | <u>-</u>         | <u>-</u>  | <u>295,151</u>    |
| Capital assets being depreciated              |                      |                  |           |                   |
| Building                                      | \$ 1,648,127         | 154,827          | -         | 1,802,954         |
| Patents                                       | 8,021,841            | -                | -         | 8,021,841         |
| Accumulated depreciation<br>building          | (316,006)            | (59,932)         | -         | (375,938)         |
| Accumulated amortization<br>Patents           | (4,001,228)          | (533,688)        | -         | (4,534,916)       |
| Capital assets being<br>depreciated, net      | <u>\$ 5,352,734</u>  | <u>(438,793)</u> | <u>-</u>  | <u>4,913,941</u>  |
| Capital assets, net                           | <u>\$ 5,647,885</u>  | <u>(438,793)</u> | <u>-</u>  | <u>5,209,092</u>  |

*RELATED PARTY TRANSACTIONS AND DONATED SERVICES*

The Institute provides the Foundation's office space in exchange for property management services provided to the Institute by the Foundation. These transactions are not recorded in the Foundation's financial statements, as they are not significant and the value is not subject to reasonable estimation.

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 8. NEW MEXICO TECH RESEARCH FOUNDATION (CONTINUED)**

*RELATED PARTY TRANSACTIONS AND DONATED SERVICES (Continued)*

The Foundation owns an insurance annuity through New York Life with a fair market value of \$461,513 at June 30, 2009. The insurance annuity was acquired to benefit the president of the Institute. The Foundation's annual contribution to the insurance annuity was \$100,000 in 2009.

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

The Foundation leases an apartment building to the Institute. The lease is classified as an operating lease, and expires in June 2010 with an option to renew for an additional three years. Lease revenues were \$90,150 for 2009.

The Foundation has a due to New Mexico Institute of Mining and Technology in the amount of \$749,902 for general scholarships and advertising expenses related to 2009.

**NOTE 9. NEW MEXICO TECH UNIVERSITY RESEARCH PARK CORPORATION**

*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.

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

**CASH AND BANK DEPOSITS**

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, 2009, the Corporation's deposits were exposed to custodial credit risk as follows:

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2009

NOTE 9. NEW MEXICO TECH UNIVERSITY RESEARCH PARK CORPORATION  
 (CONTINUED)

|                               |                        |
|-------------------------------|------------------------|
|                               | <u>First<br/>State</u> |
| Total of deposits in the bank | \$ 29,419              |
| Less FDIC coverage            | <u>29,419</u>          |
| Total uninsured funds         | <u>\$ -</u>            |

Deposit classification in the financial statements at June 30, 2009 follows:

| Name of Depository | Account Name | Bank Account Type | Bank Balance | Reconciling Items | Financial Statement Balance |
|--------------------|--------------|-------------------|--------------|-------------------|-----------------------------|
| First State Bank   | Checking     | Cash              | \$ 29,419    | -                 | <u>29,419</u>               |

**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.

**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.

**SUPPLEMENTAL INFORMATION**

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
 COMBINED REVENUES AND EXPENDITURES  
 BUDGET COMPARISONS  
 Year Ended June 30, 2009

|   | Original<br>Budget   | Final<br>Budget     | Actual             | Actual<br>Over (Under)<br>Budget |
|---|----------------------|---------------------|--------------------|----------------------------------|
| Beginning Balances                                  | \$ 13,753,621        | 39,545,494          | 33,312,232         | (6,233,262)                      |
| <b>Revenues</b>                                     |                      |                     |                    |                                  |
| State general fund appropriations                   | 51,990,634           | 51,518,611          | 52,057,084         | 538,473                          |
| Restricted Revenue Sources                          | 89,974,000           | 92,003,877          | 87,129,971         | (4,873,906)                      |
| Tuition and fees                                    | 5,765,888            | 6,941,505           | 8,770,794          | 1,829,289                        |
| Land and permanent fund                             | 1,590,822            | 1,590,822           | 1,282,183          | (308,639)                        |
| Endowment Earnings/Private Gifts                    | 200,000              | 200,000             | 219,661            | 19,661                           |
| Other   | 16,410,700           | 14,275,833          | 19,788,131         | 5,512,298                        |
| <b>Total revenues</b>                               | <u>165,932,044</u>   | <u>166,530,648</u>  | <u>169,247,824</u> | <u>2,717,176</u>                 |
| <b>Total revenues and cash<br/>balance budgeted</b> | <u>179,685,665</u>   | <u>206,076,142</u>  | <u>202,560,056</u> | <u>(3,516,086)</u>               |
| <b>Expenditures</b>                                 |                      |                     |                    |                                  |
| Instruction and general                             | \$ 33,122,185        | 36,512,024          | 32,327,654         | (4,184,370)                      |
| Student social and cultural                         | 409,000              | 645,574             | 597,280            | (48,294)                         |
| Research  | 98,871,300           | 106,673,587         | 93,978,977         | (12,694,610)                     |
| Public service                                      | 2,615,600            | 3,550,969           | 2,670,177          | (880,792)                        |
| Internal service departments                        | 3,552,241            | 3,752,241           | 428,132            | (3,324,109)                      |
| Student aid   | 3,867,622            | 4,111,688           | 4,441,812          | 330,124                          |
| Auxiliary enterprises                               | 4,486,259            | 4,593,686           | 4,611,506          | 17,820                           |
| Intercollegiate athletics                           | 263,900              | 263,935             | 218,869            | (45,066)                         |
| Independent Operations                              | 4,790,800            | 5,258,740           | 4,416,417          | (842,323)                        |
| Capital outlay                                      | 10,929,822           | 16,920,082          | 10,929,822         | (5,990,260)                      |
| Renewal and replacements                            | -                    | -                   | -                  | -                                |
| Retirement of indebtedness                          | 781,200              | 601,927             | 450,000            | (151,927)                        |
| <b>Total expenditures</b>                           | <u>163,689,929</u>   | <u>182,884,453</u>  | <u>155,070,646</u> | <u>(27,813,807)</u>              |
| <b>Net Transfers</b>                                | <u>(460,500)</u>     | <u>(311,500)</u>    | <u>(1,658,097)</u> | <u>(1,346,597)</u>               |
| <b>Change in net assets-budgetary basis</b>         | <u>\$ 1,781,615</u>  | <u>(16,665,305)</u> | <u>12,519,081</u>  | <u>29,184,386</u>                |
| <b>Ending Net Assets</b>                            | <u>\$ 15,535,236</u> | <u>22,880,189</u>   | <u>45,831,313</u>  | <u>22,951,124</u>                |

