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# THE UNIVERSITY OF NEW MEXICO

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June 30, 2005

## BOARD OF REGENTS AND PRINCIPAL OFFICERS

### Board of Regents

<i>Appointed Members:</i>	<i>Title:</i>	<i>Term Expires:</i>
James H. Koch	President	12/31/2008
Jack L. Fortner	Vice President	12/31/2010
Sandra Begay-Campbell	Secretary/Treasurer	12/31/2006
Douglas M. Brown	Member	12/31/2006
John M. "Mel" Eaves	Member	12/31/2008
Rosalyn Nguyen	Member	12/31/2006
Raymond Sanchez	Member	12/31/2010

### *Ex officio Members:*

The Honorable Bill Richardson	Governor of the State of New Mexico
Veronica Garcia	Secretary of Education

### *Advisors:*

Buckner Creel	President, Graduate & Professional Student Association
Brittany Jaeger	President, Associated Students of The University of New Mexico
Sabra Jane Basler	President, Staff Council
Christopher E. Smith	President, Faculty Senate
Angela Vachio	President, Alumni Association
Robert Bovinette	Chair, UNM Foundation

### Principal Administrative Officials

#### University

Louis Caldera	President
Reed Way Dasenbrock	Interim Provost and Executive Vice President for Academic Affairs
R. Philip Eaton	Executive Vice President for Health Sciences
Eliseo Torres	Vice President for Student Affairs

#### UNM Hospitals

Stephen W. McKernan	Chief Executive Officer and Associate Vice President for Clinical Operations
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### Principal Financial Officials

#### Main Campus

David W. Harris	Executive Vice President for Administration
William W. Britton	Associate Vice President for Business & Finance and University Controller
Ava J. Lovell	Associate University Controller for Information Systems & Reporting
Frances C. Starnes	Associate University Controller for Operations
Curtis R. Porter	Budget Director

#### Health Sciences Center

Linda M. Easley	Interim Associate Vice President for Finance & Administration
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#### UNM Hospitals

Nancy A. Brandt	Chief Financial Officer
Ella B. Watt	Controller

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# THE UNIVERSITY OF NEW MEXICO

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June 30, 2005

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# THE UNIVERSITY OF NEW MEXICO

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# NEFF + RICCI LLP

CERTIFIED PUBLIC ACCOUNTANTS  
6100 UPTOWN BLVD NE SUITE 400  
ALBUQUERQUE, NM 87110

## Independent Auditors' Report

Board of Regents  
University of New Mexico  
and  
Mr. Domingo Martinez, CGFM  
New Mexico State Auditor

We have audited the accompanying basic financial statements of the University of New Mexico (University) and its aggregate discretely presented component units as of and for the years ended June 30, 2005, as listed in the accompanying table of contents. We have also audited the budget comparison presented as supplemental information for the year ended June 30, 2005, as listed in the accompanying table of contents. These basic financial statements are the responsibility of the University's management. Our responsibility is to express opinions on these basic financial statements based on our audit. The basic financial statements of the University of New Mexico and its aggregate discretely presented component units for the year ended June 30, 2004, were audited by other auditors whose report dated September 24, 2004 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements of the University are intended to present the financial position and changes in financial position and cash flows, where applicable, of only that portion of the financial reporting entity of the business type activities information 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, 2005, and the changes in financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Regents  
University of New Mexico  
and  
Mr. Domingo Martinez, CGFM  
New Mexico State Auditor

In our opinion, the basic financial statements of the University referred to above present fairly, in all material respects, the respective financial position of the University and of its discretely presented component units as of June 30, 2005, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects the respective budgetary comparison for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2005, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Audit Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (Schedule 7) is presented for purposes of additional analysis as required by US Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Not-for-Profit Organizations*, and is not a required part of the basic financial statements. In addition, the Schedule of Pledged Collateral (Schedule 6) and the Schedule of Pledged Revenue (Schedule 8) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards and the Schedule of Pledged Collateral have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Pledged Revenue has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.



Albuquerque, New Mexico  
September 23, 2005

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# THE UNIVERSITY OF NEW MEXICO

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2005

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, 2005, 2004, and 2003. 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 2005, 2004, and 2003.

### 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 Governmental Accounting Standards 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, Governmental Accounting Standards 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, capital, 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

<b>ASSETS</b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>
Current assets	\$ 356,147,467	\$ 328,536,013	\$ 380,718,392
Capital assets, net	685,059,421	619,744,846	553,771,150
Non-current assets	<u>499,323,049</u>	<u>350,324,939</u>	<u>308,855,847</u>
Total assets	<u>\$ 1,540,529,937</u>	<u>\$ 1,298,605,798</u>	<u>\$ 1,243,345,389</u>

<b>LIABILITIES</b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>
Current liabilities	\$ 175,835,553	\$ 149,843,367	\$ 139,433,102
Non-current liabilities	<u>442,218,767</u>	<u>256,058,129</u>	<u>258,932,388</u>
Total liabilities	<u>\$ 618,054,320</u>	<u>\$ 405,901,496</u>	<u>\$ 398,365,490</u>

<b>NET ASSETS</b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>
Invested in capital assets, net of related debt	\$ 337,266,626	\$ 399,373,814	\$ 368,459,652
Restricted	322,679,171	253,871,236	234,836,273
Unrestricted	<u>262,529,820</u>	<u>239,459,252</u>	<u>241,683,974</u>
Total net assets	<u>\$ 922,475,617</u>	<u>\$ 892,704,302</u>	<u>\$ 844,979,899</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 \$171.9 million, \$176.6 million and \$226.3 million as of June 30, 2005, 2004, and 2003 respectively.

Current liabilities are generally defined as amounts due within one year, and include accounts payable, payroll accruals, and accrued compensated absences. The 17.3% increase in current liabilities for the year ended June 30, 2005 is due to an increase in the third-party payor settlements, the payable for the construction of the Children's Hospital Critical Care Pavilion for the Hospital, and accounts payable for the University.

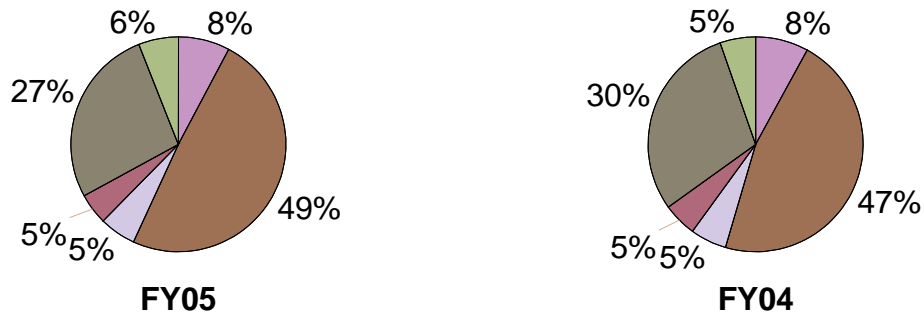
At June 30, 2005, the University's current ratio, the amount of current assets (\$356.1 million) available to cover current liabilities (\$175.8 million), was 2.03 to 1. At June 30, 2004, the University's current ratio, the amount of current assets (\$328.5 million) available to cover current liabilities (\$149.8 million), was 2.19 to 1. At June 30, 2003, the University's current ratio, the amount of current assets (\$380.7 million) available to cover current liabilities (\$139.4 million), was 2.73 to 1.

## Capital and Debt Activity

Capital assets are the largest category of non-current assets, and are shown net of accumulated depreciation, at \$685.1 million and \$619.7 million as of June 30, 2005 and 2004, respectively.

UNM's long-term debt, bonds payable, totaled \$427.0 million and \$240.9 million at June 30, 2005 and 2004, respectively. The Hospital sold \$196.7 million in revenue bonds during fiscal year 2005, which included a bond premium of \$4.4 million. The bonds were issued by the Regents for the purpose of providing monies which will be used to provide funds for: 1) the acquisition, construction and equipping of the Children's Hospital and Critical Care Pavilion (CHCCP) located adjacent to the Hospital's existing facilities, 2) funding the Debt Service Reserve Fund and 3) the payment of certain costs of issuance related to the bonds. This project consists of a seven-floor, 476,555 square foot addition to the main Hospital facilities. The University sold just over \$11 million in revenue bonds during fiscal year 2004. These bond proceeds were used solely for the purpose of acquiring one building from the component unit, Science & Technology Corp.

### Total Capital Assets at Cost

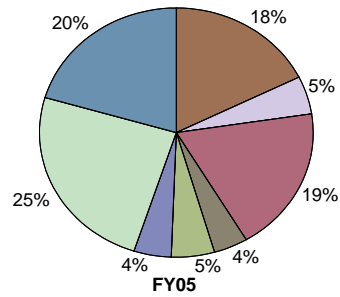


Capital Assets	
	Library Books
	Buildings
	CIP
	Land & Improvements
	Equipment & Furnishings
	Infrastructure



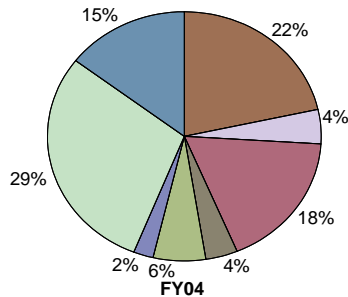
Infrastructure assets are defined as long-lived capital assets that normally can be preserved for a significantly greater number of years than most capital assets and that normally are stationary in nature. Examples of University infrastructure assets include domestic water systems, conduit and cabling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

### Infrastructure Assets at Cost



- Telecommunications
- Domestic Water System
- Electrical System
- Conduits & Cabling
- Paving & Sidewalks
- Energy Conservation
- Chilled Water System
- LINK - Admin Infrastructure

### Infrastructure Assets at Cost



- Telecommunications
- Domestic Water System
- Electrical System
- Conduits & Cabling
- Paving & Sidewalks
- Energy Conservation
- Chilled Water System
- LINK - Admin Infrastructure

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

**OPERATING REVENUES BY MAJOR SOURCE**

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Tuition and fees	\$ 81,391,085	\$ 70,982,097	\$ 65,423,326
Grants and contracts	274,217,939	260,969,370	248,299,930
Clinical operations	267,489,755	252,098,404	221,982,704
Patient services, net	98,661,956	96,799,689	96,180,772
Sales and services	92,795,507	88,051,718	73,246,996
Other operating revenues	<u>3,044,241</u>	<u>4,497,634</u>	<u>3,170,545</u>
Total operating revenues	<u>\$ 817,600,483</u>	<u>\$ 773,398,912</u>	<u>\$ 708,304,273</u>

**OPERATING EXPENSES BY MAJOR FUNCTION**

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Instruction	\$ 190,210,713	\$ 183,114,756	\$ 174,815,755
Research	129,066,131	140,524,553	130,516,210
Public service	200,134,495	202,162,136	188,827,503
Academic support	35,404,185	31,035,954	30,997,321
Student services	19,772,727	19,037,246	17,505,187
Institutional support	47,429,109	33,024,150	32,681,595
Operations of plant	101,065,244	89,013,358	81,579,460
Student aid and activities	37,423,957	37,369,531	34,816,900
Intercollegiate athletics	22,902,131	20,241,058	19,011,259
Auxiliary enterprises	50,140,013	49,089,959	45,800,911
Other operating expenses	8,916,205	1,626,056	1,340,630
Clinical operations	<u>337,943,748</u>	<u>321,143,416</u>	<u>286,075,085</u>
Total operating expenses	<u>\$1,180,408,658</u>	<u>\$1,127,382,173</u>	<u>\$1,043,967,816</u>

