

THE UNIVERSITY *of* NEW MEXICO



Audit Report 2011

For the year ending June 30, 2011



THE UNIVERSITY OF NEW MEXICO

June 30, 2011

BOARD OF REGENTS AND PRINCIPAL OFFICERS

Board of Regents

<i>Appointed Members:</i>	<i>Title:</i>	<i>Term Expires:</i>
Jack L. Fortner	President	12/31/2016
Don L. Chalmers	Vice President	12/31/2012
Carolyn J. Abeita	Secretary/Treasurer	12/31/2012
J.E. Gene Gallegos	Member	12/31/2014
James H. Koch	Member	12/31/2014
Bradley C. Hosmer	Member	12/31/2016
Jacob P. Wellman	Student Member	12/31/2012

Ex officio Members:

The Honorable Susana Martinez	Governor of the State of New Mexico
Dr. Jose Z. Garcia	Secretary of Higher Education

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Jaymie Roybal	President, Associated Students of the University of New Mexico
Katie Richardson	President, Graduate & Professional Student Association
Mary Clark	President, Staff Council
Waneta Tuttle	President, Alumni Association
S. Scott Obenshain, MD	President, UNM Retiree Association
Maria Probasco	President, UNM Parent Association
Gary Gordon	Chair, UNM Foundation

Principal Administrative Officials

University

David J. Schmidly	President
David W. Harris	Executive Vice President for Administration, COO and CFO
Suzanne Ortega	Provost and Executive Vice President for Academic Affairs
Dr. Paul Roth	Chancellor for Health Sciences

UNM Hospitals

Stephen W. McKernan	Chief Executive Officer & Vice President for Hospital Operations
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Principal Financial Officials

Main Campus

Ava J. Lovell	HSC Senior Executive Financial Officer & University Controller
Andrew Cullen	Associate Vice President of Budget, Planning and Analysis
Elizabeth Metzger	Deputy Controller

Health Sciences Center

Ava J. Lovell	HSC Senior Executive Financial Officer & University Controller
Robert Fondino	Chief Budget & Finance Officer, HSC

UNM Hospitals

Ella B. Watt	Chief Financial Officer
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THE UNIVERSITY OF NEW MEXICO

June 30, 2011

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REPORT OF INDEPENDENT AUDITORS

Board of Regents
University of New Mexico and
Mr. Hector H. Balderas
New Mexico State Auditor

We have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component units of the University of New Mexico (the University) as of and for the years ended June 30, 2011 and 2010, which collectively comprise the University's basic financial statements as listed in the accompanying table of contents. We have also audited the budget comparisons presented as supplemental information for the year ended June 30, 2011, as listed in the accompanying table of contents. These financial statements and budget comparisons are the responsibility of the University's management. Our responsibility is to express opinions on these financial statements and budget comparisons based on our audits. For the year ended June 30, 2011, we did not audit the financial statements of the discretely presented component units of the UNM Medical Group, Inc., The Robert O. Anderson Schools of Management Foundation, UNM Lobo Club, Lobo Development Corporation, The University of New Mexico Alumni Association, STC.UNM, Lobo Energy Incorporated, and UNM Sandoval County Regional Medical Center, Inc., which represent 64%, 42%, and 86%, respectively, of the assets, net assets, and revenues of the component units totals. For the year ended June 30, 2010, we did not audit the financial statements of the UNM Hospital or the UNM Behavioral Operations, collectively known as the clinical operations of the University (clinical operations), or the financial statements of the UNM Medical Group, Inc., reported as a blended component unit as of June 30, 2010. The financial statements of the clinical operations and the UNM Medical Group, Inc. represent 27%, 11%, and 38%, respectively, of the assets, net assets, and revenues of the primary institution totals. The financial statements of those component units and clinical operations not audited by us as specified above were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such component units and clinical operations, is based solely on the reports of the other auditors.

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 audits 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 University'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 and the reports of other auditors provide a reasonable basis for our opinions.

MOSS ADAMS LLP

Board of Regents
University of New Mexico and
Mr. Hector H. Balderas
New Mexico State Auditor

As discussed in Note 1, the financial statements of the University are intended to present the financial position and changes in financial position and 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 University. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2011 and 2010, the changes in its financial position or its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the reports of other auditors, the financial statements of the University referred to previously present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University as of June 30, 2011 and 2010, and the respective changes in financial position and cash flows for the years 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 budgetary comparison for the year ended June 30, 2011 in conformity with the budgetary basis of accounting prescribed by the New Mexico Administrative Code, as more fully described in the budgetary schedules, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As discussed in Note 20 to the financial statements, the UNM Medical Group, Inc. was presented as a blended component unit in the June 30, 2010 financial statements. Effective July 1, 2010, UNM Medical Group, Inc. met the requirements for reporting as a discretely presented component unit, and as such, the June 30, 2011 financial statements report a restatement of the beginning net assets of the primary institution and the aggregate discretely presented component units for this change in reporting entity effective July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2011, on our consideration of the University's internal control over financial reporting and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Audit Standards* and should be considered in assessing the results of our audits and the reports of other auditors.

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Board of Regents
University of New Mexico and
Mr. Hector H. Balderas
New Mexico State Auditor

Management's Discussion and Analysis and the required supplemental information on page 68 are not a required part of the basic financial statements but are 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the University's basic financial statements and the budget comparisons (Schedule 6 through 8). The accompanying Schedule of Expenditures of Federal Awards (Schedule 11) is presented for purposes of additional analysis as required by OMB Circular A-133, and is not a required part of the basic financial statements. In addition, the discretely presented component unit combining schedules (Schedules 2 through 5), Schedule of Pledged Collateral (Schedule 9), Schedule of Individual Deposit and Investment Accounts (Schedule 10), Schedule of Pledged Revenue (Schedule 12), and Schedule of Campus Statistics (Schedule 13) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The discretely presented component unit combining schedules, Schedule of Expenditures of Federal Awards, Schedule of Individual Deposit and Investment Accounts, and Schedule of Pledged Collateral have been subjected to the auditing procedures applied in the audits 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. The Schedule of Pledged Revenue and Schedule of Campus Statistics have not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we express no opinion on them.

Moss Adams LLP

Albuquerque, New Mexico
November 4, 2011

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THE UNIVERSITY OF NEW MEXICO

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2011

The following discussion and analysis provides an overview of the financial position and activities of The University of New Mexico (University or UNM) as of and for the years ended June 30, 2011, 2010, and 2009. 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 basic financial statements, notes and this discussion are the responsibility of University management.

This Management's Discussion and Analysis (MD&A) includes comparative financial information for fiscal years 2011, 2010, and 2009, of the primary institution. The MD&A does not include information of the discretely presented component units, for which separately issued financial statements are available. Beginning in fiscal year 2011, the University of New Mexico Medical Group (UNMMG) is presented as a discretely presented component unit. Prior to fiscal year 2011, UNMMG was presented as a blended component unit of the primary institution.

Using the Basic Financial Statements

The Statement of Net Assets presents the assets, liabilities and net assets of the University as of the end of the fiscal year. The Statement of Net Assets is a point-in-time financial statement, the purpose of which is to give the readers of the financial statements a fiscal snapshot of the University. The statement presents end-of-year data concerning assets (current and non-current), liabilities (current and noncurrent), and net assets (assets minus liabilities).

Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Assets. This statement begins with a presentation of the *operating* revenues received by the institution. Operating revenues are defined by the Governmental Accounting Standards Board (GASB) as revenues arising from an exchange (earned) transaction. In a public university, such as UNM, income from state government appropriations, although not earned, are heavily relied upon to pay operating expenses for almost all instruction and general programs. **However, GASB defines state appropriation income as non-operating revenue, causing the presentation of a large operating loss on the first page of the Statement of Revenues, Expenses, and Changes in Net Assets. The operating loss is offset by *non-operating* revenues in the next section of this statement, Non-operating Revenues (Expenses).**

The final statement presented is the Statement of Cash Flows. The Statement of Cash Flows presents the inflows and outflows of cash, summarized by operating, non-capital financing, capital and related financing, and investing activities. The statement is prepared using the direct method of cash flows, and as such, presents gross rather than net, amounts for the year's activities.

NET ASSETS AND REVENUES, EXPENSES AND CHANGES IN NET ASSETS

The University of New Mexico Condensed Summary of Net Assets As of June 30

	<u>2011</u>	<u>2010</u>	<u>2009</u>
ASSETS			
Current assets	\$ 746,366,016	\$ 754,015,479	\$ 759,899,464
Capital assets, net	1,268,867,440	1,236,880,401	1,143,142,757
Non-current assets	<u>438,555,992</u>	<u>389,727,945</u>	<u>357,998,993</u>
Total assets	<u>\$ 2,453,789,448</u>	<u>\$ 2,380,623,825</u>	<u>\$ 2,261,041,214</u>
LIABILITIES			
Current liabilities	\$ 265,729,734	\$ 272,507,271	\$ 247,075,955
Non-current liabilities	<u>645,405,775</u>	<u>653,997,335</u>	<u>662,491,595</u>
Total liabilities	<u>\$ 911,135,509</u>	<u>\$ 926,504,606</u>	<u>\$ 909,567,550</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 690,617,475	\$ 681,694,272	\$ 641,406,303
Restricted	338,682,315	291,685,303	284,360,399
Unrestricted	<u>513,354,149</u>	<u>480,739,644</u>	<u>425,706,962</u>
Total net assets	<u>\$ 1,542,653,939</u>	<u>\$ 1,454,119,219</u>	<u>\$ 1,351,473,664</u>

Current Assets and Liabilities

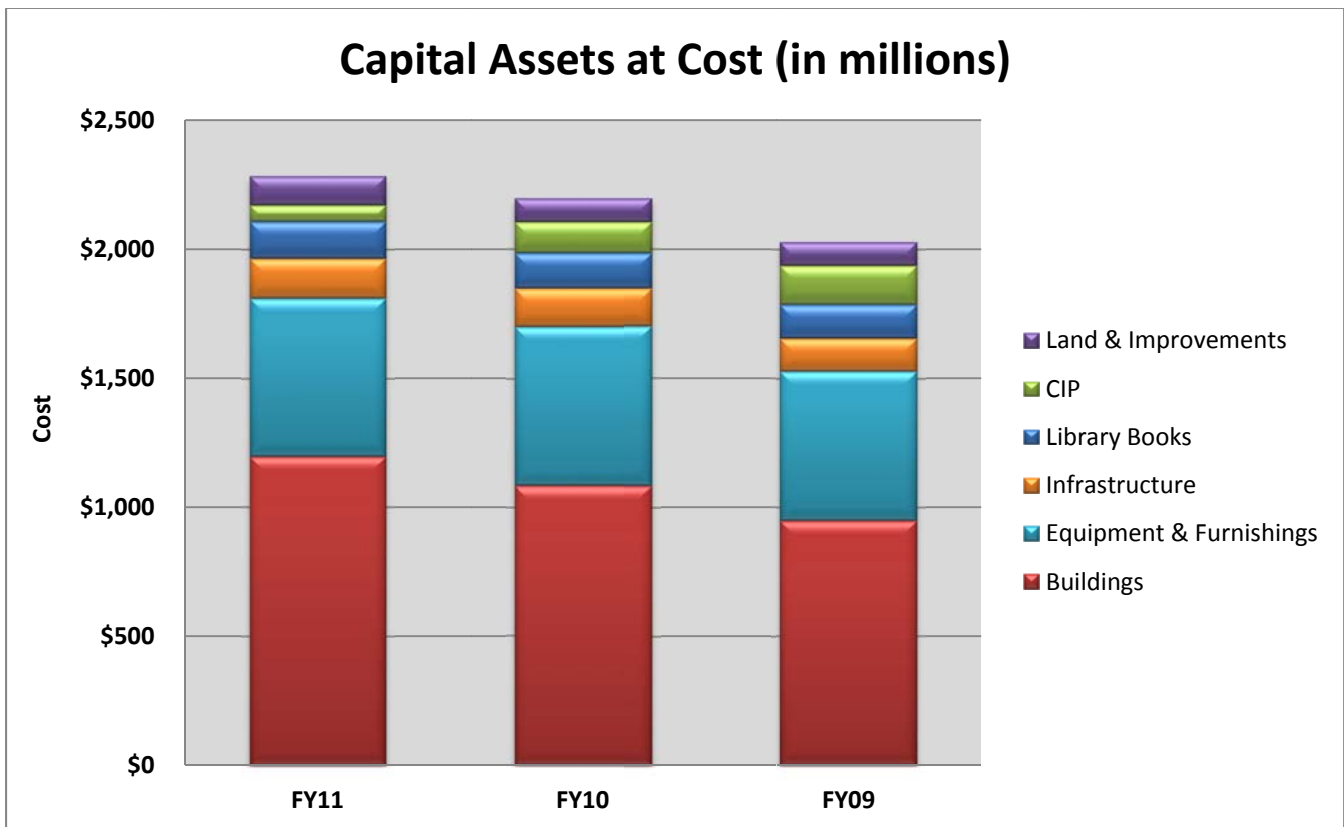
Current assets include cash and other assets that are deemed to be consumed or convertible to cash within one year. The most significant current assets of the University are cash and cash equivalents and short-term investments consisting of certificates of deposit, U.S. Treasury Bills and other government-backed securities totaling \$536.0 million, \$528.3 million and \$549.0 million as of June 30, 2011, 2010, and 2009 respectively.

Current liabilities are generally defined as amounts due within one year, and include accounts payable, payroll accruals, deferred revenue and accrued compensated absences. The 2.5% decrease in current liabilities for the year ended June 30, 2011 is primarily due to decreases in deposits and funds held for others, the estimated third party payor liability in clinical operations, and other noncurrent assets.

At June 30, 2011, the University's current ratio, the amount of current assets (\$746.4 million) available to cover current liabilities (\$265.7 million), was 2.81 to 1. At June 30, 2010, the University's current ratio, the amount of current assets (\$754.0 million) available to cover current liabilities (\$272.5 million), was 2.77 to 1. At June 30, 2009, the University's current ratio, the amount of current assets (\$759.9 million) available to cover current liabilities (\$247.1 million), was 3.08 to 1.

Capital and Debt Activity

Capital assets are the largest category of non-current assets, and are shown net of accumulated depreciation, at \$1.27 billion, \$1.24 billion, and \$1.14 billion as of June 30, 2011, 2010, and 2009, respectively. During fiscal year 2011, the largest capital asset additions for the University were within Buildings. Overall, the University increased Buildings by \$114.8 million in FY11, compared to a net increase of \$133.3 million in FY10 and a net increase of \$74.9 million in FY09. The University's increase in Buildings in FY11 is primarily due to construction of new buildings as well as renovations to existing buildings. The major constructed addition was the \$21.7 million Science & Mathematics Learning Center. The University also built the Film & Digital Media Facility at Mesa del Sol, which totaled \$11.0 million. The major renovation completed during FY11 was the \$62.2 million renovation to University Arena (The PIT).



Several major capital projects were completed in FY11, including the Yale Parking Structure in September, the Clinical Translational Science Center (CTSC) in October, the Harwood Museum of Art Expansion in Taos and the Science & Mathematics Learning Center (SMLC) in November, University Arena (the PIT) in December, and the renovation of Hodgkin Hall, the first UNM building, in March.

Current major projects include the Collaborative Teaching and Learning (CTL) building, the Facility for Advanced Cell Engineering (FACE), the Baseball Facility Renovation, the Chemistry Building Renovation, the Clinical Neurosciences Core Facility in Logan Hall, and the renovation/remodel of all three floors of the old Office of the Medical Investigator (OMI) building (now known as the Innovative, Discovery, and Training Complex). The first floor is for the relocation of the Emergency Medical Services (EMS) Academy and classrooms for Emergency Medicine students; the second floor will house

the Center for Molecular Discovery; and the third floor is being renovated to house labs for the Pathology and Internal Medicine departments.

GOB funding for CTL was not approved by voters in November 2010, so a new smaller scope of work was planned consisting primarily of classrooms. Construction will begin in June 2012. FACE has begun early demolition and is funded by 2007 UNM bonds. This project will design and construct an advanced cell-engineering lab on the ground floor of the Basic Medical Sciences Building (BMSB) in space formerly occupied by Human Anatomy. The Baseball Facility Renovation has been funded by 2010 Severance Tax Bonds. This project is Phase 1 of three phases that will renovate and replace the existing Lobo Field located in the South Campus Athletics Complex. Renovation of the Chemistry Building is one of UNM's highest priorities for funding requests from the State of New Mexico for 2012. Some renovation of the Chemistry Building has begun with funding from 2007 UNM bonds. The Clinical Neurosciences Core Facility and the Center for Molecular Discovery were both funded by American Recovery and Reinvestment Act (ARRA) awards.

Projects still under construction include the renovation of the Nanotechnology and Biotechnology Center, the Gallup Technology Center and Classroom Building (completion date July 2011), and the UNM Dental Clinic (completion date August 2011).

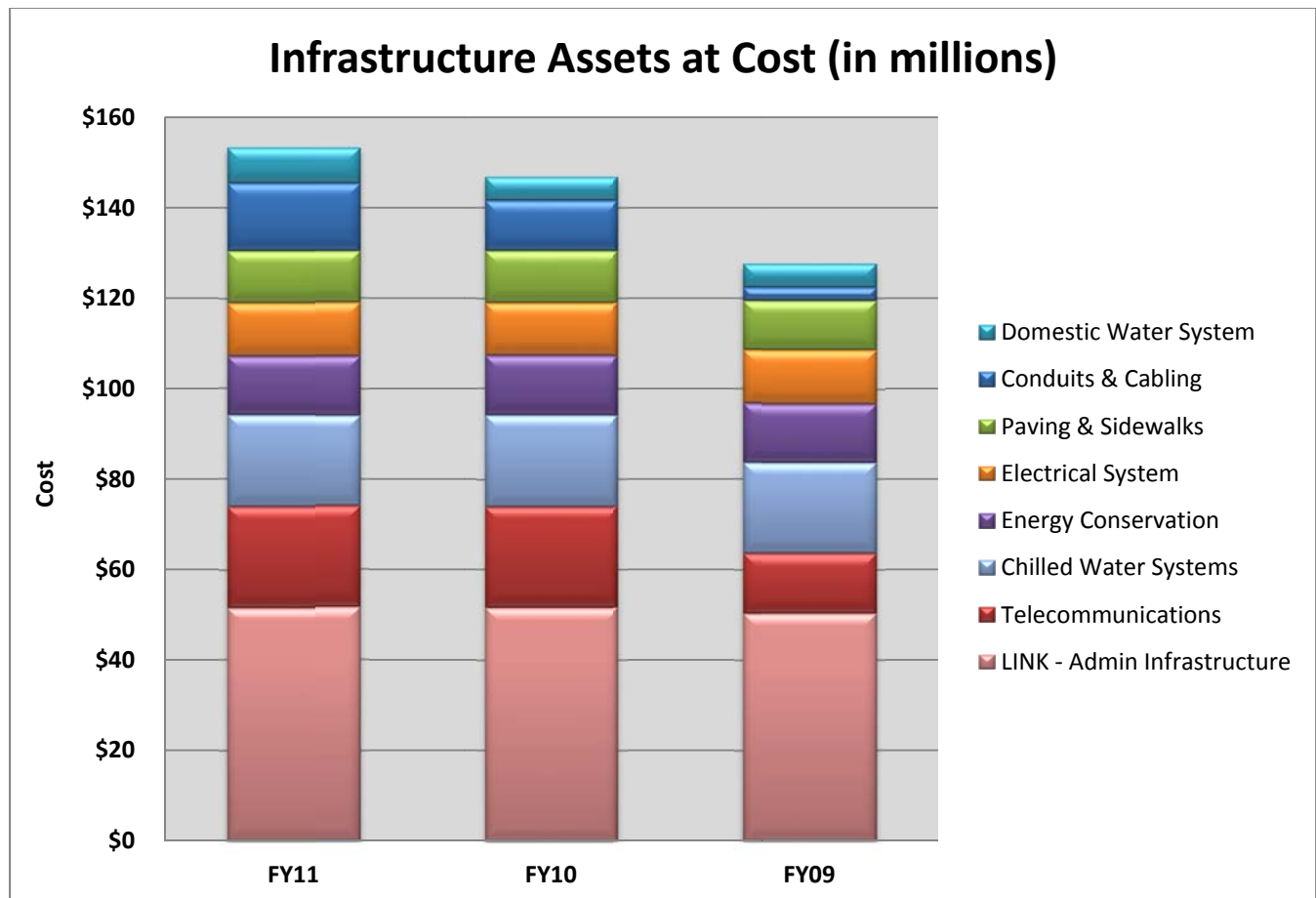
A few very fast-paced projects were managed for Student Housing beginning in March 2011 with expected completion dates before the start of the Fall semester. These included full interior renovations of both Laguna and DeVargas dormitories with new paint, carpet, furniture, and technology for students. Also renovated was the Student Family Housing complex.

As the economy has faltered, major new construction projects have been put on hold. Therefore, the majority of new projects are "minor" in nature – meaning the total cost of each project is less than \$500,000. Some of these that are ongoing are remodel and repair projects in Student Housing, multiple lab renovations on North Campus, and several small remodel projects for Zimmerman Library.

Capital assets for Clinical Operations, which includes the University of New Mexico Hospital and the University of New Mexico Behavioral Operations (UNM Psychiatric Center and UNM Children's Psychiatric Center), net of accumulated depreciation, were \$291.6 million, \$297.5 million, and \$304.6 million as of June 30, 2011, 2010, and 2009, respectively. Within Clinical Operations during FY11, the largest capital increases were within construction in progress (\$5.0 million), building service equipment (\$4.6 million), and buildings and building improvements (\$1.2 million). During 2011, the Hospital purchased and installed 1,500 IV Pumps and related software. The Hospital also purchased 25 specialty beds for the ICU units and 80 beds for the medical/surgical units. All of the beds purchased have a built in scale in order to monitor the patient's weight, and the ICU beds have enhanced technological features, including a pressure relief surface to reduce the incidence of bed sores. The largest capital expenditure in the major movable equipment category was the purchase of a single plane angiographic system for the Interventional Radiology Department. This system will provide advance imaging and post reconstruction capabilities for diagnostic and therapeutic interventional procedures for Internal Medicine, Oncology and Orthopedic patients. The largest capital expenditures in construction in progress were associated with adding increased functionality for the Electronic Medical Record, specifically improvements in Surgical Services and a Scheduling Management System, as well as beginning implementation of an Enterprise Resource Planning System. Construction in progress also included the completion of an Urgent Care Clinic with 21 exam rooms and 2 procedure rooms. For the Behavioral Operations, capital expenditures included roof replacements, restroom remodels, landscaping, patient storage and sound panel installation.

UNM's long-term debt, bonds payable, totaled \$604.7 million, \$622.7 million, and \$640.1 million at June 30, 2011, 2010, and 2009, respectively. The University sold \$136.7 million in bonds during fiscal year 2008 to fund a variety of projects, including but not limited to: the purchase and renovation of a 120,000 square foot building to house the University Hospital Business operations, construction of new parking structures, classroom modernization, and renovation and improvement to the University's athletic facilities. Many of these projects will be self-supporting.

Infrastructure assets are defined as long-lived capital assets that normally can be preserved for a significantly greater number of years than most capital assets and that normally are stationary in nature. Examples of University infrastructure assets include domestic water systems, conduit and cabling systems, and the telecommunications systems. The following chart shows a breakdown of infrastructure assets at UNM.



**Condensed Summary of Revenues, Expenses and Changes in Net Assets
For the years ended June 30**

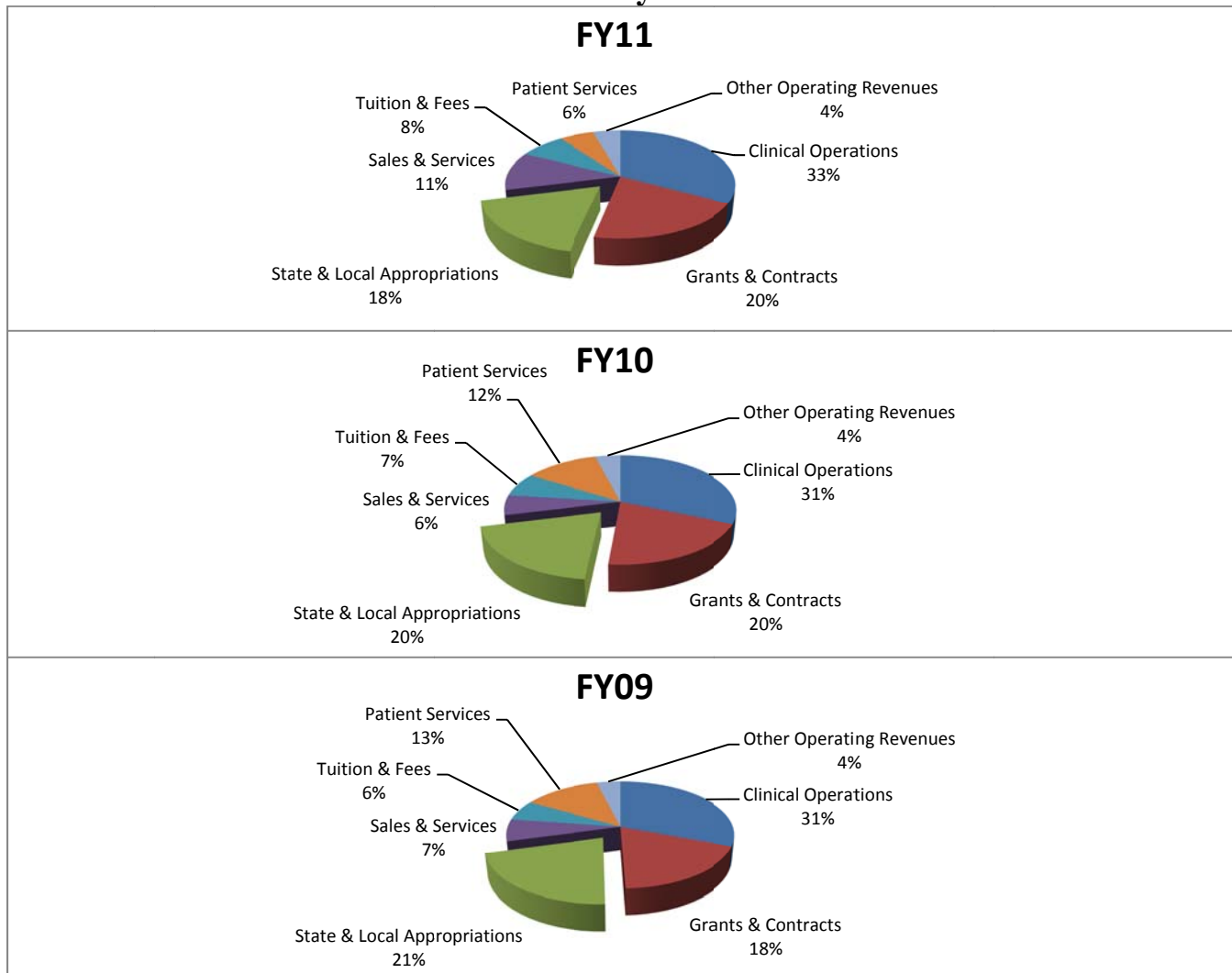
	<u>2011</u>	<u>2010</u>	<u>2009</u>
OPERATING REVENUES BY MAJOR SOURCE			
Tuition and fees	\$ 121,562,883	\$ 108,103,162	\$ 93,910,782
Grants and contracts	326,955,531	312,668,174	287,160,106
Clinical operations	535,248,360	490,988,130	477,891,042
Patient services, net	93,639,386	189,079,037	198,766,660
Sales and services	182,732,699	91,394,090	102,332,413
Other operating revenues	<u>71,871,276</u>	<u>62,697,928</u>	<u>59,621,530</u>
Total operating revenues	<u>\$ 1,332,010,135</u>	<u>\$ 1,254,930,521</u>	<u>\$ 1,219,682,533</u>
OPERATING EXPENSES BY MAJOR FUNCTION			
Instruction	\$ 242,603,888	\$ 243,086,665	\$ 238,598,428
Research	165,919,129	161,116,309	150,673,876
Public service	267,960,388	286,086,896	299,849,544
Academic support	41,962,531	42,782,927	43,905,184
Student services	24,458,050	25,467,417	27,043,487
Institutional support	51,925,255	51,165,350	61,491,784
Operations of plant	118,262,171	121,710,622	127,893,629
Student aid and activities	61,456,297	54,656,512	47,364,322
Intercollegiate athletics	28,784,386	27,746,459	29,110,577
Auxiliary enterprises	56,931,024	51,679,135	58,797,263
Other operating expenses	44,976,961	44,517,827	45,535,286
Clinical operations	<u>585,443,332</u>	<u>566,236,634</u>	<u>524,656,248</u>
Total operating expenses	<u>\$1,690,683,412</u>	<u>\$1,676,252,753</u>	<u>\$1,654,919,628</u>
NON-OPERATING REVENUES (EXPENSES)			
Appropriations	\$ 289,980,617	\$ 307,922,642	\$ 329,307,825
Gifts	56,584,358	30,882,266	24,807,398
Clinical operations	59,607,203	83,364,252	82,289,640
Investment income (loss)	70,480,180	42,445,635	(58,056,204)
Other non-operating revenues	13,036,910	2,424,906	4,427,971
Capital gifts, grants and appropriations	19,096,078	55,665,061	47,500,291
Other revenues (expenses)	<u>(35,561,333)</u>	<u>1,263,025</u>	<u>-</u>
Net non-operating and other revenues	<u>\$ 473,224,013</u>	<u>\$ 523,967,787</u>	<u>\$ 430,276,921</u>
Income after other revenues, expenses, gains and losses	<u>\$ 114,550,736</u>	<u>\$ 102,645,555</u>	<u>\$ (4,960,174)</u>
Total change in net assets	\$ 114,550,736	\$ 102,645,555	\$ (4,960,174)
Net assets at beginning of year	1,454,119,219	1,351,473,664	1,356,433,838
Restatement of net assets for change in reporting entity (note 20)	<u>(26,016,016)</u>	<u>-</u>	<u>-</u>
Net assets at end of year	<u>\$1,542,653,939</u>	<u>\$1,454,119,219</u>	<u>\$1,351,473,664</u>

Revenues and Expenses

The presentation of revenues, as defined by GASB, requires that we exclude state and local appropriation income when calculating the financial results of operations. This presentation method results in an “operating loss”. The operating loss is offset by “non-operating revenues (expenses)” to arrive at an actual result of operations amount. The definition of “non-operating revenues” revolves around the concept of exchange versus non-exchange transactions. State and local appropriations, along with the Bernalillo County Mill Levy, are considered revenues from non-exchange transactions, because they do not involve an exchange of value for value. Conversely, tuition income is defined as “operating revenue,” because a student pays tuition (value) to receive an education (value). Other non-operating revenues are gifts and income from investing and capital activities.

Although State of New Mexico appropriations are considered non-operating revenues in the basic financial statements, the University uses these funds to support all instruction and general programs. If state and local appropriations were included in operating revenues, they would comprise 18%, 20%, and 21% of total operating revenues for fiscal years 2011, 2010, and 2009 respectively. The following charts depict operating revenues (with state and local appropriations) by source.

Revenue by Source



Operating Revenues

Operating revenues for the University increased 6.1% for 2011 over 2010 and 2.9% for 2010 over 2009. Revenue from patient services and clinical operations is a significant portion of the University’s total net operating revenue. It is comprised of gross patient revenue, net of contractual allowances, charity care, provision for doubtful accounts, and any third-party cost report settlements. Revenue from patient services and clinical operations decreased by 7.5% from FY10 to FY11 and increased by 0.5% from FY09 to FY10. The decrease from FY10 to FY11 is a result of the change in reporting of the UNM Medical Group from a blended component unit in FY10 to a discretely presented component unit in FY11.

UNM Health Sciences Center (HSC) offers a financial assistance program called UNM Care to which all patients are encouraged to apply. This program assigns patients primary care providers and allows them to receive care throughout UNM HSC locations. This program is available to Bernalillo County residents who meet certain income thresholds. Prior to January 1, 2010, the income threshold was set at 235% of the federal poverty level. Effective January 1, 2010, the income threshold was changed to 300% of the federal poverty level. As of June 30, 2011, 2010, and 2009, there were approximately 30,500, 27,400, and 24,700 active enrollees, respectively. UNM HSC does not pursue collection of amounts determined to qualify as charity care, they are deducted from gross revenue.

UNM HSC also provides services to patients who do not have any form of health care insurance or do not qualify under any other financial assistance program. UNM HSC encourages patients to meet with a financial counselor to develop payment arrangements. Although UNM HSC pursues collection of these accounts usually through an extended payment plan or a discounted rate, interest is not charged on these accounts, nor are liens placed on property or assets, or judgments filed against these patients. These accounts are fully reserved and recorded as provision for uncollectible accounts. Provision expense recorded for fiscal years 2011, 2010, and 2009 was \$69.5 million, \$94.5 million, and \$122.0 million, respectively.

UNM HSC incurs costs associated with providing charity care and other services for which payment is not received. As of June 30, 2011, the estimated cost of care for providing these services was \$198.3 million compared to \$179.3 million in FY10 and \$180.9 million in FY09.

UNM’s credit hour production for the 2011 academic year increased 5.3% to 691,328. This increase allowed UNM to break the 3% enrollment band for the third year in a row in the state of New Mexico’s “base plus” funding formula. This would provide extra instructional funding in the old formula that is now being transitioned to a new model. Strong retention numbers, out-of-state growth, more graduate level students and increases in high achievers choosing UNM continued to bolster UNM’s enrollment. Formula funding changes and a “smart growth” strategy will likely temper growth in the 2012 academic year. Additional enrollment and tuition rate increases in academic functions of the University are:

	<u>Fall 2010</u>	<u>Fall 2009</u>	<u>Fall 2008</u>
Enrollment increase (headcount)	5.3%	5.9%	2.0%
Tuition rate increase (resident undergraduate)	7.9%	5.5%	5.8%

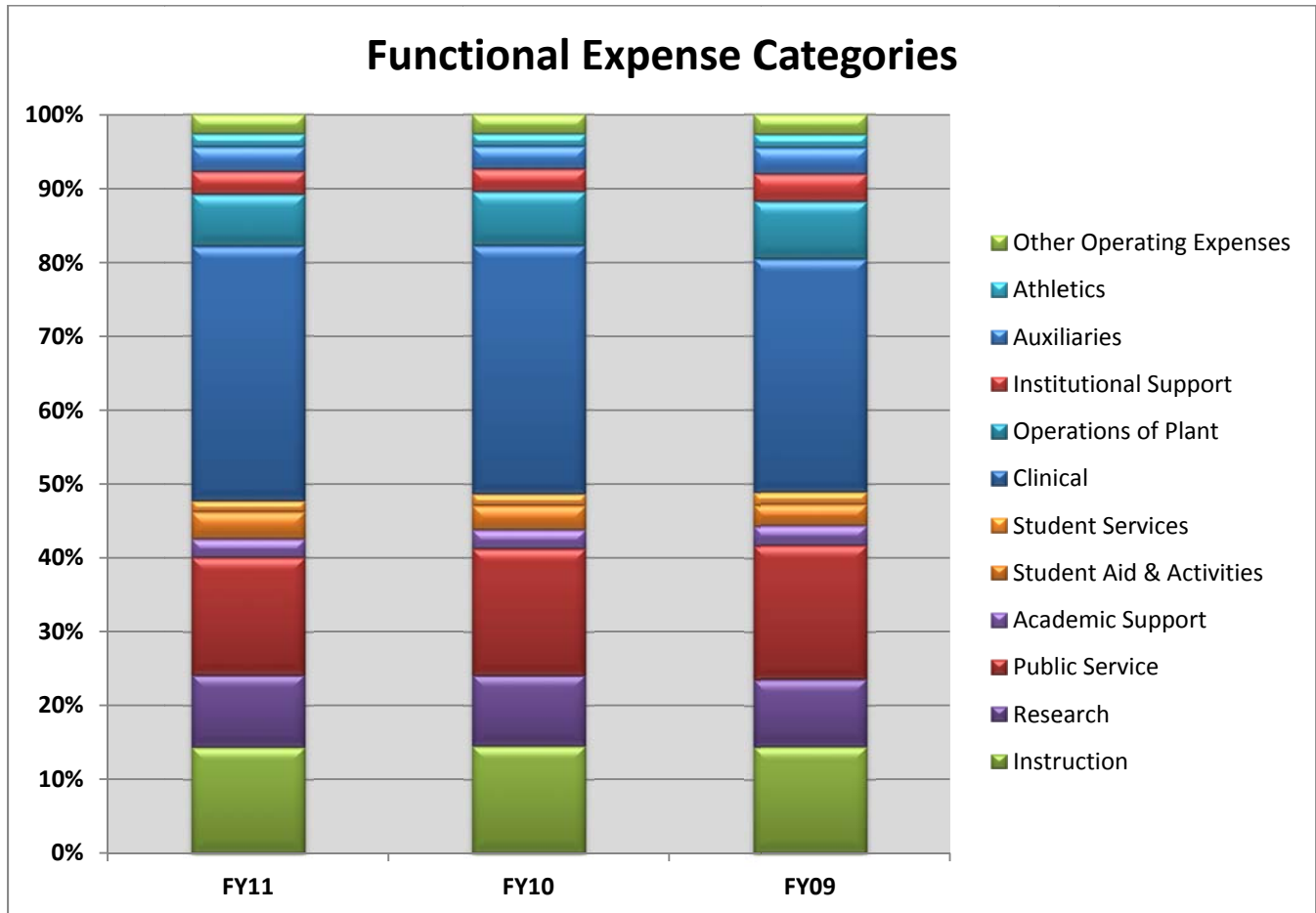
Non-operating Revenues/Expenses

The net non-operating revenue decreased by 9.7% from FY10 to FY11 and increased by 21.8% from FY09 to FY10. Non-operating revenue is primarily driven by state appropriations, gifts received by the University, and investment income/loss. The major reason for the decrease in non-operating revenue in FY11 is a \$46.0 million contribution by UNM to the Sandoval Regional Medical Center (SRMC), a

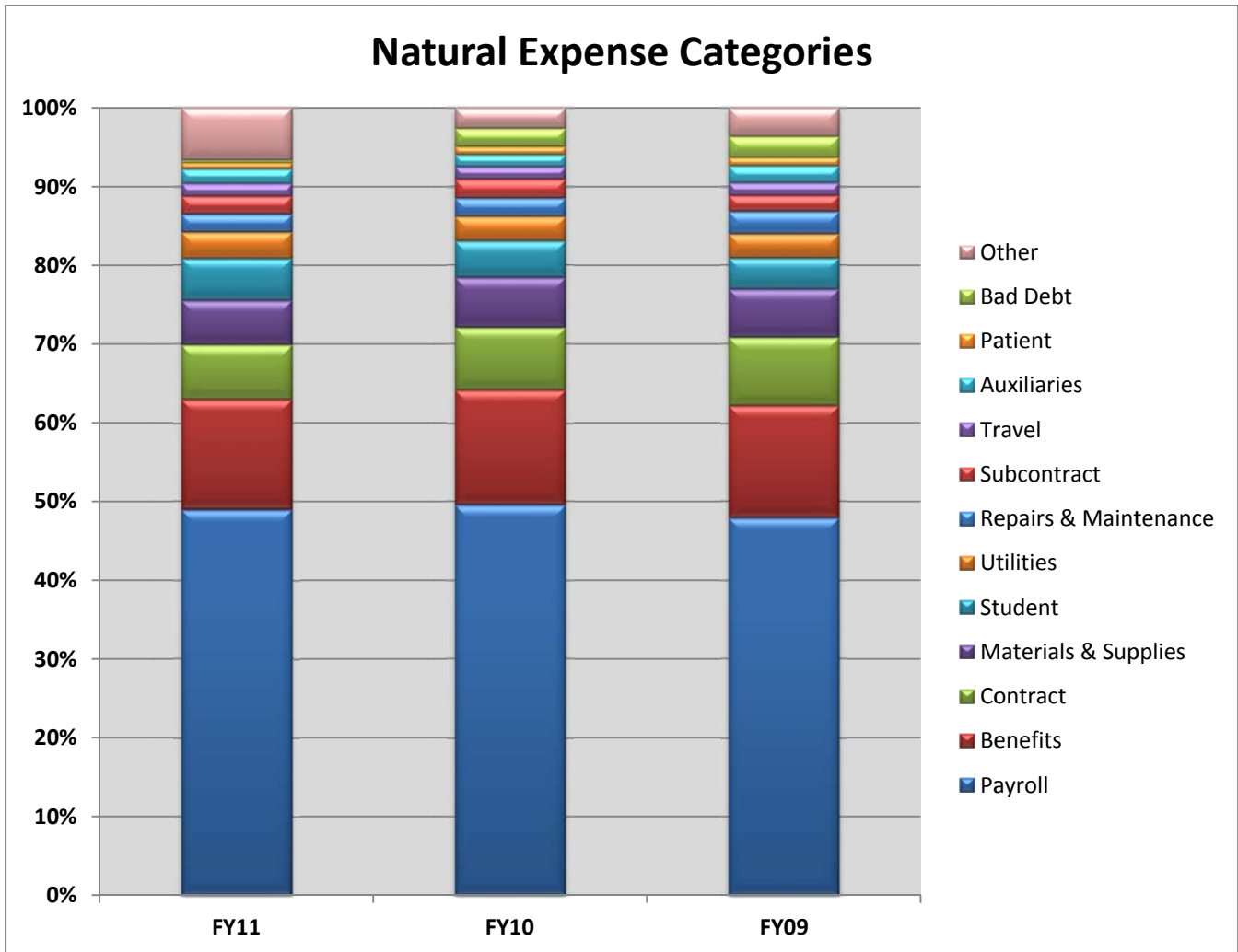
discretely presented component unit of the University projected to open in the Summer of 2012. Other significant changes in net non-operating revenue are increases of \$28.0 million in investment income and \$25.7 million in gifts to the University and decreases of \$36.1 million in capital appropriations and \$19.3 million in state appropriations.