Under title 5 of the New Mexico Administrative Code, chapter 3, part 4, paragraph 10 - Items of Budgetary Control: The total expenditures in each of the following budgetary functions will be used as the items of budgetary control. Total expenditures or transfers in each of these items of budgetary control may not exceed the amounts shown in the approved budget:

- A. Unrestricted expenditures and restricted expenditures. B. Instruction and general.
- C. Each budget function in current funds other than instruction and general. D. Within the plant funds budget: major projects, library bonds, equipment bonds, minor capital outlay, renewals and replacements, and debt service. E. Each individual item of transfer between funds and/or functions.

The purpose of the Budget Comparison is to reconcile the change in net assets as reported on a budgetary basis to the change in net assets as reported using GASB principles.

The reporting of actuals (budgetary basis) is a non-GASB accounting method that excludes depreciation and includes the cost of capital equipment and college workstudy.

Transfers play an important role in funding expenditures and moving revenue to areas where it may be used for improvement of the campus.

Accruals are included only if they exist within the financial system and may cause increases or decreases in revenue and expenditure activity.

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
UNRESTRICTED CURRENT FUNDS  
REVENUES AND EXPENDITURES  
BUDGET COMPARISONS  
Year Ended June 30, 2009

|  | Original<br>Budget   | Final<br>Budget    | Actual             | Actual<br>Over (Under)<br>Budget |
|--|----------------------|--------------------|--------------------|----------------------------------|
| Beginning Balances                             | \$ 13,753,621        | 39,545,494         | 33,312,232         | (6,233,262)                      |
| Revenues                                       |                      |                    |                    |                                  |
| Tuition  | 5,337,573            | 6,024,605          | 7,205,531          | 1,180,926                        |
| Miscellaneous Fees                             | 428,315              | 916,900            | 1,565,263          | 648,363                          |
| Government appropriation - federal             | 200                  | 200                | -                  | (200)                            |
| Government appropriation - state               | 51,990,634           | 51,518,611         | 52,057,084         | 538,473                          |
| Government appropriation - local               | -                    | -                  | -                  | -                                |
| Government grants - federal                    | -                    | -                  | -                  | -                                |
| Government grants - state                      | -                    | -                  | -                  | -                                |
| Contracts -local                               | -                    | -                  | -                  | -                                |
| Private gift/contracts                         | -                    | -                  | -                  | -                                |
| Endowments                                     | 200,000              | 200,000            | 219,661            | 19,661                           |
| Land and permanent fund                        | 1,590,822            | 1,590,822          | 1,282,183          | (308,639)                        |
| Private gifts                                  | 39,500               | 39,500             | 7,045              | (32,455)                         |
| Sales & service                                | 5,256,359            | 5,256,359          | 5,214,352          | (42,007)                         |
| Other sources                                  | 11,114,641           | 8,979,774          | 14,566,734         | 5,586,960                        |
| <b>Total revenues</b>                          | <b>75,958,044</b>    | <b>74,526,771</b>  | <b>82,117,853</b>  | <b>7,591,082</b>                 |
| <br>   |                      |                    |                    |                                  |
| <b>Total revenues and<br/>balance budgeted</b> | <b>89,711,665</b>    | <b>114,072,265</b> | <b>115,430,085</b> | <b>1,357,820</b>                 |
| <br>   |                      |                    |                    |                                  |
| Expenditures                                   |                      |                    |                    |                                  |
| Instruction and general                        | 33,122,185           | 36,512,024         | 32,327,654         | (4,184,370)                      |
| Student social and cultural                    | 409,000              | 645,574            | 597,280            | (48,294)                         |
| Research                                       | 9,971,300            | 17,773,587         | 10,913,393         | (6,860,194)                      |
| Public service                                 | 2,615,600            | 3,550,969          | 2,670,177          | (880,792)                        |
| Internal service departments                   | 3,552,241            | 1,522,364          | 428,132            | (1,094,232)                      |
| Student aid                                    | 2,793,622            | 3,037,688          | 3,373,144          | 335,456                          |
| Auxiliary enterprises                          | 4,486,259            | 4,593,686          | 4,611,506          | 17,820                           |
| Intercollegiate athletics                      | 263,900              | 263,935            | 218,869            | (45,066)                         |
| Independent operations                         | 4,790,800            | 5,258,740          | 4,416,417          | (842,323)                        |
| Capital outlay                                 | 10,929,822           | 16,920,082         | 10,929,822         | (5,990,260)                      |
| Renewal and replacements                       | -                    | -                  | 1,308,228          | 1,308,228                        |
| Retirement of indebtedness                     | 781,200              | 601,927            | 450,000            | (151,927)                        |
| <b>Total expenditures</b>                      | <b>73,715,929</b>    | <b>90,680,576</b>  | <b>72,244,622</b>  | <b>(18,435,954)</b>              |
| <br>   |                      |                    |                    |                                  |
| <b>Net Transfers</b>                           | <b>(460,500)</b>     | <b>(311,500)</b>   | <b>(1,658,097)</b> | <b>(1,346,597)</b>               |
| <br>   |                      |                    |                    |                                  |
| Change in net assets-budgetary basis           | 1,781,615            | (16,465,305)       | 8,215,134          | 24,680,439                       |
| <br>   |                      |                    |                    |                                  |
| <b>Ending Net Assets</b>                       | <b>\$ 15,535,236</b> | <b>23,080,189</b>  | <b>41,527,366</b>  | <b>18,447,177</b>                |