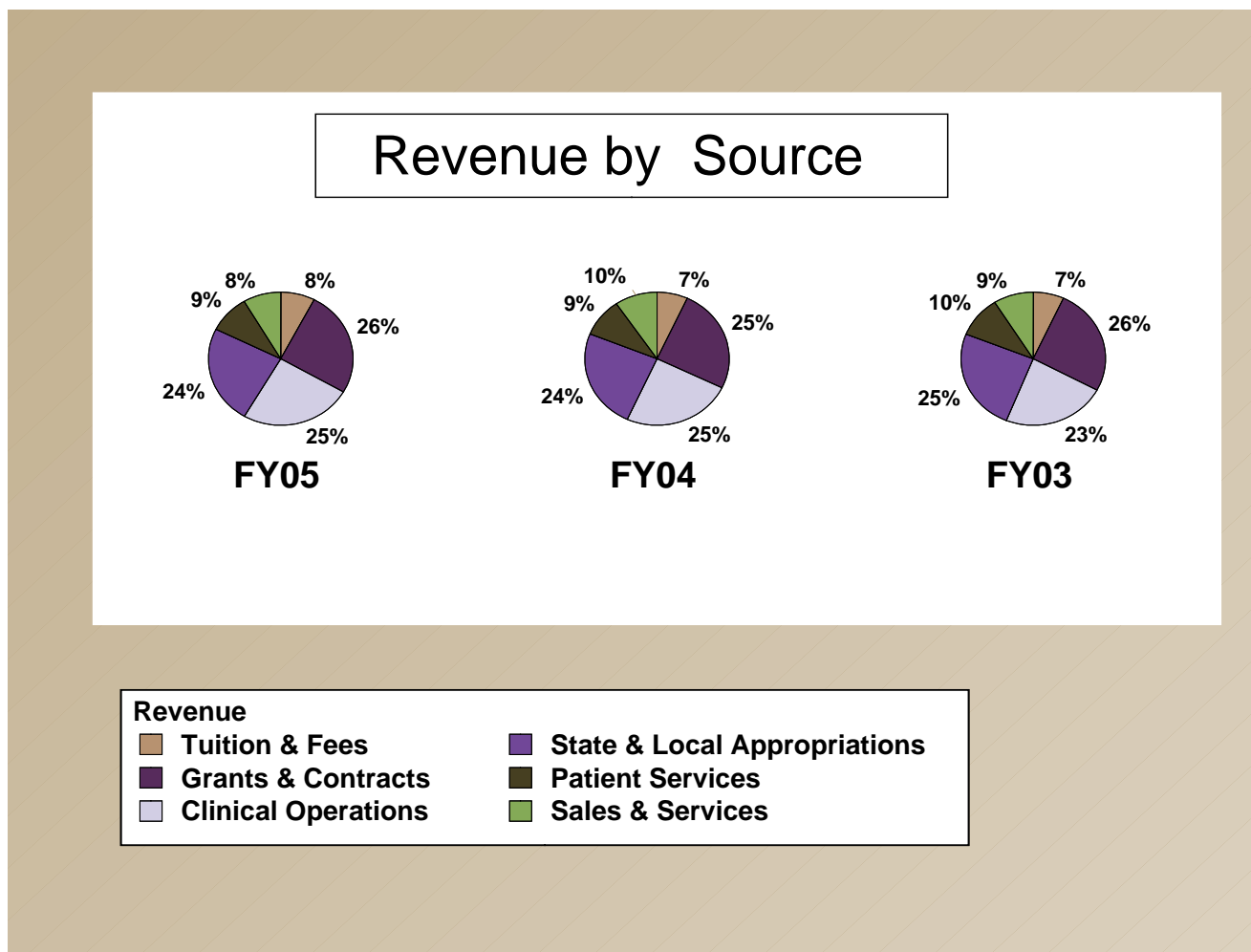
**NON-OPERATING REVENUES (EXPENSES)**

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Appropriations	\$ 255,088,365	\$ 250,765,002	\$ 238,182,179
Gifts	15,050,574	18,815,821	18,452,439
Clinical operations	75,124,711	80,370,698	67,863,068
Investment income	34,988,450	43,998,866	18,169,216
Capital gifts, grants and appropriations	17,770,252	16,964,264	15,783,915
Other non-operating expenses	<u>(5,442,862)</u>	<u>(9,321,987)</u>	<u>(8,440,828)</u>
Net non-operating revenues	<u>\$ 392,579,490</u>	<u>\$ 401,592,664</u>	<u>\$ 350,009,989</u>
Income before other revenues, expenses, gains and losses	\$ 29,771,315	\$ 47,609,403	\$ 14,346,446
Additions to permanent endowments	-	115,000	443,665
Special item - gain on sale of land	<u>-</u>	<u>-</u>	<u>24,828,563</u>
Total increase in net assets	\$ 29,771,315	\$ 47,724,403	\$ 39,618,674
Net assets at beginning of year	<u>\$ 892,704,302</u>	<u>\$ 844,979,899</u>	<u>\$ 805,361,225</u>
Net assets at end of year	<u>\$ 922,475,617</u>	<u>\$ 892,704,302</u>	<u>\$ 844,979,899</u>

## Revenues and Expenses

The presentation of revenues in the GASB reporting model requires that we exclude state and local appropriation income, 24% of total revenues for fiscal year 2005, 24% of total revenues for fiscal year 2004, and 25% for 2003, 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” since 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. The following chart depicts operating revenues (with state and local appropriations) by source (some categories have been combined).



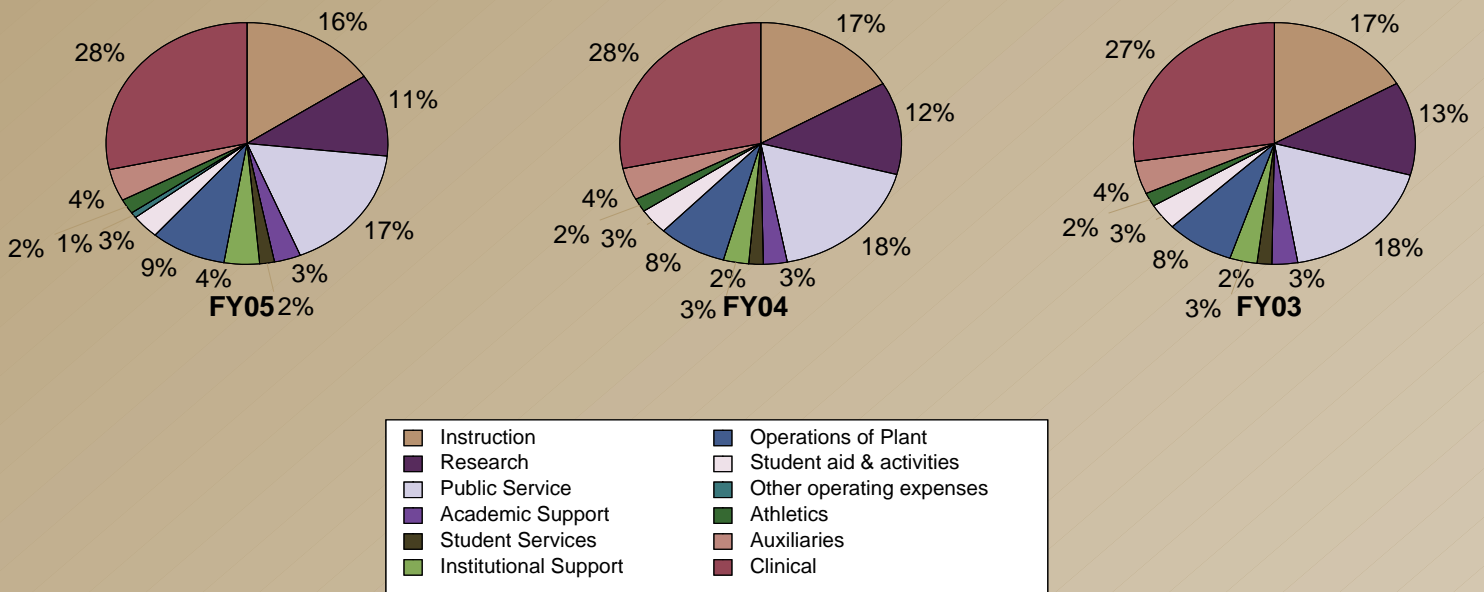
The changes in operating revenues for the University over the fiscal years of 2003, 2004, and 2005 show increases of 9.2% for 2004 over 2003 and 5.7% for 2005 over 2004. Additional enrollment and tuition rate increases in academic functions of the University are:

	<u>Fall 2004</u>	<u>Fall 2003</u>	<u>Fall 2002</u>
Enrollment increase	2.1%	5.5%	5.9%
Tuition rate increases	12.8%	4.5%	4.7%
Peer institutions avg. rate increase	12.6%	15.3%	10.5%

The net non-operating revenues decrease of 2.6% and an increase of 14.7% for the years ended 2005 and 2004, respectively, are primarily driven by investment income from endowments. UNM has experienced investment rebound since market downturn in 2002.

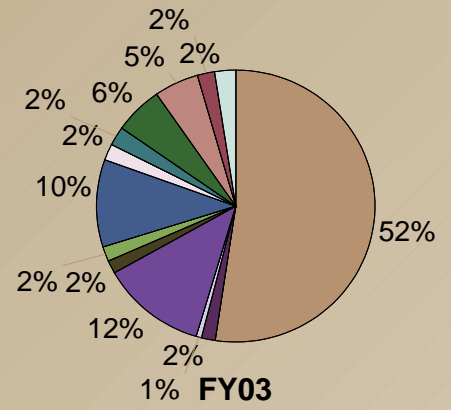
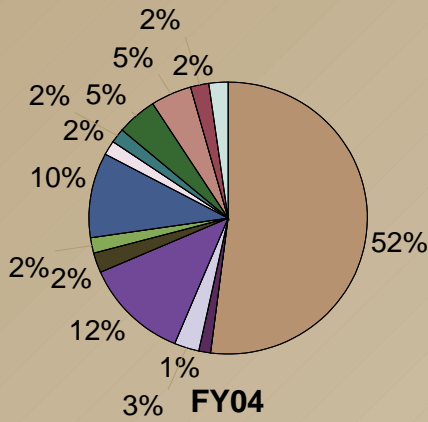
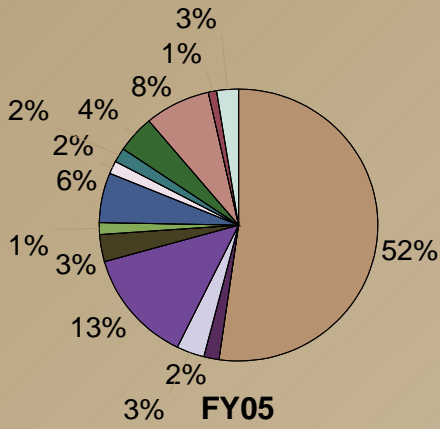
The GASB reporting model allows public universities to present operating expenses in either a functional or natural format. UNM chose to present expenses on the Statement of Revenues, Expenses and Changes in Net Assets by the major functions of the University. The chart below shows the distribution of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

## Functional Expense Categories



The charts below show total expenses by natural category (excluding clinical operations and component units) for the years ended June 30, 2005, 2004, and 2003.

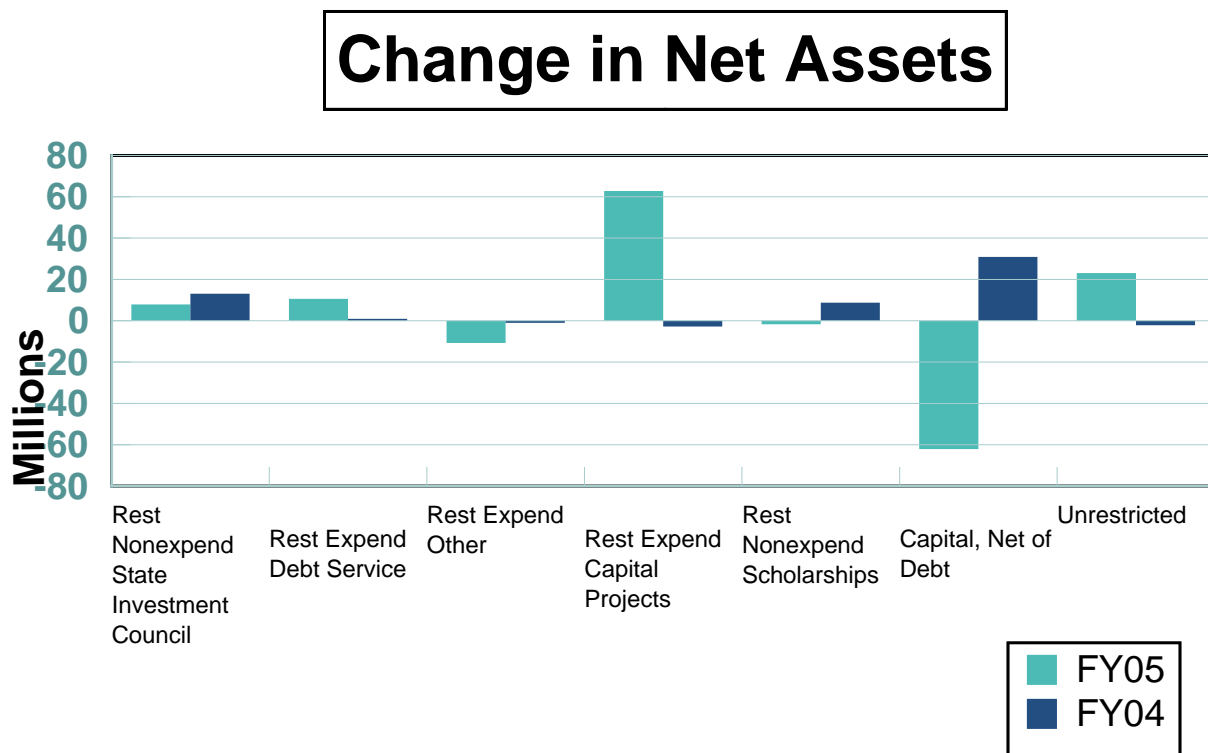
## Natural Expense Categories



- |                       |                |
|-----------------------|----------------|
| Payroll               | Patient        |
| Subcontract           | Travel         |
| Bad Debt              | Student        |
| Benefits              | Contract       |
| Utilities             | Other          |
| Repairs & Maintenance | Auxiliary Cost |
| Materials & Supplies  |                |

## Change in Net Assets

The University's total change in net assets showed a net increase for 2005 and 2004. 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 nonexpendable 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 all operating needs of the University. The chart below shows the change in net assets by category for the fiscal years ended June 30, 2005 and 2004.