Operating Expenses

GASB standards allow public universities to present operating expenses in either a functional or natural format. UNM chose to present expenses on the Statement of Revenues, Expenses and Changes in Net Assets by the major functions of the University. The chart below shows the distribution of operating expenses by functional category (smaller categories have been combined).

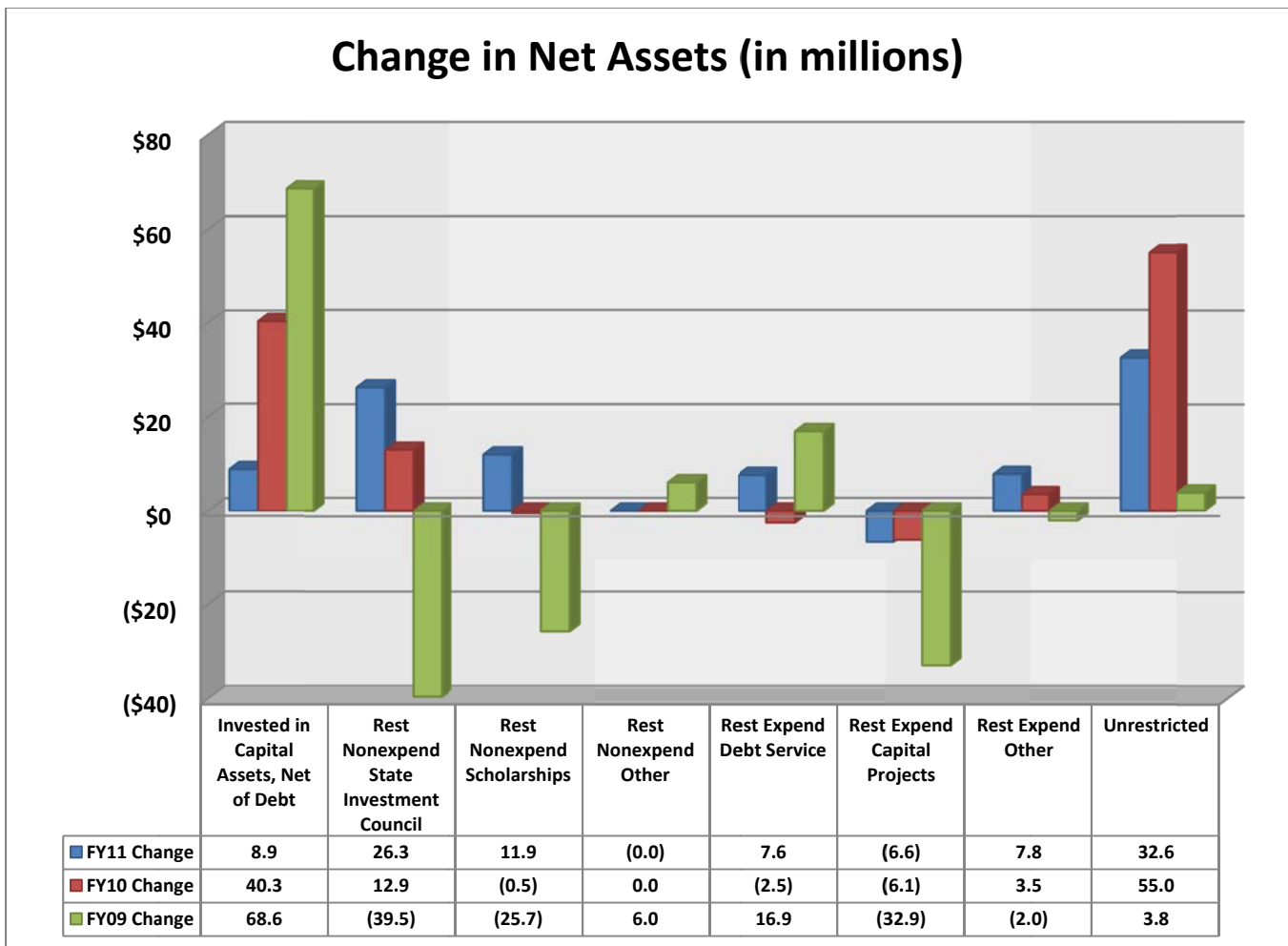


The chart below shows total expenses by natural category (excluding clinical operations and component units) for the years ended June 30, 2011, 2010, and 2009.



Change in Net Assets

The University's total change in net assets showed a net increase of \$88.5 million for FY11, a net increase of \$102.6 million for FY10 and a net decrease of \$5.0 million for FY09. Total net assets (assets minus liabilities) are classified by the University's ability to use these assets to meet operating needs. Net assets that are restricted as to their use by sponsoring agencies, donors or other non-UNM entities are classified as either "non-expendable" or "expendable". Restricted non-expendable net assets are true endowments and State Land and Permanent Fund assets. Restricted expendable net assets are those generated by contracts or grants, gifts, and assets required to be set aside for debt service. The restricted net assets are further classified in general terms as to the function for which they must be used. Unrestricted net assets may be used to meet operating needs of the University. Some of the major reasons for the \$88.5 million increase in net assets in FY11 include a \$26.3 million increase in the net assets of the State Land and Permanent Fund, an \$11.9 million increase in the net assets of restricted, nonexpendable scholarships, and a \$32.6 million increase in unrestricted net assets, primarily due to increases in gifts, tuition revenue, and investment income and a reduction in expenses related to the operation and maintenance of plant. The chart below shows the change in net assets by category for the fiscal years ended June 30, 2011, 2010 and 2009.

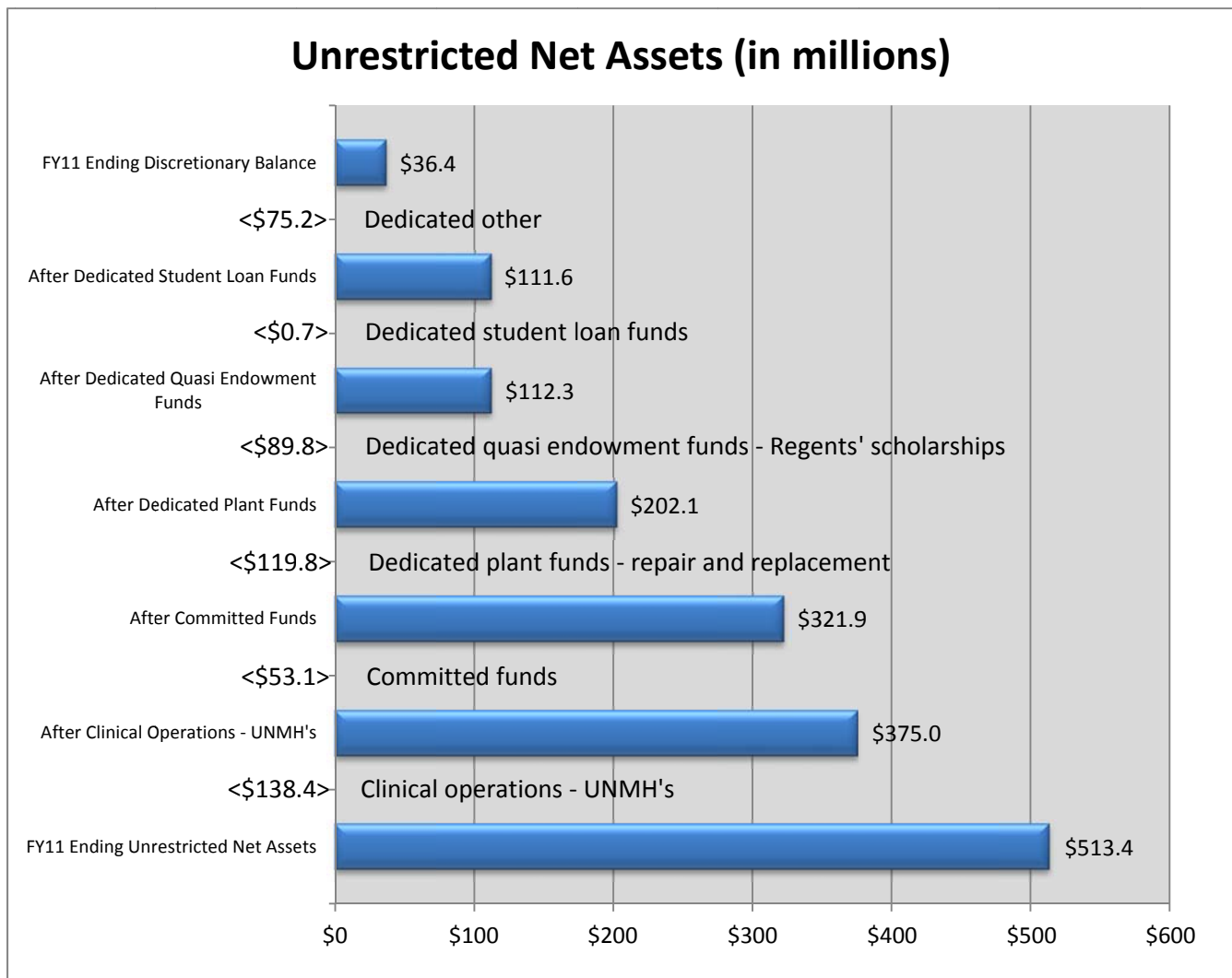


Unrestricted Net Assets

Unrestricted net assets are subject to contractual commitments and dedications to support the missions of the University in current and future years. The net assets of unrestricted funds of the Primary Institution fall into one of three categories:

- 1) **Committed:** A formal, written commitment/contract has been made for these funds. Examples include signed employment offer letters to Deans, Department Chairs, and Research Faculty, start-up funds for new research projects, cost share on awarded sponsored agreements, and appropriated state funding for special projects.
- 2) **Dedicated:** An Executive Vice President, Vice President, Dean, or Department Chair has dedicated these funds for a clear, focused purpose to support the missions of the University.
- 3) **Discretionary:** The remaining funds that are not committed or dedicated.

The chart below is a step-down analysis of the University's unrestricted net assets.



Budget Activity

Original budgets for each fiscal year are prepared many months in advance based on: (a) prior year expenditure and revenue activity, (b) best estimates of projected revenue and expenditure activity for the budgeted year, and (c) budget reviews. During the fiscal year, original budgets are revised to more accurately reflect current needs of the institution and to include previously unanticipated events in both revenue and expenditures.

The most significant event in FY11 was the State Instruction and General (I&G), General Fund appropriation rescission of 3.2445%. This rescission impacted all UNM campuses. Institutions were given flexibility in determining how to apply the rescission.

The Main Campus FY11 General Fund rescission was \$6,652,600. Department budgets and actual allocations were reduced to reflect the rescission. There was a significant increase in tuition revenues due to increased enrollment and Extended University activities. For Main Campus, actual expenditures were less than budgeted expenditures largely due to the need to budget enough expenditure authority for unanticipated events.

At the Health Sciences Center, the FY11 General Fund rescission was \$2,956,900. Additionally, the Health Sciences Center had two Tobacco Settlement Fund rescissions totaling \$640,783. The total amount rescinded was \$3,597,683. Adjustments were made in instruction and general, public service, research, and independent operations to reflect the funding reductions.

In addition to the state funding rescissions, the following Health Sciences Center budget adjustments were made: (a) the public service budget was decreased primarily due to the realignment of some Research and Public Service projects to Instruction and General and the Cancer Center infusion suite to University Hospital; (b) the research budget was increased due to increased research activity; and (c) the student aid budget was increased due to an increase in awards.

Overall, the University's change in net assets on a budgetary basis for unrestricted and restricted I&G funds was an overall increase of \$20 million (see Schedule 6), which can be attributed to the increase in Main Campus tuition revenues, fringe benefits savings and the one-time pullback of administrative non-I&G reserves to fund the FY12 Main Campus I&G Budget.

Endowments

At June 30, 2011, the University of New Mexico's endowment assets totaled \$503.9 million including \$336.0 million in the Consolidated Investment Fund (CIF) and \$167.9 million in the University's share of the State Permanent Fund.

The UNM Board of Regents has delegated authority to the UNM Foundation Investment Committee to act as the official "Advisory Committee" to oversee and manage the combined endowment assets of the University and the Foundation. The pooled assets are combined for investment purposes and operated as a unitized pool known as the Consolidated Investment Fund (CIF).

The CIF finished the year with a return on investment of 19.0%, as compared to 10.4% in the previous fiscal year. This return compares favorably with those for the overall market and peer institutions. U.S. equities and international equities posted returns of 31.9% and 29.8%, respectively. Private equity investments returned 14.5%, fixed income investments returned 7.0% and marketable alternatives

returned 8.2%. The real asset markets rebounded and posted a 33.7% return for the fiscal year. In addition to the customary investment management expenses, a development funding allocation of 1.85% of the market value was allocated from each participating fund in the CIF for 2010-11. The CIF is a well-diversified fund with an asset allocation consisting of 20.0% U.S. equity, 21.2% international equity, 21.6% fixed income/cash, 10.3% private equity, 10.4% real assets, and 16.5% other marketable alternative investments at June 30, 2011.

The Foundation and the University recognize the need to provide a steady and reasonably predictable stream of income while protecting the real value of the principal of the endowment. The spending policy is based on an average of 20 trailing quarters and a distribution rate in the range of 4% to 6%. For FY11, the spending distribution rate was set at 4.65%, which provided approximately \$14.9 million in funding for the various schools, colleges, and programs that benefit from the endowment program, as compared to \$15.4 million in FY10.

Sponsored Programs

The University of New Mexico is a Carnegie Doctoral-Granting Research University/Very High research activity (RU/VH) - one of 96 nationwide. 63 public and 33 private institutions carry this high distinction. In order to be classified as such an institution, universities must offer a full range of baccalaureate programs, be committed to graduate education through the doctorate, give high priority to research, award 20 or more doctoral degrees each year, and be in the upper third of research expenditures compared to other doctoral granting universities.

During FY11, federal and state agencies, industry, foundations and national laboratories provided \$348.8 million in contract and grant awards to UNM for sponsored projects ranging from engineering to medicine and education to the humanities. The Main and Branch campuses were awarded \$201.4 million, and the Health Sciences Center (HSC) was awarded \$147.4 million.

The majority of contracts and grants, 73%, were awarded by federal agencies, while the remaining came from the following sources: State of New Mexico, 9%; foundations, 6%; industry, 5%; national laboratories, 2%; and other, 5%.

Factors Impacting Future Periods

The Sandoval Regional Medical Center (SRMC) is projected to open in the Summer of 2012. The facility will consist of a new 68-bed building and teaching hospital on approximately 200,000 square feet, plus a 40,000 square foot medical office building. SRMC has the capability to expand to 300 beds as the population of the area grows. The hospital will include emergency room and inpatient/outpatient medical/surgical services, diagnostic imaging and testing, and other key clinical services. In September 2010, SRMC received a HUD commitment letter allowing the FHA-Insured Mortgage Revenue Bonds to be issued and financing of the project to occur. A memorandum of understanding was established between the UNM Medical Group (UNMMG) and SRMC providing for UNMMG to fund the initial planning and construction costs until SRMC received its funding from HUD. SRMC will then reimburse UNMMG for all costs paid by UNMMG.

The UNM Board of Regents has given approval for four new residential housing units on the UNM main campus scheduled to open in Fall 2012. The units will be more than a quarter million square feet and hold 1,020 beds, which adds more than 800 beds to the current housing inventory on UNM's main campus. The new construction requires demolition of Santa Ana Hall and two Student Residence Center

Units. This demolition began in May 2011. The residential housing units will be built by American Campus Communities (ACC), which will also handle leasing and management of the units when they are complete. A ground lease is currently under negotiation with ACC, and ACC will pay UNM a set amount on an escalating scale for the opportunity to build and lease the residence halls. Lobo Village, an 866-bed student housing community west of University Arena on the UNM South campus, was the first joint venture between UNM and ACC. Construction of Lobo Village is complete, and it began housing students in August 2011.

On February 17, 2009, the American Recovery and Reinvestment Act (ARRA) of 2009 was passed by the United States Congress and signed into law by the President. ARRA is an economic stimulus package that allocates \$787 billion in Recovery funds to twenty-eight different federal agencies, who then award grants and contracts to state governments, schools, hospitals, contractors, or other organizations. To date, the University of New Mexico has been awarded approximately \$83 million in ARRA funding.

On March 23, 2010, President Obama signed into law the Patient Protection and Affordable Care Act (PPACA). This National Health Reform includes private insurance market reforms, expanded Medicaid eligibility provisions, Medicare and Medicaid funding reforms, value-based purchasing requirements, and amended time periods for filing Medicare fee-for-service (FFS) claims to one year from the date of service as one of many provisions aimed at curbing fraud, waste, and abuse in the Medicare program.

Health Plan reforms under PPACA include a set of required essential benefits including, but not limited to, emergency services, hospitalization, maternity and newborn care, mental health and substance use disorder services, preventative and wellness services, and pediatric services, including oral and vision care. Plans must also not require copayment or deductible on preventative services. For plan years beginning after September 23, 2010, existing plans must provide coverage to dependent children until age 26 (unless eligible for other coverage), eliminate lifetime aggregate dollar limits and annual dollar limits on essential benefits, eliminate pre-existing condition exclusions for children up to age 19, and prohibit rescinding of coverage except in cases of fraud, intentional misrepresentation, and non-payment of premium.

Medicaid expansion under PPACA includes new eligibility criteria establishing a minimum floor for Medicaid coverage of 133% of the Federal Poverty Level (FPL), eliminating other non-income based criteria (such as age, disability, or asset testing). This FPL criteria is mandatory for State implementation January 2014 and optional for years 2010 through 2013. The population most impacted by the new eligibility criteria is expected to be childless adults. States are also prohibited from reducing Medicaid or CHIP eligibility that was in place on the date of PPACA enactment. PPACA provides additional federal financing through the Federal Medical Assistance Percentage (FMAP) for newly-eligible Medicaid patients.

Current economic conditions in the State of New Mexico will continue to impact the Hospitals as the State seeks to identify revenue sources and expenditure reductions. HSD eliminated the 30-day grace period for re-enrollment under the State Coverage Insurance (SCI) Program effective July 1, 2010, and this will continue to depress payments to the Hospitals under the SCI Program. Furthermore, the SCI Program is under consideration for possible elimination from the Medical Assistance Division Budget in subsequent years. For fiscal year 2011, the State was unable to fund a portion of the non-federal share to obtain federal matching funds as described in the CMS Special Conditions/Approval, thereby jeopardizing the viability of the SCI Program. In addition for fiscal year 2012, the State was unable to fund a portion of the non-federal share to obtain federal matching funds, and as a result, the Hospital

entered into a Memorandum of Understanding with the State of New Mexico under which UNM Hospital agreed to an intergovernmental transfer in the amount of \$15,457,867 during fiscal year 2012 to fund the non-federal share of Medicaid payment pursuant to federal Medicaid regulations at 42 CFR 433.51 (Eligible Operating Funds). The loss of the SCI Program would have a large detrimental financial impact on Hospital as well as the health, welfare and well-being of the enrollees in the SCI Program.

Also as a direct effect of the current economic conditions in the State of New Mexico, for fiscal year 2012, the State is unable to fund all of its required portion to obtain federal matching funds for certain aspects of the Indirect Medical Education (IME) Medicaid adjustment for teaching hospitals. The loss of the IME adjustment would have a severely deleterious financial effect on acute care teaching hospitals. UNM Hospital entered into a Memorandum of Understanding with the State of New Mexico under which UNM Hospital agreed to an intergovernmental transfer in the amount of \$2.0 million during fiscal year 2012 to fund the non-federal share of IME Medicaid payment pursuant to federal Medicaid regulations at 42 CFR 433.51 (Eligible Operating Funds).

Requests for Additional Financial Information

This financial report is designed to provide the executive and legislative branches of the State of New Mexico, the public, the University's retailers and vendors and other interested parties with a general overview of the financial position as of June 30, 2011 and 2010, and the results of its operations, cash flows, and variances from the budgets for the years then ended for the University of New Mexico.

If you have any questions about this report or need additional financial information, contact The University of New Mexico, Financial Services, 1700 Lomas NE, Suite 3100, MSC01 1300, Albuquerque, New Mexico 87131.

To download additional copies of this report, or to obtain prior year copies of this report go to <http://www.unm.edu/~conweb/finrep.html> and select the Annual Audit Report link.

THE UNIVERSITY OF NEW MEXICO

BASIC FINANCIAL STATEMENTS

Statements of Net Assets as of June 30, 2011 and 2010

	PRIMARY INSTITUTION		COMPONENT UNITS	
	2011	2010	2011	2010
ASSETS				
Current assets				
Cash and cash equivalents (note 3)	\$ 259,175,872	\$ 207,131,399	\$ 178,452,696	\$ 37,625,307
Short-term investments (note 3)	276,780,942	321,150,495	7,563,652	6,592,987
Accounts receivable, net (note 4)	57,601,507	58,431,313	1,443,118	1,859,227
Patient receivables, net (note 4)	75,528,668	89,552,006	20,639,399	-
Notes receivable, net (note 5)	3,033,952	3,825,762	-	-
Due from component units	18,312,604	10,358,802	-	-
Estimated third-party payor settlements	16,228,562	24,108,479	-	-
Other receivables, net (note 4)	2,393,431	3,261,106	-	-
Inventories	15,678,707	15,391,086	21,646	27,445
Deferred outflow of resources - interest rate swaps (note 12)	8,016,390	8,831,474	-	-
Derivative instruments - interest rate swaps overlay (note 12)	2,071,329	852,175	-	-
Due from The University of New Mexico	-	-	121,190	113,146
Other current assets	11,544,052	11,121,382	1,887,570	226,146
Total current assets	\$ 746,366,016	\$ 754,015,479	\$ 210,129,271	\$ 46,444,258
Non-current assets				
Cash and cash equivalents (note 3)	\$ -	\$ 8,519,215	\$ 11,281,876	\$ -
Notes receivable, net - non-current (note 5)	9,585,371	10,596,087	-	-
State Investment Council assets (note 3)	167,884,460	141,598,075	-	-
Deferred bond issuance costs	3,959,404	4,366,141	3,619,632	-
Investments (note 3)	242,162,398	214,328,431	172,119,228	121,374,680
Due from component units	2,932,520	-	-	-
Other non-current assets	12,031,839	10,319,996	4,620,137	6,546,375
Capital assets, net (note 6)	1,268,867,440	1,236,880,401	41,217,898	5,658,760
Total non-current assets	\$ 1,707,423,432	\$ 1,626,608,346	\$ 232,858,771	\$ 133,579,815
Total assets	\$ 2,453,789,448	\$ 2,380,623,825	\$ 442,988,042	\$ 180,024,073
LIABILITIES				
Current liabilities				
Accounts payable and accrued payroll (note 7)	\$ 119,080,504	\$ 116,779,163	\$ 8,723,671	\$ 1,493,835
Due to The University of New Mexico (note 11)	-	-	18,312,604	10,358,802
Due to component units	121,190	113,146	-	-
Estimated third-party payor settlements	16,451,387	21,759,289	-	-
Accrued compensated absences (note 8)	42,389,240	42,110,023	-	-
Other accrued liabilities (note 9)	18,666,009	23,161,352	3,880,108	215,423
Deferred revenue (note 10)	37,653,947	32,062,556	1,844,283	2,222,362
Bonds payable - current (notes 11 & 12)	17,676,584	16,947,231	-	-
Derivative instruments - interest rate swaps (note 12)	8,016,390	8,831,474	-	-
Notes payable - current	-	336,837	-	-
Deferred annuities payable (note 11)	-	-	377,663	378,187
Deposits and funds held for others	5,674,483	10,406,200	-	-
Total current liabilities	\$ 265,729,734	\$ 272,507,271	\$ 33,138,329	\$ 14,668,609
Non-current liabilities (note 11)				
Bonds payable - non-current (notes 11 & 12)	\$ 604,712,054	\$ 622,724,753	\$ 143,425,000	\$ -
Due to The University of New Mexico (note 11)	-	-	2,932,520	-
Student loan program (note 11)	13,417,222	13,744,223	-	-
Net OPEB obligation (notes 11 & 16)	26,647,000	16,890,000	-	-
Deferred annuities payable (note 11)	-	-	2,375,488	2,490,132
Other non-current liabilities (note 11)	629,499	638,359	-	-
Total non-current liabilities	\$ 645,405,775	\$ 653,997,335	\$ 148,733,008	\$ 2,490,132
Total liabilities	\$ 911,135,509	\$ 926,504,606	\$ 181,871,337	\$ 17,158,741

Statements of Net Assets as of June 30, 2011 and 2010

	PRIMARY INSTITUTION		COMPONENT UNITS	
	2011	2010	2011	2010
NET ASSETS				
Invested in capital assets, net of related debt	\$ 690,617,475	\$ 681,694,272	\$ 5,401,882	\$ 47,726
Restricted for:				
Non-expendable:				
State Investment Council	167,884,460	141,598,075	-	-
Scholarships	102,944,517	91,020,384	-	-
Grants, bequests and contributions	6,011,486	6,013,901	138,746,429	111,454,286
Expendable:				
Scholarships	2,701,775	2,229,870	-	-
Grants, bequests and contributions	13,278,720	5,969,422	-	-
Debt service	42,593,193	35,014,785	-	-
Capital projects	3,268,164	9,838,866	-	-
Other	-	-	50,536,790	38,367,584
Unrestricted (note 18)	513,354,149	480,739,644	66,431,604	12,995,736
Total net assets	<u>\$ 1,542,653,939</u>	<u>\$ 1,454,119,219</u>	<u>\$ 261,116,705</u>	<u>\$ 162,865,332</u>

See accompanying notes to the basic financial statements.

THE UNIVERSITY OF NEW MEXICO

BASIC FINANCIAL STATEMENTS

Statements of Revenues, Expenses and Changes in Net Assets for the years ended June 30, 2011 and 2010

	PRIMARY INSTITUTION		COMPONENT UNITS	
	2011	2010	2011	2010
OPERATING REVENUES				
Student tuition and fees (net of scholarship allowances of \$57,794,502 in 2011 and \$49,627,009 in 2010)	\$ 121,562,883	\$ 108,103,162	\$ -	\$ -
Patient services (net of provision for doubtful accounts of \$1,395,408 in 2011 and \$24,640,123 in 2010) (note 13)	93,639,386	189,079,037	128,809,222	-
Federal grants and contracts	267,754,881	244,668,931	-	-
State and local grants and contracts	30,663,819	40,904,041	-	-
State lottery scholarships	30,155,274	26,967,452	-	-
Non-governmental grants and contracts	28,536,831	27,095,202	23,992,817	21,544,398
Sales and services (net of scholarship allowances of \$9,460,899 in 2011 and \$8,983,167 in 2010)	182,732,699	91,394,090	6,684,458	5,505,878
Other operating revenues	41,716,002	35,730,476	13,479,721	13,037,215
Clinical operations (note 13)				
University of New Mexico Hospital (net of provision for doubtful accounts of \$67,041,989 in 2011 and \$69,469,941 in 2010)	515,276,733	467,289,020	-	-
University of New Mexico Behavioral Operations (net of provision for doubtful accounts of \$1,077,969 in 2011 and \$342,743 in 2010)	19,971,627	23,699,110	-	-
Total operating revenues	\$ 1,332,010,135	\$ 1,254,930,521	\$ 172,966,218	\$ 40,087,491
OPERATING EXPENSES				
Educational and general				
Instruction	\$ 242,603,888	\$ 243,086,665	\$ -	\$ -
Research	165,919,129	161,116,309	-	-
Public service	267,960,388	286,086,896	-	-
Academic support	41,962,531	42,782,927	-	-
Student services	24,458,050	25,467,417	-	-
Institutional support	51,925,255	51,165,350	-	-
Operations and maintenance of plant	58,215,196	66,272,294	-	-
Depreciation expense	60,046,975	55,438,328	-	-
Student aid	54,092,338	47,500,648	-	-
Student activities	7,363,959	7,155,864	-	-
Intercollegiate athletics	28,784,386	27,746,459	-	-
Auxiliary enterprises	56,931,024	51,679,135	-	-
Other operating expenses	44,976,961	44,517,827	136,110,277	27,284,732
Clinical operations				
University of New Mexico Hospital	545,555,307	523,086,854	-	-
University of New Mexico Behavioral Operations	39,888,025	43,149,780	-	-
Total operating expenses	\$ 1,690,683,412	\$ 1,676,252,753	\$ 136,110,277	\$ 27,284,732
Operating income (loss)	\$ (358,673,277)	\$ (421,322,232)	\$ 36,855,941	\$ 12,802,759

Statements of Revenues, Expenses and Changes in Net Assets for the years ended June 30, 2011 and 2010

	PRIMARY INSTITUTION		COMPONENT UNITS	
	2011	2010	2011	2010
NON-OPERATING REVENUES (EXPENSES)				
State appropriations	\$ 282,533,303	\$ 301,874,887	\$ -	\$ -
Local appropriations	7,447,314	6,047,755	-	-
Gifts	56,584,358	30,882,266	-	-
Investment income (note 3)	70,480,180	42,445,635	26,590,386	12,428,391
Distributions to The University of New Mexico	-	-	(53,446,916)	(26,807,949)
Other non-operating revenues and expenses, net	33,495,824	25,181,602	1,670,967	38,292
Interest on capital asset-related debt	(19,940,811)	(21,605,008)	-	-
Loss on disposal of capital assets	(518,103)	(1,151,688)	-	-
Clinical operations				
University of New Mexico Hospital	50,407,029	61,038,081	-	-
University of New Mexico Behavioral Operations	19,116,488	18,031,392	-	-
Net non-operating revenues	\$ 499,605,582	\$ 462,744,922	\$ (25,185,563)	\$ (14,341,266)
Income (loss) before other revenues, expenses, gains and losses	\$ 140,932,305	\$ 41,422,690	\$ 11,670,378	\$ (1,538,507)
Capital appropriations	\$ 16,247,298	\$ 52,429,409	\$ -	\$ -
Capital grants and gifts	2,848,780	3,235,652	-	-
Federal stabilization grant	10,438,667	1,263,025	-	-
Contributions to Sandoval Regional Medical Center (note 12)	(46,000,000)	-	46,000,000	-
Contributions to permanent endowments	-	-	14,564,979	6,754,299
Clinical operations				
University of New Mexico Hospital	(10,057,314)	3,782,155	-	-
University of New Mexico Behavioral Operations	141,000	512,624	-	-
Total other revenues	\$ (26,381,569)	\$ 61,222,865	\$ 60,564,979	\$ 6,754,299
Change in net assets	\$ 114,550,736	\$ 102,645,555	\$ 72,235,357	\$ 5,215,792
NET ASSETS				
Net assets at beginning of year	1,454,119,219	1,351,473,664	162,865,332	157,649,540
Restatement of net assets for change in reporting entity (note 20)	(26,016,016)	-	26,016,016	-
Net assets at end of year	\$ 1,542,653,939	\$ 1,454,119,219	\$ 261,116,705	\$ 162,865,332

See accompanying notes to the basic financial statements.

THE UNIVERSITY OF NEW MEXICO

BASIC FINANCIAL STATEMENTS

Statements of Cash Flows for the years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 122,546,672	\$ 108,072,098
Grants and contracts	365,044,602	335,888,297
Insurance and patients	613,114,781	665,520,538
Sales and services	185,683,651	98,049,804
Payments to suppliers	(351,887,367)	(379,745,026)
Payments to employees	(898,012,284)	(906,170,319)
Payments for utilities	(39,962,911)	(36,154,464)
Payments for benefits	(166,880,924)	(151,558,188)
Payments for scholarships and fellowships	(63,290,830)	(54,924,244)
Loans issued to students	(854,919)	(3,667,856)
Collection of loans to students	1,991,551	1,827,364
Other payments	(3,299,303)	(798,418)
Net cash used by operating activities	<u>\$ (235,807,281)</u>	<u>\$ (323,660,414)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State appropriations	\$ 280,503,342	\$ 314,777,187
Local appropriations	7,447,314	6,047,755
Bernalillo County mill levy	89,350,830	90,602,753
Land and permanent fund	867,012	778,491
Gifts	54,611,835	30,882,266
Federal stabilization grants	10,962,620	1,263,025
Contributions to Sandoval Regional Medical Center	(46,000,000)	-
Other non-operating receipts (payments)	(1,983,618)	17,315,392
Net cash provided by non-capital financing activities	<u>\$ 395,759,335</u>	<u>\$ 461,666,869</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest payments on bonds	\$ (29,008,718)	\$ (28,723,239)
Capital appropriations	16,007,765	59,866,782
Capital gifts and grants	5,444,563	6,108,900
Principal payments of bonds	(16,947,231)	(14,722,739)
Cash received from disposal of capital assets	113,897	1,427,000
Purchase of capital assets	(129,016,360)	(185,630,421)
Other receipts (payments)	(664,555)	115,076
Net cash used by capital and related financing activities	<u>\$ (154,070,639)</u>	<u>\$ (161,558,641)</u>

EXHIBIT C

Statements of Cash Flows for the years ended June 30, 2011 and 2010

	2011	2010
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturities of investments	\$ 293,240,145	\$ 323,317,005
Purchase of investments	(245,285,779)	(270,872,129)
State Investment Council asset income	9,663,955	9,238,338
Investment income (loss)	5,059,041	(228,736)
Net cash provided by investing activities	\$ 62,677,362	\$ 61,454,478
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents - beginning of the year	215,650,614	177,748,322
Effect of change in reporting entity (note 20)	(25,033,519)	-
Cash and cash equivalents - end of the year	\$ 259,175,872	\$ 215,650,614
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (358,673,277)	\$ (421,322,232)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation expense	95,308,185	89,280,750
Bad debt expense	71,721,739	96,570,145
Reduction in laboratory expenses of TLSC	(1,107,852)	(648,058)
Changes in assets and liabilities		
Accounts receivable	(7,168,533)	18,389,234
Patient receivables	(69,246,034)	(102,646,672)
Estimated third-party payor settlements	7,879,917	(8,998,105)
Notes receivable	1,802,526	1,874,484
Inventories	(287,621)	(2,068,526)
Other assets	1,166,079	(521,486)
Due from component units	12,082,404	(10,675,573)
Accounts payable	6,647,373	45,234,630
Accrued expenses and compensated absences	7,654,046	(19,281,186)
Other current liabilities	(622,453)	1,283,660
Estimated third-party payor liability	(5,307,902)	(55,638)
Deferred revenue	2,344,122	(10,075,841)
Net cash used by operating activities	\$ (235,807,281)	\$ (323,660,414)

See accompanying notes to the basic financial statements.