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
UNRESTRICTED CURRENT FUNDS  
SUMMARY OF INSTRUCTION AND GENERAL  
REVENUES AND EXPENDITURES  
BUDGET COMPARISONS  
Year Ended June 30, 2009

|   | Original<br>Budget  | Final<br>Budget    | Actual            | Actual Over<br>(Under) Budget |
|---|---------------------|--------------------|-------------------|-------------------------------|
| Beginning Fund Balances                     | \$ 1,696,432        | 5,031,976          | 5,031,976         | -                             |
| Revenues                                    |                     |                    |                   |                               |
| Tuition                                     | 5,337,573           | 6,024,605          | 7,205,657         | 1,181,052                     |
| Miscellaneous Fees                          | 428,315             | 670,911            | 724,210           | 53,299                        |
| Government appropriation - federal          | -                   | -                  | -                 | -                             |
| Government appropriation - state            | 28,054,000          | 27,352,700         | 27,341,285        | (11,415)                      |
| Government appropriation - local            | -                   | -                  | -                 | -                             |
| Government grants - federal                 | 200                 | 200                | -                 | (200)                         |
| Government grants - state                   | -                   | -                  | -                 | -                             |
| Contracts - local                           | -                   | -                  | -                 | -                             |
| Private gift/contracts                      | -                   | -                  | -                 | -                             |
| Endowment Earnings                          | 200,000             | 200,000            | 219,661           | 19,661                        |
| Land and permanent fund                     | 1,590,822           | 1,590,822          | 1,282,183         | (308,639)                     |
| Private gifts                               | -                   | -                  | -                 | -                             |
| Sales & service                             | -                   | -                  | -                 | -                             |
| Other sources                               | 4,004,300           | 4,004,300          | 7,398,829         | 3,394,529                     |
| <b>Total revenues</b>                       | <b>39,615,210</b>   | <b>39,843,538</b>  | <b>44,171,825</b> | <b>4,328,287</b>              |
| Expenditures                                |                     |                    |                   |                               |
| Instruction                                 | 15,966,076          | 16,265,037         | 15,735,960        | (529,077)                     |
| Academic support                            | 2,457,049           | 2,457,049          | 2,746,441         | 289,392                       |
| Student services                            | 2,294,504           | 2,294,504          | 2,150,805         | (143,699)                     |
| Institutional support                       | 6,786,463           | 9,996,562          | 6,204,347         | (3,792,215)                   |
| Oper. & maint. of plant                     | 5,618,093           | 5,498,872          | 5,490,101         | (8,771)                       |
| <b>Total expenditures</b>                   | <b>33,122,185</b>   | <b>36,512,024</b>  | <b>32,327,654</b> | <b>(4,184,370)</b>            |
| Net Transfers                               | 6,676,310           | 6,226,310          | 11,043,938        | 4,817,628                     |
| <b>Change in net assets-budgetary basis</b> | <b>(183,285)</b>    | <b>(2,894,796)</b> | <b>800,233</b>    | <b>3,695,029</b>              |
| <b>Ending Fund Balance</b>                  | <b>\$ 1,513,147</b> | <b>2,137,180</b>   | <b>5,832,209</b>  | <b>3,695,029</b>              |



NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
 RESTRICTED CURRENT FUNDS  
 REVENUES AND EXPENDITURES  
 BUDGET COMPARISONS  
 Year Ended June 30, 2009

|   | Original<br>Budget | Final<br>Budget   | Actual            | Actual Over<br>(Under) Budget |
|---|--------------------|-------------------|-------------------|-------------------------------|
| <b>Revenues</b>                                     |                    |                   |                   |                               |
| Tuition   | \$ -               | -                 | -                 | -                             |
| Miscellaneous Fees                                  | -                  | -                 | -                 | -                             |
| Government appropriation - federal                  | -                  | -                 | -                 | -                             |
| Government appropriation - state                    | -                  | -                 | -                 | -                             |
| Government appropriation - local                    | -                  | -                 | -                 | -                             |
| Government grants - federal                         | 77,688,500         | 77,688,500        | 59,142,704        | (18,545,796)                  |
| Government grants - state                           | 2,100,000          | 2,100,000         | 6,147,050         | 4,047,050                     |
| Contracts -local                                    | -                  | -                 | -                 | -                             |
| Private gift/contracts                              | 9,111,500          | 9,111,500         | 18,873,490        | 9,761,990                     |
| Endowments  | -                  | -                 | -                 | -                             |
| Land and permanent fund                             | -                  | -                 | -                 | -                             |
| Private gifts                                       | -                  | -                 | -                 | -                             |
| Sales & service                                     | -                  | -                 | -                 | -                             |
| Other sources                                       | 1,074,000          | 3,103,877         | 2,966,727         | (137,150)                     |
| <b>Total revenues</b>                               | <b>89,974,000</b>  | <b>92,003,877</b> | <b>87,129,971</b> | <b>(4,873,906)</b>            |
| Cash balance budgeted                               | -                  | 200,000           | -                 | (200,000)                     |
| <b>Total revenues and cash<br/>balance budgeted</b> | <b>89,974,000</b>  | <b>92,203,877</b> | <b>87,129,971</b> | <b>(5,073,906)</b>            |
| <b>Expenditures</b>                                 |                    |                   |                   |                               |
| Instruction and general                             | -                  | -                 | -                 | -                             |
| Student social and cultural                         | -                  | -                 | -                 | -                             |
| Research  | 88,900,000         | 88,900,000        | 83,065,584        | (5,834,416)                   |
| Public service                                      | -                  | -                 | -                 | -                             |
| Internal service departments                        | -                  | 2,229,877         | -                 | (2,229,877)                   |
| Student aid   | 1,074,000          | 1,074,000         | 1,068,668         | (5,332)                       |
| Auxiliary enterprises                               | -                  | -                 | -                 | -                             |
| Intercollegiate athletics                           | -                  | -                 | -                 | -                             |
| Independent operations                              | -                  | -                 | -                 | -                             |
| Capital outlay                                      | -                  | -                 | -                 | -                             |
| Renewal and replacements                            | -                  | -                 | -                 | -                             |
| Retirement of indebtedness                          | -                  | -                 | -                 | -                             |
| <b>Total expenditures</b>                           | <b>89,974,000</b>  | <b>92,203,877</b> | <b>84,134,252</b> | <b>(8,069,625)</b>            |
| <b>Change in net assets-budgetary basis</b>         | <b>\$ -</b>        | <b>-</b>          | <b>2,995,719</b>  | <b>2,995,719</b>              |