## **Factors Impacting Future Periods**

The web-based management information system, SungardSCT Banner, continues to move toward complete implementation. The Finance module was implemented in July, 2004. The Financial Aid module and the Student/Academic (STAC) module will be implemented incrementally, with full implementation by December, 2006. The Human Resources/Payroll module will also be fully implemented by December, 2006. All modules have been purchased. The enterprise-wide system, including peripheral products, is expected to cost in excess of \$60 million over five years. The software cost associated with this system will be capitalized upon completion of implementation for each module, and depreciated over the estimated useful life of the system.

## **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, 2005 and 2004, 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, Controller's Office, Room 251, Scholes Hall, MSC 05 3420, Albuquerque, New Mexico 87131-3011.

# THE UNIVERSITY OF NEW MEXICO

## BASIC FINANCIAL STATEMENTS

Statements of Net Assets as of June 30, 2005 and 2004

	PRIMARY INSTITUTION		COMPONENT UNITS	
	2005	2004	2005	2004
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents (note 3)	\$ 31,449,527	\$ 53,513,429	\$ 37,790,514	\$ 30,775,671
Short-term investments (note 3)	140,436,796	123,104,480	4,087,635	3,782,304
Accounts receivable, net (note 4)	75,640,052	64,149,959	1,056,152	803,979
Patient receivables, net (note 4)	50,251,039	48,504,081	9,015,631	9,307,482
Notes receivable, net (note 5)	4,589,046	2,114,227	-	-
Due from component units	19,490,372	4,990,795	-	-
Estimated third-party payor settlements	10,652,305	12,622,018	-	-
Other receivables, net (note 4)	1,208,734	2,415,029	513,155	725,869
Inventories	11,573,149	10,612,041	25,576	14,572
Due from The University of New Mexico	-	-	-	162,390
Other current assets	10,856,447	6,509,954	53,282	22,149
Total current assets	\$ 356,147,467	\$ 328,536,013	\$ 52,541,945	\$ 45,594,416
Non-current assets				
Notes receivable - non-current (note 5)	\$ 12,428,418	\$ 13,788,840	\$ -	\$ -
State Investment Council (note 3)	137,263,173	129,386,581	-	-
Deferred bond issuance costs	7,319,918	-	-	-
Investments (note 3)	336,381,461	189,784,825	78,387,083	69,638,458
Due from The University of New Mexico	-	-	21,646	-
Due from component units	-	11,432,449	-	-
Other non-current assets	5,930,079	5,932,244	6,454,246	4,066,600
Capital assets, net (note 6)	685,059,421	619,744,846	889,696	1,184,379
Total non-current assets	\$ 1,184,382,470	\$ 970,069,785	\$ 85,752,671	\$ 74,889,437
Total assets	\$ 1,540,529,937	\$ 1,298,605,798	\$ 138,294,616	\$ 120,483,853
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable and accrued payroll (note 7)	\$ 53,820,695	\$ 43,465,197	\$ 57,982	\$ 267,860
Due to The University of New Mexico	-	-	19,490,372	4,990,795
Due to component units	-	162,390	-	-
Estimated third-party payor liability	13,775,898	7,272,452	-	-
Accrued compensated absences	27,020,416	24,290,633	-	-
Other accrued liabilities (note 8)	34,083,213	29,686,151	-	-
Deferred revenue (note 9)	32,616,969	28,596,750	2,390,056	1,670,606
Bonds payable - current (notes 10 & 11)	10,905,000	10,385,000	-	-
Other current liabilities	-	-	2,260,772	1,893,649
Deposits and funds held for others	3,613,362	5,984,794	-	-
Total current liabilities	\$ 175,835,553	\$ 149,843,367	\$ 24,199,182	\$ 8,822,910
Non-current liabilities (note 10)				
Bonds payable - non-current (notes 10 & 11)	\$ 427,013,581	\$ 240,928,044	\$ -	\$ -
Due to The University of New Mexico	-	-	-	11,432,449
Due to component units	21,646	-	-	-
Student loan program (note 10)	15,183,540	15,130,085	-	-
Deferred annuities payable	-	-	1,284,274	1,365,087
Total non-current liabilities	\$ 442,218,767	\$ 256,058,129	\$ 1,284,274	\$ 12,797,536
Total liabilities	\$ 618,054,320	\$ 405,901,496	\$ 25,483,456	\$ 21,620,446



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**EXHIBIT A**

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## Statements of Net Assets as of June 30, 2005 and 2004

	PRIMARY INSTITUTION		COMPONENT UNITS	
	2005	2004	2005	2004
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$ 337,266,626	\$ 399,373,814	\$ 34,216	\$ 32,228
Restricted for:				
Non-expendable:				
State Investment Council	137,263,173	129,386,581	-	-
Scholarships	89,212,314	90,880,080	-	-
Grants, bequests and contributions	-	-	69,474,435	62,533,056
Expendable:				
Scholarships	2,602,527	13,887,850	-	-
Grants, bequests and contributions	1,207,307	1,409,304	-	-
Debt service	24,777,024	14,197,553	-	-
Capital projects	66,941,987	4,109,868	-	-
Other	674,839	-	34,619,797	27,862,998
Unrestricted	262,529,820	239,459,252	8,682,712	8,435,125
Total net assets	<u>\$ 922,475,617</u>	<u>\$ 892,704,302</u>	<u>\$ 112,811,160</u>	<u>\$ 98,863,407</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, 2005 and 2004

	PRIMARY INSTITUTION		COMPONENT UNITS	
	2005	2004	2005	2004
<b>OPERATING REVENUES</b>				
Student tuition and fees (net of scholarship allowances of \$28,009,129 in 2005 and \$24,582,196 in 2004)	\$ 81,391,085	\$ 70,982,097	\$ -	\$ -
Patient services (net of provision for doubtful accounts of \$25,052,049 in 2005 and \$19,372,042 in 2004) (note 12)	98,661,956	96,799,689	-	-
Federal grants and contracts	211,457,901	194,152,354	-	-
State and local grants and contracts	25,221,702	17,965,142	-	-
State lottery scholarships	16,519,148	13,365,035	-	-
Non-governmental grants and contracts	21,019,188	35,486,839	20,470,044	18,709,470
Sales and services (net of scholarship allowances of \$4,800,699 in 2005 and \$4,471,084 in 2004)	92,795,507	88,051,718	15,023,664	13,921,421
Other operating revenues	3,044,241	4,497,634	4,538,747	3,534,592
Clinical operations				
University of New Mexico Hospital	234,710,253	223,906,481	-	-
University of New Mexico Psychiatric Center	15,753,335	12,172,088	-	-
University of New Mexico Children's Psychiatric Center	6,992,803	6,125,683	-	-
University of New Mexico Young Children's Health Center	612,851	313,436	-	-
University of New Mexico Carrie Tingley Hospital	9,420,513	9,580,716	-	-
Total operating revenues	\$ 817,600,483	\$ 773,398,912	\$ 40,032,455	\$ 36,165,483
<b>OPERATING EXPENSES</b>				
Educational and general				
Instruction	\$ 190,210,713	\$ 183,114,756	\$ -	\$ -
Research	129,066,131	140,524,553	-	-
Public service	200,134,495	202,162,136	-	-
Academic support	35,404,185	31,035,954	-	-
Student services	19,772,727	19,037,246	-	-
Institutional support	47,429,109	33,024,150	-	-
Operations and maintenance of plant	60,592,959	48,726,922	-	-
Depreciation expense	40,472,285	40,286,436	-	-
Student aid	32,253,107	32,646,227	-	-
Student activities	5,170,850	4,723,304	-	-
Intercollegiate athletics	22,902,131	20,241,058	-	-
Auxiliary enterprises	50,140,013	49,089,959	-	-
Other operating expenses	8,916,205	1,626,056	38,492,683	37,460,355
Clinical operations				
University of New Mexico Hospital	286,563,654	275,913,799	-	-
University of New Mexico Psychiatric Center	23,816,528	19,113,917	-	-
University of New Mexico Children's Psychiatric Center	12,070,665	11,706,399	-	-
University of New Mexico Young Children's Health Center	941,700	542,130	-	-
University of New Mexico Carrie Tingley Hospital	14,551,201	13,867,171	-	-
Total operating expenses	\$ 1,180,408,658	\$ 1,127,382,173	\$ 38,492,683	\$ 37,460,355
Operating income (loss)	\$ (362,808,175)	\$ (353,983,261)	\$ 1,539,772	\$ (1,294,872)

## EXHIBIT B

### Statements of Revenues, Expenses and Changes in Net Assets for the years ended June 30, 2005 and 2004

	PRIMARY INSTITUTION		COMPONENT UNITS	
	2005	2004	2005	2004
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
State appropriations	\$ 251,940,626	\$ 247,547,409	\$ -	\$ -
Local appropriations	3,147,739	3,217,593	-	-
Gifts	15,050,574	18,815,821	-	-
Investment income (note 3)	34,988,450	43,998,866	7,227,882	8,502,203
Other non-operating revenues	4,307,317	850,673	72,713	74,471
Interest on capital asset-related debt	(8,055,922)	(9,637,821)	-	-
Gain/(loss) on disposal of capital assets	(1,694,257)	(534,839)	-	2,141,786
Clinical operations				
University of New Mexico Hospital	55,200,717	62,997,483	-	-
University of New Mexico Psychiatric Center	8,668,850	7,494,001	-	-
University of New Mexico Children's Psychiatric Center	5,287,407	5,225,339	-	-
University of New Mexico Young Children's Health Center	329,600	231,800	-	-
University of New Mexico Carrie Tingley Hospital	5,638,137	4,422,075	-	-
Net non-operating revenues	\$ 374,809,238	\$ 384,628,400	\$ 7,300,595	\$ 10,718,460
Income before other revenues, expenses, gains and losses	\$ 12,001,063	\$ 30,645,139	\$ 8,840,367	\$ 9,423,588
Capital appropriations	\$ 15,245,962	\$ 13,701,337	\$ -	\$ -
Capital grants and gifts	2,524,290	3,262,927	-	-
Contributions to permanent endowments	-	115,000	5,107,386	5,606,801
Total other revenues	\$ 17,770,252	\$ 17,079,264	\$ 5,107,386	\$ 5,606,801
Change in net assets	\$ 29,771,315	\$ 47,724,403	\$ 13,947,753	\$ 15,030,389
<b>NET ASSETS</b>				
Net assets at beginning of year	892,704,302	844,979,899	98,863,407	83,833,018
Net assets at end of year	\$ 922,475,617	\$ 892,704,302	\$ 112,811,160	\$ 98,863,407

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, 2005 and 2004

	<u>2005</u>	<u>2004</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 81,913,722	\$ 71,854,541
Grants and contracts	272,087,934	269,293,112
Insurance and patients	369,795,870	358,741,308
Sales and services	90,707,669	84,633,576
Payments to suppliers	(276,183,188)	(311,325,898)
Payments to employees	(642,070,421)	(601,346,342)
Payments for utilities	(31,312,870)	(19,627,043)
Payments for benefits	(119,973,829)	(97,273,651)
Payments for scholarships and fellowships	(41,322,348)	(39,680,058)
Loans issued to students	(2,724,161)	(3,824,984)
Collection of loans to students	3,652,970	6,253,107
Other receipts (payments)	(4,992,422)	6,775,530
Net cash used by operating activities	<u>\$ (300,421,074)</u>	<u>\$ (275,526,802)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
State appropriations	\$ 253,400,034	\$ 248,311,986
Local appropriations	3,147,739	3,217,593
Bernalillo County mill levy	64,944,858	62,472,783
Cigarette Tax Bonds	-	9,313,000
City of Albuquerque/Philips Plant Closure	-	871,258
Cimarron settlement	4,478,249	-
William D. Ford direct lending receipts	45,581,323	64,598,782
William D. Ford direct lending disbursements	(45,581,323)	(64,598,782)
Gifts	15,050,574	18,815,821
Other non-operating receipts	10,863,470	8,763,461
Net cash provided by non-capital financing activities	<u>\$ 351,884,924</u>	<u>\$ 351,765,902</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Interest payments on bonds	\$ (13,185,178)	\$ (10,155,101)
Capital appropriations	16,392,266	10,511,574
Capital gifts and grants	4,378,770	3,239,429
Additions to bonds	189,247,429	11,740,000
Principal payments of bonds	(10,385,000)	(10,630,000)
Cash received from disposal of capital assets	1,787,000	-
Purchase of capital assets	(124,114,637)	(125,424,576)
Other receipts	333,003	91,879
Net cash provided (used) by capital financing activities	<u>\$ 64,453,653</u>	<u>\$ (120,626,795)</u>

## EXHIBIT C

### Statements of Cash Flows for the years ended June 30, 2005 and 2004

	2005	2004
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale and maturities of investments	\$ 431,705,002	\$ 359,857,115
Purchase of investments	(584,631,104)	(375,985,884)
State investment income	9,027,095	6,793,089
Investment income	5,917,602	5,880,686
Additions to permanent endowments	-	115,000
Net cash used by investing activities	<u>\$ (137,981,405)</u>	<u>\$ (3,339,994)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents - beginning of the year	53,513,429	101,241,118
Cash and cash equivalents - end of the year	<u>\$ 31,449,527</u>	<u>\$ 53,513,429</u>
<b>NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Bond issuance costs deducted from bond proceeds	\$ 7,665,827	
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating loss	\$ (362,808,175)	\$ (353,983,261)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation expense	57,035,677	58,915,298
Bad debt expense	93,502,970	82,951,270
Gain on retirement of assets	68,126	-
Changes in assets and liabilities		
Accounts receivable	(40,606,059)	(2,211,773)
Patient receivables	(68,294,640)	(59,626,905)
Estimated third-party payor settlements	2,159,971	(1,303,579)
Notes receivable	(1,114,396)	3,473,213
Inventories	(961,108)	(611,951)
Other assets	325,287	(1,715,560)
Due from component units	(3,067,130)	(12,173,966)
Accounts payable	9,739,770	4,076,923
Accrued expenses and compensated absences	3,265,226	3,388,683
Estimated third-party payor liability	6,313,188	388,898
Deferred revenue	4,020,219	2,905,908
Net cash used by operating activities	<u>\$ (300,421,074)</u>	<u>\$ (275,526,802)</u>

See accompanying notes to the basic financial statements.