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(1) **Creation and Purpose of Entity**

The University of New Mexico (the University or UNM) was created by the Constitution of New Mexico, Sections 21-7-4 through 21-7-25, New Mexico Statutes Annotated, 1978 Compilation, under which it is responsible for providing the inhabitants of the State of New Mexico and such others as the Board of Regents may determine with the means of acquiring a thorough knowledge of the various branches of literature, science and the arts.

The University is part of the primary government of the State of New Mexico, and its financial data is included with the financial data in the State of New Mexico's Comprehensive Annual Financial Report. These financial statements present financial information that is attributable to the University and does not purport to present the financial position of the State of New Mexico.

(2) **Basis of Presentation and Summary of Significant Accounting Policies**

(A) *Basis of Presentation*

The University of New Mexico and certain component units present their financial statements in accordance with U.S. generally accepted accounting principles as prescribed in applicable pronouncements of the Governmental Accounting Standards Board (GASB). The statement presentation required by GASB Statement 35 provides a comprehensive entity-wide perspective of the University's assets, liabilities, and net assets, revenues, expenses and changes in net assets, and cash flows.

The University has adopted GASB Statement 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement 14* (GASB Statement 39). GASB Statement 39 provides additional guidance to determine whether certain organizations for which the University is not financially accountable should be reported as discretely presented component units based on the nature and significance of their relationship with the University. As required by GASB Statements' 14 and 39, these basic financial statements present the University and its component units, entities for which the University is considered to be financially accountable. These entities were selected for inclusion based on criteria as set forth in GASB Statements' 14 and 39. These entities are discretely presented in the financial statements as component units: The University of New Mexico Foundation, Inc.; The Robert O. Anderson Schools of Management Foundation; STC.UNM (formerly known as Science & Technology Corporation @ UNM); The University of New Mexico Lobo Club; Lobo Development Corporation, Lobo Energy, Inc.; The University of New Mexico Alumni Association; University of New Mexico Medical Group (UNMMG); and Sandoval Regional Medical Center (SRMC). Prior to fiscal year 2011, UNMMG was presented as a blended component unit. In addition, there are various component units operating as foundations that are not included in the financial statements as discretely presented component units due to materiality.

The University's basic financial statements also include "clinical operations." Clinical operations include the two health care providers, the University of New Mexico Hospital (Hospital) and the University of New Mexico Behavioral Operations whose operations are summarized to be compatible with University reporting; these operations are not legally separate entities and therefore are operating as divisions of the University. The clinical operations, when combined with the University's School of Medicine, College of Nursing and College of Pharmacy, are referred to as the University of New Mexico Health Sciences Center and are included in the Primary Institution financial statement information.

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The component units, the Hospital, and the University of New Mexico Behavioral Operations, have separately audited financial statements, which can be obtained at their separate administrative offices. Addresses for the component units can be found in note 19.

(B) *Basis of Accounting*

For financial reporting purposes, the University is considered a special-purpose government engaged in business-type activities. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when incurred. All significant intra-entity transactions have been eliminated.

The University adopted GASB Statement 62, *Codification of Accounting and Financial Reporting Contained in Pre-November 30, 1989 and AICPA Pronouncements*, upon its issuance on December 30, 2010, which 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 Statement 62 had no impact on the University's accounting policies, as the University had previously elected 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.

(C) *Significant Accounting Policies*

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ significantly from those estimates.

Cash and cash equivalents: Cash and cash equivalents consist of all highly liquid investments with original maturities of three months or less.

Accounts receivable: The University records student accounts receivable at the time a student registers for classes. Provisions for uncollectible student accounts are recorded to maintain an adequate allowance for probable losses.

Patient receivables: The Hospital and clinical operations receive payment for services rendered to patients under payment arrangements with payors which include (i) Medicare and Medicaid, (ii) other third-party payors including commercial carriers and health maintenance organizations, and (iii) others. The following summarizes the percent of gross patient receivables from all payors as of June 30:

	<u>2011</u>	<u>2010</u>
Medicare and Medicaid	49%	44%
Other third-party payors	36%	41%
Others	15%	15%
	<u>100%</u>	<u>100%</u>

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Investments: Stocks, bonds and similar investments are recorded at fair value as determined by quoted market prices. The alternative investments are carried at an estimated fair value that is determined by third-party administrators and University management. The income from the University's interest in the State of New Mexico Permanent Fund, which interests are reported as State Investment Council assets, is distributed monthly to the University.

The endowment spending policy provides that the total annual distribution of spendable income to each unit of the Consolidated Investment Fund (CIF), a unitized investment pool, shall not exceed six percent nor be less than four percent of the average market value of a unit of the CIF. The average market value of a unit will be based on the average unit values of the CIF for the preceding twenty quarters. The target annual distribution rate shall be five percent of the average unit market value. If, in any given twenty-quarter rolling period, total return is less than target annual distribution, actual distribution shall not be less than four percent of the average unit market value for such twenty-quarter rolling period. If in any twenty-quarter rolling period the distribution exceeds five percent of the current market value, the Consolidated Investment Fund Investment Committee will determine the actual distribution.

Assets held by others, which are neither in the possession of nor under the control of the University, are not reflected in the accompanying basic financial statements. The most significant example is assets held by the Sandia Foundation from which UNM is entitled to 45% of the income, but has no title to the assets themselves. However, income earned on such assets upon which the University has claim is recorded in the accompanying basic financial statements.

Inventories: Inventories, consisting mainly of items held for resale, are principally stated at cost using the retail method, or market value if lower.

Capital assets: Capital assets are recorded at original cost, or fair value if donated. Per Section 12-6-10 NMSA 1978, the University's capitalization policy for moveable equipment includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. The University includes software purchased with a piece of equipment in the cost of capitalization. This total cost is depreciated over the useful life of the equipment. In compliance with New Mexico Administrative Code, Title 2 Public Finance, Chapter 20 Accounting by Governmental Entities, Part 1 Accounting and Control of Fixed Assets of State Government, Section 9, software purchased for internal use is capitalized and depreciated. Renovations to buildings, infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 20 years for land improvements and infrastructure, 5 years for library books, and equipment ranges from 3 to 15 years. Loaned equipment from private and federal sources is not owned by the University, and is not an asset. This equipment is monitored by the Unrestricted Accounting Department and totals \$4,513,543 and \$4,417,544 at June 30, 2011 and 2010, respectively.

As an institute of higher education in existence for over 100 years, the University of New Mexico has acquired significant collections of art, rare books, historical treasures and other special collections. The purpose of these collections is for public exhibition, education or research in furtherance of public service rather than financial gain. They are protected and preserved, and subject to the Regents' policies regarding accessioning and de-accessioning. However, because of their invaluable and irreplaceable nature, these collections have not been capitalized.

Bonds payable: The University adopted GASB Statement 53, Accounting and Financial Reporting for Derivative Instruments. The purpose of Statement 53 is to improve reporting

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information about derivative instruments in the financial reports. Derivatives are financial arrangements used to manage or hedge specific risks or to make investments. The Statement requires most derivative instruments be measured at fair value in the financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. This Statement also addresses hedge accounting requirements and became effective for reporting periods beginning after June 15, 2009.

Annual leave plan: Employees are allowed to accumulate 252 hours of leave. Upon separation from employment for reasons other than retirement, death, or involuntary separation, employees are paid for unused accrued annual leave, not to exceed 168 hours. Upon separation of employment for reasons of retirement, death, or involuntary separation, employees (or their estates in case of death) are paid for unused accrued annual leave, not to exceed 252 hours.

Sick leave plan: Prior to 1984, the University's sick leave plan placed no limitation on the number of hours an employee could accumulate. When the plan was revised, the existing accumulation of hours was placed into separate pools and employees may be paid 28.5% of the value of those hours on retirement from the University. Also under the revised plan, employees are entitled to receive cash payments, at a rate equal to 50% of the employee's hourly wage, for accumulated unused sick leave exceeding 600 hours for full-time employees, 450 hours for employees with a FTE between 0.75 and full-time, and 300 hours for employees with a FTE between 0.5 and 0.75, up to 120 hours per fiscal year. Upon retirement or death, employees are paid, at a rate equal to 50% of the employee's hourly wage, for accumulated unused sick leave exceeding 600 hours for full-time employees, 450 hours for employees with a FTE between 0.75 and full-time, and 300 hours for employees with a FTE between 0.5 and 0.75, not to exceed 440 hours.

Net assets: Are classified as follows:

Invested in capital assets, net of related debt represent the University's total investment in capital assets, net of outstanding debt 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. Unspent bond proceeds for the University are approximately \$26,666,120 and \$66,606,564 at June 30, 2011 and 2010, respectively. The Hospital had unspent bond proceeds of \$13,500,000 at June 30, 2011 and 2010, reserved for debt service as required by the trustee.

Restricted net assets represent those operating funds on which external restrictions have been imposed that limit the purposes for which such funds can be used. Restricted *expendable* net assets are resources that the University is legally or contractually obligated to spend in accordance with imposed restrictions by third parties. Restricted *non-expendable* net assets consist of endowment and similar funds in which third parties 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. The income generated from the principal may be expended or added to principal.

Unrestricted net assets, which may contain multiple year contractual commitments, consist of those operating funds over which the governing board retains full control to use in achieving any of its authorized purposes.

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

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Revenues: Are classified as operating or non-operating according to the following criteria:

Operating revenues include activities that have the characteristics of an exchange transaction, such as a) student tuition and fees, net of scholarship discounts and allowances, b) patient services, c) sales and services, and d) contracts and grants.

Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as a) appropriations, b) gifts c) investment income, and d) mill levy. These revenue streams are recognized under GASB Statement 33 – *Accounting and Financial Reporting for Non-exchange Transactions*. Appropriations are recognized in the year they are appropriated, regardless of when actually received. Gifts are recognized when all applicable eligibility requirements have been met. Investment income is recognized in the period when it is earned. The mill levy is recognized in the period it is levied by Bernalillo County.

Student tuition and fee revenues and auxiliary enterprises revenues from students are reported net of scholarship allowances in the Statements of Revenues, Expenses and Changes in Net Assets. Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on students' behalf. To the extent that revenues from such programs are used to satisfy tuition and fees, other student charges, and auxiliary enterprises charges, the University has recorded a scholarship allowance.

Net patient revenues are recorded at the estimated net realizable amount due from patients, third-party payors, and others for services rendered, and a provision for doubtful accounts. Retroactive adjustments under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Contractual adjustments resulting from agreements with various organizations to provide services for amounts that differ from billed charges, including services under Medicare, Medicaid, and certain managed care programs, are recorded as deductions from patient revenues. Accounts, when determined to be uncollectible, are charged against the allowance for doubtful accounts.

The hospital and clinical operations provide care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the hospitals do not pursue collection of amounts determined to qualify as charity care, they are not reported as net revenue.

Contract and grant revenues are recognized when all of the eligibility requirements have been met.

Unexpended state appropriations do not revert to the state of New Mexico at the end of the fiscal year and are available to the University in subsequent years according to House Bill 2, Appropriations Act, Section J, found on Page 186.

Deferred revenue consists primarily of advances from contracts and grants.

Expenses: Are classified as operating or non-operating according to the following criteria:

Operating expenses include activities that have the characteristics of an exchange transaction, such as a) employee salaries, benefits and related expense, b) scholarships and fellowships, net of scholarship discounts and allowances, c) utilities, supplies and other services, d)

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professional fees, and e) depreciation expenses related to university property, plant and equipment.

Non-operating expenses include activities that have the characteristics of non-exchange transactions, such as interest on capital asset-related debt and bond expenses that are defined as non-operating expenses by GASB Statement 9 – *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement 34.

(D) *Income Taxes*

As an instrumentality of the State of New Mexico, the income generated by the University in the exercise of its essential governmental functions is excluded from federal income tax under Internal Revenue Code (IRC) section 115. However, income generated from activities unrelated to the exempt purpose of the University would be subject to tax under IRC section 511(a)(2)(B).

As part of a state institution of higher education, the income of the University of New Mexico Hospital and the University of New Mexico Behavioral Operations is generally excluded from federal and state income taxes under Section 115(1) of the Internal Revenue Code. However, income generated from activities unrelated to these entities' exempt purpose is subject to income taxes under Internal Revenue Code Section 511(a)(2)(B).

(E) *Budgetary Process*

Operating budgets are submitted for approval to the Board of Regents, the New Mexico Higher Education Department (HED) and the State Budget Division of the Department of Finance and Administration (DFA). Similarly, separate legislative budget requests are submitted to the Board of Regents, HED and the DFA for inclusion in the State of New Mexico Executive Budget for consideration of appropriations by the state legislature.

(F) *Joint Powers Agreements*

- (1) The Regents of The University of New Mexico and the Board of County Commissioners of the County of Bernalillo entered into a lease agreement for operation and lease of county healthcare facilities, effective July 1, 1999, amended June 2004 and terminating June 20, 2040. The purpose of the agreement is to operate and maintain UNM Hospital and UNM Behavioral Operations in accordance with the provisions of the Hospital Funding Act for the term of the agreement. The agreement continues in force until rescinded or terminated by either party. UNM acts as fiscal agent, reporting revenues and expenses, and accepting audit responsibility. There is no specific amount estimated since the agreement describes an ongoing relationship.
- (2) The University has entered into Joint Powers Agreements with fifty-two (52) Municipal School Districts (the Districts) throughout the state of New Mexico. The University and the Districts have formed an organization for promoting their mutual educational purposes known as the New Mexico Research and Study Council (Council). The purpose of this agreement is to create a mechanism by which the Districts can jointly and cooperatively undertake any activities in their function of providing public educational services. The University has entered into this agreement in order to facilitate such joint activities. This agreement remains in force until terminated. The Council may be terminated by a two-thirds vote of all current parties. UNM acts as fiscal agent, reporting revenues and expenses, and accepting audit

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responsibility. There is no specific amount estimated since the agreement describes an on-going relationship.

- (3) The Regents of the University of New Mexico, the Regents of New Mexico State University and the Regents of the New Mexico Institute of Mining and Technology entered into an agreement to form the New Mexico University Research Consortium (NMURC) effective May 4, 2006. The purpose of the Research Consortium is to promote statewide cooperation in attracting research resources to New Mexico, managing them for the state's higher education research facilities, other New Mexico research facilities and for the benefit of New Mexico economic development. The agreement continues in force indefinitely. Any party may choose to withdraw with sixty days written notice. At such time, the remaining parties have forty-five days to agree to maintain the NMURC or the JPA will terminate on the date of withdrawal.
- (4) The University of New Mexico Natural Heritage Program (NHP) and the New Mexico Energy, Minerals and Natural Resources Department (EMNRD) entered into a Joint Powers Agreement effective August 8, 2005, amended on April 28, 2008 and December 20, 2010. EMNRD's Rare and Endangered Plant Program often receives federal grants to develop projects that require botanical field research, greenhouse studies and data management. NHP, as a branch of the UNM-Southwest Museum of Biology, maintains the only comprehensive database for New Mexico rare and endangered plant species, and is capable of providing professional field and research assistance, greenhouse access and data management. The purpose of the agreement is for administrative efficiency so that the projects can be carried out through a single program. The agreement continues indefinitely unless earlier terminated by one or both parties.
- (5) The Regents of the University of New Mexico and the Board of Education of Albuquerque Public Schools, District No. 12 entered into a Joint Powers Agreement concerning the ownership and operation of an educational television facility known as KNME-TV with an effective date of September 16, 1968, amended April 1978. The purpose of the agreement is to make a useful and beneficial educational facility available to both parties over an extended period of time. The agreement continues for an indefinite term and may be terminated upon a) mutual agreement of the parties, b) continued inability of one party to perform its obligations, or c) inadequacy of the facility to fulfill the educational television needs of both parties accompanied by the expressed desire of either party to terminate.

(G) Reclassifications

Certain 2010 amounts have been reclassified in order to be consistent with the 2011 presentation.

(H) Deferred Bond Issuance Costs

The deferred bond issuance costs represent the bond issuance costs of the Hospital and SRMC for the Federal Housing Administration (FHA) Insured Hospital Mortgage Revenue Bonds. The bond issuance costs are amortized over the terms of the related indebtedness using the interest method.

(I) Impact of Recently Issued Accounting Standards

- (1) GASB Statement 60 – The GASB issued GASB Statement 60, Accounting and Financial Reporting for Service Concession Arrangements. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The requirements of

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this Statement will improve financial reporting by establishing recognition, measurement, and disclosure requirements for SCAs for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. GASB Statement 60 is effective for periods beginning after December 15, 2011, and the provisions of this Statement generally are required to be applied retroactively for all periods presented. The University is currently evaluating the impact GASB Statement 60 will have on the financial statements.

- (2) GASB Statement 61 – The GASB issued GASB Statement 61, *The Financial Reporting Entity: Omnibus* – an amendment of GASB Statements No. 14 and No. 34. This Statement amends the requirements of Statement 14, *The Financial Reporting Entity*, and Statement 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of this Statement result in financial reporting entity financial statements being more relevant by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. GASB Statement 61 is effective for periods beginning after June 15, 2012, and earlier application is encouraged. The University is currently evaluating the impact GASB Statement 61 will have on the financial statements.
- (3) GASB Statement 63 – The GASB issued GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This Statement also identifies net position as the residual of all other elements presented in a statement of financial position. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s net position. GASB Statement 63 is effective for periods beginning after December 15, 2011, and earlier application is encouraged. The University is currently evaluating the impact GASB Statement 63 will have on the financial statements.
- (4) GASB Statement 64 – The GASB issued GASB Statement 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions* – an amendment of GASB Statement No. 53. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider. The requirements of this Statement enhance comparability and improve financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty’s credit support provider, is replaced. GASB Statement 64 is effective for periods beginning after June 15, 2011, and earlier application is encouraged. The University is currently evaluating the impact GASB Statement 64 will have on the financial statements.

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(3) Cash, Cash Equivalents and Investments

(A) *Cash and Cash Equivalents Custodial Credit Risk*

Deposits: University deposits are held in demand and time deposits at local financial institutions. State statutes require financial institutions to pledge qualifying collateral to the University to cover at least 50% of the uninsured deposits; however, the University requires more collateral as it considers prudent. All collateral is held in third-party safekeeping.

Collateralization of deposits: The carrying amounts of the primary institution's deposits with financial institutions at June 30, 2011 and 2010 were \$259,175,872 and \$215,650,614 respectively. The carrying amounts of the component units' deposits with financial institutions at June 30, 2011 and 2010 were \$189,734,572 and \$37,625,307, respectively. Bank balances are categorized as follows:

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	2011	2010
Primary Institution		
Amount insured by the FDIC	\$ 549,371	\$ 1,066,030
Amount collateralized with securities held in the University's name by their agent	<u>275,798,760</u>	<u>216,135,956</u>
	<u>\$ 276,348,131</u>	<u>\$ 217,201,986</u>
Money Market Accounts	<u>\$ -</u>	<u>\$ 5,918,255</u>
Total Bank Balance Primary Institution	<u><u>\$ 276,348,131</u></u>	<u><u>\$ 223,120,241</u></u>
Component Units		
Amount insured by the FDIC for Public Money Entity Component Units	\$ 2,810,770	\$ 509,688
Amount collateralized with securities held in the University's name by their agent	<u>13,907,704</u>	<u>6,439,909</u>
	<u>\$ 16,718,474</u>	<u>\$ 6,949,597</u>
Money Market Accounts	<u>\$ 163,820,979</u>	<u>\$ 1,365,899</u>
	<u><u>\$ 180,539,453</u></u>	<u><u>\$ 8,315,496</u></u>
Amount insured by the FDIC for Non Public Money Entity Component Units	\$ 560,647	\$ 571,589
Amount collateralized with securities held in the University's name by their agent	Not Required	Not Required
Amount exposed to custodial risk	N/A	N/A
Amount not covered by insurance	<u>2,673,347</u>	<u>2,974,186</u>
	<u>\$ 3,233,994</u>	<u>\$ 3,545,775</u>
Total Bank Balance Component Units	<u><u>\$ 183,773,447</u></u>	<u><u>\$ 11,861,271</u></u>

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The University does have a custodial risk policy for deposits, which requires collateral in an amount greater than or equal to 50% of the deposit not insured by Federal Insuring Agencies. A greater amount of collateral is required when the University determines it is prudent. Collateral must meet State of New Mexico "Security of Public Money" standards and be held in third party safekeeping.

As of June 30, 2011, the primary institution's and the component units' bank deposits were not exposed to custodial credit risk.

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(B) *Investment Custodial Credit Risk*

Custodial Credit Risk—Investments. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments not exposed to custodial credit risk include mutual funds, external investment pools, and securities underlying reverse repurchase agreements. The summary of investments schedule provides the detail for investments exposed to custodial credit risk.

The University's custodial risk policy for investments allows investment in U. S. Treasury Securities, U.S. Government Agency obligations, stocks, securities, bonds, money market funds, commercial paper, foreign currency, certificates of deposits, mutual funds is in accordance with Chapter 6, Article 10, Section 10 of the NMSA, 1978 Compilation. Investments are made through financial institutions and are held in safekeeping in their trust departments. Repurchase agreements are collateralized by U.S. Treasury Securities with a market value of at least 102% of the principal and are used for overnight investment only. The investment of University endowment funds is in accordance with the laws of 1991, Chapter 69 of the State of New Mexico.

In accordance with UNM and the Foundation's Memorandum of Agreement, the endowment assets of the Foundation and UNM are commingled for investment purposes whenever possible in the CIF. The investment of UNM and foundation endowment funds is in accordance with Sections 6-8-10 and 46-9-1 through 46-9-12, NMSA 1978. At June 30, 2011 and 2010, UNM's portion of the CIF was \$192,584,392 and \$167,833,064, respectively.

At June 30, 2011 and 2010, CIF commitments for future contributions to private equity investments totaled \$40,830,271 and \$49,347,549, respectively, of which UNM's share totaled \$23,403,911 and \$29,260,673, respectively.

Net appreciation on investments of donor-restricted endowments of \$10,838,940 are available for authorization for expenditure by the governing board, which are reported in net assets as restricted for purposes for which the endowment was established. The Governing Board, in accordance with NMSA 46-9A, has determined that distributions shall not exceed 6% nor be less than 4% of the Average Market Value of a unit of the CIF. The University has established a CIF Endowment and Management Investment Policy for authorizing and spending investment income.

The CIF Endowment and Management Investment policy allowed for maximum allocations of 20% each to real assets, private equity and hedge funds through placements through June 30, 2010. Effective July 1, 2010, a new policy was implemented, and no further allocations will be made to either real assets or to private equity investments, although the new policy recognizes that existing commitments to these asset classes will require additional capital calls in the short-term. The investment policy has been structured in accordance with the Uniform Prudent Investor Act, NMSA 45-7 (601-612).

A summary of the investments at June 30, 2011 and June 30, 2010 and their exposure to custodial credit risk are as follows:

THE UNIVERSITY OF NEW MEXICO

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

	Investments Exposed to Custodial Credit Risk		All Investments Regardless of Custodial Credit Risk Exposure	Investments Exposed to Custodial Credit Risk		All Investments Regardless of Custodial Credit Risk Exposure
	Uninsured, Unregistered, and held by Counterparty not in the University's Name	Uninsured, Unregistered, and held by Counterparty's Agent not in the University's Name	2011 Fair Value	Uninsured, Unregistered, and held by Counterparty not in the University's Name	Uninsured, Unregistered, and held by Counterparty's Agent not in the University's Name	2010 Fair Value
Primary Institution						
Cash	\$ -	\$ -	\$ 17,604,314	\$ -	\$ -	\$ 65,150
Money Market Deposit	-	-	360,995	-	-	1,409,253
Money Market	-	-	34,887,463	-	-	71,064,060
Certificate of Deposit	-	-	1,009,725	-	-	5,163,498
Repurchase Agreements	-	-	13,433,669	-	-	13,438,588
Commercial Paper	-	-	-	-	-	10,365,595
U.S. Treasury Securities	-	-	100,881,800	-	-	107,574,843
U.S. Government Agencies	-	-	90,076,018	-	-	111,644,620
Corporate Bonds/Notes	-	-	48,801,682	-	-	30,727,099
Municipal Bonds	-	-	5,535,126	-	-	10,999,127
International Bonds	-	-	7,680,690	-	-	-
Mutual Funds	-	-	47,872,613	-	-	48,180,603
Equity	-	-	176,414,637	-	-	128,668,818
Alternative Investments	-	-	117,330,782	-	-	111,144,226
Other	-	-	446,549	-	-	446,549
<i>University of New Mexico Foundation, Inc</i>						
<i>Investments held in Consolidated Investment Fund</i>	-	-	(143,392,723)	-	-	(115,413,103)
Total Investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 518,943,340</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 535,478,926</u>

Component Units

Certificate of Deposit	\$ -	\$ -	\$ 1,111,288	\$ -	\$ -	\$ 1,165,228
U.S. Treasury Securities	-	-	3,838,957	-	-	-
U.S. Government Agencies	25,216	-	6,020,416	158,941	-	158,941
Corporate Bonds/Notes	289,055	-	8,609,369	511,261	-	511,261
Municipal Bonds	3,299,174	-	5,237,768	2,207,638	-	2,207,638
Mutual Funds	2,507,749	-	7,460,577	2,027,336	-	3,542,496
Other	-	-	-	-	-	29,061
Equity	3,428,382	-	3,436,495	2,914,623	-	4,545,833
Alternative Investments	-	-	-	-	-	130,541
Real Estate	-	-	239,700	-	-	263,565
Other	-	-	335,587	-	-	-
<i>University of New Mexico Foundation, Inc</i>						
<i>Investments held in Consolidated Investment Fund</i>	-	-	143,392,723	-	-	115,413,103
Total Investments	<u>\$ 9,549,576</u>	<u>\$ -</u>	<u>\$ 179,682,880</u>	<u>\$ 7,819,799</u>	<u>\$ -</u>	<u>\$ 127,967,667</u>

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State Investment Council Assets: The University has an undivided interest in assets of the State of New Mexico Permanent Fund. The cost of such interest is \$124,206,920 and \$126,665,216 at June 30, 2011 and 2010, respectively. The fair value is \$167,884,460 and \$141,598,075 at June 30, 2011 and 2010, respectively. These investments are not categorized by custodial risk.

(C) *Derivatives*

The University does not permit the purchase of high risk (volatile) derivative securities.

- (D) *Credit Risk—Debt Investments.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University is required to disclose credit ratings of 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 University does have a policy that restricts long-term 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 P-1 by Moody's, time deposits of U.S. or foreign banks, bankers' acceptances and fully collateralized repurchase agreements. Both U.S. and foreign offerings are permissible. Exclusive of the U.S. government and agency issues, all other fixed income securities will be A/A2 or better rated as established by at least two Nationally Recognized Statistical Rating Organizations (NRSRO's) and further reinforced by independent credit analyses. If only one NRSRO rates the bond, that rating shall apply.

A summary of the investments at June 30, 2011 and June 30, 2010 and their exposure to credit risk are as follows:

THE UNIVERSITY OF NEW MEXICO

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

<i>Primary Institution</i>	Rating	Fair Value 2011	Rating	Fair Value 2010
Items not subject to credit risk:				
Cash		\$ 17,604,314		\$ 65,150
Certificate of Deposit		1,009,725		5,163,498
U.S. Treasury Securities		100,881,800		107,574,843
Mutual Funds		47,872,613		48,180,603
Equity		176,414,637		128,222,269
Other		446,549		446,549
Total items not subject to credit risk		<u>\$ 344,229,638</u>		<u>\$ 289,652,912</u>
Items subject to credit risk:				
Money Market Deposit	Not Rated	\$ 360,995	Not Rated	\$ 1,409,253
Money Market	Not Rated	\$ 34,887,463	Not Rated	\$ 71,064,060
Repurchase Agreement	Moody's - Aa3	\$ 13,433,669	Moody's - Aa3	\$ 13,438,588
Commercial Paper		\$ -	Not Rated	\$ 10,365,595
U.S. Government Agency Obligations	Not Rated	\$ 10,559,925	Not Rated	\$ 44,258,866
Fitch -AAA		19,362,034	Fitch -AAA	11,782,358
Moody's - Aaa		60,154,059	Moody's - Aaa	55,603,396
		<u>\$ 90,076,018</u>		<u>\$ 111,644,620</u>
Corporate Bonds/Notes	Moody's - Aaa	\$ 1,502,640	Moody's - Aaa	\$ -
	Moody's - Aa1	2,194,475	Moody's - Aa1	1,260,500
	Moody's - Aa2	9,424,605	Moody's - Aa2	5,826,804
	Moody's - Aa3	6,248,581	Moody's - Aa3	-
	Moody's - A1	6,441,368	Moody's - A1	7,018,230
	Moody's - A2	20,312,026	Moody's - A2	11,933,449
	Moody's - A3	2,677,987	Moody's - A3	971,093
	Moody's - Baa1	-	Moody's - Baa1	1,214,598
	S&P - AA-	-	S&P - AA-	2,502,425
		<u>\$ 48,801,682</u>		<u>\$ 30,727,099</u>
International Bonds	Moody's - Aaa	\$ 7,168,035	Moody's - Aaa	\$ -
	Moody's - Baa1	512,655	Moody's - Baa1	-
		<u>\$ 7,680,690</u>		<u>\$ -</u>
Municipal Bonds	Moody's - Aaa	\$ 831,121	Moody's - Aaa	\$ -
	Moody's - Aa1	381,975	Moody's - Aa1	448,413
	Moody's - Aa2	630,013	Moody's - Aa2	2,386,881
	Moody's - Aa3	541,771	Moody's - Aa3	550,228
	Moody's - A1	912,969	Moody's - A1	2,383,278
	Moody's - MIG-1	1,002,460	Moody's - MIG-1	-
	Moody's - A2	-	Moody's - A2	1,014,720
	S&P - AAA	-	S&P - AAA	2,055,540
	S&P - AA+	1,234,817	S&P - AA+	2,160,067
		<u>\$ 5,535,126</u>		<u>\$ 10,999,127</u>
Alternative Investments	Not Rated	\$ 117,330,782	Not Rated	\$ 111,590,775
Total items subject to credit risk		<u>\$ 318,106,425</u>		<u>\$ 361,239,117</u>
<i>University of New Mexico Foundation, Inc</i>		<u>\$ (143,392,723)</u>		<u>\$ (115,413,103)</u>
<i>Investments held in Consolidated Investment Fund</i>				
Total Investments		<u>\$ 518,943,340</u>		<u>\$ 535,478,926</u>

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June 30, 2011 and 2010

<i>Component Units</i>	Rating	Fair Value 2011	Rating	Fair Value 2010
Items not subject to credit risk:				
Certificate of Deposit		\$ 1,111,288		\$ 1,165,228
U.S. Treasury Securities		3,838,957		-
Mutual Funds		7,460,577		3,542,496
Equity		3,436,495		4,545,833
Real Estate		390,499		263,565
Other		184,788		29,061
Total items not subject to credit risk		<u>\$ 16,422,604</u>		<u>\$ 9,546,183</u>
Items subject to credit risk:				
U.S. Government Agency Obligations	Not Rated	\$ 5,995,200	Not Rated	\$ -
	Moody's - Aaa	25,216	Moody's - Aaa	158,941
		<u>\$ 6,020,416</u>		<u>\$ 158,941</u>
Corporate Bonds/Notes	Moody's - Aaa	\$ 437,206	Moody's - Aa1	\$ -
	Moody's - Aa1	475,113	Moody's - Aa1	51,095
	Moody's - Aa2	822,262	Moody's - Aa2	20,643
	Moody's - Aa3	2,362,715	Moody's - Aa3	-
	Moody's - A1	1,629,929	Moody's - A1	51,360
	Moody's - A2	1,828,871	Moody's - A2	230,915
	Moody's - A3	601,321	Moody's - A3	104,453
	Moody's - Baa1	346,937	Moody's - Baa1	-
	S&P - A	105,015	S&P - A	52,795
		<u>\$ 8,609,369</u>		<u>\$ 511,261</u>
Municipal Bonds	Not Rated	\$ 86,246	Not Rated	\$ 59,708
	Moody's - Aaa	719,351	Moody's - Aaa	484,314
	Moody's - Aa1	678,901	Moody's - Aa1	154,038
	Moody's - Aa2	1,770,363	Moody's - Aa2	726,261
	Moody's - Aa3	621,212	Moody's - Aa3	317,945
	Moody's - A1	698,290	Moody's - A1	141,212
	Moody's - A2	23,678	Moody's - A2	25,007
	Moody's - A3	24,637	Moody's - A3	102,177
	Moody's - MIG-1	201,183	Moody's - MIG-1	-
	Moody's - Baa1	11,390	Moody's - Baa1	122,049
	Moody's - Baa2	-	Moody's - Baa2	74,927
	S&P - AA-	301,887	S&P - AA-	-
	S&P - A-	100,630	S&P - A-	-
		<u>\$ 5,237,768</u>		<u>\$ 2,207,638</u>
Alternative Investments	Not Rated	\$ -	Not Rated	\$ 130,541
Total items subject to credit risk		<u>\$ 19,867,553</u>		<u>\$ 3,008,381</u>
<i>University of New Mexico Foundation, Inc</i>		<u>\$ 143,392,723</u>		<u>\$ 115,413,103</u>
<i>Investments held in Consolidated Investment Fund</i>		<u>\$ 179,682,880</u>		<u>\$ 127,967,667</u>
Total Investments		<u>\$ 179,682,880</u>		<u>\$ 127,967,667</u>

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June 30, 2011 and 2010

(E) *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 University 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, 2011 and June 30, 2010 and their exposure to interest rate risk are as follows:

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NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

2011	Fair Value	Investment Maturities			
		Less than 1 Year	1-5 Years	5-10 Years	Greater than 10 Years
<i>Primary Institution</i>					
Items not subject to interest rate risk:					
Cash	\$ 17,604,314				
Money Market Deposit	360,995				
Certificates of Deposit	1,009,725				
Mutual Funds	47,872,613				
Equity	176,414,637				
Alternative Investments	117,330,782				
Other	446,549				
	<u>\$ 361,039,615</u>				
Items subject to interest rate risk:					
Money Market	\$ 34,887,463	\$ 34,771,733	\$ 115,730	\$ -	\$ -
Repurchase Agreements	13,433,669	13,433,669	-	-	-
Commercial Paper	-	-	-	-	-
U.S. Treasury Securities	100,881,800	24,609,570	76,272,230	-	-
U.S. Gov't Agencies	90,076,018	31,737,862	58,338,156	-	-
Corporate Bonds/Notes	48,801,682	2,893,141	45,908,541	-	-
Municipal Bonds	5,535,126	4,422,091	1,113,035	-	-
International Bonds	7,680,690	2,414,677	5,266,013	-	-
	<u>\$ 301,296,448</u>	<u>\$ 114,282,743</u>	<u>\$ 187,013,705</u>	<u>\$ -</u>	<u>\$ -</u>
<i>University of New Mexico Foundation, Inc</i>					
<i>Investments held in Consolidated Investment Fund</i>					
	<u>\$ (143,392,723)</u>				
Total Investments	<u>\$ 518,943,340</u>				

2010	Fair Value	Investment Maturities			
		Less than 1 Year	1-5 Years	5-10 Years	Greater than 10 Years
<i>Primary Institution</i>					
Items not subject to interest rate risk:					
Money Market Deposit	\$ 1,409,253				
Certificates of Deposit	5,163,498				
Mutual Funds	48,180,603				
Equity	128,668,818				
Alternative Investments	111,590,775				
	<u>\$ 295,012,947</u>				
Items subject to interest rate risk:					
Cash	\$ 65,150	\$ 65,150	\$ -	\$ -	\$ -
Money Market	71,064,060	59,967,864	11,096,196	-	-
Repurchase Agreements	13,438,588	13,438,588	-	-	-
Commercial Paper	10,365,595	10,365,595	-	-	-
U.S. Treasury Securities	107,574,843	9,975,589	97,599,254	-	-
U.S. Gov't Agencies	111,644,620	72,528,926	39,115,694	-	-
Corporate Bonds/Notes	30,727,099	16,512,359	14,214,740	-	-
Municipal Bonds	10,999,127	3,732,643	7,266,484	-	-
	<u>\$ 355,879,082</u>	<u>\$ 186,586,714</u>	<u>\$ 169,292,368</u>	<u>\$ -</u>	<u>\$ -</u>
<i>University of New Mexico Foundation, Inc</i>					
<i>Investments held in Consolidated Investment Fund</i>					
	<u>\$ (115,413,103)</u>				
Total Investments	<u>\$ 535,478,926</u>				

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NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

Component Units	2011 Fair Value	Investment Maturities			
		Less than 1 Year	1-5 Years	5-10 Years	Greater than 10 Years
Items not subject to interest rate risk:					
Mutual Funds	\$ 7,460,577				
Equity	3,436,495				
Real Estate	390,499				
Other	184,788				
	<u>\$ 11,472,359</u>				
Items subject to interest rate risk:					
Certificates of Deposit	\$ 1,111,288	\$ 817,592	\$ 293,696	\$ -	\$ -
U.S. Treasury Securities	3,838,957	2,199,722	1,639,235	-	-
U.S. Gov't Agencies	6,020,416	-	6,020,416	-	-
Corporate Bonds/Notes	8,609,369	1,217,856	7,338,934	52,579	-
Municipal Bonds	5,237,768	1,938,594	67,927	769,563	2,461,684
	<u>\$ 24,817,798</u>	<u>\$ 6,173,764</u>	<u>\$ 15,360,208</u>	<u>\$ 822,142</u>	<u>\$ 2,461,684</u>
<i>University of New Mexico Foundation, Inc</i>					
<i>Investments held in Consolidated Investment Fund</i>	<u>\$ 143,392,723</u>				
Total Investments	<u>\$ 179,682,880</u>				

Component Units	2010 Fair Value	Investment Maturities			
		Less than 1 Year	1-5 Years	5-10 Years	Greater than 10 Years
Items not subject to interest rate risk:					
Money Market Deposit	\$ -				
Certificates of Deposit	61,110				
Mutual Funds	3,542,496				
Other	29,061				
Equity	4,545,833				
Alternative Investments	130,541				
Real Estate	263,565				
	<u>\$ 8,572,606</u>				
Items subject to interest rate risk:					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Money Market	-	-	-	-	-
Certificates of Deposit	1,104,118	1,104,118	-	-	-
Repurchase Agreements	-	-	-	-	-
Commercial Paper	-	-	-	-	-
U.S. Treasury Securities	-	-	-	-	-
U.S. Gov't Agencies	158,941	81,175	77,766	-	-
Corporate Bonds/Notes	511,261	274,732	185,434	51,095	-
Municipal Bonds	2,207,638	10,257	70,095	112,161	2,015,125
	<u>\$ 3,981,958</u>	<u>\$ 1,470,282</u>	<u>\$ 333,295</u>	<u>\$ 163,256</u>	<u>\$ 2,015,125</u>
<i>University of New Mexico Foundation, Inc</i>					
<i>Investments held in Consolidated Investment Fund</i>	<u>\$ 115,413,103</u>				
Total Investments	<u>\$ 127,967,667</u>				

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NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

- (F) *Concentration of Credit Risk—Investments.* Concentration Risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Investments in any one issuer that represent 5% or more of all total investments including components unit investments are considered to be exposed to concentrated credit risk and are required to be disclosed. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. For long-term investments, the University does have a policy to limit its exposure to concentrated credit risk. It states that investments shall be diversified with the intent to minimize the risk of large investment losses. Consequently, the portfolio will be constructed and maintained to provide prudent diversification with regard to the concentration of holdings in individual issues, corporations or industries.