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
SCHEDULE OF DEPOSIT COLLATERAL  
June 30, 2009

|   | Pledged Collateral                     |   | First<br>State Bank<br>Socorro, NM | Wells Fargo<br>Socorro,<br>NM | Bank of<br>America<br>Socorro, NM | Western Bank<br>Lordsburg, NM | Total             |
|---|--|---|------------------------------------|-------------------------------|-----------------------------------|-------------------------------|-------------------|
|   | Safekeeping Location                   | Type of Security                                    |                                    |                               |                                   |                               |                   |
| Funds on deposit  |  |   |                                    |                               |                                   |                               |                   |
| Deposits  |  |   | \$ 44,946,875                      | 1,203,253                     | 32,051                            | 16,847                        | 46,199,026        |
| FDIC insurance  |  |   |                                    |                               |                                   |                               |                   |
| Demand deposits   |  |   | 250,000                            | 1,069,955                     | 32,051                            | 16,847                        | 1,368,853         |
| Savings deposits  |  |   | 250,000                            | -                             | -                                 | -                             | 250,000           |
| <b>Total uninsured public funds</b>                                 |  |   | <u>\$ 44,446,875</u>               | <u>133,298</u>                | <u>-</u>                          | <u>-</u>                      | <u>44,580,173</u> |
| Fifty percent collateral<br>requirement per section<br>6-10-17 NMSA |  |   | \$ 22,223,438                      | 66,649                        | -                                 | -                             | 22,290,087        |
| Pledged collateral  | Federal Reserve Bank,<br>Dallas, Texas |   |                                    |                               |                                   |                               |                   |
|   |  | U.S. Treasury Notes<br>CUSIP # 912810DZ8<br>8/15/17 | 1,798,900                          | -                             | -                                 | -                             | 1,798,900         |
|   |  | U.S. Treasury Notes<br>CUSIP # 912810DW5            | 124,431                            | -                             | -                                 | -                             | 124,431           |
|   |  | FHLMC<br>CUSIP #3137EAAV1                           | 3,319,729                          | -                             | -                                 | -                             | 3,319,729         |
|   |  | U.S. Treasury Notes<br>CUSIP #912810DX3<br>11/15/16 | 2,545,531                          | -                             | -                                 | -                             | 2,545,531         |
|   |  | FNMA<br>CUSIP # 31359MRG0<br>3/15/13                | 3,761,844                          | -                             | -                                 | -                             | 3,761,844         |
|   |  | FHLB<br>CUSIP #3133XLWM1                            | 3,979,994                          | -                             | -                                 | -                             | 3,979,994         |
|   |  | FFCB<br>CUSIP # 31331QF77<br>5/7/13                 | 1,614,230                          | -                             | -                                 | -                             | 1,614,230         |
|   |  | FFCB<br>CUSIP # 31331HSL7<br>12/29/15               | 1,078,271                          | -                             | -                                 | -                             | 1,078,271         |
|   |  | FFCB<br>CUSIP # 31331QYJ0<br>3/28/18                | 5,358,389                          | -                             | -                                 | -                             | 5,358,389         |
|   |  | FFCB<br>CUSIP # 31331XSD5<br>3/08/17                | 2,420,490                          | -                             | -                                 | -                             | 2,420,490         |
|   |  | FHLB<br>CUSIP # 3133M1UQ1<br>11/15/11               | 4,304,059                          | -                             | -                                 | -                             | 4,304,059         |

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
SCHEDULE OF DEPOSIT COLLATERAL (CONTINUED)  
June 30, 2009

| Pledged Collateral   |   | First                     | Wells Fargo    | Bank of                    | Western Bank | Total      |
|--|---|---------------------------|----------------|----------------------------|--------------|------------|
| Safekeeping Location   | Type of Security                                | State Bank<br>Socorro, NM | Socorro,<br>NM | America<br>Albuquerque, NM | Lordsburg    |            |
|  | FFCB<br>CUSIP # 3133SVNO<br>8/4/14              | \$ 5,302,444              | -              | -                          | -            | 5,302,444  |
|  | FHLB<br>CUSIP # 3133MIQF0<br>8/15/16            | 2,702,597                 | -              | -                          | -            | 2,702,597  |
|  | FFCB<br>CUSIP #31331XX64                        | 4,457,206                 | -              | -                          | -            | 4,457,206  |
|  | Roosevelt Cnty Tax Rev<br>CUSIP #776461AS4      | 150,000                   | -              | -                          | -            | 150,000    |
|  | Roosevelt Cnty Tax Rev<br>CUSIP #776461AV7      | 245,000                   | -              | -                          | -            | 245,000    |
|  | Garfield Cnty Building Corp<br>CUSIP #36565NBF6 | 800,000                   | -              | -                          | -            | 800,000    |
|  | FNCL<br>CUSIP # 31407HUZ7<br>4/1/2036           | -                         | 135,963        | -                          | -            | 135,963    |
| Total collateral   |   | 43,963,115                | 135,963        | -                          | -            | 44,099,078 |
| Excess (deficit) of pledged collateral<br>over the required amount |   | \$ 21,739,678             | 69,314         | -                          | -            | 21,808,992 |

