



**LOBO DEVELOPMENT CORPORATION**  
(A Component Unit of the University of New Mexico)

Financial Statements

June 30, 2012 and 2011

(With Independent Auditors' Report Thereon)

**LOBO DEVELOPMENT CORPORATION**  
(A Component Unit of the University of New Mexico)

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**LOBO DEVELOPMENT CORPORATION**  
(A Component Unit of the University of New Mexico)

Official Roster

June 30, 2012

**OFFICERS**

David W. Harris  
Paul B. Roth, M.D.  
Steven R. Beffort  
Kim D. Murphy

**MEMBERS**

James H. Koch  
Don L. Chalmers  
David J. Schmidly  
David W. Harris  
Paul B. Roth, M.D.  
Steven R. Beffort  
Michael D. Daly  
Robert M. Murphy  
Maria Griego-Raby



**KPMG LLP**  
Suite 700  
Two Park Square  
6565 Americas Parkway NE  
PO Box 3990  
Albuquerque, NM 87190

## **Independent Auditors' Report**

The Board of Directors  
Lobo Development Corporation  
and  
Mr. Hector Balderas, New Mexico State Auditor:

We have audited the accompanying basic financial statements of Lobo Development Corporation, a component unit of The University of New Mexico (Lobo Development) as of and for the years ended June 30, 2012 and 2011, as listed in the table of contents. These financial statements are the responsibility of Lobo Development's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 Lobo Development'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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lobo Development Corporation as of June 30, 2012 and 2011, and the changes in its financial position and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2012, on our consideration of Lobo Development's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United



States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

KPMG LLP

October 8, 2012

**LOBO DEVELOPMENT CORPORATION**  
(A Component Unit of the University of New Mexico)

Management's Discussion and Analysis

June 30, 2012, 2011 and 2010

The following discussion and analysis provides an overview of the financial position and activities of Lobo Development Corporation (Lobo Development) as of and for the fiscal years ended June 30 2012 and 2011. This discussion should be read in conjunction with the accompanying financial statements and notes. Management has prepared the basic financial statements and the related note disclosures along with this discussion and analysis. As such, the financial statements, notes, and this discussion are the responsibility of Lobo Development's management.

**Financial Highlights**

Cash increased in 2012 by \$256,832, resulting in cash on deposit with fiscal agent and cash on hand at the close of fiscal year 2012 of \$1,328,930. The increase during fiscal year 2012 is primarily due to an increase in project revenues. Cash increased in 2011 by \$884,307, resulting in cash on deposit with fiscal agent and cash on hand at the close of fiscal year 2011 of \$1,072,098. The increase during fiscal year 2011 is primarily due to an increase in project revenues. Interest earned during fiscal year 2012 increased \$2,059 from \$8,232 to \$10,291 due to an increase in the amount of cash being held by The University of New Mexico (UNM), Lobo Development's fiscal agent.

Lobo Development's net assets increased \$590,399 during the year, from \$570,864 in 2011 to \$1,161,263 in fiscal year 2012, as a result of higher revenues in connection with the startup of the central campus student housing project. During fiscal year 2011, Lobo Development's net assets increased \$484,995, from \$85,869 in 2010 to \$570,864 in fiscal year 2011 as a result of increased operating revenue.

During the fiscal year, operating revenue increased by \$881,863 and operating expenses increased by \$778,518, resulting in an increase in net operating income of \$103,345. During fiscal year 2011, operating revenue increased by \$605,988 and operating expenses decreased by \$166,806, resulting in an increase in net operating income of \$772,794.

**Using This Annual Report**

This annual report consists of a series of financial statements. The balance sheets, statements of revenues, expenses, and changes in net assets, and statements of cash flows provide information about the activities of Lobo Development.

The balance sheets provide information about Lobo Development's overall financial status. The statements of revenues, expenses, and changes in net assets provide information about the operating revenues and expenses and the nonoperating revenues and expenses of Lobo Development. The statements of cash flows provide information related to the cash inflows and outflows of Lobo Development.