For the fiscal year ended June 30, 2011, the University has 36.66% of its investments in U.S. Treasuries, U.S. government agencies or mutual funds. Of the remaining 63.34%, the largest concentration, 8.48%, is in a Vanguard US stock index held at Northern Trust.

- (G) *Foreign Currency Risk—Investments and Deposits.* Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Currently, the University does have a long-term investment policy that limits its exposure to foreign currency risk. As of June 30, 2011 the University was not exposed to foreign currency fluctuations.

- (H) *Investment Income (Loss)*

At June 30, 2011 and 2010, investment income (loss) consists of the following:

	<u>2011</u>	<u>2010</u>
Primary Institution Investment Income (Loss)		
<i>Investment Revenue</i>		
Investment income	\$ 4,421,043	\$ 5,273,617
State Investment Council Permanent Fund distribution	9,663,955	9,238,338
<i>Realized Gains</i>		
State Investment Council Permanent Fund distribution	-	-
<i>Realized Gains/Losses</i>		
Endowments-Consolidated Investment Fund	3,427,556	(1,581,409)
Non-Endowment Investments	(200,632)	(422,311)
<i>Unrealized Gains/Losses</i>		
State Investment Council Permanent Fund distribution	26,286,385	12,918,522
<i>Unrealized Gains/Losses</i>		
Endowments-Consolidated Investment Fund	25,881,457	16,503,476
Non-Endowment Investments	1,000,416	515,402
	<u>\$ 70,480,180</u>	<u>\$ 42,445,635</u>
Component Units Investment Income (Loss)	<u>\$ 26,590,386</u>	<u>\$ 12,428,391</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

(4) Accounts Receivable, Patient Receivables and Other Receivables

Accounts receivable, patient receivables and other receivables are shown net of allowances for doubtful accounts in the accompanying Statements of Net Assets. At June 30, 2011 and 2010, receivables consisted of the following:

	<u>2011</u>	<u>2010</u>
Primary Institution accounts receivable		
Contracts and grants	\$ 31,897,586	\$ 38,159,617
HSC health services	4,368,710	4,320,898
Sales and services	8,827,862	7,683,076
Auxiliaries	8,168,574	9,740,759
Tuition and fees	10,686,752	10,078,330
State of New Mexico bonds	2,314,767	2,075,233
Other	6,045,953	1,447,581
	<u>\$ 72,310,204</u>	<u>\$ 73,505,494</u>
Less: Allowances for doubtful accounts	(14,708,697)	(15,074,181)
	<u>\$ 57,601,507</u>	<u>\$ 58,431,313</u>
Component Units accounts receivable, net	<u>\$ 1,443,118</u>	<u>\$ 1,859,227</u>
Primary Institution patient receivables, net		
Patient receivables	\$ 273,011,446	\$ 293,553,520
Less: Allowance for doubtful accounts	(197,482,778)	(204,001,514)
	<u>\$ 75,528,668</u>	<u>\$ 89,552,006</u>
Component Units patient receivables, net		
Patient receivables	\$ 59,344,890	\$ -
Less: Allowance for doubtful accounts	(38,705,491)	-
	<u>\$ 20,639,399</u>	<u>\$ -</u>
Primary Institution other receivables		
Bernalillo County Treasurer	\$ 1,427,689	\$ 1,462,524
Other receivables	965,742	1,798,582
	<u>\$ 2,393,431</u>	<u>\$ 3,261,106</u>

Beginning in fiscal year 2011, the University of New Mexico Medical Group (UNMMG) is presented as a discretely presented component unit. Prior to fiscal year 2011, UNMMG was presented as a blended component unit. See note 20.

(5) Notes Receivable

Current notes receivable are shown net of allowance for doubtful accounts in the accompanying Statements of Net Assets. At June 30, 2011 and 2010, notes receivable consisted of the following:

	<u>2011</u>	<u>2010</u>
Primary Institution notes receivable, net		
Current notes receivable		
Student loans	<u>\$ 3,033,952</u>	<u>\$ 3,825,762</u>
Non-current notes receivable		
Student loans	<u>\$ 9,585,371</u>	<u>\$ 10,596,087</u>

Federal Perkins Loans make up approximately 75% and 74% of the student loans at June 30, 2011 and 2010, respectively. Under this program, the federal government provides funds for approximately 75% of the total contribution for student loans, with the University providing the balance. Under certain conditions such loans can be forgiven at

THE UNIVERSITY OF NEW MEXICO

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June 30, 2011 and 2010

annual rates of 10% to 30% of the original balance up to maximums of 50% to 100% of the original loan. The federal government reimburses the University 10% for the amounts cancelled on loans originated prior to July 1, 1993 under the Federal Perkins Loan Program.

(6) Capital Assets (in thousands)

	Year Ended June 30, 2011				
	Beginning Balance (see note 20)	Additions	Transfers	Retirements	Ending Balance
University capital assets not being depreciated					
Land	\$ 40,091	\$ 3,177	\$ -	\$ -	\$ 43,268
Construction in-progress	114,351	76,891	(138,526)	-	52,716
Fabricated equipment in-progress	89	-	(89)	-	-
	<u>\$ 154,531</u>	<u>\$ 80,068</u>	<u>\$ (138,615)</u>	<u>\$ -</u>	<u>\$ 95,984</u>
University depreciable capital assets					
Land improvements	\$ 38,433	\$ -	\$ 17,003	\$ -	\$ 55,436
Infrastructure	146,848	-	6,548	-	153,396
Buildings	906,952	-	114,975	(218)	1,021,709
Equipment and furnishings	234,066	13,514	89	(10,353)	237,316
Library books	136,946	6,448	-	-	143,394
Total depreciable capital assets	<u>\$ 1,463,245</u>	<u>\$ 19,962</u>	<u>\$ 138,615</u>	<u>\$ (10,571)</u>	<u>\$ 1,611,251</u>
Less: Accumulated depreciation for					
Land improvements	\$ (29,935)	\$ (1,552)	\$ -	\$ -	\$ (31,487)
Infrastructure	(52,503)	(7,352)	-	-	(59,855)
Buildings	(298,923)	(26,897)	-	161	(325,659)
Equipment and furnishings	(175,880)	(17,196)	-	9,778	(183,298)
Library books	(122,632)	(7,050)	-	-	(129,682)
Total accumulated depreciation	<u>\$ (679,873)</u>	<u>\$ (60,047)</u>	<u>\$ -</u>	<u>\$ 9,939</u>	<u>\$ (729,981)</u>
University depreciable capital assets, net	<u>\$ 783,372</u>	<u>\$ (40,085)</u>	<u>\$ 138,615</u>	<u>\$ (632)</u>	<u>\$ 881,270</u>
Capital asset summary					
University capital assets not being depreciated	\$ 154,531	\$ 80,068	\$ (138,615)	\$ -	\$ 95,984
University depreciable capital assets at cost	1,463,245	19,962	138,615	(10,571)	1,611,251
University total cost of capital assets	\$ 1,617,776	\$ 100,030	\$ -	\$ (10,571)	\$ 1,707,235
Less: Accumulated depreciation	(648,534)	(58,343)	-	9,655	(697,222)
Less: Accumulated depreciation-Auxiliaries	(31,339)	(1,704)	-	284	(32,759)
University capital assets, net	<u>\$ 937,903</u>	<u>\$ 39,983</u>	<u>\$ -</u>	<u>\$ (632)</u>	<u>\$ 977,254</u>
Clinical Operations capital assets	\$ 575,330	\$ 29,352	\$ -	\$ (28,264)	\$ 576,418
Less: Accumulated depreciation	(277,829)	(35,261)	-	28,285	(284,805)
Clinical Operations capital assets, net	<u>\$ 297,501</u>	<u>\$ (5,909)</u>	<u>\$ -</u>	<u>\$ 21</u>	<u>\$ 291,613</u>
Primary Institution capital assets, net	<u>\$ 1,235,404</u>	<u>\$ 34,074</u>	<u>\$ -</u>	<u>\$ (611)</u>	<u>\$ 1,268,867</u>
Component Units capital assets, net	<u>\$ 7,135</u>	<u>\$ 34,084</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ 41,218</u>

The University capitalizes interest expense incurred during the period an asset is being prepared for its intended use. For the years ended June 30, 2011 and 2010, the University capitalized interest expense of \$2,952,394 and \$3,019,352, respectively.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

(6) Capital Assets (in thousands)

	Year Ended June 30, 2010				Ending Balance
	Beginning Balance	Additions	Transfers	Retirements	
University capital assets not being depreciated					
Land	\$ 39,509	\$ 582	\$ -	\$ -	\$ 40,091
Construction in-progress	131,518	127,599	(144,766)	-	114,351
Fabricated equipment in-progress	-	89	-	-	89
	<u>\$ 171,027</u>	<u>\$ 128,270</u>	<u>\$ (144,766)</u>	<u>\$ -</u>	<u>\$ 154,531</u>
University depreciable capital assets					
Land improvements	\$ 38,433	\$ -	\$ -	\$ -	\$ 38,433
Infrastructure	127,634	-	19,214	-	146,848
Buildings	773,653	7,817	125,552	(70)	906,952
Equipment and furnishings	235,064	17,287	-	(14,143)	238,208
Library books	130,539	6,407	-	-	136,946
Total depreciable capital assets	<u>\$ 1,305,323</u>	<u>\$ 31,511</u>	<u>\$ 144,766</u>	<u>\$ (14,213)</u>	<u>\$ 1,467,387</u>
Less: Accumulated depreciation for					
Land improvements	\$ (29,188)	\$ (747)	\$ -	\$ -	\$ (29,935)
Infrastructure	(45,415)	(7,088)	-	-	(52,503)
Buildings	(276,019)	(22,953)	-	49	(298,923)
Equipment and furnishings	(171,087)	(20,196)	-	12,737	(178,546)
Library books	(116,106)	(6,526)	-	-	(122,632)
Total accumulated depreciation	<u>\$ (637,815)</u>	<u>\$ (57,510)</u>	<u>\$ -</u>	<u>\$ 12,786</u>	<u>\$ (682,539)</u>
University depreciable capital assets, net	<u>\$ 667,508</u>	<u>\$ (25,999)</u>	<u>\$ 144,766</u>	<u>\$ (1,427)</u>	<u>\$ 784,848</u>
Capital asset summary					
University capital assets not being depreciated	\$ 171,027	\$ 128,270	\$ (144,766)	\$ -	\$ 154,531
University depreciable capital assets at cost	<u>1,305,323</u>	<u>31,511</u>	<u>144,766</u>	<u>(14,213)</u>	<u>1,467,387</u>
University total cost of capital assets	\$ 1,476,350	\$ 159,781	\$ -	\$ (14,213)	\$ 1,621,918
Less: Accumulated depreciation	(597,341)	(55,753)	-	1,894	(651,200)
Less: Accumulated depreciation-Auxiliaries	(40,474)	(1,757)	-	10,892	(31,339)
University capital assets, net	<u>\$ 838,535</u>	<u>\$ 102,271</u>	<u>\$ -</u>	<u>\$ (1,427)</u>	<u>\$ 939,379</u>
Clinical Operations capital assets	\$ 549,836	\$ 26,769	\$ -	\$ (1,275)	\$ 575,330
Less: Accumulated depreciation	(245,228)	(33,843)	-	1,242	(277,829)
Clinical Operations capital assets, net	<u>\$ 304,608</u>	<u>\$ (7,074)</u>	<u>\$ -</u>	<u>\$ (33)</u>	<u>\$ 297,501</u>
Primary Institution capital assets, net	<u>\$ 1,143,143</u>	<u>\$ 95,197</u>	<u>\$ -</u>	<u>\$ (1,460)</u>	<u>\$ 1,236,880</u>
Component Units capital assets, net	<u>\$ 83</u>	<u>\$ 5,576</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,659</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011 and 2010

(7) Accounts Payable and Accrued Payroll

At June 30, 2011 and 2010, accounts payable and accrued payroll consisted of the following:

	<u>2011</u>	<u>2010</u>
Primary Institution accounts payable and accrued payroll		
Trade payables	\$ 14,375,872	\$ 18,841,718
Clinical operations-trade payables	28,813,721	26,118,424
Accrued payroll	32,525,124	32,216,523
Clinical operations-accrued payroll	21,712,107	19,882,083
Self insurance reserve	17,085,947	16,533,884
Clinical operations-self insurance reserve	4,567,733	3,186,531
	<u>\$119,080,504</u>	<u>\$116,779,163</u>
Component Units accounts payable and accrued payroll	<u>\$ 8,723,671</u>	<u>\$ 1,493,835</u>

Beginning in fiscal year 2011, the University of New Mexico Medical Group (UNMMG) is presented as a discretely presented component unit. Prior to fiscal year 2011, UNMMG was presented as a blended component unit. See note 20.

(8) Accrued Compensated Absences

During the years ended June 30, 2011 and 2010, the following changes occurred in accrued compensated absences:

Fiscal Year	Balance July 1 (see note 20)	Additions	Deductions	Balance June 30
2011	\$41,495,487	\$53,560,370	\$ (52,666,617)	\$ 42,389,240
2010	41,017,962	49,308,156	(48,216,095)	42,110,023

The portion of accrued compensated absences due after one year is not material, and therefore, is not presented separately.

(9) Other Accrued Liabilities

At June 30, 2011 and 2010, other accrued liabilities consisted of the following:

	<u>2011</u>	<u>2010</u>
Primary Institution other accrued liabilities		
Bond interest	\$ 3,157,931	\$ 3,487,260
Clinical operations - bond interest	4,224,150	4,330,490
Other	8,335,387	6,655,515
Clinical operations - other	2,948,541	1,822,092
UNM Medical Group - other	-	6,865,995
	<u>\$ 18,666,009</u>	<u>\$ 23,161,352</u>
Component Units other accrued liabilities	<u>\$ 3,880,108</u>	<u>\$ 215,423</u>

Beginning in fiscal year 2011, the University of New Mexico Medical Group (UNMMG) is presented as a discretely presented component unit. Prior to fiscal year 2011, UNMMG was presented as a blended component unit. See note 20.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

(10) Deferred Revenue

At June 30, 2011 and 2010, deferred revenue consisted of the following:

	<u>2011</u>	<u>2010</u>
Primary Institution deferred revenue		
Contracts and grants	\$ 20,259,790	\$ 22,548,266
Prepaid tuition and fees	8,394,457	7,354,944
Prepaid auxiliary operations sales	3,919,658	8,642
Gifts	3,477,520	230,250
Sales and services	1,335,462	1,897,882
Other	267,060	22,572
	<u>\$ 37,653,947</u>	<u>\$ 32,062,556</u>
Component Units deferred revenue	<u>\$ 1,844,283</u>	<u>\$ 2,222,362</u>

(11) Non-Current Liabilities

At June 30, 2011 and 2010, non-current liabilities consisted of the following:

	<u>Year Ended June 30, 2011</u>					
	Beginning Balance (see note 20)	Additions	Deductions	Ending Balance	Current Portion	Non-current Portion
Primary Institution non-current liabilities						
Bonds payable	\$ 639,671,984	\$ -	\$ (17,283,346)	\$ 622,388,638	\$ 17,676,584	\$ 604,712,054
Student loan programs	13,744,223	240,127	(567,128)	13,417,222	-	13,417,222
Net OPEB obligation	16,890,000	9,757,000	-	26,647,000	-	26,647,000
Other	638,359	-	(8,860)	629,499	-	629,499
	<u>\$ 670,944,566</u>	<u>\$ 9,997,127</u>	<u>\$ (17,859,334)</u>	<u>\$ 663,082,359</u>	<u>\$ 17,676,584</u>	<u>\$ 645,405,775</u>
Component Units non-current liabilities						
Bonds payable	\$ -	\$ 143,425,000	\$ -	143,425,000	\$ -	143,425,000
Deferred annuities payable	2,868,319	49,629	(164,797)	2,753,151	377,663	2,375,488
Due to University of New Mexico	10,358,802	10,886,322	-	21,245,124	18,312,604	2,932,520
	<u>\$ 13,227,121</u>	<u>\$ 154,360,951</u>	<u>\$ (164,797)</u>	<u>\$ 167,423,275</u>	<u>\$ 18,690,267</u>	<u>\$ 148,733,008</u>
	<u>Year Ended June 30, 2010</u>					
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion	Non-current Portion
Primary Institution non-current liabilities						
Bonds payable	\$ 654,820,064	\$ -	\$ (15,148,080)	\$ 639,671,984	\$ 16,947,231	\$ 622,724,753
Student loan programs	14,539,067	518,890	(1,313,734)	13,744,223	-	13,744,223
Net OPEB obligation	6,999,000	9,891,000	-	16,890,000	-	16,890,000
Other	856,203	0	(217,844)	638,359	-	638,359
	<u>\$ 677,214,334</u>	<u>\$ 10,409,890</u>	<u>\$ (16,679,658)</u>	<u>\$ 670,944,566</u>	<u>\$ 16,947,231</u>	<u>\$ 653,997,335</u>
Component Units non-current liabilities						
Deferred annuities payable	\$ 3,174,987	\$ 65,922	\$ (372,590)	\$ 2,868,319	\$ 378,187	\$ 2,490,132
Due to University of New Mexico	4,306,959	6,051,843	-	\$ 10,358,802	10,358,802	\$ -
	<u>\$ 7,481,946</u>	<u>\$ 6,117,765</u>	<u>\$ (372,590)</u>	<u>\$ 13,227,121</u>	<u>\$ 10,736,989</u>	<u>\$ 2,490,132</u>

THE UNIVERSITY OF NEW MEXICO

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

(12) Bonds Payable

(A) Primary Institution

The bonds are collateralized by substantially all unrestricted revenues excluding state appropriations and clinical operations. Bonds payable consist of the following:

	<u>2011</u>	<u>2010</u>
Subordinate Lien System Improvement Revenue Bonds Series 2007 A&B with interest ranging from 4.0% to 5.95% -final maturity 2036	\$ 135,080,000	\$ 136,710,000
Subordinate Lien System Improvement Revenue Bonds Series 2005 with interest ranging from 3.0% to 5.0% - final maturity 2035	120,255,000	122,125,000
FHA Insured Hospital Mortgage Revenue Bonds Series 2004 with interest ranging from 2.00% to 5.00% - final maturity 2031	174,435,000	179,005,000
Subordinate Lien System Refunding Revenue Bonds Series 2003A with interest ranging from 2.00% to 5.25% - final maturity 2018.	10,585,000	12,665,000
Subordinate Lien System Revenue Bonds (Taxable) Series 2003B with interest ranging from 1.35% to 5.625% - final maturity 2024	5,585,000	5,585,000
Subordinate Lien System Revenue Bonds Series 2003C with interest ranging from 4.5% to 4.6% - final maturity 2033	4,450,000	4,700,000
Subordinate Lien System Refunding & Improvement Revenue Bonds Series 2002A with interest ranging from 2.5% to 5.25% - final maturity 2032	45,525,000	47,570,000
Subordinate Lien System Refunding Revenue Bonds Series 2002B (Variable) with a synthetic fixed interest rate of 3.83% achieved through an interest rate exchange agreement with final maturity 2026	24,890,000	25,090,000
Subordinate Lien System Refunding Revenue Bonds Series 2002C (Variable) with a synthetic fixed interest rate of 3.94% achieved through an interest rate exchange agreement - final maturity 2030	36,390,000	36,740,000
Subordinate Lien System Improvement Revenue Bonds Series 2001 with interest at a variable rate with a ceiling of 12% - final maturity 2026	39,185,000	41,020,000
System Revenue Bonds Series 2000B with interest ranging from 5.5% to 6.35% - final maturity 2019	3,304,714	3,886,944
System Revenue Refunding Bonds Series 1992A with interest ranging from 5.60% to 6.25% - final maturity 2021	20,830,000	22,365,000
	<u>\$ 620,514,714</u>	<u>\$ 637,461,944</u>
Add: Bond premium	9,841,464	10,792,348
Less: Loss on defeased bonds	(3,792,080)	(4,215,620)
Bond discounts	(2,111,730)	(2,215,557)
Current portion of bonds payable	(17,676,584)	(16,947,231)
Bond insurance and surety premiums	(1,062,254)	(1,106,102)
Original issue discount	(1,001,476)	(1,045,029)
Non-current bonds payable	<u>\$ 604,712,054</u>	<u>\$ 622,724,753</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

Future debt service as of June 30, 2011 for the bonds is as follows:

Year ending June 30	Principal	Interest	Total
2012	17,676,584	29,656,945	47,333,529
2013	18,404,310	28,930,808	47,335,118
2014	19,218,653	28,169,199	47,387,852
2015	20,067,934	27,332,145	47,400,079
2016	20,995,532	26,407,835	47,403,367
2017-2021	122,836,701	114,242,853	237,079,554
2022-2026	154,190,000	80,124,777	234,314,777
2027-2031	132,960,000	45,048,859	178,008,859
2032-2036	114,165,000	11,673,225	125,838,225
	<u>\$ 620,514,714</u>	<u>\$ 391,586,646</u>	<u>\$ 1,012,101,360</u>

Defeased Bonds:

The University has defeased certain System Revenue Bonds as follows:

On October 1, 1992, the University of New Mexico defeased \$3,095,000 of the 1986A series, \$24,765,000 of the 1989 series, and \$4,825,000 of the 1991 series. Sinking fund monies in the amount of \$36,650,538 from the 1992A Refunding Revenue Bonds were placed in an irrevocable trust to provide for all future debt service payments. The refunding resulted in debt service savings to the University. The remaining principal outstanding in the escrow account at June 30, 2011 is \$6,534,284.

The liability for defeased bonds and the related assets held in trust are not included in the accompanying basic financial statements since the University has satisfied its obligation for payment of the defeased bonds.

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June 30, 2011 and 2010

Interest Rate Swap Agreements:

On June 30, 2011, the University had the following derivative instruments outstanding:

Item/ Counter-party	Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Fair Value
A - JP Morgan	Pay-fixed/Receive Variable interest rate swap	Hedge against rising SIFMA rates related to the 2001 System Improvement Revenue Bonds (Underlying Swap)	9,796,250	8/30/2002	6/1/2026	Receive SIFMA USD - Pay 4.16% Fixed	(1,221,046)
B - JP Morgan	Pay-fixed/Receive Variable interest rate swap	Hedge against rising SIFMA rates related to the 2002C Refunding Revenue Bonds (Underlying Swap)	36,390,000	8/30/2002	6/1/1930	Receive SIFMA USD - Pay 3.94% Fixed	(3,118,901)
C - JP Morgan	Pay-fixed/Receive Variable interest rate swap	Hedge against rising SIFMA rates related to the 2002B Refunding Revenue Bonds (Underlying Swap)	24,890,000	1/14/2003	6/1/2026	Receive SIFMA USD - Pay 3.83% Fixed	(2,436,791)
D - RBC Royal Bank	Pay-fixed/Receive Variable interest rate swap	Hedge against rising SIFMA rates related to the 2001 System Improvement Revenue Bonds (Underlying Swap)	9,796,250	8/30/2002	6/1/2026	Receive SIFMA USD - Pay 4.185% Fixed	(1,239,652)
E - JP Morgan	Pay- Variable/Receive Variable interest rate swap	Hedge against falling SIFMA rates related to the 2001 System Imprv Rev Bonds (Swap Overlays)	19,592,500	8/15/2006	6/1/2026	Receive 63.55% of 5 year USD swap rate + .31% - Pay SIFMA	716,136
F - JP Morgan	Pay- Variable/Receive Variable interest rate swap	Hedge against falling SIFMA rates related to the 2002C Refunding Rev Bonds (Swap Overlays)	36,390,000	8/15/2006	6/1/2026	Receive 63.93% of 5 year USD swap rate + .31% - Pay SIFMA	1,355,193

The fair values of the interest rate swaps are estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

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June 30, 2011 and 2010

Risks

Credit risk. Each of the University's derivative instruments is held with the same counterparty except for Derivative Instrument D. Deterioration of credit ratings could indicate a potential inability of the counter party to make the required periodic payments. The credit ratings for each of the counterparties are as follows:

Entity	Moody's		S & P		Fitch		Total Exposure
	L/T Rating	S/T Rating	L/T Rating	S/T Rating	L/T Rating	S/T Rating	Notional Balance @ 6/30/11
JP Morgan	Aa1	P-1	AA-	A-1+	AA-	F-1+	\$ 127,058,750
RBC Royal Bank	Aa1	P-1	AA-	A-1+	AA	F-1+	9,796,250

Interest rate risk. The University is exposed to interest rate risk on its receive-variable, pay-fixed underlying interest rate swaps. As the Securities Industry and Financial Markets (SIFMA) swap index decreases, the University's net payment on the underlying swaps increases. Alternatively, on its pay-variable (SIFMA), received-variable (LIBOR) overlay interest rate swaps, as LIBOR and the Securities Industry and Financial Markets Association (SIFMA) swap index increases, the University's net payment on the overlay swaps increases.

Basis risk. The variable-rate debt hedged by the University's derivative instruments are variable-rate demand obligation (VRDO) bonds that are remarketed every seven days. The University is exposed to basis risk on its pay-variable (SIFMA), receive-variable (LIBOR) overlay interest rate swaps, because the variable-rate payments received by the University on these derivative instruments are based on a rate (LIBOR) other than the index (SIFMA) the University pays on the VRDO bonds. At June 30, 2011, the weighted-average interest rate on the University's variable-rate hedged debt (SIFMA) is .12%, while the weighted-average of 63.55% of LIBOR + .31% is .97%.

Termination risk. The University or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. In addition, the University is exposed to termination risk on Derivative Instruments B and C, because the contract provides the counterparty with a knock-out option to terminate the contract if the 180 day SIFMA is equal to or greater than 7%. The 180 day SIFMA is defined as the weighted average rate taken off the USD floating SIFMA index rates published within the previous 180 day period. If, at the time of termination, a derivative instrument is in a liability position, the University would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements.

Rollover risk. The University is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the debt. When these derivative instruments terminate, or in the case of a termination option, if the counterparty exercises its option, the University will be re-exposed to the risks being hedged by the derivative instrument. Derivative Instruments B and C expose the University to rollover risk because the counterparty has the option to terminate the contract by exercising a knock-out option.

Foreign Currency risk. The University has no exposure to foreign currency risk from its derivative instruments.

Commitments

All of the University's derivative instruments include provisions that require the University to post collateral in the event its credit rating falls below certain levels. The University has entered into a two-way Credit Support Annex (CSA) with the swap counter-parties which is based on each party's long-term unsecured unsubordinated debt rating. The following matrix dictates the potential collateral postings if the swaps mark-to-market values are above the mandated thresholds.

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<u>Rating</u>	<u>Swap MTM Threshold</u>
AA/Aa2 and >	USD \$25,000,000
AA-/Aa3	USD \$20,000,000
A+/A1	USD \$15,000,000
A/A2	USD \$10,000,000
A-/A3	USD \$5,000,000
BBB+/Baa1 and <	0

The collateral to be posted is to be in the form of U.S. Treasury securities in the amount of the fair value of derivative instruments in liability positions net of the effect of applicable netting arrangements. If the University or the counterparty does not post collateral, the derivative instrument may be terminated. The University's credit rating is AA/Aa2 at June 30, 2011; therefore, no collateral has been posted.

Derivative Instrument Payments and Hedged Debt

As of June 30, 2011, aggregate debt service requirements of the University's debt (fixed-rate and variable-rate) and net receipts/payments on associated hedging derivative instruments are presented below. These amounts assume that current interest rates on variable-rate bonds and current reference rates of hedging derivative instruments will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary. The hedging derivative instruments column reflects only net receipts/payments on derivative instruments that qualify for hedge accounting.

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Hedging Derivative Instruments, Net</u>	<u>Total</u>
2012	\$3,650,000	\$ 58,778	\$ 2,961,933	\$ 6,670,710
2013	4,260,000	98,766	2,683,392	7,042,158
2014	4,450,000	149,919	2,331,659	6,931,578
2015	4,620,000	197,481	1,982,448	6,799,929
2016	4,820,000	237,303	1,653,292	6,710,595
2017	4,650,000	261,671	1,377,128	6,288,798
2018	4,840,000	266,539	1,180,657	6,287,196
2019	5,570,000	270,353	972,697	6,813,050
2020	6,320,000	259,463	809,285	7,388,748
2021	6,580,000	239,974	665,456	7,485,430
2022	6,855,000	212,792	545,838	7,613,630
2023	7,155,000	180,862	435,080	7,770,941
2024	7,465,000	142,424	343,172	7,950,596
2025	7,770,000	99,636	257,792	8,127,428
2026	9,900,000	52,268	179,568	10,131,835
2027	2,900,000	-	100,572	3,000,572
2028	3,030,000	-	71,878	3,101,878
2029	3,160,000	-	43,914	3,203,914
2030	2,470,000	-	18,278	2,488,278

Fiscal Year Changes in Swap Valuations

The swaps were put in place starting in fiscal years 2002 and 2003. The University has recorded the swaps at their estimated fair values as of June 30, 2011. Swaps A through D are deemed cash flow hedges, and therefore, in

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addition to recording the liability at fair value, the University has recorded an offsetting asset titled "deferred cash outflows." Annually, the changes to the fair values are recorded as an increase or decrease to the liability and the offset asset. The fair value change in fiscal year 2011 for the hedge instruments was a decrease of \$815,805 to the liability and an equal offsetting increase to the asset. Swaps E and F are not cash flow hedges but rather are considered investment swaps, and changes in their fair value are recorded as investment income (loss). The fair value change for swaps E and F as of June 30, 2011 was recorded to investment income in the amount of \$1,219,154.

(B) Component Units

The bonds are guaranteed by a Federal Housing Administration (FHA) commitment for mortgage insurance on September 17, 2010 under the HUD 242 program. Additionally SRMC is entitled to interest expense subsidy from the U.S. Treasury equal to 35% on Build America Bonds (Series 2010A) and 45% subsidy on Recovery Zone Economic Development Bonds (Series 2010 B). This lowers the all in true cost after the subsidy to 3.33%. The bond subsidy payments are recognized as nonoperating revenues.

Additionally, the Regents of UNM made an equity contribution of \$46 million to SRMC as part of the requirements of the FHA guarantee. These funds are to sustain the preopening operational costs and working capital needs of SRMC. The terms of the Bonds issued are as follows:

	<u>2011</u>	<u>2010</u>
Taxable Revenue Build America Bonds	\$ 133,425,000	\$ -
Series 2010 A with fixed interest rate of 4.5%-final maturity 2037		
Taxable Revenue Recovery Zone Economic Development Bonds	10,000,000	-
Series 2010 A with fixed interest rate of 5.0% - final maturity 2038		
	<u>\$ 143,425,000</u>	<u>\$ -</u>

Future debt service as of June 30, 2011 for the bonds is as follows:

Year ending	Principal	Interest	Total
June 30			
2012	-	6,504,125	6,504,125
2013	1,540,000	6,504,125	8,044,125
2014	3,160,000	6,399,725	9,559,725
2015	3,310,000	6,255,838	9,565,838
2016	3,470,000	6,105,088	9,575,088
2017-2021	20,020,000	27,997,789	48,017,789
2022-2026	25,305,000	22,981,301	48,286,301
2027-2031	32,005,000	16,638,214	48,643,214
2032-2036	40,485,000	8,615,614	49,100,614
2037-2038	14,130,000	940,425	15,070,425
	<u>\$ 143,425,000</u>	<u>\$ 108,942,244</u>	<u>\$ 252,367,244</u>

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(13) Health Care Revenue

A summary of net patient services revenue follows for the years ended June 30:

Primary Institution	2011	2010
Charges at established rates	\$ 95,034,794	\$ 384,737,880
Charity care	-	(51,451,431)
Contractual adjustments	-	(119,567,289)
Provision for doubtful accounts, net	(1,395,408)	(24,640,123)
Net patient services revenues	<u>\$ 93,639,386</u>	<u>\$ 189,079,037</u>

Below is a summary of the clinical operations operating revenues:

Clinical Operations	2011	2010
Charges at established rates	\$1,306,744,395	\$1,217,882,668
Charity care	(254,244,453)	(217,448,839)
Contractual adjustments	(459,443,962)	(449,931,643)
Provision for doubtful accounts, net	(68,119,958)	(69,812,684)
Net patient services revenues	<u>\$ 524,936,022</u>	<u>\$ 480,689,502</u>
Other operating revenues	<u>10,312,338</u>	<u>10,298,628</u>
Total operating revenues	<u>\$ 535,248,360</u>	<u>\$ 490,988,130</u>

Below is a summary of net patient services revenue of the component units:

Component Units	2011	2010
Charges at established rates	\$ 343,478,626	\$ -
Charity care	(57,227,342)	-
Contractual adjustments	(129,156,204)	-
Provision for doubtful accounts, net	(28,285,858)	-
Net patient services revenues	<u>\$ 128,809,222</u>	<u>\$ -</u>

Beginning in fiscal year 2011, the University of New Mexico Medical Group (UNMMG) is presented as a discretely presented component unit. Prior to fiscal year 2011, UNMMG was presented as a blended component unit. See note 20.

The Hospital is reimbursed from the Medicare and Medicaid programs for certain reimbursable items at an interim rate with final settlement determined after submission of annual cost reports by the Hospital. The annual cost reports are subject to audit by the Medicare intermediary and the Medicaid audit agent. Cost reports through 2009 have been final settled for the Medicaid programs. Cost reports through 2007 have been final settled for the Medicare program. Retroactively calculated contractual adjustments arising under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

(14) Leases

At June 30, 2011 and 2010, the University and the clinical operations had various lease arrangements summarized as follows:

(A) University and clinical operations as Lessees

(a) Capital Leases

Any existing capital leases are immaterial and accordingly, there are no capital leases recorded at June 30, 2011 and 2010.

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(b) Operating Leases

The University's rent expense for operating leases amounted to \$5,322,522 and \$5,890,976 for the years ended June 30, 2011 and 2010, respectively.

The clinical operations are committed under various leases for building and office space and data processing equipment. Rental expenses on operating leases and other non-lease equipment were \$7,052,000 and \$9,609,000 in 2011 and 2010, respectively, and includes amounts paid to the University of \$2,243,584 and \$3,299,738 in 2011 and 2010, respectively, which is eliminated in the government-wide financial statements.

(c) Minimum Lease Payments

The following is a schedule of future minimum lease payments for Primary Institution operating leases at June 30, 2011:

Year ending June 30	Lease Payments
2012	\$5,404,599
2013	3,760,792
2014	3,486,982
2015	1,775,781
2016	475,164
2017-2021	441,284
2022-2026	141,369
2027-2031	126,026
2032-2036	50,413
2037-	536,509
	<u>\$16,198,919</u>

(B) University as Lessor

The University is lessor of various properties. For the years ended June 30, 2011 and 2010, respectively, total lease income, which includes annually renewable lease agreements, was \$5,734,665 and \$5,157,412.

The following is a schedule of minimum future lease income under lease terms exceeding one year as of June 30, 2011:

Year ending June 30	Lease Income
2012	\$4,096,662
2013	3,308,331
2014	2,882,895
2015	2,727,481
2016	2,616,356
2017-2021	1,183,863
2022-2026	2,533,576
2027-2031	326,112
2032-2036	427,192
2037-	1,509,475
	<u>\$21,611,943</u>

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(15) Risk Management

The University currently is a party to various litigation claims in the ordinary course of business. The University participates in the State of New Mexico Risk Management Program (Risk Management) that provides general liability, auto liability, medical malpractice, 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 the University from its operating budget. During fiscal year 2010-2011, the University paid Risk Management \$14,988,251 in insurance premiums. During fiscal year 2009-2010, the University paid Risk Management \$18,772,890 in insurance premiums. The University'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. After conferring with legal counsel concerning pending litigation and claims, the University administration believes that the outcome of pending litigation should not have a materially adverse effect on the financial position or operations of the University.

As a part of the University of New Mexico, the Hospital enjoys sovereign immunity from suit for tort liability except as waived by the New Mexico legislature. In this connection, under the New Mexico Tort Claims Act, the New Mexico Legislature waived the State's and the Hospital's sovereign immunity for claims arising out of negligence out of the operation of the Hospital, the treatment of the Hospital's patients, and the healthcare services provided by Hospital employees. In addition, the New Mexico Tort Claims Act limits, as an integral part of this waiver of sovereign immunity, the amount of damages that can be assessed against the Hospital on any tort claim including medical malpractice or professional liability claims.

The New Mexico Tort Claims Act provides that total liability for all claims that arise out of a single occurrence shall not exceed \$750,000 set forth as follows: (a) \$200,000 for real property; (b) up to \$300,000 for past and future medical and medically related expenses; and (c) up to \$400,000 for past and future noneconomic losses (such as pain and suffering) incurred or to be incurred by the claimant. The language of the New Mexico Tort Claims Act does not provide for claims of loss of consortium, however, New Mexico appellate court decisions have allowed claimants to seek consortium. Risk Management Division of the State of New Mexico General Services Department (State RMD) and UNM contend that these damages are contained within the \$750,000 cap. The New Mexico Tort Claims Act prohibits the award of punitive or exemplary damages against the Hospital. The New Mexico Tort Claims Act requires the State RMD to provide coverage to the Hospital for those torts where the Legislature has waived the State's sovereign immunity up to the damages limits of the New Mexico Tort Claims Act plus the cost incurred in defending any claims and/or lawsuits (including attorney's fees and expenses), with no deductible and with no self-insured retention by the Hospital. As a result of the foregoing, the Hospital is fully covered for claims and/or lawsuits relating to medical malpractice or professional liability.