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND - EMPLOYEE BENEFIT TRUST  
Year Ended June 30, 2009

|   | Balance<br>June 30, 2008 | Additions         | Deletions         | Balance<br>June 30, 2009 |
|---|--------------------------|-------------------|-------------------|--------------------------|
| <b>ASSETS</b>                             |                          |                   |                   |                          |
| Cash                                      | \$ 482,693               | 8,020,621         | 7,981,032         | 522,282                  |
| Short-term investments                    | 2,368,440                | 7,780,903         | 8,023,978         | 2,125,365                |
|   | <u>\$ 2,851,133</u>      | <u>15,801,524</u> | <u>16,005,010</u> | <u>2,647,647</u>         |
| <b>LIABILITIES</b>                        |                          |                   |                   |                          |
| Accounts payable and<br>other liabilities | \$ 819,256               | 6,875,562         | 6,827,900         | 866,918                  |
| Deposits held in custody<br>for others    | 2,031,877                | 7,780,903         | 8,032,051         | 1,780,729                |
|   | <u>\$ 2,851,133</u>      | <u>14,656,465</u> | <u>14,859,951</u> | <u>2,647,647</u>         |

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year Ended June 30, 2009

| Federal Grantor-Program Title                 | Funding Agency Identification Number / Contract ID   | Catalog of Federal Domestic Assistance (CFDA) Number | Fiscal Year Expenses |
|---|--|--|----------------------|
| <b>Major Programs</b>                         |  |  |                      |
| Research and Development                      |  |  |                      |
| Department of defense                         |  |  |                      |
| U.S. Navy                                     |  | 12.Unknown   | 5 1,238,078          |
| U.S. Army                                     |  | 12.Unknown   | 11,211,460           |
| U.S. Air Force                                |  | 12.Unknown   | 2,512,501            |
| Department of Navy-MRO                        |  | 12.Unknown   | 6,714,265            |
| National Science Foundation                   |  |  |                      |
| Mathematical and Physical Sciences            |  | 47.049   | 2,951,889            |
| Department of Energy                          |  | 81.Unknown   | 7,252,940            |
| Department of the Interior                    |  |  |                      |
| U.S. Geological Survey                        |  | 15.Unknown   | 293,575              |
| Department of Health and Human Services       |  |  |                      |
| National Institute of Health                  |  | 93.Unknown   | 325,503              |
| National Aeronautics and Space Administration |  | 43.Unknown   | 226,911              |
| Department of Labor-Mine Safety               |  | 17.602   | 207,545              |
| <b>Total Federal Direct Research</b>          |  |  | <b>32,934,667</b>    |
| <b>Major Programs</b>                         |  |  |                      |
| Research and Development-Pass throughs+B6     |  |  |                      |
| Department of defense                         |  |  |                      |
| U.S. Army                                     |  |  |                      |
| NM National Guard                             | W912J3-07-C-0001   | 12.Unknown   | 172,933              |
| U.S. Air Force                                |  |  |                      |
| University of New Mexico                      | 271262-8746  | 12.Unknown   | 75,388               |
| Emory University                              | 5-26650-G1   | 12.Unknown   | 6,745                |
| Defense Threat Reduction Agency               |  |  |                      |
| University of New Mexico                      | 986019-8746  | 12.351   | 7,144                |
| University of New Mexico                      | 798153-8746  | 12.351   | 182,840              |
| North Carolina State University               | 2008-0740-02   | 12.351   | 48,255               |
| University of New Mexico                      | 986050-8746  | 12.351   | 8,827                |
| DOD   |  |  |                      |
| University of New Mexico                      | SUB No. 798152-8746  | 12.Unknown   | 56,889               |
| Department of Homeland Security               |  |  |                      |
| NM Dept. of Homeland Security                 | 2007-EMPGSP-NMTECH-DECIS   | 97.004   | 40,597               |
| NM Dept. of Homeland Security                 | 2007-EMPGSP-NMTECH-ROCK  | 97.004   | 2,528                |
| Department of Energy                          |  |  |                      |
| DOE Labs                                      |  |  |                      |
| Lawrence Livermore                            | B573241  | 81.Unknown   | 17,758               |
| Los Alamos National Labs                      | 73266-001-09, 08-551-557, UCDRD STB-UC-06-40 58940-001-07, 63245-001-08 68300-001-08, 56160-001-07   | 81.Unknown   | 742,826              |
| Sandia National Labs                          | 850654,882847,863156,919713, 891949,911794,881436,920288, 679606,739567,657377,755290 920668,655882,739566,827269, 763934,611045,847908,751813 752587, 739568,764165,820340 661294,752151,787714,667074 820161, 807439, 702799 | 81.Unknown   | 1,127,303            |
| Other DOE Subs                                |  |  |                      |
| Research Part To Secure Energy for America    | 07123-07   | 81.Unknown   | 281,185              |
| Research Part To Secure Energy for America    | 07123-05   | 81.Unknown   | 121,412              |
| Research Part To Secure Energy for America    | 07-SCTA-98-NMT   | 81.Unknown   | 246,203              |
| University of Nevada Las Vegas                | 08-65BB-00   | 81.Unknown   | 30,305               |
| University of Nevada Las Vegas                | 08-49HB-03   | 81.Unknown   | 47,017               |
| Virginia Tech Polytechnic Institute           | CR 19475-429182  | 81.Unknown   | 30,825               |
| LEA County, NM                                | SUB DE-NT0005227   | 81.Unknown   | 167,525              |
| Pennsylvania State University                 | 3764-NMIMT-DOE-209S  | 81.Unknown   | 18,618               |
| Center of Energetic Materials and Devices     | MOU LNL 05-45 SNL 03-S-374   | 81.Unknown   | 2,280                |
| University of New Mexico                      | 182002-8746  | 81.Unknown   | 32,211               |
| Department of Education                       |  |  |                      |
| Amarillo College                              | SUB P031C080131  | 84.Unknown   | 257,870              |
| New Mexico State University                   | O01129   | 84.Unknown   | 8,000                |
| New Mexico State University                   | O01128   | 84.Unknown   | 1,842                |