# THE UNIVERSITY OF NEW MEXICO

## BASIC FINANCIAL STATEMENTS

### Combining Statement of Net Assets as of June 30, 2005 - Discretely Presented Component Units

	<b>University Physician Associates</b>	<b>The University of New Mexico Foundation, Inc.</b>	<b>The Robert O. Anderson Schools of Management Foundation</b>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 5,758,297	\$ 22,029,315	\$ 2,535,694
Short-term investments	-	-	-
Accounts receivable, net	-	-	718,900
Patient receivables, net	9,015,631	-	-
Other receivables, net	513,155	-	-
Inventories	-	-	14,836
Due from The University of New Mexico	-	-	-
Other current assets	-	-	25,650
Total current assets	<u>\$ 15,287,083</u>	<u>\$ 22,029,315</u>	<u>\$ 3,295,080</u>
Non-current assets			
Investments	\$ 566,750	\$ 77,817,628	\$ -
Due from The University of New Mexico	-	-	-
Other non-current assets	196,872	6,257,344	-
Capital assets	-	-	-
Equipment and furnishings, net	855,480	-	-
Total non-current assets	<u>\$ 1,619,102</u>	<u>\$ 84,074,972</u>	<u>\$ -</u>
Total assets	<u>\$ 16,906,185</u>	<u>\$ 106,104,287</u>	<u>\$ 3,295,080</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued expenses	\$ -	\$ 5,000	\$ (67,297)
Due to The University of New Mexico	15,052,981	432,530	1,637,153
Deferred revenue	-	-	711,900
Other current liabilities	1,853,204	271,506	-
Total current liabilities	<u>\$ 16,906,185</u>	<u>\$ 709,036</u>	<u>\$ 2,281,756</u>
Non-current liabilities			
Due to The University of New Mexico	\$ -	\$ -	\$ -
Deferred annuities payable	-	1,284,274	-
Total non-current liabilities	<u>\$ -</u>	<u>\$ 1,284,274</u>	<u>\$ -</u>
Total liabilities	<u>\$ 16,906,185</u>	<u>\$ 1,993,310</u>	<u>\$ 2,281,756</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -
Restricted non-expendable	-	69,474,435	-
Restricted expendable	-	34,222,734	342,894
Unrestricted	-	413,808	670,430
Total net assets	<u>\$ -</u>	<u>\$ 104,110,977</u>	<u>\$ 1,013,324</u>

See accompanying notes to the basic financial statements.

## EXHIBIT D

Science & Technology Corporation @ UNM	University of New Mexico Lobo Club	Lobo Energy, Inc.	The University of New Mexico Alumni Association	Total
\$ 729,762	\$ 4,347,604	\$ 416,964	\$ 1,972,878	\$ 37,790,514
-	-	-	4,087,635	4,087,635
53,018	107,495	-	176,739	1,056,152
-	-	-	-	9,015,631
-	-	-	-	513,155
-	10,740	-	-	25,576
-	-	-	-	-
8,962	2,316	-	16,354	53,282
<u>\$ 791,742</u>	<u>\$ 4,468,155</u>	<u>\$ 416,964</u>	<u>\$ 6,253,606</u>	<u>\$ 52,541,945</u>
\$ 2,705	\$ -	\$ -	\$ -	\$ 78,387,083
-	-	21,646	-	21,646
-	-	30	-	6,454,246
-	-	-	-	-
30,739	3,477	-	-	889,696
<u>\$ 33,444</u>	<u>\$ 3,477</u>	<u>\$ 21,676</u>	<u>\$ -</u>	<u>\$ 85,752,671</u>
<u>\$ 825,186</u>	<u>\$ 4,471,632</u>	<u>\$ 438,640</u>	<u>\$ 6,253,606</u>	<u>\$ 138,294,616</u>
\$ 58,725	\$ 36,834	\$ 22,430	\$ 2,290	\$ 57,982
31,173	2,336,535	-	-	19,490,372
-	746,013	-	932,143	2,390,056
136,062	-	-	-	2,260,772
<u>\$ 225,960</u>	<u>\$ 3,119,382</u>	<u>\$ 22,430</u>	<u>\$ 934,433</u>	<u>\$ 24,199,182</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	1,284,274
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,284,274</u>
<u>\$ 225,960</u>	<u>\$ 3,119,382</u>	<u>\$ 22,430</u>	<u>\$ 934,433</u>	<u>\$ 25,483,456</u>
\$ 30,739	\$ 3,477	\$ -	\$ -	\$ 34,216
-	-	-	-	69,474,435
-	25,855	-	28,314	34,619,797
568,487	1,322,918	416,210	5,290,859	8,682,712
<u>\$ 599,226</u>	<u>\$ 1,352,250</u>	<u>\$ 416,210</u>	<u>\$ 5,319,173</u>	<u>\$ 112,811,160</u>

# THE UNIVERSITY OF NEW MEXICO

## BASIC FINANCIAL STATEMENTS

### Combining Statement of Net Assets as of June 30, 2004 - Discretely Presented Component Units

	<b>University Physician Associates</b>	<b>The University of New Mexico Foundation, Inc.</b>	<b>The Robert O. Anderson Schools of Management Foundation</b>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 2,513,236	\$ 19,118,159	\$ 2,257,174
Short-term investments	-	-	-
Accounts receivable, net	-	-	616,904
Patient receivables, net	9,307,482	-	-
Other receivables, net	725,869	-	-
Inventories	-	-	-
Due from The University of New Mexico	-	-	-
Other current assets	-	-	4,865
Total current assets	<u>\$ 12,546,587</u>	<u>\$ 19,118,159</u>	<u>\$ 2,878,943</u>
Non-current assets			
Investments	\$ 326,750	\$ 69,294,637	\$ -
Other non-current assets	113,277	3,953,293	-
Capital assets			
Equipment and furnishings, net	1,152,151	-	-
Total non-current assets	<u>\$ 1,592,178</u>	<u>\$ 73,247,930</u>	<u>\$ -</u>
Total assets	<u>\$ 14,138,765</u>	<u>\$ 92,366,089</u>	<u>\$ 2,878,943</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued expenses	\$ -	\$ -	\$ 91,208
Due to The University of New Mexico	1,305,822	274,178	1,250,933
Deferred revenue	-	-	567,580
Other current liabilities	1,400,494	361,131	-
Total current liabilities	<u>\$ 2,706,316</u>	<u>\$ 635,309</u>	<u>\$ 1,909,721</u>
Non-current liabilities			
Due to The University of New Mexico	\$ 11,432,449	\$ -	\$ -
Deferred annuities payable	-	1,365,087	-
Total non-current liabilities	<u>\$ 11,432,449</u>	<u>\$ 1,365,087</u>	<u>\$ -</u>
Total liabilities	<u>\$ 14,138,765</u>	<u>\$ 2,000,396</u>	<u>\$ 1,909,721</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -
Restricted non-expendable	-	62,533,056	-
Restricted expendable	-	27,507,728	303,123
Unrestricted	-	324,909	666,099
Total net assets	<u>\$ -</u>	<u>\$ 90,365,693</u>	<u>\$ 969,222</u>

See accompanying notes to the basic financial statements.



## EXHIBIT E

Science & Technology Corporation @ UNM	University of New Mexico Lobo Club	Lobo Energy, Inc.	The University of New Mexico Alumni Association	Total
\$ 638,186	\$ 4,000,641	\$ 461,567	\$ 1,786,708	\$ 30,775,671
-	-	-	3,782,304	3,782,304
68,177	86,850	-	32,048	803,979
-	-	-	-	9,307,482
-	-	-	-	725,869
-	14,572	-	-	14,572
162,390	-	-	-	162,390
12,034	1,337	-	3,913	22,149
<u>\$ 880,787</u>	<u>\$ 4,103,400</u>	<u>\$ 461,567</u>	<u>\$ 5,604,973</u>	<u>\$ 45,594,416</u>
\$ 17,071	\$ -	\$ -	\$ -	\$ 69,638,458
-	-	30	-	4,066,600
26,674	5,554	-	-	1,184,379
<u>\$ 43,745</u>	<u>\$ 5,554</u>	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ 74,889,437</u>
<u>\$ 924,532</u>	<u>\$ 4,108,954</u>	<u>\$ 461,597</u>	<u>\$ 5,604,973</u>	<u>\$ 120,483,853</u>
\$ 86,718	\$ 42,568	\$ 43,796	\$ 3,570	\$ 267,860
27,365	2,132,497	-	-	4,990,795
13,026	-	-	1,090,000	1,670,606
132,024	-	-	-	1,893,649
<u>\$ 259,133</u>	<u>\$ 2,175,065</u>	<u>\$ 43,796</u>	<u>\$ 1,093,570</u>	<u>\$ 8,822,910</u>
\$ -	\$ -	\$ -	\$ -	\$ 11,432,449
-	-	-	-	1,365,087
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,797,536</u>
<u>\$ 259,133</u>	<u>\$ 2,175,065</u>	<u>\$ 43,796</u>	<u>\$ 1,093,570</u>	<u>\$ 21,620,446</u>
\$ 26,674	\$ 5,554	\$ -	\$ -	\$ 32,228
-	-	-	-	62,533,056
-	24,639	-	27,508	27,862,998
638,725	1,903,696	417,801	4,483,895	8,435,125
<u>\$ 665,399</u>	<u>\$ 1,933,889</u>	<u>\$ 417,801</u>	<u>\$ 4,511,403</u>	<u>\$ 98,863,407</u>

# THE UNIVERSITY OF NEW MEXICO

## BASIC FINANCIAL STATEMENTS

Combining Statement of Revenues, Expenses and Changes in Net Assets for the year ended June 30, 2005 -  
Discretely Presented Component Units

	University Physician Associates	The University of New Mexico Foundation, Inc.	The Robert O. Anderson Schools of Management Foundation
<b>REVENUES</b>			
Operating revenues			
Fees	\$ 8,852,678	\$ -	\$ 2,175,118
Grants, bequests and contributions	-	17,157,865	271,992
Operational support	-	2,997,083	-
Other operating revenues	-	475,585	46,418
Total operating revenues	<u>\$ 8,852,678</u>	<u>\$ 20,630,533</u>	<u>\$ 2,493,528</u>
<b>EXPENSES</b>			
Operating expenses			
General and administrative	\$ 8,863,986	\$ 3,355,519	\$ 1,918,220
Program expenses	-	-	410,403
Distributions to the University of New Mexico	-	15,379,340	152,525
Total operating expenses	<u>\$ 8,863,986</u>	<u>\$ 18,734,859</u>	<u>\$ 2,481,148</u>
Net operating income (loss)	<u>\$ (11,308)</u>	<u>\$ 1,895,674</u>	<u>\$ 12,380</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment income	\$ 11,308	\$ 6,742,224	\$ 31,722
Other non-operating revenues	-	-	-
Gain on disposal of assets	-	-	-
Total non-operating revenues	<u>\$ 11,308</u>	<u>\$ 6,742,224</u>	<u>\$ 31,722</u>
Income (loss) before other revenues	<u>\$ -</u>	<u>\$ 8,637,898</u>	<u>\$ 44,102</u>
Contributions to permanent endowments	\$ -	\$ 5,107,386	\$ -
Total other revenues	<u>\$ -</u>	<u>\$ 5,107,386</u>	<u>\$ -</u>
Change in net assets	<u>\$ -</u>	<u>\$ 13,745,284</u>	<u>\$ 44,102</u>
Net assets at beginning of year	<u>\$ -</u>	<u>\$ 90,365,693</u>	<u>\$ 969,222</u>
Net assets at end of year	<u>\$ -</u>	<u>\$ 104,110,977</u>	<u>\$ 1,013,324</u>

See accompanying notes to the basic financial statements.