**LOBO DEVELOPMENT CORPORATION**  
(A Component Unit of the University of New Mexico)

Management's Discussion and Analysis

June 30, 2012, 2011 and 2010

**Financial Information**

Lobo Development's condensed financial information as of and for the fiscal years ended June 30, 2012, 2011, and 2010 are provided in the following table:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Current assets	\$ 1,335,930	1,072,098	680,118
Total assets	<u>\$ 1,335,930</u>	<u>1,072,098</u>	<u>680,118</u>
Current liabilities	\$ 174,667	501,234	594,249
Net assets	<u>1,161,263</u>	<u>570,864</u>	<u>85,869</u>
Total liabilities and net assets	<u>\$ 1,335,930</u>	<u>1,072,098</u>	<u>680,118</u>
Operating revenue	\$ 1,980,178	1,098,315	492,327
Operating expenses	<u>1,400,070</u>	<u>621,552</u>	<u>788,358</u>
Operating (loss) income	580,108	476,763	(296,031)
Nonoperating revenue	<u>10,291</u>	<u>8,232</u>	<u>5,107</u>
Change in net assets	590,399	484,995	(290,924)
Net assets, beginning of year	<u>570,864</u>	<u>85,869</u>	<u>376,793</u>
Net assets, end of year	<u>\$ 1,161,263</u>	<u>570,864</u>	<u>85,869</u>

**Balance Sheet**

Assets – As of June 30, 2012 and 2011, Lobo Development has cash in the amount of \$1,328,930 and \$1,072,098, respectively, of which \$1,300,604 and \$1,060,383, respectively, is held by UNM, and \$28,326 and \$11,715, respectively, is held in an operating bank account at a financial institution. Cash increased primarily as a result of the increase in project revenue.

*Liabilities and Net Assets* – All of the June 30, 2012, 2011, and 2010, net assets are considered unrestricted net assets.

**Statements of Revenues, Expenses, and Changes in Net Assets**

*Revenues* – During the fiscal year ended June 30, 2012, Lobo Development generated operating revenue in the amount of \$1,980,178, which included campus student housing projects that began during the year. During the fiscal year ended June 30, 2011, Lobo Development generated operating revenue in the amount of \$1,098,315, which included campus student housing projects that began during the year. Other income amounted to \$10,291, \$8,232; and \$5,107 during the fiscal years ended June 30, 2012, 2011, and 2010, respectively, and was the result of interest earned from UNM.

**LOBO DEVELOPMENT CORPORATION**  
(A Component Unit of the University of New Mexico)

Management's Discussion and Analysis

June 30, 2012, 2011 and 2010

*Expenses* – Total operating expenses increased \$778,518 during the fiscal year ended June 30, 2012 due to an increase of \$555,252 in project expenses and an increase of \$223,266 in administrative expenses. Total operating expenses decreased \$166,806 during the fiscal year ended June 30, 2011 due to a decrease of \$159,332 in project expenses and a decrease of \$7,474 in operating expenses. This change was primarily due to the increasing project costs in connection with the student housing project.

UNM is the fiscal agent of Lobo Development. UNM holds the majority of Lobo Development's net assets and invests the holdings in a commingled account with UNM's other investments. The pro rata interest earnings are credited to Lobo Development's account monthly. Lobo Development transfers funds to its checking account as needed.

**Factors Impacting Future Periods**

Lobo Development is currently involved in the commercial development of vacant UNM property and has been negotiating with several retailers. Once a firm commitment is received, work will begin on building the infrastructure to support the retail outlets on UNM property. It is not known when this expansion of business will transpire.

Anticipated revenue sources for 2013 include campus student housing ground rent, commercial development ground rent, real estate income, and commercial development infrastructure income.

***Contacting Lobo Development's Financial Management***

This report is meant to accurately describe the financial condition and position of Lobo Development.

If you have questions about this report or need additional financial information, contact Lobo Development Corporation at 801 University Boulevard SE, Suite 207; Albuquerque, New Mexico 87106-4345.