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
Year Ended June 30, 2009

| Federal Grantor-Program Title                      | Funding Agency Identification Number / Contract ID | Catalog of Federal Domestic Assistance (CFDA) Number | Fiscal Year Expenses |
|--|--|--|----------------------|
| New Mexico State University                        | 001254   | 84.Unknown   | 20,808               |
| New Mexico State University                        | 001269   | 84 Unknown   | 18,093               |
| New Mexico State University                        | 001303   | 84 Unknown   | 12,500               |
| Department of Labor                                |  |  |                      |
| NM Workforce Solutions Dept.                       | 09-631-0010-00068                                  | 17.Unknown   | 10,489               |
| NM Workforce Solutions Dept                        | 09-631-0004-00046/PO#4106                          | 17.Unknown   | 147,489              |
| Federal Aviation Administration                    |  |  |                      |
| NM Dept. of Transportation                         | C04939   | 20.Unknown   | 35,324               |
| FEMA   |  |  |                      |
| NM Dept. of Public Safety                          | 000-UP11U-06                                       | 83.Unknown   | 19,797               |
| NM Dept. of Public Safety                          | EMT-2007-PC-0007-001-NMIMT                         | 83.Unknown   | 594                  |
| NASA   |  |  |                      |
| New Mexico State University                        | Q01353   | 43.Unknown   | 4,198                |
| New Mexico State University                        | Q01295   | 43 Unknown   | 6,652                |
| Massachusetts Institute of Tech                    | 5710001785   | 43 Unknown   | 3,590                |
| New Mexico State University                        | Q01213   | 43 Unknown   | 109,224              |
| New Mexico State University                        | Q01266   | 43.Unknown   | 7,256                |
| New Mexico State University                        | Q01267   | 43 Unknown   | 3,485                |
| Jet Propulsion Laboratories                        | SUB No 1361129                                     | 43.Unknown   | 965                  |
| Jet Propulsion Laboratories                        | 1277572  | 43.Unknown   | 27,919               |
| Universities Space Res. Assoc.                     | SUB No 03450-07                                    | 43.Unknown   | 6,024                |
| Jet Propulsion Laboratories                        | 1345729  | 43.Unknown   | 56,492               |
| Space Alliance Tech. Outreach                      | RTA 2265   | 43.Unknown   | 47                   |
| Space Alliance Tech. Outreach                      | RTA 2292   | 43.Unknown   | 965                  |
| Space Alliance Tech. Outreach                      | RTA 3194   | 43.Unknown   | 7                    |
| Jet Propulsion Laboratories                        | RSA # 1344355                                      | 43 Unknown   | 47,462               |
| Jet Propulsion Laboratories                        | 1278287  | 43.Unknown   | 3,467                |
| Department of Health & Human Services - NIH        |  |  |                      |
| New Mexico State University                        | Q01233/P0057981                                    | 93 Unknown   | 299,292              |
| New Mexico State University                        | Q01346   | 93 Unknown   | 62,704               |
| University of New Mexico                           | 3R26T  | 93 Unknown   | 11,655               |
| University of New Mexico                           | 326TB  | 93 Unknown   | 19,701               |
| University of New Mexico                           | 3R027 MOD 5  | 93 Unknown   | 1,979                |
| National Science Foundation                        |  |  |                      |
| New Mexico State University                        | Q01158   | 47.Unknown   | 15,100               |
| University of Arizona                              | Y414031  | 47.Unknown   | 119,177              |
| New Mexico State University                        | Q00891 YR5   | 47.Unknown   | 8,750                |
| New Mexico State University                        | Q01316 / P0070353                                  | 47.Unknown   | 6,250                |
| Northern Illinois University                       | 94881  | 47.Unknown   | 30,401               |
| Northern Illinois University                       | 94885  | 47.Unknown   | 11,866               |
| Northern Illinois University                       | 94880  | 47.Unknown   | 24,953               |
| UNAVCO, Inc.                                       | SUB AGMT EAR-0350028-07                            | 47.Unknown   | 8,494                |
| University of New Mexico                           | 063013-8746  | 47.Unknown   | 82,428               |
| Massachusetts Institute of Tech.                   | 5710001847   | 47 Unknown   | 8,215                |
| UNAVCO, Inc.                                       | EAR-0453975-07                                     | 47 Unknown   | 11,147               |
| UNAVCO, Inc.                                       | EAR-0732947-04                                     | 47.Unknown   | 65,406               |
| UNAVCO, Inc.                                       | EAR-0732947-06                                     | 47 Unknown   | 896                  |
| UNAVCO, Inc.                                       | EAR-0350028-05                                     | 47.Unknown   | 165,114              |
| Inc. Research Inst. For Seismology                 | 70-TA  | 47.Unknown   | 1,297,363            |
| Inc. Research Inst. For Seismology                 | 17-PAS   | 47.Unknown   | 103,697              |
| Inc. Research Inst. For Seismology                 | 02-PAS   | 47.Unknown   | 1,821,209            |
| Inc. Research Inst. For Seismology                 | 470  | 47.Unknown   | 332,994              |
| Inc. Research Inst. For Seismology                 | 471  | 47.Unknown   | 221,136              |
| Department of Interior - USGS                      |  |  |                      |
| New Mexico State University                        | Q01112   | 15 Unknown   | 23,284               |
| <b>Total Research Pass Through Funds</b>           |  |  | <b>9,029,384</b>     |
| <b>Total Research</b>                              |  |  | <b>41,964,051</b>    |
| Non Major Programs                                 |  |  |                      |
| Student Financial Assistance                       |  |  |                      |
| Pell Grant Program                                 |  | 84.063   | 1,003,210            |
| Perkins Loans                                      |  | 84.038   | 156,037              |
| Supplemental Educational Opportunity Grants (SEOG) |  | 84.007   | 202,298              |
| Colleges Work Study Program                        |  | 84.053   | 194,132              |
| GSL - Subsidized                                   |  | 84.Unknown   | 909,409              |
| GSL - Unsubsidized                                 |  | 84.Unknown   | 1,164,521            |
| Smart Grant  |  | 84.Unknown   | 102,753              |
| Academic Competiveness Grant                       |  | 84 Unknown   | 26,104               |
| <b>Total Student Financial Assistance</b>          |  |  | <b>3,758,464</b>     |