## EXHIBIT F

Science & Technology Corporation @ UNM	University of New Mexico Lobo Club	Lobo Energy, Inc.	The University of New Mexico Alumni Association	Total
\$ 2,554,074	\$ 230,263	\$ 1,211,531	\$ -	\$ 15,023,664
-	3,040,187	-	-	20,470,044
-	-	-	-	2,997,083
-	668	-	1,018,993	1,541,664
<u>\$ 2,554,074</u>	<u>\$ 3,271,118</u>	<u>\$ 1,211,531</u>	<u>\$ 1,018,993</u>	<u>\$ 40,032,455</u>
\$ 2,621,751	\$ 520,009	\$ 1,221,101	\$ 90,491	\$ 18,591,077
-	1,083,578	-	539,225	2,033,206
-	2,336,535	-	-	17,868,400
<u>\$ 2,621,751</u>	<u>\$ 3,940,122</u>	<u>\$ 1,221,101</u>	<u>\$ 629,716</u>	<u>\$ 38,492,683</u>
\$ (67,677)	\$ (669,004)	\$ (9,570)	\$ 389,277	\$ 1,539,772
\$ 1,504	\$ 87,365	\$ 7,979	\$ 345,780	\$ 7,227,882
-	-	-	72,713	72,713
-	-	-	-	-
<u>\$ 1,504</u>	<u>\$ 87,365</u>	<u>\$ 7,979</u>	<u>\$ 418,493</u>	<u>\$ 7,300,595</u>
\$ (66,173)	\$ (581,639)	\$ (1,591)	\$ 807,770	\$ 8,840,367
\$ -	\$ -	\$ -	\$ -	\$ 5,107,386
\$ -	\$ -	\$ -	\$ -	\$ 5,107,386
\$ (66,173)	\$ (581,639)	\$ (1,591)	\$ 807,770	\$ 13,947,753
\$ 665,399	\$ 1,933,889	\$ 417,801	\$ 4,511,403	\$ 98,863,407
<u>\$ 599,226</u>	<u>\$ 1,352,250</u>	<u>\$ 416,210</u>	<u>\$ 5,319,173</u>	<u>\$ 112,811,160</u>

# THE UNIVERSITY OF NEW MEXICO

## BASIC FINANCIAL STATEMENTS

Combining Statement of Revenues, Expenses and Changes in Net Assets for the year ended June 30, 2004 -  
Discretely Presented Component Units

	<b>University Physician Associates</b>	<b>The University of New Mexico Foundation, Inc.</b>	<b>The Robert O. Anderson Schools of Management Foundation</b>
<b>REVENUES</b>			
Operating revenues			
Fees	\$ 8,359,296	\$ -	\$ 2,148,039
Grants, bequests and contributions	-	14,630,786	212,759
Operational support	-	2,178,628	-
Other operating revenues	-	346,763	50,986
Total operating revenues	<u>\$ 8,359,296</u>	<u>\$ 17,156,177</u>	<u>\$ 2,411,784</u>
<b>EXPENSES</b>			
Operating expenses			
General and administrative	\$ 8,406,013	\$ 2,931,484	\$ 1,804,617
Program expenses	-	-	428,789
Distributions to the University of New Mexico	-	14,869,776	167,500
Total operating expenses	<u>\$ 8,406,013</u>	<u>\$ 17,801,260</u>	<u>\$ 2,400,906</u>
Net operating income (loss)	<u>\$ (46,717)</u>	<u>\$ (645,083)</u>	<u>\$ 10,878</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment income (loss)	\$ 46,717	\$ 8,008,403	\$ 7,932
Other non-operating revenues	-	-	-
Gain on disposal of assets	-	-	-
Total non-operating revenues	<u>\$ 46,717</u>	<u>\$ 8,008,403</u>	<u>\$ 7,932</u>
Income (loss) before other revenues	<u>\$ -</u>	<u>\$ 7,363,320</u>	<u>\$ 18,810</u>
Contributions to permanent endowments	\$ -	\$ 5,606,801	\$ -
Total other revenues	<u>\$ -</u>	<u>\$ 5,606,801</u>	<u>\$ -</u>
Change in net assets	<u>\$ -</u>	<u>\$ 12,970,121</u>	<u>\$ 18,810</u>
Net assets (deficit) at beginning of year	<u>\$ -</u>	<u>\$ 77,395,572</u>	<u>\$ 950,412</u>
Net assets at end of year	<u>\$ -</u>	<u>\$ 90,365,693</u>	<u>\$ 969,222</u>

See accompanying notes to the basic financial statements.

## EXHIBIT G

Science & Technology Corporation @ UNM	University of New Mexico Lobo Club	Lobo Energy, Inc.	The University of New Mexico Alumni Association	Total
\$ 2,056,275	\$ 137,965	\$ 1,219,846	\$ -	\$ 13,921,421
-	3,865,925	-	-	18,709,470
-	-	-	-	2,178,628
-	1,561	-	956,654	1,355,964
<u>\$ 2,056,275</u>	<u>\$ 4,005,451</u>	<u>\$ 1,219,846</u>	<u>\$ 956,654</u>	<u>\$ 36,165,483</u>
\$ 2,171,527	\$ 392,455	\$ 1,326,781	\$ 65,615	\$ 17,098,492
-	1,321,500	-	441,801	2,192,090
-	2,132,497	1,000,000	-	18,169,773
<u>\$ 2,171,527</u>	<u>\$ 3,846,452</u>	<u>\$ 2,326,781</u>	<u>\$ 507,416</u>	<u>\$ 37,460,355</u>
\$ (115,252)	\$ 158,999	\$ (1,106,935)	\$ 449,238	\$ (1,294,872)
\$ (54,605)	\$ 27,681	\$ 11,839	\$ 454,236	\$ 8,502,203
-	-	-	74,471	74,471
2,141,786	-	-	-	2,141,786
<u>\$ 2,087,181</u>	<u>\$ 27,681</u>	<u>\$ 11,839</u>	<u>\$ 528,707</u>	<u>\$ 10,718,460</u>
\$ 1,971,929	\$ 186,680	\$ (1,095,096)	\$ 977,945	\$ 9,423,588
-	-	-	-	\$ 5,606,801
-	-	-	-	\$ 5,606,801
<u>\$ 1,971,929</u>	<u>\$ 186,680</u>	<u>\$ (1,095,096)</u>	<u>\$ 977,945</u>	<u>\$ 15,030,389</u>
\$ (1,306,530)	\$ 1,747,209	\$ 1,512,897	\$ 3,533,458	\$ 83,833,018
<u>\$ 665,399</u>	<u>\$ 1,933,889</u>	<u>\$ 417,801</u>	<u>\$ 4,511,403</u>	<u>\$ 98,863,407</u>

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# THE UNIVERSITY OF NEW MEXICO

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005 and 2004

### (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 Governmental Accounting Standards Board (GASB) 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*; GASB 35 – *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*; GASB 37 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*; and GASB 38 – *Certain Financial Statement Note Disclosures*. This financial report provides an 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 Governmental Accounting Standards Board Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement 14* (GASB 39). GASB 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 GASBs 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 14 and 39. The entities are discretely presented in the financial statements as component units and include University Physician Associates; The University of New Mexico Foundation, Inc.; The Robert O. Anderson Schools of Management Foundation; Science & Technology Corporation @ UNM; The University of New Mexico Lobo Club; Lobo Energy, Inc., and The University of New Mexico Alumni Association. 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 adopted Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures, an amendment of GASB Statement 3*. The Statement addresses common deposit and investment risks related to custodial credit risk, credit risk, concentration of credit risk, interest rate risk, foreign currency risk. It also requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates as well as deposit and investment policies related to the risks be identified. The *GASB Statement 3* disclosures generally referred to as category 1 and category 2 deposits and investments are eliminated. Disclosure of authorized investments or the requirements for reporting certain repurchase agreements and reverse repurchase agreements is still required.

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 Psychiatric Center 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. Also included in clinical operations are organizations and certain programs that have purposes compatible with the University: University of New Mexico Children's Psychiatric Center, University of New Mexico Carrie Tingley Hospital and University of New Mexico Young Children's Health Center. The clinical operations, when combined with the University's School

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# THE UNIVERSITY OF NEW MEXICO

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005 and 2004

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.

The component units, the Hospital, University of New Mexico Children's Psychiatric Center, University of New Mexico Carrie Tingley Hospital and the University of New Mexico Psychiatric Center, have separately audited financial statements, which can be obtained at their separate administrative offices. Addresses for the component units can be found in note 18.

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

### (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>2005</u>	<u>2004</u>
Medicare and Medicaid	40%	38%
Other third-party payors	40%	43%
Others	<u>20%</u>	<u>19%</u>
	<u>100%</u>	<u>100%</u>

Investments: Stocks, bonds and similar investments are recorded at fair value as determined by quoted market prices.

The income from the University's interest in the State of New Mexico Permanent Fund, as well as the income derived from University lands under the control of the State of New Mexico Commissioner of Public Lands, 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

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# THE UNIVERSITY OF NEW MEXICO

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005 and 2004

average unit values of the CIF for the preceding twelve quarters. The target annual distribution rate shall be five percent of the average unit market value. If, in any given twelve-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 twelve-quarter rolling period. If in any twelve-quarter rolling period the distribution exceeds five percent of the current market value, then the actual distribution will be determined by the Consolidated Investment Fund Investment Committee.

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. The University's capitalization policy for moveable equipment includes all items with a unit cost of \$1,000 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 Property Accounting Department and totals \$7,648,803 and \$5,439,575 at June 30, 2005 and 2004, 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 Regent's policies regarding accessioning and de-accessioning. However, because of their invaluable and irreplaceable nature, these collections have not been capitalized.

Bonds Payable: The University has entered into interest rate swap agreements to modify variable rate interest payments into fixed rate interest payments on outstanding bonds payable. Other than the net interest expenditures resulting from these agreements, no amounts are recorded in the financial statements.

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.

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.



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# THE UNIVERSITY OF NEW MEXICO

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005 and 2004

Unspent bond proceeds for the University are approximately \$6,000,000 and \$29,000,000 at June 30, 2005 and 2004, respectively. Unspent bond proceeds for the Hospital are \$147,583,000 at June 30, 2005.

*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* 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.

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 No. 33 – *Accounting and Financial Reporting for Non-exchange Transactions*. Revenues are recognized when all applicable eligibility requirements have been met.

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. Certain governmental grants, such as Pell grants, and other federal, state or non-governmental programs, are recorded as operating or non-operating revenues in the University's basic financial statements. To the extent that revenues from such programs is 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.

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, House Bill 2, Appropriations Act Section J found on Pages 174-175.

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# THE UNIVERSITY OF NEW MEXICO

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005 and 2004

Deferred revenue consists primarily of advances from contracts and grants. Revenue is recognized to the extent that the underlying exchange transaction has occurred.

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) 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 No. 9 – *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 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, University of New Mexico Carrie Tingley Hospital, University of New Mexico Children's Psychiatric Center, University of New Mexico Psychiatric Center, and University of New Mexico Young Children's Health Center 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, 2055. The purpose of the agreement is to operate and maintain UNM Hospital and UNM Psychiatric Center 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 on-going 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. The purpose of this agreement is to create a mechanism by which the Districts can jointly and cooperatively undertake any activities in its 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 responsibility. There is no specific amount estimated since the agreement describes an on-going relationship.

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005 and 2004

(G) *Reclassifications*

Certain 2004 amounts have been reclassified in order to be consistent with the 2005 presentation.

(H) *Deferred Bond Issuance Costs*

The deferred bond issuance costs represent the Hospital bond issuance cost for the FHA Insured Hospital Mortgage Revenue Bond. The bond issuance costs are amortized over the terms of the related indebtedness.

(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, 2005 and 2004 were \$31,449,527 and \$53,513,429, respectively. The carrying amounts of the component units' deposits with financial institutions at June 30, 2005 and 2004 were \$37,790,514 and \$30,775,671, respectively. Bank balances are categorized as follows:

<u>June 30, 2005</u>	<u>Cash</u>	<u>Deposits Classified as Investments</u>	<u>Total</u>
<b>Primary Institution</b>			
Amount insured by the Federal Deposit Insurance Corporation	\$ 599,759	\$ -	\$ 599,759
Amount collateralized with securities held in the University's name by their agent	<u>58,559,070</u>	<u>15,050,000</u>	<u>73,609,070</u>
	<u>\$ 59,158,829</u>	<u>\$ 15,050,000</u>	<u>\$ 74,208,829</u>
<b>Component Units</b>			
Amount insured by the Federal Deposit Insurance Corporation	\$ 817,975	\$ -	\$ 817,975
Amount collateralized with securities held in the University's name by their agent	12,738,998	5,768	12,744,766
Amount exposed to custodial credit risk	<u>3,953,690</u>	<u>-</u>	<u>3,953,690</u>
	<u>\$ 17,510,663</u>	<u>\$ 5,768</u>	<u>\$ 17,516,431</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. As of 6/30/05, the University chose to collateralize 100% of their deposits. Collateral must meet State of New Mexico "Security of Public Money" standards and be held in third party safekeeping.

As of June 30, 2005, the primary institution's bank deposits were not exposed to custodial credit risk. As of June 30, 2005, \$3,953,690 of the component units' deposits were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 3,014,071
Uninsured and collateralized with securities held by pledging institution not in the University's name	<u>939,619</u>
Total	<u>\$ 3,953,690</u>

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# THE UNIVERSITY OF NEW MEXICO

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005 and 2004

<u>June 30, 2004</u>	<u>Cash</u>	<u>Deposits Classified as Investments</u>	<u>Total</u>
Primary Institution			
Amount insured by the Federal Deposit Insurance Corporation	\$ 758,236	\$ -	\$ 758,236
Amount collateralized with securities held in the University's name by their agent	<u>91,909,758</u>	<u>19,050,000</u>	<u>110,959,758</u>
	<u>\$ 92,667,994</u>	<u>\$19,050,000</u>	<u>\$111,717,994</u>
Component Units			
Amount insured by the Federal Deposit Insurance Corporation	\$ 1,125,919	\$ -	\$ 1,125,919
Amount collateralized with securities held in the University's name by their agent	<u>14,105,371</u>	<u>-</u>	<u>14,105,371</u>
	<u>\$ 15,231,290</u>	<u>-</u>	<u>\$ 15,231,290</u>

### (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. Mutual funds, external investment pools, and securities underlying reverse repurchase agreements are not exposed to custodial credit risk.