The University receives grants and other forms of reimbursement from various federal and state agencies. These activities are subject to audit by agents of the funding authority, the purpose of which is to ensure compliance with conditions precedent to providing such funds. University administration believes that the liability, if any, for reimbursement that may arise as the results of audits, would not be material to the financial position or operations of the University.

Effective July 1, 2009, the University began self-insuring its health and dental benefits. Under the plans, all eligible employees are provided access to the provider networks of Lovelace Health Plan and Presbyterian Health Plan for health services, and Delta Dental for dental services. Lovelace Health Plan and Presbyterian Health Plan provide administrative claim payment services for the University's health plans and Delta Dental for the dental plan. Liabilities are based on an estimate of claims that have been incurred but not reported, invoices received but not yet paid, and catastrophic claims not covered by our excess claims carriers. At June 30, 2011 and 2010, the estimated amount of the University's claims and accrued invoices was \$17.1 and \$16.5 million, respectively, which is included in accrued payroll. The liability for claims incurred but not reported was based on the actuarial analysis calculated using information provided by Healthcare Analytics. Changes in the reported liability for health, dental, and life operations resulted from the following:

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	Beginning of Fiscal -Year Liability	Claims and Changes in Estimates	Claim Payments	Balance at Fiscal-Year End
2010-2011	\$ 16,533,884	\$ 57,442,371	\$(56,890,308)	\$ 17,085,947
2009-2010	-	64,848,135	(48,314,251)	16,533,884

The UNM Hospital sponsors a self-insured health plan in which UNM Behavioral Operations also participate, as all employees are under the centralized umbrella of UNM Hospital. Blue Cross and Blue Shield of New Mexico and HMO New Mexico (BCBSNM and HMONM) provide administrative claim payment services for the Hospital's plan. Liabilities are based on an estimate of claims that have been incurred but not reported and invoices received but not yet paid. At June 30, 2011 and 2010, the estimated amount of the Hospital's claims and accrued invoices was \$4.2 million and \$2.9 million, respectively, which is included in accrued payroll. As the Hospital receives all cash and pays all obligations of UNM Behavioral Operations, the estimated amount of the UNM Behavioral Operations' claims and accrued invoices recorded in the Hospital's accrued payroll was approximately \$411,553 and \$287,000 at June 30, 2011 and 2010. The liability for claims incurred but not reported was based on an actuarial analysis calculated using information provided by BCBSNM. Changes in the reported liability for clinical operations resulted from the following:

	Beginning of Fiscal -Year Liability	Claims and Changes in Estimates	Claim Payments	Balance at Fiscal-Year End
2010-2011	\$ 3,186,531	\$ 31,420,133	\$ (30,038,931)	\$ 4,567,733
2009-2010	4,051,968	\$ 28,180,196	\$ (29,045,633)	3,186,531

(16) Retirement Plans and Post-Employment Benefits

(A) University

Plan Description

Substantially all of the University'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 districts, 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, P.O. Box 26129, Santa Fe, NM 87502. The report is also available on ERB's website at www.nmerb.org.

Funding Policy

Effective July 1, 2009 through June 30, 2011, plan members were required by statute to contribute 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually were required to contribute 9.4% of their gross salary. The University was required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 10.9% of the gross covered salary of employees earning more than \$20,000 annually. Effective July 1, 2011 plan members are required by statute to contribute 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually are required to contribute 11.15% of their gross salary. The University is required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 9.15% of the gross covered salary of employees earning more than \$20,000 annually. The contribution requirements of plan members and the University are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the

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legislature. The University's contributions to ERB for the fiscal years ending June 30, 2011, 2010, and 2009, were \$42,725,054, \$42,968,211, and \$43,803,696, respectively, which equal the amount of the required contributions for each fiscal year.

Post-Employment Benefits

Vesting in Retirement Benefits: A member becomes vested once he/she has met service requirements and has made contributions to the retirement plan for at least five years. Service requirements are satisfied by five or more years of "earned service credit" (actual service) or an "allowed service credit."

Determination of Benefits: The annual benefit is equal to 2.35% of the average of the five highest consecutive years' salary multiplied by the number of years of service (earned and allowed credit). Benefit may be reduced by election of an option that guarantees continuous income to a surviving beneficiary. The benefit may also be reduced if the member has less than 25 years of service and is less than age 60.

Eligibility for Retirement Benefits: Eligibility requires that one of the following criteria be met:

If hired before July 1, 2010,

- Age and earned service credits equal 75 or more
- Earned service credit and/or allowed service credit total 25 years or more
- Age 65 with at least 5 years of earned service credit

If hired on or after July 1, 2010,

- Age and earned service credits equal 80 or more
- Earned service credit and/or allowed service credit total 30 years or more
- Age 67 with at least 5 years of earned service credit

Allowed Service Credit: Up to five years of allowed service credit may be purchased by an administrator, teacher or employee in one of the following: any public educational system in the United States, any U.S. Military Dependent school, any accredited private school or Federal Education program in New Mexico. The cost of purchase is based on actuarial cost and ranges from approximately 18% of current full time earnings to as much as 68% of current full time earnings for each year of service purchased. Up to five years of active military service may be purchased if payment is made within three years of the effective date of coverage under the Educational Retirement Act. The cost of purchase is 10.5% of member's average annual salary for all years of covered employment for each year purchased.

Alternative Retirement Plan

Certain eligible employees may choose to participate in the Alternative Retirement Plan (ARP), a defined contribution plan, in lieu of the Educational Retirement Act. The benefit received upon retirement is based on the amount contributed by the employee during their career, subject to any investment gains or losses. Employees are 100% vested in both the employee and employer contributions upon enrollment in the ARP program. Employees can make an annual election to switch ARP providers. After seven years of participation in the ARP plan, employees can make a one-time switch to the ERA defined benefit plan. ARP participants are eligible to retire when all of the following criteria are met:

- At least age 59 ½ at the time of application for retirement
- Completion of 5 consecutive years of service with the University immediately prior to retirement
- Have been actively enrolled in health, dental and life insurance by a local group health insurance policy for at least 4 of the last 5 years and are presently enrolled in one of UNM's health insurance plans during the last 12 consecutive months of employment at UNM
- Must be on UNM's payroll the month prior to retirement with active insurance

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(B) Clinical Operations

The Clinical Operations (University of New Mexico Hospital and University of New Mexico Behavioral Operations) have a defined contribution plan covering eligible employees, which provides retirement benefits. The name of the plan is UNM Hospital Tax Sheltered Annuity Plan, formerly known as the University of New Mexico Hospital/Bernalillo Medical Center Tax Sheltered Annuity Plan. The Clinical Operations contribute either 5.5% or 7.5% of an employee's salary to the plan, depending on employment level. The Plan was established by the UNM Hospital Board of Trustees and can be amended at its discretion. The Plan is administered by the Hospital's Human Resources Department.

The Clinical Operations also have a deferred compensation plan, called the UNM Hospitals 457(b) Deferred Compensation Plan, which provides employees with an additional retirement savings plan. The Clinical Operations do not contribute to this plan. Employees can make voluntary contributions to this plan. The Plan was established by the UNM Hospital Board of Trustees and can be amended at its discretion. The Plan is administered by the Hospital's Human Resources Department.

In addition, the Clinical Operations have a 401(a) defined contribution plan, called the UNM Hospital 401(a) Plan, which was established for the purpose of providing retirement benefits for eligible participants and their beneficiaries. The 401(a) plan allows for tax-deferred employer contributions on a percentage-of-salary basis. The plan was established by the UNM Hospital Board of Trustees and can be amended at its discretion. All assets of the plan are held in a trust fund, are not considered hospital assets, and are under the direction of a Plan Administrator.

The University of New Mexico Hospital also has a defined benefit plan that covers all employees who were members of the clerical and service worker collective bargaining unit as of June 30, 1977 and had completed a year of service prior to June 30, 1977. The plan provides monthly pension benefits based on service before July 1, 1977. The name of the plan is University of New Mexico/BCMC Retirement Plan B. There are currently 119 participants included in this plan. Actuarial pension data for this plan may be obtained by writing to UNM Hospital's Human Resources Department, P.O. Box 80600, Albuquerque, NM 87198-0600.

A small portion (approximately 75) of the Clinical Operations' full-time employees participates in the 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.

Total employer expense under the plans was \$11,302,000 and \$12,348,000 in 2011 and 2010, respectively. Total employee contributions under the plans were \$15,803,000 and \$14,404,000 in 2011 and 2010, respectively.

(C) Other Post-Employment Benefits

Plan Description. The University, UNM Hospital and UNM Behavioral Operations are single employers that offer employees and their eligible dependents retiree benefits. The UNM Hospital and UNM Behavioral Operations employees and retirees participate under the same benefit plan. Therefore, for the purpose of this consolidated footnote, "the Hospital", refers to these two reporting entities. For the University, the authority to establish and amend the benefit provisions and contribution requirements rests with the Board of Regents. For the Hospital, the authority to establish and amend the benefit provisions rests with the Human Resource Administrator and the Chief Executive officer.

Retirees of the University are offered a choice of two medical plans, including prescription drugs: a fully insured plan through United Healthcare and a minimum premium plan through Lovelace Health Plan. Medicare retirees (for retirees 65 years of age and over) are offered a choice of three fully insured medical plans, including prescription drugs, of which two are through Lovelace Health Plan and one is through Presbyterian Health Plans. Medicare retirees are also offered two Medicare Advantage plans, and a Supplemental plan administered by AARP / United Healthcare. Retirees are also offered two self-funded dental plans, and basic life insurance benefits through age 65. The University pays the same percent of the premium for medical, dental and life insurance that the employee was eligible for at the time of retirement, until age 65 when some coverage may change.

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For the University, at the valuation date of July 1, 2009, there were 2,121 retirees, 5,421 not fully eligible active employees, and 890 fully eligible employees.

Eligible retired employees of the Hospital are offered combined medical/prescription drug benefits through the Hospital's self-insured health plan administered by Blue Cross and Blue Shield of New Mexico. Eligible retired employees are also offered dental insurance through the Hospital's self-insured dental plan insurance.

Employees are eligible to retire from the Hospital and receive these post-employment benefits when:

- The employee reaches the minimum age of 50; and
- The employee has at least five years of continuous employment; and
- The employee has a combined age plus year of service sum of at least 70 (hire date prior to July 1, 2009) and 75 (hire date after July 1, 2009).

For the Hospital, at the date of valuation July 1, 2009, there were a total of 21 retirees, 378 active fully eligible and 4,611 not fully eligible plan participants.

Funding Policy. The University and the Hospital do not use a trust fund to administer the financing and payment of benefits. The retired employees that elect to participate in post-employment benefits are required to make contributions in the form of monthly premiums based on current rates established under the medical and dental plans.

The University and Hospital fund the plans on a pay-as-you-go basis. The pay-as-you-go expense is the net expected cost of providing retiree benefits, and includes all expected claims and related expenses and is offset by retiree contributions. The pay-as-you-go expense of the University for fiscal year 2011 was \$5,276,000, net of retiree contributions. The pay-as-you-go expense of the Hospital for fiscal year 2011 was \$52,000, net of retiree contributions.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2009 actuarial valuations, the unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% percent annual discount rate. Currently, the plans are considered to be unfunded as there are no assets, and retiree benefits are expected to be paid annually on a cash basis. The actuarial valuation assumes an annual health care cost trend on a select and ultimate basis: medical benefits on a select basis at 11% and on an ultimate basis at 5%, and dental benefits on a select and ultimate basis at 5%. The select trend rates are reduced .5% each year until reaching the ultimate trend. The unfunded actuarial accrued liability (UAAL) is amortized over the maximum acceptable period of 30 years and is calculated assuming a level percentage of projected payroll. Payroll is projected to increase 2% per year.

Annual OPEB Cost and Net OPEB Obligation. The Primary Institution's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the University's and Hospital's annual OPEB cost for the year, the amounts actually contributed to the plans, and changes in the University's and Hospital's net OPEB obligation.

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	University	Hospital	Total
Annual required contribution	\$ 12,213,000	\$ 2,824,646	\$ 15,037,646
Interest on net OPEB obligation	263,000	47,000	310,000
Adjustment to annual required contribution	(223,000)	(40,000)	(263,000)
Annual OPEB cost (expense)	12,253,000	2,831,646	15,084,646
Contributions made	5,276,000	51,646	5,327,646
Increase in net OPEB obligation	6,977,000	2,780,000	9,757,000
Net OPEB obligation beginning of year	12,813,000	4,077,000	16,890,000
Net OPEB obligation end of year	<u>\$ 19,790,000</u>	<u>\$ 6,857,000</u>	<u>\$ 26,647,000</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the OPEB obligation for fiscal year 2011 is as follows:

	University	Hospital	Total
Annual OPEB Cost	\$ 12,253,000	\$ 2,831,646	\$ 15,084,646
% of Annual OPEB Cost Contributed	43.1%	1.8%	35.3%
Net OPEB Obligation	\$ 19,790,000	\$ 6,857,000	\$ 26,647,000

Funded Status and Funding Progress. As of July 1, 2009, the most recent actuarial valuation date, the plans were not funded. The University's actuarial accrued liability (AAL), the present value of all future expected postretirement health payments and administrative costs attributable to past service, was \$131,868,000, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of the full \$131,868,000, or a funded ratio of 0%. The covered payroll (annual payroll of active employees covered by the plan) was \$483,071,030, and the ratio of the UAAL to the covered payroll was 27.3%.

The Hospital's AAL was \$20,287,000, and the actuarial value of assets was zero, resulting in an UAAL of the full \$20,287,000 or a funded ratio of 0%. The covered payroll was \$234,708,560 and the ratio of the UAAL to the covered payroll was 8.6%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plans and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress and Employer Contributions (Schedule 1), presented as required supplemental information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

(17) Commitments and Contingencies

(A) Commitments

In addition to the lease commitments in Note 14, the Primary Institution had commitments totaling \$147,921,716 and \$202,678,776 for the years ended June 30, 2011 and 2010, respectively. These commitments consisted of the following:

	2011	2010
Materials and Services	\$ 54,241,839	\$ 98,846,296
Construction Projects	93,679,877	103,832,480
Total	<u>\$ 147,921,716</u>	<u>\$ 202,678,776</u>

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(B) *Contingencies*

The University is liable or contingently liable in connection with certain claims that arise in the normal course of its activities. It is the opinion of management that uninsured losses resulting from these claims would not be material to the University's financial position or operations.

The University receives governmental grants that may be refundable in the event of non-compliance with all terms of the grants.

(C) *Mortgage Reserve Fund*

On November 15, 2004, the Hospital established a mortgage reserve fund in accordance with the requirements and conditions of the Federal Housing Administration (FHA) Regulatory Agreement. Future Mortgage Reserve Fund contributions are summarized as follows:

	<u>Annual</u> <u>Contribution</u>
2012	\$ 2,728,351
2013	2,325,566
2014	2,420,313
2015	2,518,921
2016	2,621,545
2017	2,728,351
	<u>\$ 15,343,047</u>

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(18) Unrestricted Net Assets – Committed and Dedicated

Unrestricted net assets are subject to contractual commitments and dedications to support the missions of the University in current and future years. The net assets of unrestricted funds of the Primary Institution fall into one of three categories:

- **Committed:** A formal, written commitment/contract has been made for these funds. Examples include signed employment offer letters to Deans, Department Chairs, and Research Faculty, start-up funds for new research projects, cost share on awarded sponsored agreements, and appropriated state funding for special projects.
- **Dedicated:** An Executive Vice President, Vice President, Dean, or Department Chair has dedicated these funds for a clear, focused purpose to support the missions of the University.
- **Discretionary:** The remaining funds that are not committed or dedicated.

The following is a breakdown of the University's unrestricted net assets as of June 30:

	<u>2011</u>	<u>2010</u>
Unrestricted net assets	\$ 513,354,149	\$ 480,739,644
Less:		
Working capital - patient care operations		
Clinical operations - UNMH's	138,376,765	136,525,725
Physician services - SOM	-	24,539,865
Total working capital - patient care operations	<u>138,376,765</u>	<u>161,065,590</u>
Committed	53,074,964	55,442,964
Dedicated		
Plant funds - repair and replacement	119,797,581	117,888,004
Quasi endowment funds - Regents' scholarships	89,862,049	77,489,959
Student loan funds	696,809	799,221
Other	<u>75,172,596</u>	<u>56,357,131</u>
Total dedicated	285,529,035	252,534,315
Ending discretionary funds balance	<u>\$ 36,373,385</u>	<u>\$ 11,696,775</u>

Beginning in fiscal year 2011, the University of New Mexico Medical Group (UNMMG) is presented as a discretely presented component unit. Prior to fiscal year 2011, UNMMG was presented as a blended component unit. See note 20.

(19) Component Units – Discretely Presented

(A) *The University of New Mexico Foundation, Inc.*

The University of New Mexico Foundation, Inc. (Foundation) is a non-profit corporation, organized to solicit, receive, hold, invest and transfer funds for the benefit of the University of New Mexico. The majority of the Foundation's investments are managed by the University. The University of New Mexico Foundation, Inc., Two Woodward Center, 700 Lomas Blvd. NE, Suite 108, Albuquerque, NM 87131.

(B) *The Robert O. Anderson Schools of Management Foundation*

The Robert O. Anderson Schools of Management Foundation (ASMF) is a non-profit corporation organized in 1971 to promote continued education to the business community. ASMF provides professional workshops, seminars, guest symposiums, a master's degree program and funding for various faculty fellowships, research grants and

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student scholarships. The University of New Mexico, The Robert O. Anderson Schools of Management Foundation, 1924 Las Lomas, NE, Albuquerque, NM 87131.

(C) *STC.UNM (formerly known as Science & Technology Corporation @ UNM)*

STC.UNM (formerly known as Science & Technology Corporation @ UNM), is a non-profit corporation formed under the auspices of the 1989 New Mexico University Research Park Act and the New Mexico Non-profit Corporation Act. The business of the corporation is to manage the commercialization of technologies developed by the University's faculty and manage the real estate development of the Science & Technology Park at The University of New Mexico on the South Campus. STC.UNM (formerly Science & Technology Corporation @ UNM), 801 University Blvd. SE, Suite 101, Albuquerque, NM 87106.

(D) *University of New Mexico Lobo Club*

The University of New Mexico Lobo Club (Club) is a non-profit corporation established to operate as a fund-raising entity in support of the athletic program at the University. The University of New Mexico Lobo Club, Department of Athletics, Albuquerque, NM 87131.

(E) *Lobo Development Corporation*

Lobo Development Corporation was established in October 2007, under the State of New Mexico's University Research Park and Economic Development Act. Lobo Development Corporation was established to benefit UNM's Regents in the management and development of University-owned real estate. The activities of Lobo Development Corporation include the acquisition, development, disposition and rental of University real estate. Lobo Development Corporation, 801 University Blvd. SE, Suite 207, Albuquerque, NM 87106.

(F) *Lobo Energy, Inc.*

Lobo Energy, Inc. (LEI) was formed by the UNM Regents in June 1998, under the University Research Park Act to be a separate 501(c)(3) corporation wholly owned by UNM. Its responsibilities include the procurement of natural gas and electricity, operations and maintenance of all production facilities, and energy measurement and management systems. Lobo Energy, Inc., 801 University Blvd. SE, Suite 207, Albuquerque, NM 87106.

(G) *The University of New Mexico Alumni Association*

The University of New Mexico Alumni Association (the Association) is a not-for-profit organization that was incorporated August 29, 1962 to provide and coordinate events and activities for the purpose of maintaining a positive relationship between the University and its alumni. The University of New Mexico Alumni Association at Hodgin Hall, Albuquerque, NM 87131.

(H) *University of New Mexico Medical Group*

University of New Mexico Medical Group (UNMMG) is a non-profit corporation that was organized to promote, advance, and support the clinical, scientific, educational, research, and charitable purposes of the School of Medicine (SOM) and the University of New Mexico Health Sciences Center (UNM HSC). Prior to fiscal year 2011, the UNMMG was presented as a blended component unit. University of New Mexico Medical Group, 933 Bradbury Street SE, Suite 2222, Albuquerque, NM 87106.

(I) *Sandoval Regional Medical Center*

Sandoval Regional Medical Center (SRMC) was formed by the UNM Regents in August 2009 and is a New Mexico nonprofit corporation organized under and pursuant to the New Mexico University Research Park and Economic Development Act. The creation of SRMC is largely a result of collaborative efforts between the UNM Medical Group (UNMMG) and UNM Hospital (UNMH) and, accordingly, UNMMG and UNMH have representation on its

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board. SRMC, expected to open in the Spring of 2012, will be a 68-bed teaching hospital located in Sandoval County. Sandoval Regional Medical Center, 933 Bradbury Street SE, Suite 2222, Albuquerque, NM 87106.

These entities were selected for inclusion based on criteria as set forth in GASB Statements' 14 and 39. Complete financial statements for these component units can be obtained from their respective administrative offices at the address listed above.

(20) Change in Reporting Entity Requiring a Restatement of Net Assets Effective July 1, 2010

During fiscal year 2011, the operations of the UNM Medical Group, Inc. changed, and such changes required the UNM Medical Group, Inc. to be reported as a discretely presented component unit in the June 30, 2011 financial statements. This change constituted a change in reporting entity and required a restatement of the net assets of the Primary Institution and Component Units net assets effective July 1, 2010, as shown on the Statement of Revenues, Expenses, and Changes in Net Assets. The following schedule summarizes the impact of the change in reporting entity on the assets, liabilities, and net assets of the Primary Institution and Component Units totals as of July 1, 2010:

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	July 1, 2010 Balances Prior to Change in Reporting Entity	UNM Medical Group, Inc. Change in Reporting Entity	July 1, 2010 Balances Subsequent to Change in Reporting Entity
PRIMARY INSTITUTION			
ASSETS			
Current assets			
Cash and cash equivalents	\$ 207,131,399	\$ (16,514,304)	\$ 190,617,095
Accounts receivable, net	58,431,313	63,040	58,494,353
Patient receivables, net	89,552,006	(17,964,079)	71,587,927
Due from component units	10,358,802	17,386,490	27,745,292
Other receivables, net	3,261,106	(669,595)	2,591,511
Other current assets	385,280,853	-	385,280,853
Total current assets	<u>\$ 754,015,479</u>	<u>\$ (17,698,448)</u>	<u>\$ 736,317,031</u>
Non-current assets			
Cash and cash equivalents	\$ 8,519,215	\$ (8,519,215)	\$ -
Investments	214,328,431	(4,108,607)	210,219,824
Capital assets, net	1,236,880,401	(1,476,151)	1,235,404,250
Other non-current assets	166,880,299	(128,303)	166,751,996
Total non-current assets	<u>\$ 1,626,608,346</u>	<u>\$ (14,232,276)</u>	<u>\$ 1,612,376,070</u>
Total assets	<u>\$ 2,380,623,825</u>	<u>\$ (31,930,724)</u>	<u>\$ 2,348,693,101</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued payroll	\$ 116,779,163	\$ 82,354	\$ 116,861,517
Due to component units	113,146	1,483,469	1,596,615
Accrued compensated absences	42,110,023	(614,536)	41,495,487
Other current liabilities	113,504,939	(6,865,995)	106,638,944
Total current liabilities	<u>\$ 272,507,271</u>	<u>\$ (5,914,708)</u>	<u>\$ 266,592,563</u>
Non-current liabilities			
	<u>\$ 653,997,335</u>	<u>\$ -</u>	<u>\$ 653,997,335</u>
Total liabilities	<u>\$ 926,504,606</u>	<u>\$ (5,914,708)</u>	<u>\$ 920,589,898</u>
NET ASSETS			
Invested in capital assets, net or related debt	\$ 681,694,272	\$ (1,476,151)	\$ 680,218,121
Restricted	291,685,303	-	291,685,303
Unrestricted	480,739,644	(24,539,865)	456,199,779
Total net assets	<u>\$ 1,454,119,219</u>	<u>\$ (26,016,016)</u>	<u>\$ 1,428,103,203</u>
COMPONENT UNITS			
ASSETS			
Current assets			
Cash and cash equivalents	\$ 37,625,307	\$ 16,514,304	\$ 54,139,611
Patient receivables, net	-	17,964,079	17,964,079
Other receivables, net	-	688,909	688,909
Due from The University of New Mexico	113,146	1,483,469	1,596,615
Other current assets	8,705,805	-	8,705,805
Total current assets	<u>\$ 46,444,258</u>	<u>\$ 36,650,761</u>	<u>\$ 83,095,019</u>
Non-current assets			
Cash and cash equivalents	\$ -	\$ 8,519,215	\$ 8,519,215
Investments	121,374,680	4,108,607	125,483,287
Capital assets, net	5,658,760	1,476,151	7,134,911
Other non-current assets	6,546,375	128,303	6,674,678
Total non-current assets	<u>\$ 133,579,815</u>	<u>\$ 14,232,276</u>	<u>\$ 147,812,091</u>
Total assets	<u>\$ 180,024,073</u>	<u>\$ 50,883,037</u>	<u>\$ 230,907,110</u>
LIABILITIES			
Current liabilities			
Due to The University of New Mexico	\$ 10,358,802	\$ 17,386,490	\$ 27,745,292
Other current liabilities	4,309,807	7,480,531	11,790,338
Total current liabilities	<u>\$ 14,668,609</u>	<u>\$ 24,867,021</u>	<u>\$ 39,535,630</u>
Non-current liabilities			
	<u>\$ 2,490,132</u>	<u>\$ -</u>	<u>\$ 2,490,132</u>
Total liabilities	<u>\$ 17,158,741</u>	<u>\$ 24,867,021</u>	<u>\$ 42,025,762</u>
NET ASSETS			
Invested in capital assets, net or related debt	\$ 47,726	\$ 1,476,151	\$ 1,523,877
Restricted	149,821,870	-	149,821,870
Unrestricted	12,995,736	24,539,865	37,535,601
Total net assets	<u>\$ 162,865,332</u>	<u>\$ 26,016,016</u>	<u>\$ 188,881,348</u>

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REQUIRED SUPPLEMENTAL INFORMATION

Schedule of Funding Progress and Employer Contributions
For the years ended June 30, 2011 and 2010

The Schedule of Funding Progress and the Schedule of Employer Contributions present multi-year trend information comparing the actuarial value of plan assets to the actuarial accrued liability, and the actual contributions of UNM to the annual required contributions.

Schedule of Funding Progress

	Fiscal Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
University	6/30/2011	\$ -	\$ 131,868,000	\$ 131,868,000	0%	\$ 483,071,030	27.3%
Clinical Operations	6/30/2011	\$ -	\$ 20,287,000	\$ 20,287,000	0%	\$ 234,708,560	8.6%
University	6/30/2010	\$ -	\$ 131,868,000	\$ 131,868,000	0%	\$ 485,663,779	27.2%
Clinical Operations	6/30/2010	\$ -	\$ 20,287,000	\$ 20,287,000	0%	\$ 234,708,560	8.6%

Schedule of Employer Contributions

	Fiscal Year Ending	Annual Required Contributions (ARC)	Actual Contributions	% Contributed
University	6/30/2011	\$ 12,213,000	\$ 5,276,000	43%
Clinical Operations	6/30/2011	\$ 2,824,646	\$ 51,646	2%
University	6/30/2010	\$ 12,213,000	\$ 5,276,000	43%
Clinical Operations	6/30/2010	\$ 3,038,884	\$ 131,884	4%

Summary of Key Actuarial Methods and Assumptions

Valuation Year	July 1, 2008 to June 30, 2009
Actuarial Cost Method	Unit Credit Actuarial Cost Method
Amortization Method	30 Years
Discount Rate	4.5%
Projected Payroll Growth Rate	2%
Health Care Cost Trend Rate	Medical on a select basis at 11% and on an ultimate basis at 5%, and dental benefits on a select and ultimate basis at 5%. The select trend rates are reduced .5% each year until reaching the ultimate trend.

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THE UNIVERSITY OF NEW MEXICO

Combining Statement of Net Assets as of June 30, 2011 - Discretely Presented Component Units

	The University of New Mexico Foundation, Inc.	The Robert O. Anderson Schools of Management Foundation	STC.UNM	University of New Mexico Lobo Club	Lobo Development Corp
ASSETS					
Current assets					
Cash and cash equivalents	\$ 5,419,948	\$ 1,244,649	\$ 1,234,685	\$ 4,069,477	\$ 1,072,098
Short-term investments	-	615,191	-	-	-
Accounts receivable, net	-	998,107	120,582	205,787	-
Patient receivables, net	-	-	-	-	-
Inventories	-	21,646	-	-	-
Due from The University of New Mexico	-	121,190	-	-	-
Due from affiliates	-	-	-	-	-
Other current assets	315,905	4,185	4,500	1,015	-
Total current assets	<u>\$ 5,735,853</u>	<u>\$ 3,004,968</u>	<u>\$ 1,359,767</u>	<u>\$ 4,276,279</u>	<u>\$ 1,072,098</u>
Non-current assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	151,384,353	633,697	8,113	-	-
Due from affiliates	-	-	-	-	-
Deferred bond issuance costs	-	-	-	-	-
Other non-current assets	4,422,654	-	-	-	-
Capital assets, net	37,448	-	71,733	198	-
Total non-current assets	<u>\$ 155,844,455</u>	<u>\$ 633,697</u>	<u>\$ 79,846</u>	<u>\$ 198</u>	<u>\$ -</u>
Total assets	<u>\$ 161,580,308</u>	<u>\$ 3,638,665</u>	<u>\$ 1,439,613</u>	<u>\$ 4,276,477</u>	<u>\$ 1,072,098</u>
LIABILITIES					
Current liabilities					
Accounts payable and accrued expenses	\$ 1,001,321	\$ 56,961	\$ 484,918	\$ 110,335	\$ 100,965
Due to The University of New Mexico	2,705,518	684,017	306,736	3,023,600	400,269
Due to affiliates	-	14,595	-	-	-
Deferred revenue	8,454	840,242	2,050	993,537	-
Deferred annuities payable	377,663	-	-	-	-
Other current liabilities	332,032	-	182,342	-	-
Total current liabilities	<u>\$ 4,424,988</u>	<u>\$ 1,595,815</u>	<u>\$ 976,046</u>	<u>\$ 4,127,472</u>	<u>\$ 501,234</u>
Non-current liabilities					
Bonds payable - non-current	\$ -	\$ -	\$ -	\$ -	\$ -
Due to The University of New Mexico	2,932,520	-	-	-	-
Due to affiliates	-	-	-	-	-
Deferred annuities payable	2,375,488	-	-	-	-
Total non-current liabilities	<u>\$ 5,308,008</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>\$ 9,732,996</u>	<u>\$ 1,595,815</u>	<u>\$ 976,046</u>	<u>\$ 4,127,472</u>	<u>\$ 501,234</u>
NET ASSETS					
Invested in capital assets, net of related debt	\$ 37,448	\$ -	\$ 71,734	\$ 198	\$ -
Restricted non-expendable	138,746,429	-	-	-	-
Restricted expendable	10,838,940	496,275	-	35,943	-
Unrestricted	2,224,495	1,546,575	391,833	112,864	570,864
Total net assets	<u>\$ 151,847,312</u>	<u>\$ 2,042,850</u>	<u>\$ 463,567</u>	<u>\$ 149,005</u>	<u>\$ 570,864</u>

SCHEDULE 2

Lobo Energy, Inc.	The University of New Mexico Alumni Association	University of New Mexico Medical Group, Inc.	Sandoval Regional Medical Center	Total before Eliminations	Component Unit Eliminations	Total
\$ 583,079	\$ 1,978,152	\$ 1,419,218	\$ 161,431,390	\$ 178,452,696	\$ -	\$ 178,452,696
-	6,948,461	-	-	7,563,652	-	7,563,652
-	118,642	-	-	1,443,118	-	1,443,118
-	-	20,639,399	-	20,639,399	-	20,639,399
-	-	-	-	21,646	-	21,646
-	-	-	-	121,190	-	121,190
-	-	5,315,884	-	5,315,884	(5,315,884)	-
-	19,342	1,557,218	-	1,902,165	(14,595)	1,887,570
<u>\$ 583,079</u>	<u>\$ 9,064,597</u>	<u>\$ 28,931,719</u>	<u>\$ 161,431,390</u>	<u>\$ 215,459,750</u>	<u>\$ (5,330,479)</u>	<u>\$ 210,129,271</u>
\$ -	\$ -	\$ 11,281,876	\$ -	\$ 11,281,876	\$ -	\$ 11,281,876
-	-	20,093,065	-	172,119,228	-	172,119,228
-	-	3,520,187	-	3,520,187	(3,520,187)	-
-	-	-	3,619,632	3,619,632	-	3,619,632
30	-	197,453	-	4,620,137	-	4,620,137
-	-	1,208,656	39,899,863	41,217,898	-	41,217,898
<u>\$ 30</u>	<u>\$ -</u>	<u>\$ 36,301,237</u>	<u>\$ 43,519,495</u>	<u>\$ 236,378,958</u>	<u>\$ (3,520,187)</u>	<u>\$ 232,858,771</u>
<u>\$ 583,109</u>	<u>\$ 9,064,597</u>	<u>\$ 65,232,956</u>	<u>\$ 204,950,885</u>	<u>\$ 451,838,708</u>	<u>\$ (8,850,666)</u>	<u>\$ 442,988,042</u>
\$ 195,750	\$ 5,640	\$ 3,875,062	\$ 2,892,719	\$ 8,723,671	\$ -	\$ 8,723,671
-	-	11,192,464	-	18,312,604	-	18,312,604
-	-	-	5,315,884	5,330,479	(5,330,479)	-
-	-	-	-	1,844,283	-	1,844,283
-	-	-	-	377,663	-	377,663
-	-	405,846	2,959,888	3,880,108	-	3,880,108
<u>\$ 195,750</u>	<u>\$ 5,640</u>	<u>\$ 15,473,372</u>	<u>\$ 11,168,491</u>	<u>\$ 38,468,808</u>	<u>\$ (5,330,479)</u>	<u>\$ 33,138,329</u>
\$ -	\$ -	\$ -	\$ 143,425,000	\$ 143,425,000	\$ -	\$ 143,425,000
-	-	-	-	2,932,520	-	2,932,520
-	-	-	3,520,187	3,520,187	(3,520,187)	-
-	-	-	-	2,375,488	-	2,375,488
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 146,945,187</u>	<u>\$ 152,253,195</u>	<u>\$ (3,520,187)</u>	<u>\$ 148,733,008</u>
<u>\$ 195,750</u>	<u>\$ 5,640</u>	<u>\$ 15,473,372</u>	<u>\$ 158,113,678</u>	<u>\$ 190,722,003</u>	<u>\$ (8,850,666)</u>	<u>\$ 181,871,337</u>
\$ -	\$ -	\$ 1,208,656	\$ 4,083,846	\$ 5,401,882	\$ -	\$ 5,401,882
-	-	-	-	138,746,429	-	138,746,429
-	31,903	-	39,133,729	50,536,790	-	50,536,790
387,359	9,027,054	48,550,928	3,619,632	66,431,604	-	66,431,604
<u>\$ 387,359</u>	<u>\$ 9,058,957</u>	<u>\$ 49,759,584</u>	<u>\$ 46,837,207</u>	<u>\$ 261,116,705</u>	<u>\$ -</u>	<u>\$ 261,116,705</u>

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Combining Statement of Net Assets as of June 30, 2010 - Discretely Presented Component Units

	The University of New Mexico Foundation, Inc.	The Robert O. Anderson Schools of Management Foundation	STC.UNM
ASSETS			
Current assets			
Cash and cash equivalents	\$ 28,296,680	\$ 1,170,211	\$ 1,222,962
Short-term investments	-	592,314	-
Accounts receivable, net	-	1,066,927	74,470
Inventories	-	27,445	-
Due from The University of New Mexico	-	113,146	-
Other current assets	207,412	2,823	-
Total current assets	<u>\$ 28,504,092</u>	<u>\$ 2,972,866</u>	<u>\$ 1,297,432</u>
Non-current assets			
Investments	\$ 120,934,826	\$ 431,881	\$ 7,973
Other non-current assets	6,546,345	-	-
Capital assets, net	-	-	36,842
Total non-current assets	<u>\$ 127,481,171</u>	<u>\$ 431,881</u>	<u>\$ 44,815</u>
Total assets	<u>\$ 155,985,263</u>	<u>\$ 3,404,747</u>	<u>\$ 1,342,247</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	\$ 726,845	\$ 83,416	\$ 383,813
Due to The University of New Mexico	-	657,795	7,698
Deferred revenue	167,627	931,650	1,550
Deferred annuities payable	378,187	-	-
Other current liabilities	-	-	215,423
Total current liabilities	<u>\$ 1,272,659</u>	<u>\$ 1,672,861</u>	<u>\$ 608,484</u>
Non-current liabilities			
Deferred annuities payable	\$ 2,490,132	\$ -	\$ -
Total non-current liabilities	<u>\$ 2,490,132</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>\$ 3,762,791</u>	<u>\$ 1,672,861</u>	<u>\$ 608,484</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ -	\$ -	\$ 36,842
Restricted non-expendable	111,454,286	-	-
Restricted expendable	37,778,589	521,841	-
Unrestricted	2,989,597	1,210,045	696,921
Total net assets	<u>\$ 152,222,472</u>	<u>\$ 1,731,886</u>	<u>\$ 733,763</u>