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
 Year Ended June 30, 2009

| Federal Grantor-Program Title  | Funding Agency Identification Number / Contract ID  | Catalog of Federal Domestic Assistance (CFDA) Number               | Fiscal Year Expenses       |
|--|---|--|----------------------------|
| Non Major Programs   |   |  |                            |
| Department of Homeland Security - Dept of Justice                                | 2008-GN-TS-K006<br>2007-GN-T7-K004<br>2003-T6-TX-K001   | 97.005 S   | 21,746,719                 |
| Department of State - ILEA   | S-INLEC-06-CA-0005  | 19 Unknown   | 4,185,503                  |
| Center for Disease<br>Department of Homeland Security                            | 214-2007-M-21949<br>2008-ST-104-000011  | 93.283<br>97.005   | 11,021<br>22,788           |
| Environmental Protection Agency  | X6-96646801, X6-96664301-0<br>X6-96684701-1, EP086000193  | 66.424   | 460,491                    |
| Other Defense Agencies   | HM1582-07-1-2025<br>H98230-07-01-0206<br>H98230-08-1-0322<br>HQ0147-08-C-0025<br>IPA BOLINO 2008/2010 | 12.Unknown<br>12.Unknown<br>12.Unknown<br>12.Unknown<br>12 Unknown | 514,452                    |
| Department of the Interior<br>Bureau of Land Management<br>Cave & Karst Research | GDA080015<br>H2360030007/J2360053165<br>H2360030007/J2360075162<br>H2360030007/J2360086099            | 15.Unknown<br>15.Unknown   | 577<br>293,825             |
| US Fish & Wildlife<br>National Park Service<br>Valles Caldera Trust              | 201814J862<br>P2360064072, P2360086114<br>08-CA-11151000-003  | 15 Unknown<br>15.Unknown   | 3,336<br>5,726<br>10,000   |
| Department of Commerce - NOAA  | NA07NWS4620012<br>NA07OAR4310274<br>AB133F05SE5806, AB133F06SE4864                                    | 11 Unknown   | 105,951                    |
| Department of Agriculture<br>US Forest Service                                   | 04-CS-11031600-008 MOD 3  | 10.Unknown   | 11,601                     |
| Department of Education<br>Department of State<br>Department of Transportation   | PO #47A070017<br>S-DSASD-09-CA-200<br>PO #26281   | 84.Unknown<br>19.Unknown<br>20.Unknown                             | 330,735<br>6,117<br>21,640 |
| Other Federal Direct   |   |  | <u>27,730,482</u>          |
| Total Federal Awards   |   |  | <u>S 73,452,997</u>        |

See Notes to Schedule of Expenditures of Federal Awards

**NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES**  
**OF FEDERAL AWARDS**  
**Year Ended June 30, 2009**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Amounts related to pass through grants are classified as private revenues in the accompanying statement of revenues, expenditures and changes in net assets.

**NOTE 2. STUDENT FINANCIAL ASSISTANCE**

The Institute administers the Perkins Loan Program. Total outstanding loans under this US Department of Education program at June 30, 2009, were \$2,497,901. Total loan expenditures and disbursements, including administrative expenses, for the fiscal year ended June 30, 2009, were \$156,036. The Schedule of Federal Expenditures of Federal Awards only includes an amount, which represents administrative costs and additional advances, including the Institute's matching requirement expended for the year ended June 30, 2009.

During the fiscal year ended June 30, 2009, the Institute processed \$2,194,579 of new loans under the Guaranteed Student Loan Program, which includes Stafford Loans, Parents' Loans for Undergraduate Students, and Supplemental Loans for Students.



**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 Regents  
New Mexico Institute of  
Mining and Technology  
Socorro, New Mexico  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor

We have audited the financial statements of the business-type activities, each discretely presented component unit and the fiduciary fund of the New Mexico Institute of Mining and Technology (Institute), as of and for the year ended June 30, 2009. We have also audited the budget comparison schedules for the year ended June 30, 2009 and have issued our report thereon dated November 12, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit we considered the Institute'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 Institute's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

Board of Regents  
New Mexico Institute of  
Mining and Technology  
Socorro, New Mexico  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 09-01 to be a significant deficiency in internal control over financial reporting.

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

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 and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above as item 09-01 is not a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Institute's basic 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*.

Board of Regents  
New Mexico Institute of  
Mining and Technology  
Socorro, New Mexico  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor

We noted another matter that is required to be reported under *Government Auditing Standards* paragraphs 5.14 and 5.16, and Section 12-6-5 NMSA 1978, which is described in the accompanying schedule of findings and questioned costs as item 09-03.

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

This report is intended solely for the information and use of the Board of Regents, management, the Institute, the State Auditor, the New Mexico Higher Education Department, the cognizant audit agency and other federal audit agencies and is not intended to be, and should not be used by anyone other than these specified parties.

*Moss Adams LLP*

Albuquerque, New Mexico  
November 12, 2009

**Report on Compliance With  
Requirements Applicable to Each Major Program  
And on Internal Control Over Compliance in  
Accordance With OMB Circular A-133**

Board of Regents  
New Mexico Institute of  
Mining and Technology  
Socorro, New Mexico  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor

We have audited the compliance of New Mexico Institute of Mining and Technology (Institute) with the types of compliance requirements described in the *US Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The Institute's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Institute's management. Our responsibility is to express an opinion on the Institute's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Institute's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Institute's compliance with those requirements.

Board of Regents  
New Mexico Institute of  
Mining and Technology  
Socorro, New Mexico  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor

In our opinion the Institute complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 09-02.

#### Internal Control Over Compliance

The management of the Institute is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Institute's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

Board of Regents  
New Mexico Institute of  
Mining and Technology  
Socorro, New Mexico  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance 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 compliance that we consider to be material weaknesses, as defined above.

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

This report is intended solely for the information and use of Board of Regents, management, the Institute, the State Auditor, the New Mexico Higher Education Department, the cognizant audit agency and other federal audit agencies and is not intended to be, and should not be used by anyone other than these specified parties.