**LOBO DEVELOPMENT CORPORATION**  
(A Component Unit of the University of New Mexico)

Balance Sheets

June 30, 2012 and 2011

<b>Assets</b>	<b>2012</b>	<b>2011</b>
	<u>          </u>	<u>          </u>
Current assets:		
Cash on deposit with fiscal agent	\$ 1,300,604	1,060,383
Cash on deposit with bank	28,326	11,715
Accounts receivable, net	7,000	—
Total current assets	<u>1,335,930</u>	<u>1,072,098</u>
Total assets	<u>\$ 1,335,930</u>	<u>1,072,098</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Payable to fiscal agent	\$ —	100,269
Accounts payable	174,667	100,965
Advance payable to fiscal agent	—	300,000
Total current liabilities	<u>174,667</u>	<u>501,234</u>
Net assets:		
Unrestricted	<u>1,161,263</u>	<u>570,864</u>
Total liabilities and net assets	<u>\$ 1,335,930</u>	<u>1,072,098</u>

See accompanying notes to financial statements.

**LOBO DEVELOPMENT CORPORATION**  
(A Component Unit of the University of New Mexico)  
Statements of Revenues, Expenses, and Changes in Net Assets  
Years ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenue:		
Project revenue	\$ 1,980,178	1,098,315
Total operating revenue	<u>1,980,178</u>	<u>1,098,315</u>
Operating expenses:		
Project expenses	1,147,828	592,576
Administrative expenses	252,242	28,976
Total operating expenses	<u>1,400,070</u>	<u>621,552</u>
Operating income	580,108	476,763
Nonoperating revenue:		
Interest income	10,291	8,232
Change in net assets	590,399	484,995
Net assets, beginning of year	<u>570,864</u>	<u>85,869</u>
Net assets, end of year	<u>\$ 1,161,263</u>	<u>570,864</u>

See accompanying notes to financial statements.

**LOBO DEVELOPMENT CORPORATION**  
(A Component Unit of the University of New Mexico)

Statements of Cash Flows

Years ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Payments to suppliers of goods or services	\$ (1,426,637)	(774,567)
Payments received from contractors	38,500	—
Payments received from fiscal agent	<u>1,934,678</u>	<u>1,590,642</u>
Net cash provided by operating activities	<u>546,541</u>	<u>816,075</u>
Cash flows from noncapital financing activities:		
Advance from fiscal agent	—	60,000
Payment to fiscal agent	<u>(300,000)</u>	<u>—</u>
Net cash provided by noncapital financing activities	<u>(300,000)</u>	<u>60,000</u>
Cash flows provided by investing activity:		
Interest received on deposits with fiscal agent	<u>10,291</u>	<u>8,232</u>
Net cash provided by investing activity	<u>10,291</u>	<u>8,232</u>
Net increase in cash and cash equivalents	256,832	884,307
Cash and cash equivalents, beginning of year	<u>1,072,098</u>	<u>187,791</u>
Cash and cash equivalents, end of year	<u>\$ 1,328,930</u>	<u>1,072,098</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating gain	\$ 580,108	476,763
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Change in accounts receivable	(7,000)	492,327
Change in accounts payable	<u>(26,567)</u>	<u>(153,015)</u>
Net cash provided by operating activities	<u>\$ 546,541</u>	<u>816,075</u>

See accompanying notes to financial statements.

**LOBO DEVELOPMENT CORPORATION**  
(A Component Unit of the University of New Mexico)

Notes to Financial Statements

June 30, 2012, 2011 and 2010

**(1) Description of Business**

Lobo Development Corporation, a component unit of The University of New Mexico (Lobo Development), is owned, controlled, and was established by The University of New Mexico's (UNM) Board of Regents.

Lobo Development was incorporated in the State of New Mexico on October 4, 2007 under the State of New Mexico's University Research Park and Economic Development Act.

Lobo Development was established to benefit the UNM Regents by relieving UNM of responsibilities for management and development of UNM owned real estate in a commercially reasonable manner and to maximize UNM's return from these assets; by contributing all of the corporation's net revenues to UNM for the support of the teaching, research, and service mission of UNM; and by creating learning opportunities for students in this development activity. The activities of the corporation include the acquisition, development, disposition, and rental of UNM real estate.

Under the Memorandum of Agreement between the UNM Regents and Lobo Development signed in the first quarter of fiscal year 2009, Lobo Development may plan, direct, and coordinate its business activities in accordance with a mutually agreed upon development proposal and development agreement between Lobo Development and UNM. Lobo Development operations will be funded by an administrative fee assigned to approved projects. If Lobo Development revenues are more than sufficient to meet its anticipated financial obligations based on a mutually approved annual budget, it is the intent of the parties that excess revenue shall be distributed back to UNM. For the years ended June 30, 2012 and 2011, no revenue has been distributed back to UNM.