SCHEDULE 3

University of New Mexico Lobo Club	Lobo Development Corp	Lobo Energy, Inc.	The University of New Mexico Alumni Association	Sandoval Regional Medical Center (unaudited)	Total
\$ 4,385,722	\$ 187,791	\$ 327,052	\$ 2,034,889	\$ -	\$ 37,625,307
-	-	-	6,000,673	-	6,592,987
143,606	492,327	-	81,897	-	1,859,227
-	-	-	-	-	27,445
-	-	-	-	-	113,146
1,684	-	-	14,227	-	226,146
<u>\$ 4,531,012</u>	<u>\$ 680,118</u>	<u>\$ 327,052</u>	<u>\$ 8,131,686</u>	<u>\$ -</u>	<u>\$ 46,444,258</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 121,374,680
-	-	30	-	-	6,546,375
393	-	10,491	-	5,611,034	5,658,760
<u>\$ 393</u>	<u>\$ -</u>	<u>\$ 10,521</u>	<u>\$ -</u>	<u>\$ 5,611,034</u>	<u>\$ 133,579,815</u>
<u>\$ 4,531,405</u>	<u>\$ 680,118</u>	<u>\$ 337,573</u>	<u>\$ 8,131,686</u>	<u>\$ 5,611,034</u>	<u>\$ 180,024,073</u>
\$ 47,550	\$ 73,465	\$ 171,648	\$ 7,098	\$ -	\$ 1,493,835
3,170,217	520,784	-	-	6,002,308	10,358,802
1,121,535	-	-	-	-	2,222,362
-	-	-	-	-	378,187
-	-	-	-	-	215,423
<u>\$ 4,339,302</u>	<u>\$ 594,249</u>	<u>\$ 171,648</u>	<u>\$ 7,098</u>	<u>\$ 6,002,308</u>	<u>\$ 14,668,609</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,490,132
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,490,132
<u>\$ 4,339,302</u>	<u>\$ 594,249</u>	<u>\$ 171,648</u>	<u>\$ 7,098</u>	<u>\$ 6,002,308</u>	<u>\$ 17,158,741</u>
\$ 393	\$ -	\$ 10,491	\$ -	\$ -	\$ 47,726
-	-	-	-	-	111,454,286
35,943	-	-	31,211	-	38,367,584
155,767	85,869	155,434	8,093,377	(391,274)	12,995,736
<u>\$ 192,103</u>	<u>\$ 85,869</u>	<u>\$ 165,925</u>	<u>\$ 8,124,588</u>	<u>\$ (391,274)</u>	<u>\$ 162,865,332</u>

THE UNIVERSITY OF NEW MEXICO

Combining Statement of Revenues, Expenses and Changes in Net Assets for the year ended June 30, 2011 -
Discretely Presented Component Units

	The University of New Mexico Foundation, Inc.	The Robert O. Anderson Schools of Management Foundation	STC.UNM	University of New Mexico Lobo Club	Lobo Development Corp
REVENUES					
Operating revenues					
Fees	\$ -	\$ 2,327,990	\$ 237,285	\$ 101,796	\$ 1,098,315
Patient services	-	-	-	-	-
Grants, bequests and contributions	18,436,859	256,746	-	5,299,212	-
Operational support	5,289,070	-	1,606,000	-	-
Other operating revenues	242,352	29,180	3,095,933	26,004	-
Total operating revenues	<u>\$ 23,968,281</u>	<u>\$ 2,613,916</u>	<u>\$ 4,939,218</u>	<u>\$ 5,427,012</u>	<u>\$ 1,098,315</u>
EXPENSES					
Operating expenses					
General and administrative	\$ 9,517,512	\$ 1,878,218	\$ 1,451,375	\$ 381,186	\$ 28,976
Program expenses	-	605,765	3,771,022	5,134,811	592,576
Total operating expenses	<u>\$ 9,517,512</u>	<u>\$ 2,483,983</u>	<u>\$ 5,222,397</u>	<u>\$ 5,515,997</u>	<u>\$ 621,552</u>
Net operating income (loss)	<u>\$ 14,450,769</u>	<u>\$ 129,933</u>	<u>\$ (283,179)</u>	<u>\$ (88,985)</u>	<u>\$ 476,763</u>
NON-OPERATING REVENUES (EXPENSES)					
Investment income	\$ 24,056,008	\$ 195,126	\$ -	\$ 45,887	\$ 8,232
Distributions to the University of New Mexico	(53,446,916)	-	-	-	-
Other non-operating revenues	-	(14,095)	12,983	-	-
Total non-operating revenues	<u>\$ (29,390,908)</u>	<u>\$ 181,031</u>	<u>\$ 12,983</u>	<u>\$ 45,887</u>	<u>\$ 8,232</u>
Income (loss) before other revenues	<u>\$ (14,940,139)</u>	<u>\$ 310,964</u>	<u>\$ (270,196)</u>	<u>\$ (43,098)</u>	<u>\$ 484,995</u>
Capital contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions to permanent endowments	14,564,979	-	-	-	-
Total other revenues	<u>\$ 14,564,979</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in net assets	<u>\$ (375,160)</u>	<u>\$ 310,964</u>	<u>\$ (270,196)</u>	<u>\$ (43,098)</u>	<u>\$ 484,995</u>
Net assets at beginning of year	<u>\$ 152,222,472</u>	<u>\$ 1,731,886</u>	<u>\$ 733,763</u>	<u>\$ 192,103</u>	<u>\$ 85,869</u>
Net assets at end of year	<u>\$ 151,847,312</u>	<u>\$ 2,042,850</u>	<u>\$ 463,567</u>	<u>\$ 149,005</u>	<u>\$ 570,864</u>

SCHEDULE 4

Lobo Energy, Inc.	The University of New Mexico Alumni Association	University of New Mexico Medical Group, Inc.	Sandoval Regional Medical Center	Total
\$ 2,919,072	\$ -	\$ -	\$ -	\$ 6,684,458
-	-	128,809,222	-	128,809,222
-	-	-	-	23,992,817
-	-	-	-	6,895,070
-	474,531	2,716,651	-	6,584,651
<u>\$ 2,919,072</u>	<u>\$ 474,531</u>	<u>\$ 131,525,873</u>	<u>\$ -</u>	<u>\$ 172,966,218</u>
\$ 141,785	\$ 82,010	\$ 107,898,802	\$ 1,499,153	\$ 122,879,017
2,561,405	565,681	-	-	13,231,260
<u>\$ 2,703,190</u>	<u>\$ 647,691</u>	<u>\$ 107,898,802</u>	<u>\$ 1,499,153</u>	<u>\$ 136,110,277</u>
\$ 215,882	\$ (173,160)	\$ 23,627,071	\$ (1,499,153)	\$ 36,855,941
\$ 5,552	\$ 1,096,272	\$ 116,497	\$ 1,066,812	\$ 26,590,386
-	-	-	-	(53,446,916)
-	11,257	-	1,660,822	1,670,967
<u>\$ 5,552</u>	<u>\$ 1,107,529</u>	<u>\$ 116,497</u>	<u>\$ 2,727,634</u>	<u>\$ (25,185,563)</u>
\$ 221,434	\$ 934,369	\$ 23,743,568	\$ 1,228,481	\$ 11,670,378
\$ -	\$ -	\$ -	\$ 46,000,000	\$ 46,000,000
-	-	-	-	14,564,979
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,000,000</u>	<u>\$ 60,564,979</u>
\$ 221,434	\$ 934,369	\$ 23,743,568	\$ 47,228,481	\$ 72,235,357
\$ 165,925	\$ 8,124,588	\$ 26,016,016	\$ (391,274)	\$ 188,881,348
<u>\$ 387,359</u>	<u>\$ 9,058,957</u>	<u>\$ 49,759,584</u>	<u>\$ 46,837,207</u>	<u>\$ 261,116,705</u>

THE UNIVERSITY OF NEW MEXICO

Combining Statement of Revenues, Expenses and Changes in Net Assets for the year ended June 30, 2010 -
Discretely Presented Component Units

	The University of New Mexico Foundation, Inc.	The Robert O. Anderson Schools of Management Foundation	STC.UNM
REVENUES			
Operating revenues			
Fees	\$ -	\$ 2,083,994	\$ 198,510
Grants, bequests and contributions	16,535,418	221,352	-
Operational support	5,749,985	-	1,686,200
Other operating revenues	594,663	22,190	3,777,863
Total operating revenues	<u>\$ 22,880,066</u>	<u>\$ 2,327,536</u>	<u>\$ 5,662,573</u>
EXPENSES			
Operating expenses			
General and administrative	\$ 9,393,340	\$ 1,627,726	\$ 1,507,473
Program expenses	-	608,651	3,781,442
Total operating expenses	<u>\$ 9,393,340</u>	<u>\$ 2,236,377</u>	<u>\$ 5,288,915</u>
Net operating income (loss)	<u>\$ 13,486,726</u>	<u>\$ 91,159</u>	<u>\$ 373,658</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income (loss)	\$ 11,715,585	\$ 79,698	\$ 942
Distributions to the University of New Mexico	(26,807,949)	-	-
Other non-operating revenues	-	(50,000)	6,365
Total non-operating revenues	<u>\$ (15,092,364)</u>	<u>\$ 29,698</u>	<u>\$ 7,307</u>
Income (loss) before other revenues	<u>\$ (1,605,638)</u>	<u>\$ 120,857</u>	<u>\$ 380,965</u>
Contributions to permanent endowments	<u>\$ 6,754,299</u>	<u>\$ -</u>	<u>\$ -</u>
Total other revenues	<u>\$ 6,754,299</u>	<u>\$ -</u>	<u>\$ -</u>
Change in net assets	\$ 5,148,661	\$ 120,857	\$ 380,965
Net assets at beginning of year	<u>\$ 147,073,811</u>	<u>\$ 1,611,029</u>	<u>\$ 352,798</u>
Net assets at end of year	<u><u>\$ 152,222,472</u></u>	<u><u>\$ 1,731,886</u></u>	<u><u>\$ 733,763</u></u>

SCHEDULE 5

University of New Mexico Lobo Club	Lobo Development Corp	Lobo Energy, Inc.	The University of New Mexico Alumni Association	Sandoval Regional Medical Center (unaudited)	Total
\$ 86,247	\$ 492,327	\$ 2,644,800	\$ -	\$ -	\$ 5,505,878
4,787,628	-	-	-	-	21,544,398
-	-	-	-	-	7,436,185
36,765	-	-	1,169,549	-	5,601,030
<u>\$ 4,910,640</u>	<u>\$ 492,327</u>	<u>\$ 2,644,800</u>	<u>\$ 1,169,549</u>	<u>\$ -</u>	<u>\$ 40,087,491</u>
\$ 366,029	\$ 36,450	\$ 102,252	\$ 56,728	\$ 391,274	\$ 13,481,272
5,322,259	751,908	2,599,936	739,264	-	13,803,460
<u>\$ 5,688,288</u>	<u>\$ 788,358</u>	<u>\$ 2,702,188</u>	<u>\$ 795,992</u>	<u>\$ 391,274</u>	<u>\$ 27,284,732</u>
\$ (777,648)	\$ (296,031)	\$ (57,388)	\$ 373,557	\$ (391,274)	\$ 12,802,759
\$ 53,800	\$ 5,107	\$ 3,371	\$ 569,888	\$ -	\$ 12,428,391
-	-	-	-	-	(26,807,949)
-	-	-	81,927	-	38,292
<u>\$ 53,800</u>	<u>\$ 5,107</u>	<u>\$ 3,371</u>	<u>\$ 651,815</u>	<u>\$ -</u>	<u>\$ (14,341,266)</u>
\$ (723,848)	\$ (290,924)	\$ (54,017)	\$ 1,025,372	\$ (391,274)	\$ (1,538,507)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,754,299
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,754,299</u>
\$ (723,848)	\$ (290,924)	\$ (54,017)	\$ 1,025,372	\$ (391,274)	\$ 5,215,792
\$ 915,951	\$ 376,793	\$ 219,942	\$ 7,099,216	\$ -	\$ 157,649,540
<u>\$ 192,103</u>	<u>\$ 85,869</u>	<u>\$ 165,925</u>	<u>\$ 8,124,588</u>	<u>\$ (391,274)</u>	<u>\$ 162,865,332</u>

THE UNIVERSITY OF NEW MEXICO

SCHEDULE 6

Budget Comparison - Unrestricted and Restricted - All Operations
For the year ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals</u>	<u>Final Budget vs Actuals Favorable/ (Unfavorable)</u>
Unrestricted and Restricted Beginning Net Assets	\$ 301,892,148	\$ 337,149,452	\$ 334,043,878	\$ (3,105,574)
Unrestricted and Restricted Revenues:				
Tuition and Fees	\$ 159,223,957	\$ 168,055,458	\$ 174,308,339	\$ 6,252,881
Federal Government Appropriations	29,688,746	56,624,202	59,981,893	3,357,691
State Government Appropriations	304,245,044	294,434,858	294,849,665	414,807
Local Government Appropriations	6,343,215	6,937,492	7,447,313	509,821
Federal Government Contracts/Grants	175,777,201	202,564,509	179,766,109	(22,798,400)
State Government Contracts/Grants	80,105,202	80,762,180	77,167,065	(3,595,115)
Local Government Contracts/Grants	7,228,765	7,172,722	3,105,382	(4,067,340)
Private Contracts/Grants	43,194,416	57,074,923	69,582,602	12,507,679
Endowments and Private Gifts	4,896,010	4,859,294	1,298,825	(3,560,469)
Land and Permanent Fund	7,677,245	7,877,245	9,663,955	1,786,710
Sales and Services	341,359,611	321,309,785	313,664,474	(7,645,311)
Other	144,440,986	146,644,181	155,241,509	8,597,328
Total Unrestricted and Restricted Revenues	<u>\$ 1,304,180,398</u>	<u>\$ 1,354,316,849</u>	<u>\$ 1,346,077,131</u>	<u>\$ (8,239,718)</u>
Unrestricted and Restricted Expenditures:				
Instruction	\$ 253,000,311	\$ 253,744,894	\$ 241,373,853	\$ 12,371,041
Academic Support	49,030,255	50,028,144	47,108,490	2,919,654
Student Services	28,570,066	28,711,814	24,668,757	4,043,057
Institutional Support	53,195,304	58,690,497	51,784,239	6,906,258
Operations and Maintenance	48,074,570	52,151,544	47,069,700	5,081,844
Student Social and Cultural	7,665,795	8,274,825	7,424,401	850,424
Research	170,447,319	197,736,054	171,535,443	26,200,611
Public Service	308,045,749	291,069,970	270,114,519	20,955,451
Internal Services	5,121,297	5,207,377	(3,158,544)	8,365,921
Student Aid, Grants & Stipends	98,799,896	127,749,830	121,914,004	5,835,826
Auxiliary Services	60,078,026	59,993,699	56,946,520	3,047,179
Intercollegiate Athletics	31,845,000	31,845,000	28,691,682	3,153,318
Independent Operations	106,592,909	92,520,605	91,696,485	824,120
Capital Outlay	164,689,077	179,271,463	159,697,133	19,574,330
Building Renewal & Replacement	9,169,424	9,169,424	4,091,323	5,078,101
Retirement of Indebtedness	37,262,721	37,262,721	30,406,467	6,856,254
Total Unrestricted and Restricted Expenditures	<u>\$ 1,431,587,719</u>	<u>\$ 1,483,427,861</u>	<u>\$ 1,351,364,472</u>	<u>\$ 132,063,389</u>
Net Transfers	<u>\$ 7,287,126</u>	<u>\$ 4,325,380</u>	<u>\$ 4,403,473</u>	<u>\$ 78,093</u>
Change in Net Assets (Budgetary Basis)	<u>\$ (120,120,195)</u>	<u>\$ (124,785,632)</u>	<u>\$ (883,868)</u>	<u>\$ 123,901,764</u>
Ending Net Assets	<u>\$ 181,771,953</u>	<u>\$ 212,363,820</u>	<u>\$ 333,160,010</u>	<u>\$ 120,796,190</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.

See accompanying Independent Auditor's Report.

THE UNIVERSITY OF NEW MEXICO

SCHEDULE 7

Budget Comparison - Unrestricted - Instruction & General
For the year ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals</u>	Final Budget vs Actuals Favorable/ (Unfavorable)
Unrestricted Beginning Net Assets	\$ 17,169,472	\$ 36,790,129	\$ 37,025,982	\$ 235,853
Unrestricted Revenues:				
Tuition and Fees	\$ 134,917,278	\$ 142,083,958	\$ 148,812,094	\$ 6,728,136
Federal Government Appropriations	-	-	72,360	72,360
State Government Appropriations	258,423,000	250,082,787	250,060,433	(22,354)
Local Government Appropriations	6,343,215	6,392,415	7,447,313	1,054,898
Federal Government Contracts/Grants	250,000	250,000	192,509	(57,491)
State Government Contracts/Grants	-	-	6,153	6,153
Local Government Contracts/Grants	-	-	-	-
Private Contracts/Grants	-	-	43,918	43,918
Endowments and Private Gifts	3,690,000	3,390,000	-	(3,390,000)
Land and Permanent Fund	7,677,245	7,877,245	9,663,955	1,786,710
Sales and Services	1,163,400	1,163,400	1,476,185	312,785
Other	50,071,130	54,478,622	55,851,198	1,372,576
Total Unrestricted Revenues	<u>\$ 462,535,268</u>	<u>\$ 465,718,427</u>	<u>\$ 473,626,118</u>	<u>\$ 7,907,691</u>
Unrestricted Expenditures:				
Instruction	\$ 240,111,858	\$ 235,037,233	\$ 223,887,670	\$ 11,149,563
Academic Support	48,257,253	49,107,461	46,422,003	2,685,458
Student Services	26,871,119	26,937,778	23,634,952	3,302,826
Institutional Support	52,784,896	58,276,790	51,646,634	6,630,156
Operations and Maintenance	44,217,283	44,671,782	39,632,877	5,038,905
Total Unrestricted Expenditures	<u>\$ 412,242,409</u>	<u>\$ 414,031,044</u>	<u>\$ 385,224,136</u>	<u>\$ 28,806,908</u>
Net Transfers	<u>\$ (51,040,504)</u>	<u>\$ (57,767,295)</u>	<u>\$ (68,393,828)</u>	<u>\$ (10,626,533)</u>
Change in Net Assets (Budgetary Basis)	<u>\$ (747,645)</u>	<u>\$ (6,079,912)</u>	<u>\$ 20,008,154</u>	<u>\$ 26,088,066</u>
Ending Net Assets	<u>\$ 16,421,827</u>	<u>\$ 30,710,217</u>	<u>\$ 57,034,136</u>	<u>\$ 26,323,919</u>

See accompanying Independent Auditor's Report.

THE UNIVERSITY OF NEW MEXICO

SCHEDULE 8

Budget Comparison - Restricted - Instruction & General
For the year ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals</u>	<u>Final Budget vs Actuals Favorable/ (Unfavorable)</u>
Restricted Beginning Net Assets	\$ -	\$ -	\$ -	\$ -
Restricted Revenues:				
Tuition and Fees	\$ -	\$ -	\$ -	\$ -
Federal Government Appropriations	73,692	73,692	61,254	(12,438)
State Government Appropriations	36,336	166,336	29,577	(136,759)
Local Government Appropriations	-	-	-	-
Federal Government Contracts/Grants	14,836,677	20,946,023	21,726,519	780,496
State Government Contracts/Grants	2,694,887	4,289,122	2,348,087	(1,941,035)
Local Government Contracts/Grants	709,590	1,166,082	151,553	(1,014,529)
Private Contracts/Grants	1,176,915	1,913,582	1,666,868	(246,714)
Endowments and Private Gifts	-	-	-	-
Land and Permanent Fund	-	-	-	-
Sales and Services	-	-	-	-
Other	-	-	-	-
Total Restricted Revenues	<u>\$ 19,528,097</u>	<u>\$ 28,554,837</u>	<u>\$ 25,983,858</u>	<u>\$ (2,570,979)</u>
Restricted Expenditures:				
Instruction	\$ 12,888,453	\$ 18,707,661	\$ 17,486,183	\$ 1,221,478
Academic Support	773,002	920,683	686,487	234,196
Student Services	1,698,947	1,774,036	1,033,805	740,231
Institutional Support	410,408	413,707	137,605	276,102
Operations and Maintenance	3,857,287	7,479,762	7,436,823	42,939
Total Restricted Expenditures	<u>\$ 19,628,097</u>	<u>\$ 29,295,849</u>	<u>\$ 26,780,903</u>	<u>\$ 2,514,946</u>
Net Transfers	<u>\$ 100,000</u>	<u>\$ 741,012</u>	<u>\$ 797,045</u>	<u>\$ 56,033</u>
Change in Net Assets (Budgetary Basis)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Ending Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.

THE UNIVERSITY OF NEW MEXICO

Reconciliation of Budgetary Basis to Financial Statement Basis

Unrestricted and Restricted - All Operations

For the year ended June 30, 2011

Total Unrestricted and Restricted Revenues:

Budgetary Basis	\$ 1,346,077,131
Reconciling items:	
University of New Mexico Hospital (amount not in budgetary basis)	538,510,124
University of New Mexico Behavioral Operations (amount not in budgetary basis)	26,433,777
University of New Mexico Medical Group (amount not in financial statements)	(20,035,450)
Scholarship allowance (amount not in budgetary basis)	(67,255,401)
Endowment fund items (amount not in budgetary basis)	33,708,565
State Investment Council endowment income (amount not in budgetary basis)	26,286,385
Adjustments subsequent to Actuals submission to HED (amount not in budgetary basis)	306,736
Revenue/expenditure classification differences	(8,507,953)
Other	754,183
Total reconciling items	<u>\$ 530,200,966</u>
Total reconciled unrestricted and restricted revenues per Budgetary Basis	<u>\$ 1,876,278,097</u>

Basic Financial Statements

Operating revenues	\$ 1,332,010,135
Non-operating revenues	486,568,672
Non-operating revenues netted in other non-operating revenues and expenses	38,080,859
Other revenues	19,618,431
Total unrestricted and restricted revenues per Financial Statements	<u>\$ 1,876,278,097</u>

Difference	<u>\$ -</u>
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Total Unrestricted and Restricted Expenditures:

Budgetary Basis	\$ 1,351,364,472
Reconciling items:	
University of New Mexico Hospital (amount not in budgetary basis)	528,365,129
University of New Mexico Behavioral Operations (amount not in budgetary basis)	26,340,887
University of New Mexico Medical Group (amount not in financial statements)	(20,035,450)
Capitalized expenditures (amount not in financial statements)	(98,989,984)
Scholarship allowance (amount not in budgetary basis)	(67,255,401)
Endowment fund items (amount not in budgetary basis)	4,585,036
Plant fund items (amount not in financial statements)	(11,802,908)
Depreciation expense (amount not in budgetary basis)	60,046,975
Adjustments subsequent to Actuals submission to HED (amount not in budgetary basis)	(402,791)
Revenue/expenditure classification differences	(8,507,953)
Other	(1,980,651)
Total reconciling items	<u>\$ 410,362,889</u>
Total reconciled unrestricted and restricted expenditures per Budgetary Basis	<u>\$ 1,761,727,361</u>

Basic Financial Statements

Operating expenditures	\$ 1,690,683,412
Non-operating expenditures	20,458,914
Non-operating expenditures netted in other non-operating revenues and expenses	4,585,035
Other expenditures	46,000,000
Total unrestricted and restricted expenditures per Financial Statements	<u>\$ 1,761,727,361</u>

Difference	<u>\$ -</u>
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See accompanying Independent Auditor's Report.

THE UNIVERSITY OF NEW MEXICO

Schedule of Pledged Collateral as of June 30, 2011 - Primary Institution

Financial Institution	Pledged Collateral			Account Type	Account Name
	CUSIP Identification	Maturity Date	Type of Securities		
Bank of America				Checking	General Depository
				Checking	Gallup Campus Depository
	31419AGZ4	12/1/39	FNCL POOL-AE0215		
	31419AGZ4	12/1/39	FNCL POOL-AE0215		
	31419AGZ4	12/1/39	FNCL POOL-AE0215		
	31419AGZ4	12/1/39	FNCL POOL-AE0215		
Bank of America*				Checking	UNMH Operating Account
	38377GGZ6	2/20/36	GNMA	Repo Agreement	UNMH Consolidated Automated Overnight Investment
				Checking	Other Clinical Operation Account
	31419AQ83	11/1/2040	FNCL POOL		
US Bank				Checking	Taos Harwood Depository
				Checking	Taos Harwood Petty Cash
				Checking	Taos Education Center Depository
				Checking	Taos Education Center Petty Cash
				Checking	Valencia Campus Depository
				Checking	Valencia Campus Petty Cash
US Bank*				Checking	UNMH Change Campaign
Los Alamos National Bank				Checking	Los Alamos Campus Depository
				Checking	Los Alamos Campus Petty Cash
Total Primary Institution					
					UNMH Petty Cash
					Component Unit deposits held by UNM
					Net non-depository cash and cash equivalents
					Total Cash and Cash Equiv. Primary Institution

* UNM Hospital

See accompanying Independent Auditor's Report.

SCHEDULE 9

Total Book Balance	Bank Balance	FDIC Insurance*	SIPC Insurance	Repurchase Agreement		Uninsured Public Funds	50%		Over (under) Collateralized
				Collateral	Collateral		Collateral Requirement	Fair Value of Collateral	
\$ 164,408,819 2,479	\$ 150,824,345	\$ 250,000	\$ -	\$ -	\$ -	\$ 150,574,345	\$ 75,287,173	\$ -	\$ (75,287,173)
								4,589,871	4,589,871
								46,873,683	46,873,683
								46,873,683	46,873,683
								46,873,683	46,873,683
								46,873,683	46,873,683
\$ 164,411,298	\$ 150,824,345	\$ 250,000	\$ -	\$ -	\$ -	\$ 150,574,345	\$ 75,287,173	\$ 192,084,603	\$ 116,797,430
\$ 106,708,902 1,638,567	\$ 123,835,848 1,638,567	\$ 250,000	\$ -	\$ -	\$ 1,638,567	\$ 123,585,848	\$ 61,792,924	\$ -	\$ (61,792,924)
								143,943,325	143,943,325
\$ 108,347,469	\$ 125,474,415	\$ 250,000	\$ -	\$ 1,638,567	\$ -	\$ 123,585,848	\$ 61,792,924	\$ 143,943,325	\$ 82,150,401
\$ 6,382 850 27,024 3,000 12,774 5,000	\$ 2,600 53 11,976 629 12,024 1,062	\$ 2,600 53 11,976 629 12,024 1,062	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 55,030	\$ 28,344	\$ 28,344	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 16,895	\$ 16,895	\$ 16,895	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 16,895	\$ 16,895	\$ 16,895	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 2,675 2,500	\$ 2,000 2,132	\$ 2,000 2,132	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 5,175	\$ 4,132	\$ 4,132	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 272,835,867	\$ 276,348,131	\$ 549,371	\$ -	\$ 1,638,567	\$ -	\$ 274,160,193	\$ 137,080,097	\$ 336,027,928	\$ 198,947,831
34,315									
\$ (4,291,962) (9,402,348)									
\$ 259,175,872	\$ 276,348,131								

THE UNIVERSITY OF NEW MEXICO

Schedule of Pledged Collateral as of June 30, 2010 - Component Units

Financial Institution	Pledged Collateral			Account Type	Account Name
	CUSIP Identification	Maturity Date	Type of Securities		
Wells Fargo Bank				Checking	UNMMG Operating Account
				Checking	UNMMG Pathology
				Checking	UNMMG Cancer Center
				Savings	UNMMG Savings
	31409VDH3	3/01/2036	FNMA		
	31410AHK5	7/01/2036	FNMA		
	31410EN46	6/01/2036	FNMA		
	31411VT25	4/01/2037	FNMA		
	31414EMS0	6/01/2038	FNMA		
	31415RGN8	7/01/2038	FNMA		
	31411AU86	11/1/2036	FNMA		
	36202DPS4	9/20/2031	GNMA		
	36202DT68	8/20/2032	GNMA		
UNMMG Money Market					
Total Cash and Cash Equiv. UNMMG					
Wells Fargo Bank				Checking	SRMC Operating Account
SRMC Money Market					
Total Cash and Cash Equiv. SRMC					
Wells Fargo				Cash	Operating
				Cash	Development
	31419CVM2	8/1/2025	FN-15	Repo Agreement	UNM Foundation, Inc Operating Account
	36202DM40	5/1/1931	GN-II	Repo Agreement	UNM Foundation, Inc Gift Account
Foundation Money Market					
Foundation deposits held by UNM					
Total Cash and Cash Equiv. Foundation					
Compass Bank				Checking	Business Checking
Lobo Development deposits held by UNM					
Total Cash and Cash Equiv. Lobo Development					
Compass Bank				Checking	Business Checking
Lobo Energy deposits held by UNM					
Total Cash and Cash Equiv. Lobo Energy					
Bank of the West				Checking	Operating
				Checking	Merchant
Total STC.UNM					
STC.UNM Petty Cash					
Total Cash and Cash Equiv. STC.UNM					
Component Units - Public Money Entities					
Component Units - Non--Public Money Entities					
Total Component Units					

* FDIC Insurance (If account is non-interest bearing transaction account, all deposits are covered per Dodd-Frank Insurance Provision)
See accompanying Independent Auditor's Report.

SCHEDULE 9

Total Book	Bank	FDIC	SIPC	Repurchase Agreement		Uninsured	50%		Over (under)
				Collateral	Collateral		Collateral Requirement	Fair Value of Collateral	
Balance	Balance	Insurance*	Insurance	Collateral	Public Funds	Requirement	Collateral		
\$ 10,549,032	\$ 10,235,118	\$ 250,000	\$ -	\$ -	\$ 9,985,118	\$ 4,992,559	\$ -	\$ -	(4,992,559)
-	69,159	69,159	-	-	-	-	-	-	-
-	4,717	4,717	-	-	-	-	-	-	-
-	520,619	250,000	-	-	270,619	135,310	-	-	(135,310)
							2,439,924	2,439,924	
							1,637,511	1,637,511	
							3,147,486	3,147,486	
							4,268,382	4,268,382	
							4,782,847	4,782,847	
							2,348,086	2,348,086	
							6,778,791	6,778,791	
							77,241	77,241	
							131,844	131,844	
\$ 10,549,032	\$ 10,829,613	\$ 573,876	\$ -	\$ -	\$ 10,255,737	\$ 5,127,869	\$ 25,612,112	\$ 20,484,243	
\$ 2,152,062	\$ 2,152,062	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$ 12,701,094	\$ 12,981,675	\$ 573,876	\$ -	\$ -	\$ 10,255,737	\$ 5,127,869	\$ 25,612,112	\$ 20,484,243	
\$ 135,748	\$ 135,748	\$ 135,748	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
\$ 135,748	\$ 135,748	\$ 135,748	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
\$ 161,295,642	\$ 161,295,642	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
\$ 161,431,390	\$ 161,431,390	\$ 135,748	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
\$ 2,035,913	\$ 2,037,432	\$ 400,000	\$ -	\$ -	\$ 1,637,432	\$ 818,716	\$ -	\$ -	(818,716)
3,007,514	2,379,561	365,026	-	-	2,014,535	1,007,268	-	-	(1,007,268)
-	-	-	-	-	-	-	2,054,826	2,054,826	
-	-	-	-	-	-	-	1,670,181	1,670,181	
\$ 5,043,427	\$ 4,416,993	\$ 765,026	\$ -	\$ -	\$ 3,651,967	\$ 1,825,984	\$ 3,725,007	\$ 1,899,023	
\$ 373,264	\$ 373,275	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
3,257	-	-	-	-	-	-	-	-	-
\$ 5,419,948	\$ 4,790,268	\$ 765,026	\$ -	\$ -	\$ 3,651,967	\$ -	\$ 1,825,984	\$ 3,725,007	\$ 1,899,023
\$ 11,715	\$ 11,715	\$ 11,715	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
\$ 11,715	\$ 11,715	\$ 11,715	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
\$ 1,060,383	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
\$ 1,072,098	\$ 11,715	\$ 11,715	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
\$ 16,111	\$ 16,111	\$ 16,111	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
\$ 16,111	\$ 16,111	\$ 16,111	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
\$ 566,968	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
\$ 583,079	\$ 16,111	\$ 16,111	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
1,200,091	1,273,800	1,273,800	-	-	\$ -	\$ -	-	-	-
34,494	34,494	34,494	-	-	-	-	-	-	-
\$ 1,234,585	\$ 1,308,294	\$ 1,308,294	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
\$ 100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
\$ 1,234,685	\$ 1,308,294	\$ 1,308,294	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
\$ 182,442,294	\$ 180,539,453	\$ 2,810,770	\$ -	\$ -	\$ 13,907,704	\$ -	\$ 6,953,853	\$ 29,337,119	\$ 22,383,266
\$ 7,292,278	\$ 3,233,994	\$ 560,647	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
\$ 189,734,572	\$ 183,773,447	\$ 3,371,417	\$ -	\$ -	\$ 13,907,704	\$ -	\$ 6,953,853	\$ 29,337,119	\$ 22,383,266

THE UNIVERSITY OF NEW MEXICO

Schedule of Individual Deposit and Investment Accounts as of June 30, 2011 - Primary Institution

Individual Deposit Accounts

Name of Bank/Broker		Account Type	Balance per bank statement	Reconciled Balance per books
Bank of America	General Depository	Checking	\$ 150,824,345	164,408,819
	Gallup Campus Depository	Checking	-	2,479
	UNMH Operating Account	Checking	123,835,848	\$ 106,708,902
	UNMH Consolidated Automated Overnight Investment	Repo Agreement	1,638,567	1,638,567
Los Alamos National Bank	Los Alamos Campus Depository	Checking	2,000	2,675
	Los Alamos Campus Petty Cash	Checking	2,132	2,500
US Bank	Taos Harwood Depository	Checking	2,600	6,382
	Taos Harwood Petty Cash	Checking	53	850
	Taos Education Center Depository	Checking	11,976	27,024
	Taos Education Center Petty Cash	Checking	629	3,000
	Valencia Campus Depository	Checking	12,024	12,774
	Valencia Campus Petty Cash	Checking	1,062	5,000
	UNMH Change Campaign	Checking	16,895	16,895
Other	UNMH/OCO Petty Cash	Cash on Hand	-	34,315
	Component Unit deposits held by UNM			(4,291,962)
	Net non-depository cash and cash equivalents			(9,402,348)
Primary Institution - Cash			\$ 276,348,131	259,175,872

SCHEDULE 10

Individual Investment Accounts

Name of Bank/Broker	Account Type	Account Type	Balance per bank statement	Reconciled Balance per books
Bank of Albuquerque	Bldg, Renewal & Replacement	Money Market	\$ 486,795	486,795
		Certificate of Deposit	1,009,725	1,009,725
Fidelity Investments	ASM Endowment Account	Cash	29,367	29,367
	ASM Endowment Account	Equity	1,825,996	1,825,996
Morgan Stanley Smith Barney	Bond Proceeds	Money Market	4,430,006	4,430,006
		U.S. Treasury Securities	6,510,475	6,510,475
		U.S. Gov't Obligations	10,559,925	10,559,925
		Corporate Bonds	2,382,211	2,382,211
		Municipal Bonds	4,422,091	4,422,091
	Operating Investment Account	Cash	1,415,728	1,415,728
		Money Market	1,911,660	1,911,660
		U.S. Treasury Securities	75,073,229	75,073,229
		U.S. Gov't Obligations	57,273,310	57,273,310
		Corporate Bonds	43,515,229	43,515,229
		Municipal Bonds	1,113,035	1,113,035
		International Bonds	7,680,690	7,680,690
	Retirement of Indebtedness	Money Market	3,619	3,619
	UNMH Investment Account	Money Market	515,346	515,346
		U.S. Treasury Securities	19,298,096	19,298,096
U.S. Gov't Obligations		14,055,122	14,055,122	
Northern Trust	Primary Institution CIF	Cash	16,159,219	16,159,219
		Mutual Funds	47,872,613	47,872,613
		Equity	157,885,601	157,885,601
		Alternative Investments	117,330,782	117,330,782
Wells Fargo	Bldg, Renewal & Replacement	Money Market	115,730	115,730
		U.S. Gov't Obligations	2,880,749	2,880,749
		Corporate Bonds	2,904,242	2,904,242
	Endowment Account	Money Market	269,967	269,967
		Equity	470,776	470,776
	Retirement of Indebtedness	Money Market	10,661,657	10,661,657
	UNMH Investment Account	Money Market Deposits	334,470	360,995
		Money Market	16,492,683	16,492,683
		Repurchase Agreement	13,433,669	13,433,669
		U.S. Gov't Obligations	5,306,912	5,306,912
Investment in TLSC	UNMH Investment Account	Equity	6,879,418	6,879,418
Investment in TriWest		Equity	2,612,500	2,612,500
Investment in TRL (TriCore)		Equity	6,740,346	6,740,346
Other	UNM	Misc	446,549	446,549
	Less: Foundation Interest in CIF		(143,392,723)	(143,392,723)
			\$ 518,916,815	518,943,340
State Investment Council		See Note Below	\$ 167,884,460	167,884,460
			\$ 686,801,275	686,827,800

Note: The University has an undivided interest in the State of New Mexico Land Grant Permanent Fund. For further detail for the types of investments held in the Land Grant Permanent Fund, please refer to the separately issued June 30, 2011 financial statements of the State Investment Council.