*Moss Adams LLP*

Albuquerque, New Mexico  
November 12, 2009

**NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY**  
**SUMMARY OF PRIOR AUDIT FINDINGS**  
**Year Ended June 30, 2009**

| <b>Prior Year Finding Description</b>                    | <b>Status</b> |
|--|---------------|
| 07-07 Budget Overage                                     | Resolved      |
| 08-01 Reconciliation to Banner                           | Resolved      |
| 08-02 Lack of Sufficient Collateral                      | Resolved      |
| 08-03 Expenditure of Funds for Personal or Corporate Use | Resolved      |

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 Year Ended June 30, 2009

A. SUMMARY OF AUDITORS' RESULTS

*Financial Statements*

Type of auditors' report issued Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified that are not considered to be material weakness(es)?  Yes  None reported

Non-compliance material to financial statements noted?  Yes  No

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified that are not considered to be material weakness(es)  Yes  None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?  Yes  No

Identification of Major Program

|             |   |
|-------------|---|
| CFDA Number | Name of Federal Program or Cluster                |
| RD.Variou   | Research and Development Cluster                  |
| 97.005      | Department of Homeland Security - Dept of Justice |

Dollar threshold used to distinguish between type A and type B programs \$ 2,203,590

Auditee qualified as low-risk auditee?  Yes  No



NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2009

**B. FINDINGS-FINANCIAL STATEMENT AUDIT**

**09-01 Payroll Liability Account Reconciliations**

**CONDITION**

While performing our accrued liabilities test work we noted there were certain payroll liability accounts which had not been reconciled for the year. These accounts were the Federal Tax Withholding Payable, Retirement Payable, Health Insurance Payable, Tax Shelter Annuity Payable, and Net Assets related to the Employee Benefit Trust.

**CRITERIA**

Good accounting practice would be that all accounts be reconciled on a monthly basis and any discrepancies should be researched and resolved in a timely manner.

**CAUSE**

In prior year it was discovered that an error occurred in the Banner system in which a payroll modifier was entered incorrectly thus posting payroll to the improper accounts. When the error was discovered they fixed the error so that payroll would post correctly however, no reconciliations were attempted until the end of current year.

**EFFECT**

Not reconciling accounts on a monthly basis increases the likelihood that fraud and errors may go undetected.

**RECOMMENDATION**

We recommend that all accounts balance sheet accounts be reconciled periodically throughout the year.

**RESPONSE**

Reconciliation of the payroll liability accounts became very complicated since the conversion into Banner. The reconciliation process began in FY08 and was completed in June 2009. The payroll liability accounts are now being reconciled after each payroll is complete.

**NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2009**

**C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**09-02 Support for Travel Charges**

Funding agency: U.S. Department of Homeland Security  
Title: Department of Justice  
CFDA Number: 97.005  
Award Year & Number: 2009

**CONDITION**

During the year, the Institute discovered through its system of internal controls that certain travel charges did not have adequate supporting documentation at Energetic Materials Research and Training Center (EMRTC). In performing a review of these travel expenses incurred over the past 5 years, Institute noted approximately \$59,000 that were not adequately supported. Charges paid in the current fiscal year were approximately \$11,000.

**CRITERIA**

According to Uniform administrative requirements for grants and agreements with institutions of higher education, hospitals, and other non-profit organizations (OMB Circular A-110) section 215.21 paragraph (3), the Institution should implement "Effective control over and accountability for all funds, property and other assets. Recipients shall adequately safeguard all such assets and assure they are used solely for authorized purposes."

**QUESTIONED COSTS**

Approximately \$11,000.

**CAUSE**

EMRTC is a specialized department and had its own travel approval process.

**EFFECT**

The Institute was required to reimburse the grantor (Department of Justice) for the amount of unsupported charges.

**RECOMMENDATION**

We recommend that the Institute implement controls over travel and per diem in order to ensure that they have adequate supporting documentation prior to disbursing funds.

**RESPONSE**

Training on the NM Tech Travel Policy and EMRTC travel procedures has been provided to all EMRTC managers. All travel requests and reimbursements will be approved by the EMRTC Business Office prior to submitting to the NM Tech Travel Office. NM Tech Travel Office will review and give final approval of all EMRTC travel before processing.

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2009

COMPONENT UNIT NEW MEXICO TECH RESEARCH FOUNDATION

09-03 Segregation of Duties

CONDITION

The Foundation lacks sufficient segregation of duties over bank reconciliations and journal entries.

CRITERIA

Bank reconciliations and journal entries should be reviewed and approved by someone other than the person responsible for preparing reconciliations and journal entries.

CAUSE

The Foundation is a small entity with one individual and thus has not established segregation of duties.

EFFECT

There is an increased risk of misstatement due to error or misappropriation.

RECOMMENDATION

We recommend that the Foundation designate an individual independent of the preparation of bank reconciliations to review monthly bank reconciliations or review monthly financial statements.

RESPONSE

We agree with the recommendation and will implement it.

**NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY  
EXIT CONFERENCE  
June 30, 2009**

An exit conference was held on November 11, 2009, with the following in attendance:

For the New Mexico Institute of Mining and Technology:

|                   |  |
|-------------------|--|
| Lonnie G. Marquez | Vice President for Administration<br>and Finance   |
| Jerry A. Armijo   | Regent Secretary/Treasurer                         |
| Leyla A. Sedillo  | Associate Vice President for<br>Budget and Finance |
| Arleen Valles     | Director of Finance                                |
| Anna McLain       | Director of Sponsored Projects                     |
| Erik County       | Financial Database Administrator                   |
| Alex K. Thyssen   | Director of Internal Audit                         |

For the New Mexico Tech Research Foundation:

|                |                               |
|----------------|-------------------------------|
| Alex Thyssen   | Treasurer-Assistant Secretary |
| Lonnie Marquez | Trustee                       |

For the New Mexico Tech University Research Park Corporation

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

For Moss Adams LLP:

|               |            |
|---------------|------------|
| Larry Carmony | Partner    |
| Molly Griego  | Supervisor |

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