The University's custodial risk policy for short-term investments 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.

The University's custodial risk policy for investments 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 local 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.

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005 and 2004

A summary of the investments at June 30, 2005 and their exposure to custodial credit risk are as follows:

	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	Fair Value
<b>Short-term investments</b>			
Primary Institution			
U.S. Treasury Securities	\$ -	\$ -	\$ 86,743,528
U.S. Government Agency Oblg.	-	-	19,590,726
Bonds	-	-	5,512,121
Mutual Funds	-	-	23,203
Foreign Currency	-	-	20,808
Money Market	-	-	3,244,504
Commercial Paper	-	-	10,251,906
Certificates of deposit	-	-	<u>15,050,000</u>
Total short-term investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,436,796</u>
Component Units			
Mutual Funds	\$ -	\$ -	\$ 4,081,867
Certificates of deposit	-	-	<u>5,768</u>
Total short-term investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,087,635</u>

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005 and 2004

	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	Fair Value
<b>Long-term investments</b>			
Primary Institution			
U.S. Government Agency Oblg.	\$ -	\$ -	\$ 164,056,001
Bonds	-	-	24,532,551
Equity Securities	-	-	127,848,633
Repurchase Agreement	-	-	13,513,150
Corporate Asset and Mortgaged-backed securities	-	-	<u>6,431,126</u>
Total long-term investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 336,381,461</u>
Component Units			
U.S. Government Agency Oblg.	\$ 180,588	\$ -	\$ 5,182,105
Bonds	3,245,208	-	14,208,292
Equity Securities	1,789,159	-	54,636,969
Mutual Funds	-	-	966,372
U.S. Treasury Securities	-	-	566,750
Corporate Asset and Mortgaged-backed securities	-	-	<u>2,826,595</u>
Total long-term investments	<u>\$ 5,214,955</u>	<u>\$ -</u>	<u>\$ 78,387,083</u>

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005 and 2004

A summary of the investments at June 30, 2004, by category of custodial credit risk described below, is as follows:

	<u>Category 1</u>	<u>Category 2</u>	<u>Deposits Classified as Investments</u>	<u>Carrying/ Fair Value Amounts</u>
<b>Short-term investments</b>				
Primary Institution				
U.S. Government Treasury bills	\$ 69,578,998	\$ -	\$ -	\$ 69,578,998
Stocks and bonds	-	34,475,482	-	34,475,482
Certificates of deposit	-	-	19,050,000	19,050,000
	<u>\$ 69,578,998</u>	<u>\$ 34,475,482</u>	<u>\$ 19,050,000</u>	<u>\$ 123,104,480</u>

### Component Units

Certificates of deposit	\$ -	\$ -	\$ 5,000	\$ 5,000
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>
Investments not subject to categorization –Mutual Funds				\$ 3,777,304
				<u>\$ 3,782,304</u>

	<u>Category 1</u>	<u>Category 2</u>	<u>Deposits Classified as Investments</u>	<u>Carrying Amounts</u>
<b>Long-term investments</b>				
Primary Institution				
U.S. Government Treasury bills	\$ 5,725,674	\$ -	\$ -	\$ 5,725,674
Stocks and bonds	-	165,894,174	-	165,894,174
U.S. Government Agency Mortgaged-backed securities	18,164,977	-	-	18,164,977
	<u>\$ 23,890,651</u>	<u>\$ 165,894,174</u>	<u>\$ -</u>	<u>\$ 189,784,825</u>

### Component Units

U.S. Government Treasury bills	\$ 326,750	\$ -	\$ -	\$ 326,750
Stocks and bonds	-	58,482,054	-	58,482,054
U.S. Government Treasury notes	7,191,954	-	-	7,191,954
Other	3,026,499	-	-	3,026,499
	<u>\$ 10,545,203</u>	<u>\$ 58,482,054</u>	<u>\$ -</u>	<u>\$ 69,027,257</u>
Investments not subject to categorization –Mutual Funds				\$ 611,201
				<u>\$ 69,638,458</u>

In accordance with GASB Statement 3, University investments have been categorized into the following two categories of custodial credit risk: Category 1 -Investments that are insured or registered or for which the securities are held by the University or its agent in the University's name. Category 2 -Uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005 and 2004

University's name. Beginning in fiscal 2005, the University adopted GASB 40, which amends GASB Statement 3.

*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 \$106,844,284 and \$107,492,878 at June 30, 2005 and 2004, respectively. The fair value is \$137,263,173 and \$129,386,581 at June 30, 2005 and 2004, respectively. These investments are not categorized by custodial risk.

(C) *Derivatives*

The University does not have any derivative investments. The University does have a derivative investment policy for long-term investments.

(D) *Credit Risk—Debt Investments.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill their obligations. The University is required to disclose credit ratings of their debt investments in order to assess credit risk. U.S. obligations, investments explicitly guaranteed by the U.S. Government, and non-debt investments are excluded from this requirement. Currently, the 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 portfolio will be "A" or better rated as established by a recognized rating service and further reinforced by independent in-house credit analyses. In cases where the yield spread adequately compensates for additional risk, up to 25% of the market value of the fixed income portfolio may be in securities rated less than BBB or the equivalent.

A summary of the investments at June 30, 2005 and their exposure to credit risk are as follows:

<b>Short-Term Investments</b>	<b>Rating</b>	<b>Fair Value</b>
Primary Institution		
Items not subject to credit risk: U.S. Treasury Securities	N/A	<u>\$ 86,743,528</u>
U.S. Government Agency Oblg. Bonds	Fitch-F1+	19,590,726
Mutual Funds	Fitch---F1+	5,512,121
Foreign Currency-Peso	S&P---A-1+	23,203
Foreign Currency-Euro	Fitch---F3	20,963
Money Market	Fitch---F1+	(155)
Commercial Paper	Not Rated	3,244,504
Commercial Paper	S&P---A-1+	1,816,709
Certificates of Deposit	S&P---A-1+	8,435,197
Certificates of Deposit	Fitch---F1	11,050,000
	Fitch---F1+	<u>4,000,000</u>
Items subject to credit risk		<u>\$ 53,693,268</u>
Total short-term investments		<u>\$140,436,796</u>



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# THE UNIVERSITY OF NEW MEXICO

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005 and 2004

### Component Units

Items not subject to credit risk: Mutual Funds (Equity)	N/A	\$ 4,081,867
Certificates of Deposit	Fitch---F1+	<u>5,768</u>
Items subject to credit risk		\$ <u>5,768</u>
Total short-term investments		\$ <u>4,087,635</u>

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005 and 2004

Long-Term Investments	Rating	Fair Value
Primary Institution		
Items not subject to credit risk: Equity Securities, U.S. Treasury Securities, and U.S. Government Agency Oblg. (explicitly guaranteed)	N/A	<u>\$132,101,046</u>
U.S. Government Agency Oblg.	Fitch---AAA	163,470,058
Bonds	Fitch---AAA	2,104,350
	Fitch---AA	138,651
	Fitch---AA-	1,653,762
	Fitch---A+	772,262
	Fitch---A	630,450
	Fitch---A-	1,472,561
	Fitch---BBB+	2,367,716
	Fitch---BBB	2,991,761
	Fitch---BBB-	3,970,937
	Fitch---BB+	1,017,390
	Fitch---BB	220,312
	Fitch---BB-	318,700
	Fitch---C	48,966
	Moody's---Aaa	451,749
	Moody's---A2	83,694
	Moody's---Baa1	323,288
	Moody's---Ba1	103,933
	Moody's---Baa2	145,922
	Not Rated	2,049,677
Repurchase Agreement	Moody's---Aa2	13,513,150
Corporate Asset and Mortgaged-backed securities	Fitch---AAA	2,964,007
	Fitch---AA	182,647
	Fitch---A+	341,353
	Fitch A-	120,805
	Fitch---BBB	54,851
	Fitch---BB	174,405
	Fitch B-	64,899
	Moody's---Aaa	1,509,856
	Moody's---A2	96,027
	S&P---AAA	89,760
	Not Rated	<u>832,516</u>
Items subject to credit risk		<u>\$204,280,415</u>
Total long-term investments		<u>\$336,381,461</u>

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005 and 2004

### Component Units

Investments not subject to credit risk: Equity Securities, U.S. Treasury Securities, U.S. Government Agency Oblg. (explicitly guaranteed), and Mutual Funds (Equity)

N/A \$ 58,222,319

U.S. Government Agency Oblg. Fitch---AAA 4,741,357

Bonds	Fitch---AAA	924,899
	Fitch---AA	60,940
	Fitch---AA-	726,858
	Fitch---A+	339,423
	Fitch---A	277,094
	Fitch---A-	647,217
	Fitch---BBB+	1,040,654
	Fitch---BBB	1,314,933
	Fitch---BBB-	1,745,298
	Fitch---BB+	447,161
	Fitch---BB	96,831
	Fitch---BB-	140,075
	Fitch---C	21,521
	Moodys---Aaa	198,552
	Moodys---A2	57,113
	Moodys---Baa1	142,091
	Moodys---Baa2	64,135
	Moodys---Ba1	45,681
	S&P---AAA	2,842,681
S&P---AA	397,269	
S&P---A	165,518	
Not Rated	900,869	

### Corporate Asset and

Mortgaged-backed securities

Fitch---AAA	1,302,734
Fitch---AA	80,277
Fitch---A+	150,031
Fitch---A-	53,096
Fitch---BBB	24,108
Fitch---BB	76,654
Fitch---B-	28,524
Moodys---Aaa	663,609
Moodys-A2	42,206
S&P---AAA	39,451
Not Rated	<u>365,904</u>

Items subject to credit risk \$ 20,164,764

Total long-term investments \$ 78,387,083

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005 and 2004

(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, 2005 and their exposure to interest rate risk are as follows:

Short-Term Investments	Fair Value	Investment Maturities			
		Less than 1 Year	1-5 Years	6-10 Years	Greater Than 10 Years
Primary Institution					
Items not subject to interest rate risk: U.S. Treasury Securities					
	\$ 86,743,528	\$ 86,743,528			
U.S. Government Oblg. Bonds	19,590,726	19,590,726			
Mutual Funds	5,512,121	5,512,121			
Foreign Currency	23,203	23,203			
Money Market	20,808	20,808			
Commercial Paper	3,244,504	3,244,504			
Certificates of Deposit	10,251,906	10,251,906			
	<u>15,050,000</u>	<u>15,050,000</u>			
Items subject to interest rate risk	\$ 53,693,268	\$ 53,693,268			
Total short-term investments	<u>\$140,436,796</u>	<u>\$ 140,436,796</u>			
Component Units					
Items not subject to interest rate risk: Mutual Funds (Equity)					
	\$ 4,081,867	\$ 4,081,867			
Certificates of Deposit	5,768	5,768			
Items subject to interest rate risk	\$ 5,768	\$ 5,768			
Total short-term investments	<u>\$ 4,087,635</u>	<u>\$ 4,087,635</u>			

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005 and 2004

Long-Term Investments	Fair Value	Investment Maturities			
		Less than 1 Year	1-5 Years	6-10 Years	Greater Than 10 Years
Primary Institution					
Items not subject to interest rate risk: Equity Securities	<u>\$ 127,848,633</u>				
U.S. Government Agency Oblg.	164,056,001		152,881,918		11,174,083
Bonds	24,532,551		15,087,183	8,698,604	746,764
Repurchase Agreement	13,513,150				13,513,150
Corporate Asset and Mortgage-backed Securities	<u>6,431,126</u>	<u>-</u>	<u>1,799,824</u>	<u>950,559</u>	<u>3,680,743</u>
Items subject to interest rate risk	<u>\$ 208,532,828</u>	<u>\$ -</u>	<u>\$ 169,768,925</u>	<u>\$ 9,649,163</u>	<u>\$ 29,114,740</u>
Total long-term investments	<u>\$ 336,381,461</u>				
Component Units					
Items not subject to interest rate risk: Equity Securities and Mutual Funds (Equity)	<u>\$ 55,603,341</u>				
U.S. Government Agency Oblg.	5,182,105		270,896		4,911,209
Bonds	14,208,292	90,343	7,174,140	4,158,711	2,785,098
U.S. Government Treasury notes	566,750		566,750		
Corporate Asset and Mortgage-backed securities	<u>2,826,595</u>	<u>-</u>	<u>791,055</u>	<u>417,788</u>	<u>1,617,752</u>
Items subject to interest rate risk	<u>\$ 22,783,742</u>	<u>\$ 90,343</u>	<u>\$ 8,802,841</u>	<u>\$ 4,576,499</u>	<u>\$ 9,314,059</u>
Total long-term investments	<u>\$ 78,387,083</u>				

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# THE UNIVERSITY OF NEW MEXICO

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005 and 2004

- (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.