THE UNIVERSITY OF NEW MEXICO

Schedule of Individual Deposit and Investment Accounts as of June 30, 2011 - Component Units

Individual Deposit Accounts

Name of Bank/Broker	Account Type		Balance per bank statement	Reconciled Balance per books
Component Units - Public Money Entities				
UNMMG				
Morgan Stanley Smith Barney	UNMMG Board Designated Assets	Money Market	2,152,062	2,152,062
Wells Fargo Bank	UNMMG Operating Accounting	Checking	10,235,118	10,549,032
	UNMMG Pathology	Checking	69,159	-
	UNMMG Cancer Center	Checking	4,717	-
	UNMMG Savings	Savings	520,619	-
UNMMG - Cash			\$ 12,981,675	12,701,094
SRMC				
Bank of America	Money Market Certificate of Deposit	Money Market - CD	13,515,150	13,515,150
Wells Fargo Bank	SRMC Operating Account	Checking	135,748	135,748
	Secured Institutional Money Market	Money Market	147,780,492	147,780,492
SRMC - Cash			\$ 161,431,390	161,431,390
University of New Mexico Foundation, Inc.				
Bank of America	Scholarship Fund	Money Market	\$ 16,247	16,246
	Scholarship Trust	Money Market	153,447	153,437
Southwest Securities	Charitable Trust Fund	Money Market	11,437	11,437
UBS Financial Services	Endowed Chair	Money Market	75,021	75,021
	Endowed Professorship	Money Market	34,740	34,740
Wells Fargo	Operating	Cash	2,037,432	2,035,913
	Development	Cash	2,379,561	3,007,514
	Charitable Trust Fund	Money Market	82,383	82,383
Other*	UNM Operating	Cash	-	3,257
University of New Mexico Foundation, Inc. - Cash			\$ 4,790,268	5,419,948
Lobo Development, Inc.				
Compass Bank	Business Checking	Checking	\$ 11,715	11,715
Other*	UNM Operating	Cash	-	1,060,383
Lobo Development, Inc. - Cash			\$ 11,715	1,072,098
Lobo Energy, Inc.				
Compass Bank	Business Checking	Checking	\$ 16,111	16,111
Other*	UNM Operating	Cash	-	566,968
Lobo Energy, Inc. - Cash			\$ 16,111	583,079
STC.UNM				
Bank of the West	Operating	Checking	1,273,800	1,200,091
	Merchant	Checking	34,494	34,494
Other	Petty Cash	Cash	-	100
STC.UNM - Cash			\$ 1,308,294	1,234,685
Component Units - Public Money Entities			\$ 180,539,453	182,442,294
Alumni			1,619,877	1,978,152
ASM			1,253,819	1,244,649
Lobo Club			360,298	4,069,477
Component Units - Non-Public Money Entities			\$ 3,233,994	7,292,278
Total Component Units - Cash			\$ 183,773,447	189,734,572

* - Held by Primary Institution in General Depository Account

SCHEDULE 10

Individual Investment Accounts

Name of Bank/Broker	Account Type	Balance per bank statement	Reconciled Balance per books
Component Units - Public Money Entities			
UNMMG			
Morgan Stanley Smith Barney	UNMMG Investment Account	3,838,957	3,838,957
	UNMMG Investment Account	5,995,200	5,995,200
		8,320,314	8,320,314
	UNMMG Investment Account	1,938,594	1,938,594
		-	-
	UNMMG - Investments	\$ 20,093,065	20,093,065
SRMC			
		-	-
	SRMC - Investments	\$ -	-
University of New Mexico Foundation, Inc.			
Bank of America	Scholarship Fund	\$ 401,909	401,909
		162,246	162,246
	Scholarship Trust	732,357	732,357
		280,413	280,413
Southwest Securities	Charitable Trust Fund	104,380	104,380
		214,555	214,555
		128,711	128,711
UBS Financial Services	Endowed Chair	2,911,829	2,911,829
	Endowed Professorship	387,345	387,345
Vanguard Investments	Operating Fund	897,420	897,420
Wells Fargo	Charitable Trust Fund	25,216	25,216
		184,040	184,040
		272,122	272,122
		894,352	894,352
		155,035	155,035
		239,700	239,700
Other	Endowments	143,392,723	143,392,723
		-	-
	University of New Mexico Foundation, Inc. - Investments	\$ 151,384,353	151,384,353
Lobo Development			
		-	-
	Lobo Development - Investments	\$ -	-
Lobo Energy			
		-	-
	Lobo Development - Investments	\$ -	-
STC.UNM			
Other	Private Equity	8,113	8,113
		-	-
	STC.UNM - Investments	\$ 8,113	8,113
Component Units - Public Money Entities			
		\$ 171,485,531	171,485,531
	Alumni	6,948,461	6,948,461
	ASM	1,248,888	1,248,888
	LoboClub	-	-
Component Units - Non-Public Money Entities			
		\$ 8,197,349	8,197,349
Total Component Unit - Investments			
		\$ 179,682,880	179,682,880

THE UNIVERSITY OF NEW MEXICO

SCHEDULE 11

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2011

	<u>FEDERAL CFDA NUMBER</u>	<u>EXPENDITURES</u>
MAJOR PROGRAMS		
<i>Research & Development</i>		
Department of Agriculture	10	\$ 464,603
Department of Commerce	11	\$ 334,620
Department of Defense		
DARPA	12	\$ 901,673
DTRA	12	8,499,810
Department of the Air Force	12	6,112,900
Department of the Army	12	2,001,502
Department of the Navy	12	2,725,918
Other Departments	12	1,247,277
Total Department of Defense		<u>\$ 21,489,080</u>
Department of the Interior	15	\$ 2,053,919
Department of Justice	16	\$ 579,941
Department of Transportation	20	\$ 1,371,296
National Aeronautics & Space Administration	43	\$ 2,190,004
National Foundation on the Arts & the Humanities	45	\$ 110,887
National Science Foundation	47	\$ 22,439,327
Department of Veterans Affairs	64	\$ 388,656
U.S. Environmental Protection Agency	66	\$ 290,298
Department of Energy	81	\$ 10,162,370
Department of Education	84	\$ 634,277
Department of Health & Human Services		
AHRQ	93	\$ 431,767
Centers for Disease Control and Prevention	93	2,551,376
Health Resources & Services Admin	93	209,355
Indian Health Services	93	362,793
National Institutes of Health	93	73,971,044
Other Departments	93	5,394,492
Total Department of Health & Human Services		<u>\$ 82,920,827</u>
Other Agencies		\$ 88,423
		<u>\$ 145,518,528</u>
<i>Subtotal Research & Development - Non-ARRA</i>		
<i>American Recovery and Reinvestment Act (ARRA)</i>		
Department of Agriculture		
ARRA - Wildland Fire Management	10.668	\$ 50,640
Total Department of Agriculture		<u>\$ 50,640</u>
Department of Commerce		
ARRA - State Broadband Data and Development Grant Program	11.558	\$ 230,987
Total Department of Commerce		<u>\$ 230,987</u>
Department of Justice		
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants	16.803	\$ 168,176
Total Department of Justice		<u>\$ 168,176</u>
National Science Foundation		
ARRA - Trans-NSF Recovery Act Research Support	47.082	\$ 2,752,375
Total National Science Foundation		<u>\$ 2,752,375</u>

THE UNIVERSITY OF NEW MEXICO

SCHEDULE 11

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2011

	<u>FEDERAL CFDA NUMBER</u>	<u>EXPENDITURES</u>
Department of Energy		
ARRA - Department of Energy	81.000	\$ 46,832
ARRA - State Energy Conservation	81.041	88,559
ARRA - Basic Energy Sciences University and Science Education	81.049	233,144
ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis (B)	81.122	22,139
Total Department of Energy		<u>\$ 390,674</u>
Department of Health & Human Services		
ARRA - Centers for Disease Control and Prevention Investigations	93.283	\$ 99
ARRA - Community Services Block Grant Discretionary	93.573	63,149
ARRA - Trans-NIH Recovery Act Research Support	93.701	13,825,991
ARRA - Immunization	93.712	114,610
ARRA - Prevention and Wellness - Leveraging National Organizations	93.731	59,345
Total Department of Health & Human Services		<u>\$ 14,063,194</u>
Subtotal Research & Development - ARRA		<u>\$ 17,656,046</u>
Total Research & Development		<u>\$ 163,174,574</u>
Student Financial Aid		
Department of Education		
Federal Supplemental Educational Opportunity Grants	84.007	\$ 1,152,541
Federal Work-Study Program	84.033	1,905,832
Pell Grants	84.063	58,107,341
Academic Competitiveness Grants	84.375	191,304
SMART	84.376	276,916
TEACH Grant Program	84.379	604,452
Total Department of Education		<u>\$ 62,238,386</u>
Department of Health & Human Services		
ARRA - Scholarships for Disadvantaged Students	93.407	\$ 250,482
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925	379,665
Total Department of Health & Human Services		<u>\$ 630,147</u>
Total Student Financial Aid		<u>\$ 62,868,533</u>
Other		
U.S. Environmental Protection Agency		
ARRA - Capitalization Grants for Drinking Water State Revolving Fund	66.468	\$ 1,538,892
Total U.S. Environmental Protection Agency		<u>\$ 1,538,892</u>
Department of Education		
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	\$ 10,012,634
ARRA - State Fiscal Stabilization Fund (SFSF) - Investing in Innovation (i3) Fund, Recovery Act	84.396	9,540
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	403,442
Total Department of Education		<u>\$ 10,425,616</u>
Total Other		<u>\$ 11,964,508</u>
TOTAL MAJOR PROGRAMS		<u>\$ 238,007,615</u>

THE UNIVERSITY OF NEW MEXICO

SCHEDULE 11

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2011

	<u>FEDERAL</u> <u>CFDA NUMBER</u>		<u>EXPENDITURES</u>
NONMAJOR PROGRAMS			
Department of Agriculture	10.000	\$	1,123
Wildlife Conservation and Restoration	10.000		10,904
Agricultural Research_Basic and Applied Research	10.001		1,518
Hispanic Serving Institutions Education Grants	10.223		3,229
Community Food Projects	10.225		2,492
Indian Tribes and Tribal Corporation Loans	10.421		54,287
WIC Grants To States (WGS) (B)	10.578		20,561
Department of Commerce	11.000		18,832
Census Customer Services	11.002		26,185
Investments for Public Works and Economic Development Facilities	11.300		56,189
Public Telecommunications Facilities Planning and Construction	11.550		286,443
ARRA - Broadband Technology Opportunities Program (BTOP)	11.557		180,510
Low-Power Television and Translator Upgrade Program	11.559		50,978
Department of Defense	12.000		141,312
Basic and Applied Scientific Research	12.300		10,015
Basic Scientific Research	12.431		13,936
Basic, Applied, and Advanced Research in Science and Engineering	12.630		416,713
Air Force Defense Research Sciences Program	12.800		1,488,017
Mathematical Sciences Grants Program	12.901		88,565
Department of Housing and Urban Development	14.000		(8,332)
Department of the Interior	15.000		16,832
Bureau of Indian Affairs	15.100		13,296
Bureau of Reclamation	15.500		20,114
Department of Justice	16.000		15,083
Desegregation of Public Education	16.100		76,855
Crime Victim Assistance	16.575		76,872
Department of Labor	17.000		16,594
ARRA - WIA Youth Activities (A)	17.259		1,254
Community Based Job Training Grants (B)	17.269		412,322
Department of Transportation	20.000		970,337
Highway Research and Development Program (B)	20.200		31,570
Low Income Taxpayer Clinics	21.008		33,866
Intergovernmental Personnel Act (IPA) Mobility Program	27.011		124,098
National Aeronautics and Space Administration	43.000		75,000
Promotion of the Arts_Grants to Organizations and Individuals	45.024		32,717
Promotion of the Arts_Partnership Agreements	45.025		4,945
Promotion of the Humanities Division of Preservation and	45.149		93,922
Promotion of the Humanities_Professional Development	45.163		90,064
Museums for America	45.301		5,372
National Science Foundation	47.000		25,780
Engineering Grants	47.041		47,303
Science and Education Problem Assesment and Experimental Project	47.046		2,690
Computer and Information Science and Engineering	47.070		2,212
Biological Sciences	47.074		47,243
Social Behavioral and Economic Sciences	47.075		11,425
Education and Human Resources	47.076		1,511,561
ARRA - Trans-NSF Recovery Act Research Support	47.082		152,629
Small Business Administration	59.000		32,516
Small Business Development Centers	59.037		190,415
Department of Veterans Affairs	64.000		178,520
Sharing Specialized Medical Resources	64.018		10,515

THE UNIVERSITY OF NEW MEXICO

SCHEDULE 11

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2011

	<u>FEDERAL CFDA NUMBER</u>	<u>EXPENDITURES</u>
Environmental Protection Agency	66.000	\$ 16,204
U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program	77.008	63,524
Department of Energy	81.000	326,245
ARRA - State Energy Conservation	81.041	167,273
Basic Energy Sciences University and Science Education	81.049	186,970
ARRA - Department of Education	84.000	36,007
Department of Education	84.000	1,294,152
Adult Education - Basic Grants to States	84.002	198,957
ARRA - Title I Grants to Local Educational Agencies	84.010	161,595
National Resource Center	84.015A	186,678
Fellowships	84.015B	223,392
Undergraduate International Studies and Foreign Language	84.016	5,127
Higher Education Institutional Aid	84.031	1,413,879
Title I State Agency Program for Neglected and Delinquent Children	84.031	289,117
TRIO Student Support Services	84.042	638,077
TRIO Upward Bound	84.047	696,506
TRIO Educational Opportunity Centers	84.066	265,921
ARRA - Bilingual Vocational Materials Methods and Techniques	84.100	25,838
Fund for the Improvement of Postsecondary Education	84.116	140,128
Improvement of Postsecondary Education	84.116Z	209,508
Migrant Education High School Equivalency Program	84.141	433,032
Migrant Education College Assistance Migrant Program	84.149	477,964
Special Education-Grants for Infants and Families	84.181	1,685,337
Drug-Free Schools and Communities National Programs	84.184	106,829
Fund for the Improvement of Education	84.215	28,194
McNair Post-Baccalaureate Achievement	84.217	175,701
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325	(841)
Special Education Technical Assistance and Dissemination to Improve Services and Results for Children	84.326	817,470
Child Care Access Means Parents in School (B)	84.335	78,467
Transition to Teaching (B)	84.350	148,508
School Leadership (B)	84.363	70,087
ARRA - Homeless Education Disaster Assistance Program	84.383	69,493
National Writing Project	84.928A	50,040
National Historical Publications and Records Grants	89.003	16,145
ARRA - Department of Health & Human Services	93.000	664,955
Department of Health & Human Services	93.000	2,079,496
Medical Reserve Corps Small Grant Program (B)	93.008	142
Public Health Emergency Preparedness	93.069	46,093
Area Health Education Centers Point of Service Maintenance and Enhancement Awards	93.107	178,725
Maternal and Child Health Federal Consolidated Programs	93.110	1,220,209
Biological Response to Environmental Health Hazards	93.113	14,747
Preventive Medicine Residency Program	93.117	181,855
Emergency Medical Services for Children	93.127	128,166
Injury Prevention and Control Research and State Grants	93.136	76,181
National AIDS Education and Training Centers	93.145	216,866
HIV Demonstration Program for Children Adolescents and	93.153	371,838
Urban Indian Health Services	93.193	366,172
Health Services Research and Development Grants	93.226	198,089
Epidemiology Cooperative Agreements	93.231	(839)
Mental Health Research Grants	93.242	132,810
Substance Abuse and Mental Health Services-Projects of Regional and National Significance (B)	93.243	257,949
Geriatric Academic Career Awards (C)	93.250	58,661
Poison Center Support and Enhancement Grant Program	93.253	225,839
Department of Health and Human Services	93.257	140,636

THE UNIVERSITY OF NEW MEXICO

SCHEDULE 11

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2011

	<u>FEDERAL</u> <u>CFDA NUMBER</u>	<u>EXPENDITURES</u>
Childhood Immunization Grants	93.268	\$ 164,598
Alcohol National Research Service Awards for Research	93.272	146,861
Alcohol Research Programs	93.273	1,800
Mental Health National Research Service Awards for Research Training	93.282	85,000
Centers for Disease Control and Prevention Investigations	93.283	33,076
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	195,996
State Partnership Grant Program to Improve Minority Health (B)	93.296	5,272
Minority Health and Health Disparities Research	93.307	35,130
Biomedical Research Support	93.337	319,957
Advanced Nursing Education Traineeships	93.358	38,333
Nurse Education, Practice and Retention Grants	93.359	271,593
Cancer Treatment Research	93.395	20,049
Cancer Research Manpower	93.398	55,842
ARRA - Public Health Traineeship Program	93.405	1,323
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	14,796
Affordable Care Act (ACA) Expansion of Physician Assistant Training Program	93.514	2,058
State Planning and Establishment Grants for the Affordable Care Act (ACA) Exchanges	93.525	10,077
Community Services Block Grant Discretionary Awards	93.570	3,338
ARRA - Community Services Block Grant Discretionary	93.573	274
Community Services Block Grant Discretionary	93.573	244,141
ARRA - Child Care and Development Block Grant	93.575	88,316
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	52,262
Head Start	93.600	35,007
Developmental Disabilities Basic Support and Advocacy	93.630	26,359
Developmental Disabilities Projects of National	93.631	25,057
Developmental Disabilities University Affiliated Programs	93.632	552,851
ARRA - DHHS/NIH/NCRR	93.701	945,120
ARRA - National Center For Research Resources, Recovery Act Construction Support	93.702	4,740
Medical Assistance Program	93.778	716,652
Cardiovascular Diseases Research	93.837	494,017
Lung Diseases Research	93.838	18,920
Blood Diseases and Resources Research	93.839	5,910
Kidney Diseases Urology and Hematology Research	93.849	3,848
Clinical Research Related to Neurological Disorders	93.853	117,251
Allergy Immunology and Transplantation Research	93.855	196,322
Pharmacology Physiology and Biological Chemistry	93.859	1,439,419
Child Health and Human Development Extramural Research	93.865	177,471
Medical Library Assistance	93.879	2,136
Grants for Training in Primary Care Medicine and Dentistry	93.884	563,989
Specially Selected Health Projects (B)	93.888	89,056
National Bioterrorism Hospital Preparedness Program (B)	93.889	4,696
HIV Care Formula Grants	93.917	214,529
Grants to Provide Outpatient Early Intervention Services	93.918	720,078
Research and Demonstration Projects for Indian Health	93.933	474
Comprehensive Residential Drug Prevention and Treatment	93.937	18,309
Block Grants for Community Mental Health Services	93.958	321,590
Block Grants for Prevention and Treatment of Substance	93.959	9,251
Block Grants for Prevention and Treatment of Substance Abuse	93.959	1,219,666
Grants for Geriatric Education Centers	93.969	134,326
Health Professions Recruitment Program for Indians	93.970	98,752
Preventive Health Services Sexually Transmitted Diseases	93.977	55,689
National Health Promotion	93.990	7,377
Preventive Health and Health Services Block Grant	93.991	161,700
Maternal and Child Health Services Block Grant to the	93.994	104,495

THE UNIVERSITY OF NEW MEXICO

SCHEDULE 11

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2011

	<u>FEDERAL CFDA NUMBER</u>	<u>EXPENDITURES</u>
Maternal and Child Health Services Block Grant to the States	93.994	\$ 327,694
Program Development and Innovation Grants	94.007	196
Federal Emergency Management Agency	97.000	1,716
Homeland Security	97.000	14,876
Cooperating Technical Partners	97.045	33,441
Federal Appropriation	99.999	1,468,551
TOTAL NONMAJOR PROGRAMS		\$ 36,569,136
TOTAL FEDERAL AWARDS		\$ 274,576,751

Reconciliation to Exhibit B - Statement of Revenues, Expenditures and Changes in Net Assets

Federal awards revenue (per Exhibit B):

Federal grants and contracts revenue	\$ 267,754,881
Portion of capital grants and gifts revenue that is federal	2,848,780
Federal stabilization grant revenue	10,438,667
Portion of clinical operations revenue that is federal	1,953,950
Total federal awards revenue	282,996,278

Reconciling items:

Fee for service federal contract revenues - not reportable on Schedule 11	(7,024,707)
Residual balances on federal grants and contracts	(1,394,820)
Total federal expenditures per Schedule 11	\$ 274,576,751

THE UNIVERSITY OF NEW MEXICO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2011

Note 1: Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

Note 2: Student Financial Aid

Perkins loans advanced to students in fiscal year 2011 totaled \$695,301. Perkins loans outstanding at June 30, 2010 totaled \$10,683,551. Federal Direct loans advanced to students in fiscal year 2011 totaled \$129,025,904.

Note 3: Department of Housing and Urban Development 242 Loan Guarantee

During fiscal year 2005, the Regents of the University of New Mexico issued FHA Insured Hospital Mortgage Revenue Bonds for the construction of the Children's Hospital and Critical Care Pavilion. In conjunction with the construction project, the Department of Housing and Urban Development, under Section 242 CFDA number 14.128, issued a loan guarantee for the mortgage amount of \$183,399,000.

During fiscal year 2011, the Sandoval Regional Medical Center (SRMC) issued FHA Insured Hospital Mortgage Revenue Bonds for the construction of the Sandoval Regional Medical Center. In conjunction with the construction project, the Department of Housing and Urban Development, under Section 242 CFDA number 14.128, issued a loan guarantee for the mortgage amount of \$143,425,000. Of that amount, \$35,615,984 has been expended for construction purposes and is considered subject to continuing compliance requirements under OMB Circular A-133.

Note 4: Of the federal expenditures presented in the schedule, the University provided federal awards to subrecipients as follows:

SUBRECIPIENT	CFDA NUMBER	EXPENDITURES
Uc Riverside	10.219	\$ 2,724
Community Action Agency of Southern	11.557	14,076
Animas Biological Studies LLC	12.300	41,268
Applied Research Associates	12.300	45,703
Jet Propulsion Laboratory	12.300	449,176
Science Applic Intern Corp	12.300	83,542
University of Michigan	12.300	161,054
Virginia Polytechnic Institute	12.300	230,120
Applied Research Associates	12.351	896
Dr. James Bartholomew	12.351	129,491
Georgia Tech	12.351	56,200
Gonzaga University	12.351	64,638
Hospital & Health Admin - Kenya	12.351	18,634
Indiana University	12.351	186,645
Los Alamos Natl Labs	12.351	114,521
Los Alamos Visual Analytics	12.351	143,222
Nm State Univ	12.351	123,401
Nm Tech	12.351	24,826
NMC Inc	12.351	15,201
Ohio University	12.351	37,634
Penn State University	12.351	9,378
Practical Risk	12.351	2,721
Star Cryoelectronics	12.351	43,495
Submission Science LLC	12.351	33,811
Systems Engineering & Analysis	12.351	52,351

THE UNIVERSITY OF NEW MEXICO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2011

SUBRECIPIENT	CFDA NUMBER	EXPENDITURES
The Microbe Company LLC	12.351	\$ 32,286
University Of Florida	12.351	552,433
University of Nebraska	12.351	141,219
University Of Texas Austin	12.351	69,373
Virginia Polytechnic Institute	12.351	622,078
Emory University	12.431	42,550
Univ of Texas San Antonio	12.431	42,443
University of Delaware	12.431	79,037
University Of Illinois	12.431	56,993
Columbia University	12.800	68,319
Johns Hopkins University	12.800	1,645
Michigan St. Univ	12.800	118,727
NE Univ @ Boston	12.800	102,456
Nm Tech	12.800	55,344
Sandia National Labs	12.800	187,403
St. Louis University	12.800	41,905
University Of Hawaii	12.800	42,630
University of Virginia	12.800	575
Wake Forest University	12.800	37,979
Worcester Polytechnic Institute	12.910	38,163
Kells + Craig Architects Inc.	15.000	2,169
California Inst of Technology	43.000	18,509
University Of Arizona	43.000	88,163
George Mason University	43.002	45,966
University of North Texas	45.149	29,066
UC Merced	45.169	10,620
The Palace of the Governors	45.301	5,372
Cornell University	47.000	19,259
Duke University	47.000	114,713
KU Research & Graduate Studies	47.000	101,618
Research Analysis & Engineering	47.000	11,404
Uc Santa Barbara	47.000	393,242
University of California	47.000	6,309
University Of Illinois	47.000	35,519
University of Tennessee	47.000	462,634
Utah State University	47.000	19,823
UT-Battelle, LLC	47.000	206,096
Inst of American Indian Arts	47.041	40,258
North Carolina State University	47.041	42,960
Rensselaer Pi	47.041	16,364
Santa Fe Complex	47.041	56,974
University Of Arizona	47.041	121,089
Harvard University	47.049	8,526
University Of Arizona	47.049	173,729

THE UNIVERSITY OF NEW MEXICO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2011

SUBRECIPIENT	CFDA NUMBER	EXPENDITURES
Nm Tech	47.050	\$ 13,541
Jet Propulsion Laboratory	47.070	112,300
Nm Tech	47.070	16,000
Nm State Univ	47.074	50,851
Alb Technical Vocational Instit	47.076	25,195
Central Arizona College	47.076	4,464
Chandler Gilbert Community Coll	47.076	7,249
Hebrew University/Jerusalem	47.076	6,240
Santa Fe Productions	47.076	17,846
Selinda Research Associates	47.076	42,000
SW Indian Polytechnic Institute	47.076	10,557
Iowa State University	47.079	109,163
Univ of Wisconsin-Madison	47.079	3,748
University of Virginia	47.079	95,688
Amer Assn For Advcmt Science	47.080	30,543
Minnick & Associates	47.080	36,007
Nm Highlands University	47.080	81,774
NM Museum of Nat. History	47.080	96,286
Nm State Univ	47.080	704,298
Nm Tech	47.080	469,442
Northern NM Network	47.080	90,391
Nm Tech	47.081	126,435
Minnick & Associates	47.082	6,717
Western Nm University	47.082	236,627
Los Alamos Commerce & Dev Corp	59.037	21,689
SW Research & Info Center	66.000	28,109
Eastern Nm University	81.000	38,974
Nm State Univ	81.000	57,853
Nm Tech	81.000	146,561
University Of Washington	81.000	128,600
Star Cryoelectronics	81.113	11,270
Nm State Univ	84.015	(78)
Arizona State University	84.116	36,689
ISTEC Inc	84.337A	23,665
La Casa Family Health Center	84.397	10,918
Nm State Univ	84.397	37,362
San Juan Community College	84.397	24,565
Santa Fe Community College	84.397	42,260
University of Conneticut	93.000	(226)
University Of Pittsburgh	93.000	4,466
Conexio Genomics Pty Ltd	93.063	15,534
One Lambda Inc.	93.063	559,432
Hogares	93.104	34,788
James B. Reeves	93.104	21,244

THE UNIVERSITY OF NEW MEXICO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2011

SUBRECIPIENT	CFDA NUMBER	EXPENDITURES
Nadine Tafoya	93.104	\$ 32,000
NM Family Network	93.104	211,955
Shaening and Associates	93.104	82,063
Luna Community College	93.107	58,893
Nm State Univ	93.107	67,263
Eastern Navajo Hlth Board	93.113	(145)
SW Research & Info Center	93.113	160,484
Universidad San Francisco de Qu	93.113	32,393
University of Texas Houston	93.113	16,125
University of Texas-MD Anderson	93.113	42,819
Nm Aids Services	93.153	54,404
SW Research & Info Center	93.161	24,222
Yale University	93.161	10,599
Baylor University	93.226	162,675
Duke University	93.242	3,124
Emory University	93.242	10,722
First Choice Comm Hlthcare	93.242	64,260
Mind Institute	93.242	86,125
University of North Carolina	93.242	83,678
University Of Arizona	93.253	15,000
Nm State Univ	93.262	88,483
Klein Buendel	93.273	57,954
Mind Institute	93.273	341,705
Okinawa Inst of Science & Tech	93.273	45,784
Pacific Institute for Research	93.273	300,140
Rutgers, University of NJ	93.273	7,804
Stellenbosch University	93.273	680,707
University of Cape Town	93.273	165,928
University of Missouri	93.273	48,893
BRINM	93.279	7,000
Life Link Inc	93.279	52,871
Na Nizoozhi Ctr Inc	93.279	49,095
Presbyterian Medical Services	93.279	5,000
Turquoise	93.279	10,000
University Of Arizona	93.279	8,004
Zuni Pueblo	93.279	150,656
University Of Texas Austin	93.286	17,359
Los Alamos Natl Labs	93.310	227,168
Scripps Research Institute	93.310	25,000
Los Alamos National Security	93.389	577,494
British Columbia Cancer Agency	93.393	14,063
Cancer Care Ontario	93.393	2,512
Piedmont Cancer Registry	93.393	12,654
Fred Hutchinson Crc	93.394	77,207

THE UNIVERSITY OF NEW MEXICO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2011

SUBRECIPIENT	CFDA NUMBER	EXPENDITURES
New Mexico Resonance	93.394	\$ 131,306
New York Univ School of Med	93.394	46,637
NM Residence	93.394	(131,306)
University Of Florida	93.394	25,426
Nm State Univ	93.395	65,826
Kansas State	93.396	11,578
Lovelace Biomed Environ Rsrch I	93.397	34,311
Lovelace Respiratory Reseach In	93.397	39,673
California Inst of Technology	93.701	407,976
Cascade City County Health Dept	93.701	21,999
Cheyenne River Souix	93.701	17,906
Florida State University	93.701	185,782
Fort Belknap	93.701	30,000
Hidalgo Medical Svcs Dental Pro	93.701	124,754
Indiana University	93.701	94,114
Johns Hopkins University	93.701	110,538
Klein Buendel	93.701	414,235
Los Alamos Natl Labs	93.701	33,000
Mind Institute	93.701	87,426
Pueblo Of Zuni	93.701	54,000
Queen Mary, Univ of London	93.701	18,934
Uc Los Angeles	93.701	69,875
Univ of Kentucky Research Fdn	93.701	15,483
University of California Davis	93.701	323,911
University Of Pennsylvania	93.701	74,774
University of Virginia	93.701	39,012
Albuquerque Ambulance Service	93.837	26,667
Mind Institute	93.837	18,405
Presbyterian Healthcare Svcs	93.837	8,702
University of British Columbia	93.839	64,567
Brigham and Womens Hospital	93.847	12,722
Indiana University	93.847	45,247
Tufts University	93.847	19,060
University of Heidelberg	93.847	14,279
University Of Pennsylvania	93.847	18,744
SW Foundation for Biomed Rsrch	93.849	23,500
Catholic University	93.855	88,146
Colorado State University	93.855	60,032
Duke University	93.855	51,528
Hospital & Health Admin - Kenya	93.855	181,969
Klein Buendel	93.855	167,229
Los Alamos Natl Labs	93.855	57,720
Lovelace Biomed Environ Rsrch I	93.855	516,522
St Jude Childrens Research Hosp	93.855	59,996

THE UNIVERSITY OF NEW MEXICO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2011

SUBRECIPIENT	CFDA NUMBER	EXPENDITURES
Univ of Westminster, London	93.855	\$ 48,698
Universidad Del Desarrollo	93.855	309,084
University of Louisville	93.855	31,014
University Of Pittsburgh	93.855	32,296
Aduro Biotech	93.856	523,710
Arizona State University	93.856	389,974
Cerus Corp	93.856	45,004
Colorado State University	93.856	100,217
Lovelace Biomed Environ Rsrch I	93.856	1,912,598
Univ of Texas San Antonio	93.856	313,357
Boston University	93.859	103,752
Los Alamos Natl Labs	93.859	700,330
Nm State Univ	93.859	1,046
Sandia National Labs	93.859	180,130
UC San Francisco	93.859	49,724
University of Delaware	93.859	30,119
University Of Pennsylvania	93.859	148,644
University of Texas-MD Anderson	93.859	161,584
Drexel University	93.865	52,854
Mind Institute	93.865	144,033
Oregon Research Institute	93.865	19,146
University of Texas-MD Anderson	93.865	58,547
University Of Utah	93.865	31,231
Mind Institute	93.866	137,171
NICOA	93.969	7,926
Hospital & Health Admin - Kenya	93.989	87,869
Kenya Medical Research Institut	93.989	29,722
Universidad Del Desarrollo	93.989	39,750
TOTAL PASSED THROUGH TO SUBRECIPIENTS		\$ 23,749,580

THE UNIVERSITY OF NEW MEXICO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2011

Note 5: Amounts included in SEFA that are passed through to UNM from other prime contractors

GRANTOR	CFDA NUMBER	EXPENDITURES
Middle Rio Grande Conservancy District	10.000	\$ 10,904
New Mexico Conference of Churches	10.000	468
New Mexico Energy Minerals and Natural Resources Dept	10.000	655
Pueblo of Acoma	10.028	27,133
International Photonics Consultants	10.212	32,781
YMCA	10.225	2,492
University of Nebraska	10.303	10,518
New Mexico Human Services Department	10.561	32,223
New Mexico Department of Health	10.578	20,561
New Mexico Department of Information Technology	11.557	22,332
New Mexico State Library	11.557	158,178
New Mexico Department of Information Technology	11.558	230,987
CSA Engineering Inc	12.000	29,977
Gulf South Research Corporation	12.000	63,981
Magnolia Optical Technologies	12.000	63,645
Management Sciences	12.000	51,790
MIND Research Network	12.000	33,510
New Mexico Military Affairs Department	12.000	22,184
Polaris Sensor Technologies, Inc.	12.000	202,352
Precision Photonics Corp	12.000	95,676
QmagiQ LLC	12.000	1,381
R. Christopher Goodwin & Associates, Inc.	12.000	9,986
RNET Technologies, Inc.	12.000	1,092
SRI International	12.000	8,875
State University of New York	12.000	120,288
Universal Technology	12.000	3,207
University of Tennessee	12.000	147,313
Gulf South Research Corporation	12.100	132,781
New Mexico Institute of Mining and Technology	12.114	75,907
Colorado State University	12.300	153,562
University of Houston	12.300	40,277
Colorado State University	12.351	59,267
Pennsylvania State University	12.351	59,419
Lynntech, Inc.	12.400	35,000

THE UNIVERSITY OF NEW MEXICO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2011

Note 5: Amounts included in SEFA that are passed through to UNM from other prime contractors

GRANTOR	CFDA NUMBER	EXPENDITURES
New Mexico Army National Guard	12.401	\$ 10,493
New Mexico Military Affairs Department	12.401	104,272
Animas Biological Studies LLC	12.420	21,448
Luna Innovations	12.420	34,974
Academy of Applied Science	12.431	878
BAE Systems	12.431	246,569
University of California, Santa Barbara	12.431	37,520
R. Christopher Goodwin & Associates, Inc.	12.560	7,462
Akermin	12.800	29,993
BAE Systems	12.800	170,546
Henry M Jackson Foundation	12.800	398,282
Kansas State University	12.800	1,545
SAIC	12.800	39,974
Southwest Sciences	12.800	(19)
University of Arizona	12.800	200,253
University of Dayton	12.800	161,036
University of Texas Austin	12.800	(718)
University of Virginia	12.800	212,496
Mesa Photonics LLC	12.910	26,436
Northwest Research Associates	12.910	20,514
Navajo Nation	15.000	12,500
New Mexico Energy Minerals and Natural Resources Dept	15.000	55,032
New Mexico Game and Fish Department	15.000	(57)
Desert Research Institute	15.507	17,985
New Mexico Game and Fish Department	15.611	24,186
New Mexico Energy Minerals and Natural Resources Dept	15.615	21,639
New Mexico Game and Fish Department	15.634	46,279
State of Arizona	15.808	6,357
Florida Supreme Court	16.000	15,083
New Mexico Children Youth and Family Department	16.000	28,517
New Mexico Public Safety Department	16.000	59,438
New Mexico Public Safety Department	16.100	76,855
University of Nevada System	16.560	44,592
New Mexico Crime Victims Reparation Commission	16.575	76,872

THE UNIVERSITY OF NEW MEXICO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2011

Note 5: Amounts included in SEFA that are passed through to UNM from other prime contractors

GRANTOR	CFDA NUMBER	EXPENDITURES
Justice Research & Statistics Association	16.734	\$ 30,311
New Mexico Public Safety Department	16.741	236,232
New Mexico Corrections Department	16.803	104,908
New Mexico Public Safety Department	16.803	63,268
New Mexico Department of Transportation	17.000	16,594
City of San Bernardino	17.259	1,254
New Mexico Department of Transportation	20.000	2,111,330
New Mexico Department of Transportation	20.200	31,570
Jet Propulsion Lab	43.000	81,006
New Mexico State University	43.000	166,662
University of California Los Angeles	43.000	6,135
Jet Propulsion Lab	43.001	25,196
New Mexico State University	43.001	20,484
University of Colorado	43.002	15,229
Washington University	43.002	32,733
New Mexico Arts Division	45.025	4,945
Gratings Inc	47.000	34,906
Louisiana State University	47.000	3,379
University of Notre Dame	47.000	6,148
Yale University	47.000	22,899
Arizona State University	47.041	37,993
Iowa State University	47.041	106,427
Rensselaer Polytechnic Institute	47.041	432,702
T3 Scientific LLC	47.041	(68)
Thermo Dynamic Films	47.041	9,217
University of Rochester	47.041	52,810
New Mexico State University	47.046	473,979
University of California Santa Cruz	47.049	12,011
University of Arizona	47.050	(18,574)
University of Oklahoma	47.070	29,880
Duke University	47.074	21,155
NatureServe	47.074	2,037
The Board of Trustees of Western Illinois University	47.074	34,658
University of California Los Angeles	47.074	94,260

THE UNIVERSITY OF NEW MEXICO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2011

Note 5: Amounts included in SEFA that are passed through to UNM from other prime contractors

GRANTOR	CFDA NUMBER	EXPENDITURES
University of Kansas Center for Research	47.074	\$ 4,750
University of Puerto Rico	47.074	36,449
Boston University	47.075	65,734
Gallaudet University	47.075	143,447
New Mexico State University	47.075	36,650
Arizona State University	47.076	40,416
Colorado State University	47.076	53,762
Ideum Inc	47.076	13,806
New Mexico State University	47.076	291,261
University of Arizona	47.076	64,957
University of Colorado	47.076	6,833
Mesa Photonics LLC	47.082	13,935
Titan Optics & Engineering	47.082	(50,768)
University of Arizona	47.082	29,410
Santa Fe Community College	59.000	32,516
Santa Fe Community College	59.037	190,415
New Mexico VA Health Care System	64.000	8,334
ERRG, Incorporated	66.000	84,985
Lovelace Biomedical & Environmental Research Inst	66.000	20,125
New Mexico Environment Department	66.000	23,393
New Mexico Finance Authority	66.468	1,538,892
University of Washington	66.509	5,600
Argonne National Laboratory	81.000	(8,779)
Ballard Power Systems Inc.	81.000	76,337
Battelle Memorial Institute	81.000	308,005
Brookhaven Science Associates LLC	81.000	247,733
Fermi Laboratory	81.000	15,898
Johns Hopkins University	81.000	3,963
Lawrence Berkeley National Laboratory	81.000	106,378
Lawrence Livermore National Laboratory	81.000	57,464
Los Alamos National Laboratory	81.000	1,076,169
Los Alamos National Security, LLC	81.000	125,154
MIND Research Network	81.000	134,325
National Renewable Energy Laboratory	81.000	1,624

THE UNIVERSITY OF NEW MEXICO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2011

Note 5: Amounts included in SEFA that are passed through to UNM from other prime contractors