During the year ended June 30, 2012, Lobo Development proceeded to work on three projects assigned to the corporation by UNM.

The first project was negotiated on behalf of UNM with American Campus Communities (ACC) for the construction and operation of a new student housing development on the UNM campus. In the Master Agreement effective November 1, 2009, ACC assumes all of the costs associated with the designing, development, management, and operating of student housing projects on campus as determined by each ground lease. At the termination of the lease, the improvements would revert to UNM. The project is divided into three components and a separate ground lease will be negotiated for each.

Component I consists of an apartment style student housing project located on UNM's South Campus. Component II includes new student housing to be constructed on UNM's main campus. Component III is for additional student housing to be built as set forth in UNM's Strategic Housing Plan, which is currently being developed. Component I was completed and began housing students August 2011. Ground was broken on Component II May 2011.

The second project Lobo Development has undertaken on behalf of UNM is for commercial development of various properties, both on and off the campus. As of June 30, 2012, contract negotiations were ongoing.

**LOBO DEVELOPMENT CORPORATION**  
(A Component Unit of the University of New Mexico)

Notes to Financial Statements

June 30, 2012, 2011 and 2010

A third project entails construction of the first building on UNM's Rio Rancho Campus. Lobo Development Corporation signed a Memorandum of Understanding (MOU) with the City of Rio Rancho, the UNM Board of Regents, and the Sandia Foundation to develop UNM property in Rio Rancho. The MOU was effective June 17, 2009 and provides the following:

- The Sandia Foundation obtained a loan to construct the building.
- Lobo Development will arrange financing to acquire the completed building from the Sandia Foundation.
- The City of Rio Rancho will provide UNM with annual payments of \$1,513,000 for a period of 5 years upon substantial completion of the building to assist in initial infrastructure and building costs.

As of June 30, 2012, a purchase agreement between Lobo Development and Sandia was being negotiated. Ownership of the building upon completion of construction has not been finalized.

Lobo Development provides services only to UNM.

**(2) Summary of Significant Accounting Policies and Practices**

**(a) Basis of Accounting**

Effective July 1, 2010, Lobo Development adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Contained in Pre-November 30, 1989 and AICPA Pronouncements*, which supersedes GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*. GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The adoption of GASB 62 had no impact on Lobo Development's accounting policies, as Lobo Development had previously elected in accordance with GASB 20 to not apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, and applicable FASB pronouncements issued on or before November 30, 1989 have now been incorporated into GASB pronouncements.

As a proprietary fund, Lobo Development's financial statements are reported using a flow of economic resources measurement focus and the full accrual basis of accounting. Accordingly, revenues are recognized when they are earned and expenses are recognized as soon as the liability is incurred. Operating revenues and expenses are those incurred that relate directly to project management services. All other revenues and expenses are considered nonoperating.

The accompanying financial statements include only the accounts of Lobo Development, which has no component units.

**(b) Net Assets**

Net assets are classified as unrestricted. Unrestricted net assets represent liquid assets available for use.

**LOBO DEVELOPMENT CORPORATION**  
(A Component Unit of the University of New Mexico)

Notes to Financial Statements

June 30, 2012, 2011 and 2010

**(c) Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the financial statements dates and the reported amounts of revenues and expenses during these reporting periods. Due to uncertainties inherent in the estimation process, actual results could differ from those estimates.

**(d) Cash and Cash Equivalents**

For purposes of the statement of cash flows, Lobo Development considers cash and cash equivalents to be cash deposits and amounts held by its fiscal agent.

**(e) Accounts Receivable**

All receivables are reported net of estimated uncollectible amounts. At June 30, 2012, Lobo Development held \$7,000 in accounts receivable. At June 30, 2011, Lobo Development did not have any accounts receivable. At June 30, 2012, management considered receivables to be 100% collectible.

**(f) Revenue Recognition**

Lobo Development recognizes operating revenue for services earned under the terms of the Memorandum of Agreement (MOA).