The University's exposure to concentrated credit risk for the primary institution and component units is \$169,518,727 which is invested in FNMA U. S. Government mortgage-backed securities. This investment is 30.3% of the total long term and short investments held. FNMA investments are implicitly guaranteed by the U.S. Government.

- (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.

A summary of the investments exposed to foreign currency risk by currency, their respective values at June 30, 2005, and their percentage of total investments follows:

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005 and 2004

<u>Investment Type</u>	<u>Foreign Currency</u>	<u>Amount</u>	<u>% of Total Investments</u>
Primary Institution			
Bonds	EUR-Euro	\$ 6,136,789	1.29%
	MYR-Malaysian Ringgit	104,187	.02%
	MXN- Mexican Peso	326,372	.07%
	GBP-British Pound	516,406	.11%
	SGD-Singapore Dollar	164,391	.03%
	JPY-Japanese Yen	108,486	.02%
	NOK-Norwegian Krone	79,954	.02%
	MXN- Mexican Peso	20,963	.00%
	EUR-Euro	<u>(156)</u>	<u>.00%</u>
Total Foreign Currency Investments		7,457,392	1.56%
Non-Foreign Currency Investments		<u>469,360,865</u>	<u>98.44%</u>
Total short-term and long- term investments		<u>\$ 476,818,257</u>	<u>100.00%</u>
Component Units			
Bonds	EUR-Euro	\$ 274,992	.33%
	MYR-Malaysian Ringgit	45,792	.06%
	MXN- Mexican Peso	143,446	.17%
	GBP-British Pound	226,970	.27%
	SGD-Singapore Dollar	72,253	.09%
	JPY-Japanese Yen	47,682	.06%
	NOK-Norwegian Krone	<u>35,141</u>	<u>.04%</u>
Total Foreign Currency Investments		846,276	1.02%
Non-Foreign Currency Investments		<u>81,628,442</u>	<u>98.98%</u>
Total short-term and long- term investments		<u>\$ 82,474,718</u>	<u>100.00%</u>

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005 and 2004

(H) *Investment Income (Loss)*

At June 30, 2005 and 2004, investment income (loss) consists of the following:

	<u>2005</u>	<u>2004</u>
Primary Institution investment income (loss)		
Investment revenue:		
Investment income	\$ 8,388,583	\$ 4,829,620
State Investment Council Permanent Fund distribution	9,027,095	6,793,089
Realized gains:		
State Investment Permanent Fund	7,876,592	13,123,797
Realized gains (losses):		
Endowments – common investment fund	5,545,374	(556,287)
Unrealized gains:		
Endowments – common investment fund	<u>4,150,806</u>	<u>19,808,647</u>
	<u>\$ 34,988,450</u>	<u>\$ 43,998,866</u>
Component Units investment income	<u>\$ 7,227,882</u>	<u>\$ 8,502,203</u>

(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 statement of net assets. At June 30, 2005 and 2004, receivables consisted of the following:

	<u>2005</u>	<u>2004</u>
Primary Institution accounts receivable, net		
Contracts and grants	\$ 53,371,011	\$ 34,738,954
HSC health services	2,632,073	8,237,259
Sales and services	12,022,071	18,589,820
Auxiliaries	8,040,497	6,495,327
Tuition and fees	4,964,404	4,753,618
State of New Mexico Bonds	4,322,899	5,469,203
Other	<u>25,299</u>	<u>25,766</u>
	\$ 85,378,254	\$ 78,309,947
Less: Allowance for doubtful accounts	<u>(9,738,202)</u>	<u>(14,159,988)</u>
	<u>\$ 75,640,052</u>	<u>\$ 64,149,959</u>
Component Units accounts receivable, net	<u>\$ 1,056,152</u>	<u>\$ 803,979</u>
Primary Institution patient receivables, net		
Patient receivables	\$ 164,862,741	\$ 151,290,053
Less: Allowance for doubtful accounts	<u>(114,611,702)</u>	<u>(102,785,972)</u>
	<u>\$ 50,251,039</u>	<u>\$ 48,504,081</u>
Component Units patient receivables, net	<u>\$ 9,015,631</u>	<u>\$ 9,307,482</u>
Primary Institution other receivables		
Bernalillo County Treasurer	\$ 1,007,494	\$ 987,856
Other receivables	<u>201,240</u>	<u>1,427,173</u>
	<u>\$ 1,208,734</u>	<u>\$ 2,415,029</u>
Component Units other receivables, net	<u>\$ 513,155</u>	<u>\$ 725,869</u>



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# THE UNIVERSITY OF NEW MEXICO

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005 and 2004

(5) **Notes Receivable**

Current notes receivable are shown net of allowance for doubtful accounts in the accompanying Statement of Net Assets. At June 30, 2005 and 2004, notes receivable consisted of the following:

	<u>2005</u>	<u>2004</u>
Primary Institution notes receivable, net		
Current notes receivable		
Student loans	\$ 4,599,498	\$ 2,773,480
Allowance for doubtful accounts	<u>(10,452)</u>	<u>(659,253)</u>
	<u>\$ 4,589,046</u>	<u>\$ 2,114,227</u>
Non-current notes receivable		
Student loans	<u>\$ 12,428,418</u>	<u>\$ 13,788,840</u>

Federal Perkins Loans make up approximately 79% and 77% of the student loans at June 30, 2005 and 2004, 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 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.

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005 and 2004

### (6) Capital Assets (in thousands)

	Year Ended June 30, 2005				Ending Balance
	Beginning Balance	Additions	Transfers	Retirements	
University capital assets not being depreciated					
Land	\$ 24,988	-	-	-	\$ 24,988
Construction in-progress	<u>46,390</u>	<u>14,328</u>	<u>(39,056)</u>	<u>-</u>	<u>21,662</u>
	<u>\$ 71,378</u>	<u>14,328</u>	<u>(39,056)</u>	<u>-</u>	<u>\$ 46,650</u>
University depreciable capital assets					
Land improvements	\$ 37,462	124	-	-	\$ 37,586
Infrastructure	66,767	13,183	1,348	-	81,298
Buildings	507,806	17,935	37,708	(3,608)	559,841
Equipment and furnishings	212,148	22,883	-	(9,196)	225,835
Library books	<u>99,511</u>	<u>5,594</u>	<u>-</u>	<u>-</u>	<u>105,105</u>
Total depreciable capital assets	<u>\$ 923,694</u>	<u>59,719</u>	<u>39,056</u>	<u>(12,804)</u>	<u>\$ 1,009,665</u>
Less: Accumulated depreciation for					
Land improvements	\$ (24,422)	(1,300)	-	-	\$ (25,722)
Infrastructure	(19,354)	(3,656)	-	-	(23,010)
Buildings	(199,029)	(14,126)	-	2,476	(210,679)
Equipment and furnishings	(148,908)	(16,648)	-	8,541	(157,015)
Library books	<u>(90,444)</u>	<u>(4,742)</u>	<u>-</u>	<u>-</u>	<u>(95,186)</u>
Total accumulated depreciation	<u>\$(482,157)</u>	<u>(40,472)</u>	<u>-</u>	<u>11,017</u>	<u>\$(511,612)</u>
University depreciable capital assets, net	<u>\$ 441,537</u>	<u>19,247</u>	<u>39,056</u>	<u>(1,787)</u>	<u>\$ 498,053</u>
Capital asset summary					
University capital assets not being depreciated	\$ 71,378	14,328	(39,056)	-	\$ 46,650
University depreciable capital assets at cost	<u>923,694</u>	<u>59,719</u>	<u>39,056</u>	<u>(12,804)</u>	<u>1,009,665</u>
University total cost of capital assets	\$ 995,072	74,047	-	(12,804)	\$ 1,056,315
Less: Accumulated depreciation	(447,767)	(37,114)	-	10,172	(474,709)
Less: Accumulated depreciation-Auxiliaries	<u>(34,390)</u>	<u>(3,358)</u>	<u>-</u>	<u>845</u>	<u>(36,903)</u>
University capital assets, net	<u>\$ 512,915</u>	<u>33,575</u>	<u>-</u>	<u>(1,787)</u>	<u>\$ 544,703</u>
Clinical Operations capital assets	\$ 250,679	50,128	-	(125)	\$ 300,682
Less: Accumulated depreciation	<u>(143,849)</u>	<u>(16,533)</u>	<u>-</u>	<u>56</u>	<u>(160,326)</u>
Clinical Operations capital assets, net	<u>\$ 106,830</u>	<u>33,595</u>	<u>-</u>	<u>(69)</u>	<u>\$ 140,356</u>
Primary Institution capital assets, net	<u>\$ 619,745</u>	<u>67,170</u>	<u>-</u>	<u>(1,856)</u>	<u>\$ 685,059</u>
Component Units capital assets, net	<u>\$ 1,184</u>	<u>(294)</u>	<u>-</u>	<u>-</u>	<u>\$ 890</u>

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005 and 2004

### (6) Capital Assets (in thousands)

	Year Ended June 30, 2004				Ending Balance
	Beginning Balance	Additions	Transfers	Retirements	
University capital assets not being depreciated					
Land	\$ 24,097	930	-	(39)	\$ 24,988
Construction in-progress	<u>22,546</u>	<u>33,761</u>	<u>(9,917)</u>	<u>-</u>	<u>46,390</u>
	<u>\$ 46,643</u>	<u>34,691</u>	<u>(9,917)</u>	<u>(39)</u>	<u>\$ 71,378</u>
University depreciable capital assets					
Land improvements	\$ 27,787	4,527	5,148	-	\$ 37,462
Infrastructure	35,844	10,087	20,836	-	66,767
Buildings	505,742	18,213	(16,067)	(82)	507,806
Equipment and furnishings	201,592	27,179	-	(16,623)	212,148
Library books	<u>95,051</u>	<u>4,460</u>	<u>-</u>	<u>-</u>	<u>99,511</u>
Total depreciable capital assets	<u>\$ 866,016</u>	<u>64,466</u>	<u>9,917</u>	<u>(16,705)</u>	<u>\$ 923,694</u>
Less: Accumulated depreciation for					
Land improvements	\$ (23,090)	(1,332)	-	-	\$ (24,422)
Infrastructure	(15,524)	(3,480)	(350)	-	(19,354)
Buildings	(187,688)	(11,706)	350	15	(199,029)
Equipment and furnishings	(142,838)	(22,141)	-	16,071	(148,908)
Library books	<u>(85,691)</u>	<u>(4,753)</u>	<u>-</u>	<u>-</u>	<u>(90,444)</u>
Total accumulated depreciation	<u>\$ (454,831)</u>	<u>(43,412)</u>	<u>-</u>	<u>16,086</u>	<u>\$ (482,157)</u>
University depreciable capital assets, net	<u>\$ 411,185</u>	<u>21,054</u>	<u>9,917</u>	<u>(619)</u>	<u>\$ 441,537</u>
Capital asset summary					
University capital assets not being depreciated	\$ 46,643	34,691	(9,917)	(39)	\$ 71,378
University depreciable capital assets at cost	<u>866,016</u>	<u>64,466</u>	<u>9,917</u>	<u>(16,705)</u>	<u>923,694</u>
University total cost of capital assets	\$ 912,659	99,157	-	(16,744)	\$ 995,072
Less: Accumulated depreciation	(422,238)	(40,373)	-	14,844	(447,767)
Less: Accumulated depreciation-Auxiliaries	<u>(32,593)</u>	<u>(3,039)</u>	<u>-</u>	<u>1,242</u>	<u>(34,390)</u>
University capital assets, net	<u>\$ 457,828</u>	<u>55,745</u>	<u>-</u>	<u>(658)</u>	<u>\$ 512,915</u>
Clinical Operations capital assets	\$ 224,368	26,477	-	(166)	\$ 250,679
Less: Accumulated depreciation	<u>(128,425)</u>	<u>(15,590)</u>	<u>-</u>	<u>166</u>	<u>(143,849)</u>
Clinical Operations capital assets, net	<u>\$ 95,943</u>	<u>10,887</u>	<u>-</u>	<u>-</u>	<u>\$ 106,830</u>
Primary Institution capital assets, net	<u>\$ 553,771</u>	<u>66,632</u>	<u>-</u>	<u>(658)</u>	<u>\$ 619,745</u>
Component Units capital assets, net	<u>\$ 9,119</u>	<u>5</u>	<u>-</u>	<u>(7,940)</u>	<u>\$ 1,184</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, 2005 and 2004, the University capitalized interest expense of approximately \$2,452,000 and \$608,000, respectively.