GRANTOR	CFDA NUMBER	EXPENDITURES
New Mexico Consortium Inc	81.000	\$ 15,739
Rensselaer Polytechnic Institute	81.000	60,335
Sandia National Laboratories	81.000	2,372,749
South Carolina State University	81.000	1,531
Universities Research Association Fermilab	81.000	8,313
University of Oregon	81.000	22,699
New Mexico Energy Minerals and Natural Resources Dept	81.041	255,832
Colorado State University	81.049	8,729
Duke University	81.049	28,863
MIND Research Network	81.049	142,416
New Mexico Consortium Inc	81.049	39,265
State of Arizona	81.049	100,117
T3 Scientific LLC	81.049	32,954
University of Florida	81.049	63,382
Northeastern University	81.087	55,193
National Securities Technologies	81.108	127
Texas A&M University	81.113	98,487
Trustees of Purdue University	81.113	205,410
Washington State University	81.121	78,804
Public Service Company of NM	81.122	22,139
Navajo Nation	84.000	75,603
New Mexico Department of Health	84.000	36,007
New Mexico Higher Education Department	84.000	256,532
NM Public Education Department	84.000	363,502
Northern New Mexico College	84.000	172,726
Public Broadcasting Service	84.000	8,852
New Mexico Higher Education Department	84.002	199,888
NM Public Education Department	84.002	(931)
Albuquerque Public Schools	84.010	161,595
Albuquerque Public Schools	84.100	25,838
East Tennessee State University	84.116	28,775
Texas Tech University	84.116	26,334
University of Iowa	84.116	(3,752)
Star Cryoelectronics LLC	84.133	20,473

THE UNIVERSITY OF NEW MEXICO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2011

Note 5: Amounts included in SEFA that are passed through to UNM from other prime contractors

GRANTOR	CFDA NUMBER	EXPENDITURES
New Mexico Department of Health	84.181	\$ 510,833
NM Public Education Department	84.181	1,174,504
Region IX Education Cooperative	84.215	28,194
Washington University	84.305	49,737
NM Public Education Department	84.326	727,937
NM Public Education Department	84.350	148,508
Albuquerque Public Schools	84.363	70,087
New Mexico Department of Health	84.383	69,493
New Mexico Higher Education Department	84.394	1,893,193
New Mexico Higher Education Department	84.394A	8,119,441
Utah State University	84.396	9,540
New Mexico Department of Finance & Administration	84.397	74,660
NM Public Education Department	84.397	328,782
National Writing Project Corp	84.928A	50,040
Albuquerque Area Indian Health Board Inc	93.000	156,867
Albuquerque Public Schools	93.000	46,898
American Cancer Society Inc	93.000	119,155
Association for Prevention Teaching & Research	93.000	2,997
Biomedical Research Institute of New Mexico	93.000	16,041
Carnegie Mellon University	93.000	18,456
Case Western Reserve University	93.000	154,482
Clarity Counseling Inc	93.000	13,546
Coley Pharmaceutical Group	93.000	338,556
DeCode Genetics	93.000	112,146
Eastern Cooperative Oncology Group	93.000	38,802
General Hospital Corp	93.000	82,003
Hidalgo Medical Services	93.000	74,994
Houston Academy of Medicine - Texas Medical Center	93.000	22,311
Los Alamos National Laboratory	93.000	(21,288)
Lovelace Biomedical & Environmental Research Inst	93.000	98,334
Lovelace Respiratory Research Institute	93.000	63,798
Mescalero Apache Schools	93.000	21,990
National Childhood Cancer Foundation	93.000	13,876
Navajo Nation	93.000	394,904

THE UNIVERSITY OF NEW MEXICO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2011

Note 5: Amounts included in SEFA that are passed through to UNM from other prime contractors

GRANTOR	CFDA NUMBER	EXPENDITURES
New Mexico Cancer Care Alliance	93.000	\$ 63
New Mexico Department of Health	93.000	789,434
New Mexico Human Services Department	93.000	1,493,044
New Mexico VA Health Care System	93.000	5,035
NM Developmental Disabilities Planning Council	93.000	84,125
North Central Cancer Treatment Group	93.000	21,800
San Felipe Pueblo Headstart -LA	93.000	11,029
Senior Scientific	93.000	204,101
Sloan Kettering Institute for Cancer Research	93.000	22,883
The University of Texas Health Science Center at San Antonio	93.000	18,210
University of Alabama	93.000	(26,707)
University of California Irvine	93.000	27,524
University of California Los Angeles	93.000	8
University of Colorado	93.000	15,074
University of Connecticut	93.000	42,483
University of Maryland	93.000	99,823
Utah State University	93.000	281,959
ValueOptions of New Mexico	93.000	229
National Association of County & City Health Official	93.008	442
New Mexico Department of Health	93.069	46,093
New Mexico Children Youth and Family Department	93.104	505,044
University of California Los Angeles	93.110	23,435
Lovelace Biomedical & Environmental Research Inst	93.113	21,542
University of California Los Angeles	93.113	57,625
University of Texas at El Paso	93.113	14,338
New Mexico Department of Health	93.136	93,118
University of Colorado	93.145	216,866
Albuquerque Area Indian Health Board Inc	93.193	114,695
Fort Defiance Indian Hospital	93.193	862
Albuquerque Area Indian Health Board Inc	93.231	9,368
Medical College of Georgia	93.242	3,835
Medical College of Wisconsin	93.242	11,094
Stanford University	93.242	124,958
Albuquerque Healthcare for the Homeless	93.243	10,947

THE UNIVERSITY OF NEW MEXICO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2011

Note 5: Amounts included in SEFA that are passed through to UNM from other prime contractors

GRANTOR	CFDA NUMBER	EXPENDITURES
American Psychiatric Association	93.243	\$ 2,031
New Mexico Children Youth and Family Department	93.243	208
New Mexico Department of Health	93.243	28,384
New Mexico Human Services Department	93.243	21,491
OptumHealth New Mexico	93.243	165,151
San Felipe Tribal Enterprise	93.243	66,381
Santa Clara Indian Pueblo	93.243	25,573
University of Colorado	93.262	9,606
University of Texas Health Center at Tyler	93.262	183,245
New Mexico Department of Health	93.268	164,598
Loyola University Chicago	93.273	1,838
MIND Research Network	93.273	11,196
Rutgers University	93.273	20,475
San Diego State University Foundation	93.273	458,048
California Institute of Technology	93.279	10,018
MIND Research Network	93.279	96,363
SIMmersion LLC	93.279	59,607
University of Colorado	93.279	23,597
University of Massachusetts	93.279	23,878
New Mexico Department of Health	93.282	85,000
Association for Prevention Teaching & Research	93.283	48,739
Association of American Medical Colleges	93.283	9,063
New Mexico Department of Health	93.283	931,388
University of California	93.283	5,424
University of Colorado	93.283	23,322
MIND Research Network	93.286	10,341
University of California-Davis	93.286	191,388
New Mexico Department of Health	93.296	5,272
Harvard University	93.361	27,588
Carnegie Mellon University	93.389	58,713
MIND Research Network	93.389	692,771
New Mexico State University	93.389	739,585
University of Washington	93.389	13,437
Group Health Cooperative	93.393	(2,448)

THE UNIVERSITY OF NEW MEXICO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2011

Note 5: Amounts included in SEFA that are passed through to UNM from other prime contractors

GRANTOR	CFDA NUMBER	EXPENDITURES
Northern California Institute for Research & Education	93.393	\$ 52,806
Regents of the University of Minnesota	93.393	5,518
University of North Carolina	93.393	185,922
University of Utah	93.393	16,514
University of Washington	93.393	9,202
Vanderbilt University Medical Center	93.393	34,872
Fred Hutchinson Cancer Research Center	93.394	75,907
Lovelace Respiratory Research Institute	93.394	43,433
SRI International	93.394	14,710
University of Colorado	93.394	47,145
Gynecologic Oncology Group	93.395	146,816
National Childhood Cancer Foundation	93.395	6,104
Senior Scientific	93.395	103,206
Southwest Oncology Group	93.395	19,967
University of Louisville	93.395	314
University of Michigan	93.395	(73,896)
University of Missouri - Columbia	93.396	(138)
Baylor College of Medicine	93.397	35,473
Fred Hutchinson Cancer Research Center	93.397	25,149
Methodist Hospital Research Institute	93.397	33,116
SAIC	93.397	246,591
University of Southern California	93.397	57,137
Northwestern University	93.398	26,089
West Virginia University Research Corporation	93.398	23,389
Fred Hutchinson Cancer Research Center	93.399	294,968
New Mexico Children Youth and Family Department	93.505	14,796
Albuquerque Indian Health	93.525	10,077
New Mexico Human Services Department	93.525	20,667
National Collegiate Athletic Association	93.570	3,338
New Mexico Children Youth and Family Department	93.573	307,564
Christina Kent Early Childhood Center	93.575	4,204
New Mexico Children Youth and Family Department	93.575	84,112
New Mexico Children Youth and Family Department	93.596	52,262
Navajo Nation	93.600	35,007

THE UNIVERSITY OF NEW MEXICO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2011

Note 5: Amounts included in SEFA that are passed through to UNM from other prime contractors

GRANTOR	CFDA NUMBER	EXPENDITURES
New Mexico Corrections Department	93.630	\$ 27,162
New Mexico Department of Health	93.630	(803)
THINK COLLEGE	93.632	4,568
Central New Mexico Community College	93.701	5,884
Feinstein Institute for Medical Research	93.701	45,072
Johns Hopkins University	93.701	42,383
MIND Research Network	93.701	138,806
National Childhood Cancer Foundation	93.701	356,853
New Mexico State University	93.701	501,298
Northwestern University	93.701	58,029
SAIC	93.701	39,919
San Diego State University Foundation	93.701	97,820
St. Jude Children's Research Hospital	93.701	434,841
The Children's Mercy Hospital	93.701	10,077
University of California Los Angeles	93.701	12,974
University of California-Davis	93.701	146,274
University of Texas at El Paso	93.701	51,158
University of Texas Medical Branch	93.701	23,765
Utah State University	93.701	52,335
VisionQuest Biomedical, LLC	93.701	64,607
Wayne State University	93.701	113,220
West Virginia University Research Corporation	93.701	99,167
Catholic Charities of New Mexico	93.702	4,740
New Mexico Department of Health	93.712	114,610
NALEO Educational Fund Inc	93.731	59,345
New Mexico Department of Health	93.778	716,652
Fred Hutchinson Cancer Research Center	93.837	25,453
Harvard University	93.837	130,894
New England Medical Center	93.837	360,235
University of Texas Austin	93.837	142,704
University of Washington	93.837	153,076
University of Wisconsin	93.837	10,031
New Mexico Cancer Care Alliance	93.839	4,083
Washington University	93.839	9,315

THE UNIVERSITY OF NEW MEXICO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2011

Note 5: Amounts included in SEFA that are passed through to UNM from other prime contractors

GRANTOR	CFDA NUMBER	EXPENDITURES
University of Iowa	93.846	\$ 16,005
George Washington University	93.847	23,729
University of Pittsburgh	93.847	2,731
University of Texas Medical Branch	93.847	24,356
The Children's Mercy Hospital	93.849	36,836
University of North Carolina	93.849	400
MIND Research Network	93.853	21,105
Mount Sinai School of Medicine	93.853	31,506
University of California	93.853	226,617
University of California San Francisco	93.853	6,247
University of Cincinnati	93.853	150,025
University of Kansas Center for Research	93.853	32,493
University of North Carolina	93.853	77,483
Yale University	93.853	12,493
Macrogenics	93.855	83,778
Mesa Tech International, Inc.	93.855	40,252
State University of New York	93.855	66,509
University of Alabama at Birmingham	93.855	4,386
University of Nevada System	93.855	49,614
University of Wisconsin	93.855	61,412
University of Nevada System	93.856	30,549
University of Notre Dame	93.856	135,700
Boston University	93.859	58,328
Rules-Based Medicine Inc.	93.859	38,728
University of California San Francisco	93.859	65,693
University of Illinois	93.859	180,527
MIND Research Network	93.865	4,368
Temple University	93.865	21,330
Biomedical Research Institute of New Mexico	93.866	6,765
Santa Fe Institute	93.866	(62,806)
University of California, Santa Barbara	93.866	282,152
University of Southern California	93.866	166,778
University of Illinois	93.867	65,423
VisionQuest Biomedical, LLC	93.867	136,779

THE UNIVERSITY OF NEW MEXICO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2011

Note 5: Amounts included in SEFA that are passed through to UNM from other prime contractors

GRANTOR	CFDA NUMBER	EXPENDITURES
New Mexico Department of Health	93.889	\$ 4,696
New Mexico Department of Health	93.917	263,319
St Louis University	93.933	474
University of Washington	93.937	18,309
New Mexico Department of Health	93.946	8,661
New Mexico Children Youth and Family Department	93.958	2,112
OPTUM	93.958	321,590
New Mexico Human Services Department	93.959	9,251
OPTUM	93.959	1,219,666
DHHS PHS Navajo Indian Health Service	93.970	98,752
New Mexico Department of Health	93.977	55,689
New Mexico Department of Health	93.991	177,104
New Editions Consulting, Inc.	93.994	60
New Mexico Department of Health	93.994	610,693
Federal Emergency Management Agency	97.000	29,403
Gulf South Research Corporation	97.000	2,464
New Mexico Public Safety Department	97.000	1,716
Eurasia Foundation	98.001	16,729
Corporation for Public Broadcasting	99.999	1,461,735
Public Broadcasting Service	99.999	6,816
AMOUNTS INCLUDED IN SEFA THAT ARE PASSED THROUGH TO UNM FROM OTHER PRIME CONTRACTORS		\$ 54,263,194

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

Board of Regents
University of New Mexico and
Mr. Hector H. Balderas
New Mexico State Auditor

We have audited the financial statements of the business-type activities and its aggregate discretely presented component units, and the budget comparisons presented as supplemental information of the University of New Mexico (the University) as of and for the year ended June 30, 2011, which collectively comprise the University's basic financial statements and have issued our report thereon dated November 4, 2011. Our report includes a reference to other auditors. 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. Other auditors audited the financial statements of the UNM Medical Group, Inc., The Robert O. Anderson Schools of Management Foundation, UNM Lobo Club, Lobo Development Corporation, The University of New Mexico Alumni Association, STC.UNM, Lobo Energy Incorporated, and UNM Sandoval County Regional Medical Center, Inc., as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

Our consideration of 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 the 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.

MOSS ADAMS LLP

Board of Regents
University of New Mexico and
Mr. Hector H. Balderas
New Mexico State Auditor

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that are required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of findings and questioned costs as items 2009-01, 2009-05, 2010-04, 2010-05, and 2011-01 through 2011-05.

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

This report is intended solely for the information and use of management, the Board of Regents, others within the entity, the Department of Finance and Administration, the Legislative Finance Committee, the State Auditor, the cognizant audit agency, other federal audit agencies, and pass-through entities 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 4, 2011

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Regents
University of New Mexico and
Mr. Hector H. Balderas
New Mexico State Auditor

Compliance

We have audited the University of New Mexico's (the University) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2011. The University'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 University's management. Our responsibility is to express an opinion on the University'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 University'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 of the University's compliance with those requirements.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

MOSS ADAMS LLP

Board of Regents
University of New Mexico and
Mr. Hector H. Balderas
New Mexico State Auditor

Internal Control Over Compliance

Management of the University 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 University's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 compliance that might be deficiencies, 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.

This report is intended solely for the information and use of management, the Board of Regents, others within the entity, the Department of Finance and Administration, the Legislative Finance Committee, the State Auditor, the cognizant audit agency, other federal audit agencies, and pass-through entities, 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 4, 2011

THE UNIVERSITY OF NEW MEXICO

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2011

Finding 2009-01. Financial Statements and General Ledger Closing Process – Lobo Club

Current Status: Revised and Repeated.

Finding 2009-02. General Ledger Access – Lobo Club

Current Status: Resolved.

Finding 2009-05. Agency Account Reconciliation - Lobo Club

Current Status: Revised and Repeated.

Finding 2010-01. Debit Card Process – Lobo Club

Current Status: Resolved.

Finding 2010-02. Contributions for the PIT Renovation - Lobo Club

Current Status: Resolved.

Finding 2010-03. Accounts Payable Recording and Payment Practices – Lobo Club

Current Status: Resolved.

Finding 2010-04. Restricted Contributions Payable Reconciliation – Lobo Club

Current Status: Revised and Repeated.

Finding 2010-05. Lack of Supporting Documentation – Lobo Club

Current Status: Revised and Repeated.

Finding 2010-06. Cash Receipting Process – Lobo Club

Current Status: Resolved.

Finding 2010-07. Cerner and Siemens Systems Edit/Exception/Error Report Review – UNM Hospital

Current Status: Resolved.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2011

Finding 2010-08. Physical Inventory of Capital Assets

Current Status: Resolved.

Finding 2010-09. Process for Estimation of Contractual Discounts and Bad Debt Allowances for Cancer Center Patient Receivables

Current Status: Resolved.

Finding 2010-10. Over-expenditure of Budgetary Authority

Current Status: Resolved.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Section I—Summary of Auditor’s Results

Basic Financial Statements

Type of auditor’s report issued: **Unqualified**

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Noncompliance material to basic financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X 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 X No

Identification of major programs:

Student Financial Aid Cluster – Various CFDA numbers
Research and Development Cluster – Various CFDA numbers
State Fiscal Stabilization Fund Cluster (ARRA) – Various CFDA numbers
Drinking Water Revolving Fund (ARRA) – CFDA 66.468
Mortgage Insurance – Hospitals and SRMC – CFDA 14.128

Dollar threshold used to distinguish between type A and type B programs: \$3,000,000

Auditee qualified as low-risk auditee? X Yes _____ No

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Section II—Basic Financial Statement Findings

None

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Section III—Federal Award Findings and Questioned Costs

None

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Section IV—Other Findings, as required by New Mexico State Statute, Section 12-6-5, NMSA 1978

2009-01. Financial Statements and General Ledger Closing Process – Lobo Club

Condition

The Lobo Club did not complete a thorough reconciliation of all year-end account balances to ensure that all balances were properly recorded in accordance with generally accepted accounting principles (GAAP). There were four entries proposed by the auditors that should have been recorded during the year-end closing process. In addition, we noted that journal entries are not independently reviewed and approved by someone other than the preparer.

Criteria

Governmental Accounting Standards Board (GASB), *Codification of Governmental Accounting and Financial Reporting Standards*, Section 1100.114 requires governments to prepare appropriate financial statements and reports of financial position and operating results. Other pertinent information should be prepared to facilitate management control of financial operations, legislative oversight, and, where necessary or desired, for external reporting purposes.

Effect

The Lobo Club may not have the ability to prevent and detect material misstatements in their financial statements which could result in incorrect information for management and outside users.

Cause

There aren't sufficient personnel to prepare and review all closing journal entries in a timely manner. In addition, we noted the Lobo Club's accounting policies and procedures manual was created years ago and some of the procedures are no longer being followed or have been superseded and that formal review and new processes have not been documented.

Recommendation

We recommend that Lobo Club ensure that all accounts are fully reconciled throughout the year; that all closing/adjusting entries be posted prior to the commencement of the audit; that all journal entries throughout the year including closing entries be independently reviewed and approved by someone other than the preparer and that evidence of this review be documented and maintained.

We further recommend that the Lobo Club update its accounting policies and procedures manual to ensure that policies and procedures exist which require monthly and year-end reconciliations of all account balances to ensure that internal interim financial statements are consistently presented in accordance with GAAP.

University Response

The Lobo Club's Financial Coordinator will implement a written process for monthly and year-end account reconciliation and financial statement closing process. This will ensure account discrepancies will be corrected throughout the year and account for all journal entries that need to be made monthly and prior to the annual audit. In addition, monthly

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

journal entries will obtain written approval by the Associate Athletics Director for Development.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

2009-05. Agency Account Reconciliation – Lobo Club

Condition

The Lobo Club did not reconcile the non-endowed spending account and Banner account balance consistently during the year which resulted in two audit adjustments in order to properly reconcile the cash and due to UNM account balances.

Criteria

Monitoring is a critical component of an effective internal control system. Monitoring is a process that assesses the quality of internal control performance over time. It involves assessing the design and operation of controls on a timely basis and taking necessary corrective actions. In order to accomplish that assessment, management must have the ability to produce and analyze accurate accounting reports and reconciliations on a timely basis.

Effect

Timely reconciliations and adjustments of the agency account and due to/from UNM account will ensure meaningful and accurate financial statements and reduce the risk that errors in deposits or cash balances go undetected.

Cause

There aren't sufficient personnel to prepare reconciliations in a timely manner.

Recommendation

In order to make the financial reports generated by the accounting system as meaningful as possible, the Lobo Club should reconcile the general ledger accounts for balance sheet accounts to supporting documentation (including Banner) on a monthly basis.

University Response

The Financial Coordinator for the Lobo Club did not transfer funds or perform monthly reconciliations on the non-endowed spending account until April of 2011. Moving forward, the Financial Coordinator will combine the non-endowed spending account reconciliations with the agency account reconciliations and perform monthly transfers of these revenues.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

2010-04. Restricted Contributions Payable Reconciliation – Lobo Club

Condition

Contributions received that were restricted for specific sports were recorded in both a revenue and expense account instead of immediately as a “due to” account and were not reconciled on a monthly basis.

Criteria

GASB 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, Paragraph 5, requires in cases in which a recipient government serves only as a cash conduit, the grant should be reported in an agency fund. A recipient government serves only as a cash conduit if it merely transmits grantor-supplied moneys without having administrative or direct financial involvement in the program.

Effect

There is increased risk that revenues and expenses may be inflated and management and the Board of Directors may not be receiving accurate financial information.

Cause

There aren't sufficient personnel to ensure all financial activity is recorded in accordance with GAAP.

Recommendation

The Lobo Club should reconcile the general ledger accounts for balance sheet and income statement accounts, including the restricted revenue and expenses, to ensure compliance with GASB 24.

University Response

As of July 1, 2011, the restricted contributions for specific sports are posted to the appropriate liability account code and are reconciled on a monthly basis before the Financial Coordinator makes the Banner entry to transfer the funds to the Foundation.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

2010-05. Lack of Supporting Documentation – Lobo Club

Condition

We noted several instances where supporting documentation could not be provided for some of the transactions. This included transactions for accounts receivable and revenue.

Criteria

Orderly filing of documents should be maintained to insure proper control over all supporting documentation and invoices evidencing revenues, expenditures, etc.

Effect

There is increased risk that errors or fraud may go undetected.

Cause

There aren't sufficient personnel to ensure all transactions have consistent supporting documentation maintained in the files.

Recommendation

The Lobo Club needs to implement procedures to ensure consistency in supporting documents as well as filing and storage procedures.

University Response

The Lobo Club Financial Coordinator will ensure all supporting documentation is well maintained in a consistent manner, organized in files, and stored in a secure location. To avoid future exceptions, the Donor Services Coordinator will be more vigilant in obtaining hard copies of all contracts that designate monies to be given to the Lobo Club and updating that file throughout the year. The Donor Services Coordinator will also ensure that the Pit Suites contracts are received and filed at the time of purchase and entry into the Titan system.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

2011-01. System Conversion – Lobo Club

Condition

During fiscal year 2011, Lobo Club converted its donor contributions system from ContribTrak to Titan. No evidence of a reconciliation of the activity transferred from ContribTrak to Titan to ensure completeness, and accuracy was performed at the conversion date.

In addition, the data from ContribTrak/Titan was not reconciled on a monthly basis to the general ledger.

Criteria

Timely reconciliation of system conversion data and monthly data in Titan ensures data included in both Titan and the general ledger is complete and accurate.

Effect

There is a high likelihood that amounts recorded in the Titan system contain material errors which impact accounts receivable, deferred income and contribution revenue in both the Titan and general ledger accounts and the financial statements as of and for the year ended June 30, 2011.

Cause

There is a lack of sufficient personnel to reconcile both system conversion data as well as monthly Titan/general ledger reconciliations.

Recommendation

We recommend that Lobo Club fully reconcile the data converted from ContribTrak to Titan and adjust Titan as necessary.

We further recommend that a monthly reconciliation of donor data included in Titan be reconciled to the balances for accounts receivable, deferred income and revenue included in the general ledger and that adjustment to these two systems be recorded.

University Response

The Lobo Club intends to reconcile the data in the new software system and implement internal controls to account for any changes that are made in the Titan system i.e. write-offs, pledge amounts, GIK amounts. The Financial Coordinator will also balance the monthly deposits made in Titan to what was entered into the Financial Statements to ensure accuracy in both systems.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

2011-02. Capitalization Thresholds and Annual Inventory of Capital Assets – Lobo Club

Condition

Lobo Club has a capitalization policy to capitalize all disbursements for equipment and furnishing in excess of \$500. In addition, there is not an annual inventory performed of capital assets.

Criteria

NM State Audit Rule 2011, Section 2.2.2.10 Y, *Capital Asset Inventory*, requires agencies to capitalize only chattels and equipment that cost over \$5,000. All agencies are required to update their capitalization policy and implement it in accordance with the law. Regarding safeguarding and management of assets that do not meet the capitalization threshold, the State Auditor encourages agencies to maintain a separate accountability report for those items that cost \$5,000 or less.

In addition, Section 12-6-10(A) NMSA 1978 requires each agency to conduct an annual physical inventory of movable chattels and equipment on the inventory list at the end of each fiscal year. The agency shall certify the correctness of the inventory after the physical inventory. This certification should be provided to the agency's auditors.

Effect

The Lobo Club is not in compliance with the New Mexico State Audit Rule.

Cause

There is a lack of sufficient personnel to ensure compliance with all laws and regulations.

Recommendation

The Lobo Club should implement procedures to conduct annual inventory over capital assets as well as modify their capitalization threshold policy to be in line with the New Mexico State Audit Rule.

University Response

The Lobo Club will follow the UNM capitalization policy and not capitalize anything under \$5,000 and will conduct a year-end inventory on June 30th. This policy change has been approved by the Finance Committee of the Lobo Club.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

2011-03. Journal Entries – The Robert O. Anderson Schools of Management Foundation

Condition

The Anderson Foundation's financial statements did not include all closing entries before the audit began. There were 23 client prepared entries recorded during audit field work. In addition, we noted that journal entries are not independently reviewed and approved by someone other than the preparer.

Criteria

Governmental Accounting Standards Board (GASB), Codification of Governmental Accounting and Financial Reporting Standards, Section 1100.114 requires governments to prepare appropriate interim financial statements and reports of financial position and operating results. Other pertinent information should be prepared to facilitate management control of financial operations, legislative oversight, and, where necessary or desired, for external reporting purposes.

Effect

Anderson Foundation may not have the ability to prevent and detect misstatements in their financial statements which could potentially result in incorrect information for management and outside users.

Cause

Due to lack of a full time accountant dedicated to the Anderson Foundation, there aren't sufficient personnel to both prepare and review closing journal entries in a timely manner.

Recommendation

We recommend that Anderson Foundation ensure that all closing entries be posted prior to the commencement of the audit. We further recommend that all journal entries throughout the year including closing entries be independently reviewed and approved by someone other than the preparer and that evidence of this review be documented and maintained.

University Response

Anderson Foundation management will take steps to improve communication and internal processes and to shift some current duties from the accounting staff to other existing Anderson staff. This will allow the accounting staff additional time to prepare for the annual audit. All journal entries beginning in FY 12 will be approved by someone other than the preparer. Anderson Foundation will document and maintain a record of the approvals.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

2011-04. Excluded Provider – UNM School of Medicine

Condition

An excluded provider was allowed to furnish patient care services while under the supervision of attending physicians in Internal Medicine.

It was discovered on August 19, 2011 that a training physician had submitted dictation but was not located on the IDX directory of residents and physicians. An exclusion sanction check was conducted and revealed that the physician had been excluded on September 2000 from participation in any Federal program under Section 1128b4 (felony conviction related to a controlled substance). Review of the Colorado Medical Board website shows that the physician surrendered his medical license in 1998. This physician was given a training license by the New Mexico Medical Board on June 20, 2011 and is pending full licensure.

This physician had been accepted into the University of New Mexico School of Medicine Mini-sabbatical program coordinated through the Office of Continuing Medical Education (CME) for a six month term from June 22, 2011-December 31, 2011. The CME program allows physicians who are seeking to regain good standing from a licensure standpoint to come to the UNM Health Sciences Center's academic and clinical settings and provides them with educational experiences such as observation or, occasionally, participation in management of patients. Physicians pay the program \$200/day to participate.

Criteria

The Office of Inspector General (OIG) has the authority to exclude individuals and entities from Federally-funded health care programs pursuant to sections 1128 and 1156 of the Social Security Act. OIG is required by law to exclude from participation in all Federal health care programs individuals and entities convicted of the following types of criminal offenses: (1) Medicare or Medicaid fraud, as well as any other offenses related to the delivery of items or services under Medicare, Medicaid, SCHIP, or other State health care programs; (2) patient abuse or neglect; (3) felony convictions for other health care-related fraud, theft, or other financial misconduct; and (4) felony convictions relating to unlawful manufacture, distribution, prescription, or dispensing of controlled substances.

Effect

The primary effect of an Office of Inspector General (OIG) exclusion from Federal health care programs is that no Federal health care program payment will be provided for any items or services furnished, ordered or prescribed by an excluded individual. This includes Medicare, Medicaid and all other federal plans and programs that provide health benefits funded directly or indirectly by the United States.

Patient encounters in which this provider furnished and documented patient care services have been identified by the Hospital and by University of New Mexico Medical Group (UNMMG). Dates of service range from July 6, 2011 – August 19, 2011. Sixteen accounts were submitted to government payers by the Hospital. Projected payments total \$122,823. There is no impact to account balances for the year ended and as of June 30, 2011. Eleven accounts were submitted by UNMMG, with projected payments totaling less than \$4,000.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Cause

The CME program has not conducted Exclusion Sanction Checks on providers accepted into this program. Since these providers are not paid by any entity of the Health Sciences Center, these providers do not bill under their names, and the providers are under supervision of attending physicians, the CME program states that they did not know that these providers should be checked for exclusion from government health care programs.

Recommendation

We recommend that the CME program establish a process to ensure that exclusion checks are performed on all applicants prior to acceptance to the CME program. In addition, we recommend that the Hospital and the UNMMG refund payments to Medicare, Medicaid, and Indian Health Service for billings submitted for patient encounters in which the excluded provider furnished or documented patient care services.

University Response

UNM Health Sciences Center terminated the physician from the CME program on August 22, 2011. The CME office was set up and trained to perform Exclusion Sanction Checks on August 26, 2011, and going forward, all applicants will be checked prior to acceptance to the CME mini-sabbatical program. In addition, prior participants from 2000 forward in the CME program will be checked against the sanction list. All payments received by the Hospital and the UNMMG will be refunded back to the applicable government health care programs.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

2011-05. Delinquent Reports

Condition

During our reporting test work, we noted two Federal Financial Reports were submitted after the due date. Grant 2R99T covering the period August 1, 2007 thru June 30, 2009, which was due on September 30, 2009, was not submitted until July 15, 2010. Grant 2RF93 covering the period June 1, 2009 thru May 31, 2010, which was due on August 31, 2010, was not submitted until October 6, 2010.

Criteria

As stated in the grant agreements, UNM is required to submit a final Federal Financial Report within 90 days of the termination of the grant agreement. Extensions of reporting due dates may be approved by the Federal awarding agency upon request of the recipient.

Effect

Prior to the implementation of enhanced monitoring procedures certain reports were not submitted timely.

Cause

Prior to the University implementing corrective action plan, delays in the filing of financial status reports resulted from a number of factors, including temporary staffing gaps, work volume and workflow issues.

Recommendation

We recommend UNM's system for tracking of grant report due dates be modified to ensure UNM captures and monitors extension requests, such that reports are submitted timely in the event the extension request is not approved.

University Response

The University has implemented an electronic supplemental data engine attached with each sponsored award to facilitate tracking all due dates related to Federal Financial Reports. These dates are reviewed at award set up by a supervisor to ensure accuracy. Extensions will also be tracked via the automated workflow close out system in Banner.

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Schedule of Pledged Revenues for the year ended June 30, 2011 Unaudited

	Tuition and Fees	Patient Services	Clinical Operations	Contracts and Grants
Revenues	\$ 121,562,883	\$ 93,639,386	\$ 594,855,563	\$ 357,110,805
Excluded Revenues:				
State Appropriations				
Local Appropriations				
Patient Services		93,639,386		
Restricted Funds	14,092,701			
Federal Contracts & Grants				260,740,890
State Contracts & Grants				29,789,494
Local Contracts & Grants				26,869,313
Facilities and Administrative Cost Recovery				(45,373,393)
University of New Mexico Hospital			555,626,448	
University of New Mexico Behavioral Operations			39,229,115	
Total Excluded Revenues	<u>\$ 14,092,701</u>	<u>\$ 93,639,386</u>	<u>\$ 594,855,563</u>	<u>\$ 272,026,304</u>
Pledged Revenues	<u>\$ 107,470,182</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,084,501</u>

Resources Available to Cover Debt Service

Pledged Revenues	\$ 499,853,578
Less FY11 Debt Service:	
Interest on Debts	29,008,718
Principal Repayments on Debts	16,947,231
Excess of Pledged Revenues over Debt Service	<u>\$ 453,897,629</u>
Future average annual debt service through year ended June 30, 2036	\$ 40,484,054
Future highest annual debt service year ended June 30, 2021	\$ 47,425,451

See accompanying Independent Auditor's Report.

SCHEDULE 12

Sales and Services	Appropriations	Investments	Capital	Gifts	Other	Total
\$ 182,732,699	\$ 289,980,617	\$ 70,480,180	\$ 19,096,078	\$ 56,584,358	\$ 85,650,493	\$ 1,871,693,062
	282,533,303					282,533,303
	7,447,314					7,447,314
						93,639,386
4,900,468		3,269,835	19,096,078	2,153,476	77,825,056	121,337,614
						260,740,890
						29,789,494
						26,869,313
						(45,373,393)
						555,626,448
						39,229,115
\$ 4,900,468	\$ 289,980,617	\$ 3,269,835	\$ 19,096,078	\$ 2,153,476	\$ 77,825,056	\$ 1,371,839,484
\$ 177,832,231	\$ -	\$ 67,210,345	\$ -	\$ 54,430,882	\$ 7,825,437	\$ 499,853,578

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Schedule of Campus Statistics for the year ended June 30, 2011

Unaudited

Degrees and Certificates

Main Campus	2007	2008	2009	2010	2011
Certificate (incl Graduate Certificate)	11	16	8	38	15
Associate	10	9	11	-	-
Bachelor's	2,996	3,052	3,160	3,096	3,328
Master's	1,110	1,110	1,100	1,006	1,189
Post Masters Certificate or Education Specialist	22	14	13	18	20
Doctorate	185	166	208	190	165
Professional (Law, Medicine and Pharmacy)	293	269	272	281	303
Total	4,627	4,636	4,772	4,629	5,020

Fall Head Count

Main Campus	2007	2008	2009	2010	2011
Professional (Law, Medicine and Pharmacy)	1,008	1,006	1,009	1,043	1,050
Undergraduate	19,986	20,109	21,392	22,543	22,722
Graduate	4,755	4,705	4,903	5,171	5,284
Total	25,749	25,820	27,304	28,757	29,056
Resident	22,611	22,568	23,826	24,944	25,016
Non-resident	3,138	3,252	3,478	3,813	4,040
Total	25,749	25,820	27,304	28,757	29,056
Total FTE	20,307	20,581	21,910	23,116	23,375

SCHEDULE 13

Libraries

Number of volumes:	June 2007	June 2008	June 2009	June 2010¹	June 2011²
General Library	2,232,097	2,261,673	2,640,874	3,026,714	3,100,000
Law Library	236,734	237,851	239,974	246,600	252,000
Health Sciences Library and Informatics Center	154,242	154,250	154,661	156,886	157,000
Other main campus libraries ³	84,757	84,757	82,081	82,081	-
Total	2,707,830	2,738,531	3,117,590	3,512,281	3,509,000

Number of current periodical subscriptions:

General Library	34,880	65,909	75,051	83,969	85,000
Law Library	3,296	3,295	-	19	19
Health Sciences Library and Informatics Center	2,198	2,211	2,039	1,924	1,924
Other main campus libraries	-	1	4	4	4
Total	40,374	71,416	77,094	85,916	86,947

1: June 2010 statistics have been updated to reflect actual totals (last year, these statistics were estimated).

2: June 2011 statistics are estimated based upon patterns from prior years.

3: Zero in June 2011 reflects the closing of the Tireman Library.

Facilities

Main Campus - Net Square Footage

Space Use	2007	2008	2009	2010	2011
Unclassified Facilities	-	-	-	-	768,061
Classroom Facilities	324,476	362,643	391,232	397,207	352,217
Laboratory/Research Facilities	731,586	760,566	764,171	814,936	849,007
Office Facilities	1,163,202	1,425,778	1,566,968	1,617,125	1,615,037
Study Facilities	-	-	-	-	354,510
Special Use Facilities	-	-	-	-	534,697
General Use Facilities	-	-	-	-	449,922
Support Facilities	-	-	-	-	1,443,038
Health Care Facilities	-	-	-	-	449,648
Residential Facilities	828,567	830,043	830,043	830,541	601,822
Circulation Area	-	-	-	-	1,796,177
Building Service Area	-	-	-	-	217,983
Mechanical Area	-	-	-	-	510,701
Common*	3,345,685	2,681,348	3,917,724	4,014,412	-
Gymnasium*	363,123	425,317	425,391	425,391	-
Library*	330,898	379,532	388,157	388,157	-
Shop*	58,626	85,357	89,401	89,401	-
Storage*	283,578	438,490	879,858	900,466	-
Theater*	10,192	128,245	135,214	135,214	-
Total	7,439,933	7,517,319	9,388,159	9,612,850	9,942,820

* These categories reflect naming convention from prior space tracking system. New system implemented beginning FY 2011.

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EXIT CONFERENCE

June 30, 2011

The financial statements were prepared by the financial officials of the University of New Mexico. An exit conference was conducted on October 20, 2011, in which the contents of this report were discussed with the following:

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J.E. Gene Gallegos	Chair, UNM Board of Regents Audit Committee
Bradley C. Hosmer	Vice Chair, UNM Board of Regents Audit Committee
James H. Koch	UNM Board of Regents Audit Committee
Ava J. Lovell	HSC Senior Executive Financial Officer & University Controller
Elizabeth Metzger	Deputy Controller
Ella B. Watt	Chief Financial Officer, UNM Hospitals
Robert Fondino	Chief Budget and Finance Officer, HSC
Staff	University Internal Audit Department

MOSS ADAMS LLP

Wayne Brown	Managing Partner
Brandon Fryar	Partner
Adam Cavin	Senior Manager

KPMG LLP

John Kennedy	Partner
Cynthia Reinhart	Partner
Jaime Clark	Senior Manager