Lobo Development's revenue for fiscal year ending June 30, 2012 originated from the following sources: (1) Student Housing projects/ACC, (2) Income Real Estate/Mesa del Sol, and (3) City of Albuquerque Fire Station Land Sale. Revenue for fiscal year ending June 30, 2011 originated from a Student Housing Project/ACC. All revenue from these sources is originally paid to UNM and UNM determines, which revenue streams are allocated to Lobo Development as payment for services provided.

**(g) Income Taxes**

Lobo Development is exempt from federal income tax on income related to its exempt purposes under Section 501(a) of the Internal Revenue Code (Code) as an organization described in Section 501(c)(3) of the Code.

**(3) Cash**

Lobo Development's cash balances include cash on deposit with fiscal agent and an operating account. Lobo Development has no statutory policy requirements related to cash deposits. UNM serves as the fiscal agent for Lobo Development through which Lobo Development participates in a pooled bank account maintained by UNM. At June 30, 2012 and 2011, Lobo Development had a balance in that pooled account of \$1,300,604 and \$1,060,383, respectively. As fiscal agent, UNM requires the financial institution holding these pooled funds to maintain minimum collateral amounts. Interest is allocated monthly to Lobo Development's account based on its balance in the pooled bank account at the end of the preceding month.

**LOBO DEVELOPMENT CORPORATION**  
(A Component Unit of the University of New Mexico)

Notes to Financial Statements

June 30, 2012, 2011 and 2010

*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. At June 30, 2012, the bank balance and the book balance in Lobo Development's separate checking account with Compass Bank was \$82,027 and \$28,326, respectively. At June 30, 2011, both the bank balance and the book balance was and \$11,715. Of the bank balance, the entire amount is insured by the Federal Deposit Insurance Corporation.

**(4) Related-Party Transactions**

Effective August 12, 2008, UNM and Lobo Development entered into a MOA containing the expectations and performance obligations that UNM is seeking from Lobo Development.

Pursuant to the MOA, UNM provides to Lobo Development, at no cost to Lobo Development, facilities support and general business office and associated workspace. Under the agreement, UNM provides cash and investment management activities for Lobo Development, at no cost to Lobo Development.

The MOA may be terminated by UNM, effective upon written notice to Lobo Development. Upon termination, all property of Lobo Development shall be transferred to UNM or other successor organization designated by resolution of the UNM Board of Regents.

**(5) Contingencies**

Lobo Development, through UNM, participates in the State of New Mexico Risk Management Program (Risk Management) that provides general liability, auto liability, physical damage and workers' compensation insurance. The Risk Management program liability insurance coverage includes most employee liability claims; those claims falling outside this state program are in limited amounts and are covered by UNM from its operating budget. UNM's exposure is limited to \$1,000 per any first party incurred property loss, with the exception of theft, which has a \$5,000 deductible.



KPMG LLP  
Suite 700  
Two Park Square  
6565 Americas Parkway NE  
PO Box 3990  
Albuquerque, NM 87190

**Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

The Board of Directors  
Lobo Development Corporation  
and  
Mr. Hector Balderas, New Mexico State Auditor:

We have audited the financial statements of Lobo Development Corporation, a component unit of the University of New Mexico (Lobo Development), as of and for the year ended June 30, 2012, and have issued our report thereon dated October 8, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

Management of Lobo Development is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Lobo Development'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 Lobo Development's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Lobo Development's internal control over financial reporting.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Lobo Development's financial statements are free of material misstatement, we performed tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those





provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, management, others within the entity, and the New Mexico State Auditor, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

October 8, 2012

**LOBO DEVELOPMENT CORPORATION**  
(A Component Unit of the University of New Mexico)

Schedule of Findings and Responses

Year ended June 30, 2012

**Findings – Financial Statements Audit**

There are no current or prior year state compliance or operational findings to report.

**LOBO DEVELOPMENT CORPORATION**  
(A Component Unit of the University of New Mexico)

Exit Conference

Year ended June 30, 2012

An exit conference was conducted on October 8, 2012. During this meeting, the contents of this report were discussed with the following individuals:

**Lobo Development Corporation**

Steven R. Beffort	Secretary/Treasurer
Kim D. Murphy	Associate Vice President
Keelie L. Garcia	Administrative Operations Manager

**KPMG LLP**

John T. Kennedy	Partner
Gregory C. Monk	Senior Manager