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# THE UNIVERSITY OF NEW MEXICO

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005 and 2004

(7) **Accounts Payable and Accrued Payroll**

At June 30, 2005 and 2004, accounts payable and accrued payroll consisted of the following:

	<u>2005</u>	<u>2004</u>
Primary Institution accounts payable		
Trade payables	\$10,677,410	\$14,110,588
Clinical Operations – trade payables	26,284,903	15,310,091
Accrued Payroll and benefits	10,586,919	8,713,153
Clinical Operations - accrued payroll and benefits	<u>6,271,463</u>	<u>5,331,365</u>
	<u>\$53,820,695</u>	<u>\$43,465,197</u>
Component Units accounts payable	<u>\$ 57,982</u>	<u>\$ 267,860</u>

(8) **Other Accrued Liabilities**

At June 30, 2005 and 2004, other accrued liabilities consisted of the following:

	<u>2005</u>	<u>2004</u>
Primary Institution other accrued liabilities		
Employer/Employee – payroll tax liability	\$17,464,211	\$16,298,401
Clinical Operations – payroll tax liability	8,864,899	6,118,879
Student balances	990,641	1,438,714
Utilities	1,105,779	1,225,209
Bond interest	931,994	373,261
Other	<u>4,725,689</u>	<u>4,231,687</u>
	<u>\$34,083,213</u>	<u>\$29,686,151</u>

(9) **Deferred Revenue**

At June 30, 2005 and 2004, deferred revenue consisted of the following:

	<u>2005</u>	<u>2004</u>
Primary Institution deferred revenue		
Contracts and grants	\$ 26,826,744	\$ 21,927,922
Prepaid tuition and fees	2,244,256	1,968,189
Sales and service	982,562	3,932,397
Prepaid auxiliary operations sales	<u>2,563,407</u>	<u>768,242</u>
	<u>\$ 32,616,969</u>	<u>\$ 28,596,750</u>
Component Units deferred revenue	<u>\$ 2,390,056</u>	<u>\$ 1,670,606</u>

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005 and 2004

### (10) Long-Term Liabilities

At June 30, 2005 and 2004, long-term liabilities consisted of the following:

	Year Ended June 30, 2005				
	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due Within One Year
Primary Institution long-term liabilities					
Bonds payable	\$251,313,044	197,272,306	(10,666,769)	437,918,581	\$ 10,905,000
Student loan programs	<u>15,130,085</u>	<u>535,347</u>	<u>(481,892)</u>	<u>15,183,540</u>	<u>-</u>
	<u>\$266,443,129</u>	<u>197,807,653</u>	<u>(11,148,661)</u>	<u>453,102,121</u>	<u>\$ 10,905,000</u>
Component Units long-term liabilities					
Due to University of New Mexico	\$ 16,423,244	3,067,128	-	19,490,372	\$ 19,490,372
Deferred annuities payable	<u>1,648,345</u>	<u>131,977</u>	<u>(224,542)</u>	<u>1,555,780</u>	<u>271,506</u>
	<u>\$ 18,071,589</u>	<u>3,199,105</u>	<u>(224,542)</u>	<u>21,046,152</u>	<u>\$ 19,761,878</u>

	Year Ended June 30, 2004				
	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due Within One Year
Primary Institution long-term liabilities					
Bonds payable	\$250,111,164	11,270,707	(10,068,827)	251,313,044	\$ 10,385,000
Student loan programs	<u>19,271,224</u>	<u>333,840</u>	<u>(4,474,979)</u>	<u>15,130,085</u>	<u>-</u>
	<u>\$269,382,388</u>	<u>11,604,547</u>	<u>(14,543,806)</u>	<u>266,443,129</u>	<u>\$ 10,385,000</u>
Component Units long-term liabilities					
Bonds payable	\$ 9,799,857	-	(9,799,857)	-	-
Due to University of New Mexico	34,439,360	-	(18,016,116)	16,423,244	\$ 4,990,795
Deferred annuities payable	<u>1,832,446</u>	<u>96,003</u>	<u>(280,104)</u>	<u>1,648,345</u>	<u>283,258</u>
	<u>\$ 46,071,663</u>	<u>96,003</u>	<u>(28,096,077)</u>	<u>18,071,589</u>	<u>\$ 5,274,053</u>

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005 and 2004

### (11) Bonds Payable

The bonds are collateralized by substantially all unrestricted revenues excluding state appropriations and clinical operations.

Bonds payable consist of the following:	<u>2005</u>	<u>2004</u>
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	5,830,000	6,040,000
Subordinate Lien System Refunding Revenue Bonds Series 2003A with interest ranging from 2.00% to 5.25% - final maturity 2018	20,065,000	20,870,000
Subordinate Lien System Refunding & Improvement Revenue Bonds Series 2002A with interest ranging from 2.5% to 5.25% - final maturity 2032	56,070,000	57,335,000
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 final maturity 2026	25,475,000	25,475,000
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	36,940,000	36,940,000
Subordinate Lien System Improvement Revenue Bonds Series 2001 with interest at a variable rate with a ceiling of 12% - final maturity 2026	49,130,000	50,555,000
System Revenue Bonds Series 2000 with interest ranging from 4.65 to 6.35% - final maturity 2029	12,666,671	13,896,673
Subordinate Lien System Revenue Bonds Series 1996 with interest ranging from 4.80% to 5.50% - final maturity 2026	1,975,000	2,995,000
Subordinate Lien Adjustable-Tender System Revenue Refunding Bonds Series 1996 with synthetic interest rate of 5.10% achieved through an interest rate exchange agreement - final maturity 2006	3,540,000	6,895,000
System Revenue Refunding Bonds Series 1992-A with interest ranging from 5.60% to 6.25% - final maturity 2021	28,800,000	29,875,000
FHA Insured Hospital Mortgage Revenue Bonds Series 2004 with interest ranging from 2.00% to 5.00% - final maturity 2031	192,250,000	-
	<u>\$438,326,671</u>	<u>\$256,461,673</u>
Add: Bond premium	7,392,775	3,267,010
Less: Loss on defeased bonds	(6,591,380)	(7,152,560)
Bond discounts	(1,056,575)	(1,104,694)
Current portion of bonds payable	(10,905,000)	(10,385,000)
Bond insurance and surety premiums	(70,180)	(72,694)
Original issue discount	(82,730)	(85,691)
Long-term bonds payable	<u>\$427,013,581</u>	<u>\$ 240,928,044</u>

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# THE UNIVERSITY OF NEW MEXICO

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005 and 2004

Future debt service as of June 30, 2005 for the bonds follows:

Year ending			
June 30	Principal	Interest	Total
2006	\$ 10,905,000	\$ 21,112,818	\$ 32,017,818
2007	8,622,741	20,622,180	29,244,921
2008	12,317,506	19,390,828	31,708,334
2009	13,746,741	18,838,180	32,584,921
2010	13,147,739	18,223,902	31,371,641
2011-2015	73,164,711	84,823,153	157,987,864
2016-2020	89,537,233	65,797,387	155,334,620
2021-2025	92,690,000	41,515,764	134,205,764
2026-2030	100,635,000	19,271,715	119,906,715
2031-2033	<u>23,560,000</u>	<u>1,269,175</u>	<u>24,829,175</u>
	<u>\$438,326,671</u>	<u>\$310,865,102</u>	<u>\$749,191,773</u>

### Defeased Bonds:

The University has defeased certain System Revenue Bonds as follows:

On November 13, 2002, the University of New Mexico defeased \$30,030,000 of the 2000A series. Sinking fund monies in the amount of \$35,060,001 from the Series 2002C Refunding Revenue Bonds were placed in an irrevocable trust to provide for all future debt service payments. Total cash flow savings to the University from this defeasance are \$3,215,000. Remaining principal outstanding at June 30, 2005 is \$30,030,000.

On January 30, 2003, the University of New Mexico defeased \$21,095,000 of the 1996 series. Sinking fund monies in the amount of \$23,477,000 from the Series 2002B Refunding Revenue Bonds were placed in an irrevocable trust to provide for all future debt service payments. Total cash flow savings to the University from this defeasance are \$1,210,000. Remaining principal outstanding at June 30, 2005 is \$21,095,000.

On April 16, 2003, the University of New Mexico defeased \$4,090,000 of the 1996 series and \$15,655,000 of the 1994 series. Sinking fund monies in the amount of \$16,337,621 for the 1994 and \$4,640,561 for the 1996 from the series 2003A Refunding Revenue Bonds were placed in an irrevocable trust to provide for all future debt service payments. The 1994 series bonds were fully called in 2003. Total cash flow savings to the University from this defeasance are \$708,000. \$4,090,000 remains outstanding on the 1996 series at June 30, 2005.

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.

### Interest Rate Swap Agreement:

The University has entered into interest rate swap agreements for portions of its variable-rate bonds payable. The University continues to pay interest to the bondholders at the variable rate provided by the bonds. In return, the counterparty to the swap agreement owes the University interest based on a variable rate that matches the rate required by the bonds during the term of the swap agreements, the University effectively pays a fixed rate on the debt. Only the net difference in interest payments is actually exchanged with the counterparty. The bond principal is not exchanged; it is only the basis on which the interest payments are calculated.

The debt service requirements to maturity for these bonds [presented in this note] are based on the fixed rate per the swap agreements. The University will be exposed to variable rates if the counterparty to the swap defaults or if the swap is terminated. A termination of the swap agreement may also result in the University making or receiving a termination payment.

The notional amounts of the swap agreements match the percentage of bonds payable principal amounts that are protected by the swap agreements. Because interest rates have declined, all swaps had a negative fair value as of June 30, 2005. As a result, the University is not exposed to credit rate risk as of June 30, 2005. However, should interest rates

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005 and 2004

change and the fair values of the swaps become positive, the University would be exposed to credit rate risk in the amount of the interest swaps' fair value.

The swap agreements are summarized as follows:

	Fixed interest rate per swap <u>agreement</u>	Portion of outstanding bond issue protected by swap <u>agreement</u>	Swap agreement <u>expiration date</u>	Counter party Standard & Poor's <u>rating</u>
Subordinate Lien System Refunding Revenue Bonds Series 2002B	3.83%	100%	Expires in 2026. May be terminated by either party after 2006 if specified conditions are met.	A+
Subordinate Lien System Refunding Revenue Bonds Series 2002C	3.94%	100%	Expires in 2030. May be terminated by either party after 2010 if specified conditions are met.	A+
Subordinate Lien System Improvement Revenue Bonds Series 2001	4.16%	25%	Expires in 2026.	A+
	4.19%	25%	Expires in 2026.	AA-
Subordinate Lien Adjustable- Tender System Revenue Refunding Bonds Series 1996	5.10%	100%	Expires in 2006.	AA+

### (12) Health Care Revenue

A summary of net patient service revenues follows for the years ended June 30:

<b>Primary Institution</b>	<u>2005</u>	<u>2004</u>
Charges at established rates	\$ 229,963,892	\$ 211,463,726
Charity care	(27,077,385)	(24,172,403)
Contractual adjustments	(79,172,502)	(71,119,592)
Provision for doubtful accounts, net	(25,052,049)	(19,372,042)
Total net patient service revenues	<u>\$ 98,661,956</u>	<u>\$ 96,799,689</u>

Below is a breakdown of the hospital and clinical operations operating revenues:

<b>Clinical operations</b>	<u>2005</u>	<u>2004</u>
Charges at established rates	\$ 641,321,773	\$ 582,023,856
Charity care	(118,225,726)	(110,560,647)
Contractual adjustments	(206,490,575)	(174,916,169)
Provision for doubtful accounts, net	(65,357,028)	(58,600,942)
Net patient service revenues	<u>251,248,444</u>	<u>237,946,098</u>
Other operating revenues	<u>16,241,311</u>	<u>14,152,306</u>
Total operating revenues	<u>\$ 267,489,755</u>	<u>\$ 252,098,404</u>

The Hospital is reimbursed from the Medicare and Medicaid programs for certain reimbursable items at a tentative 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 2000 have been final



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# THE UNIVERSITY OF NEW MEXICO

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005 and 2004

settled for the Medicaid programs. Cost reports through 2003 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.

In the 2003 legislative session, the New Mexico State Legislature amended Section 7-1-6.11, NMSA 1978, to provide, in part, for a distribution of 14.52% of the net receipts of cigarette excise tax revenues to the New Mexico Finance Authority (NMFA) for the benefit of the University of New Mexico Health Sciences Center. The act permits the NMFA to issue and sell revenue bonds in an amount not to exceed \$60.0 million for a term not to exceed 15 years, for the purpose of designing, constructing, equipping and furnishing additions and improvements to the Hospital and the Cancer Research Treatment Center at the University of New Mexico Health Sciences Center.

On April 1, 2004, the NMFA issued its Cigarette Tax Revenue Bonds (UNM Health Sciences Center Project), Series 2004A, which generated proceeds of approximately \$40.0 million for deposit into the Hospital's construction account at the NMFA. On September 22, 2004, the NMFA issued its Cigarette Tax Revenue Bonds (UNM Health Sciences Center Project), Series 2004B, which generated proceeds of approximately \$9.6 million for deposit into the Hospital's construction account at the NMFA. The NMFA may still issue approximately \$11.0 million of cigarette tax revenue bonds at a future date for the benefit of the Health Sciences Center. For the year ended June 30, 2004, \$10.8 million has been recorded as nonoperating revenue in the accompanying Statements of Revenues, Expenses, and Changes in Net Assets.

The principal and interest on both the 2004A and 2004B bonds are payable from and secured by a distribution of certain cigarette excise taxes imposed and collected in the State of New Mexico. The 2004A and 2004B bonds, together with interest thereon, are not an indebtedness of the University of New Mexico, or the Hospital, but are special limited obligations of the NMFA payable solely from and secured solely by the cigarette tax revenues and amounts in certain funds and accounts created under the indenture.

### (13) Leases

At June 30, 2005 and 2004, the University and the clinical operations had various lease arrangements summarized as follows:

#### (A) *University and clinical operations as Lessees*

##### (a) Capital Leases

The University and the clinical operations have no capital leases to report at June 30, 2005 and 2004.

##### (b) Operating Leases

The University's rent expense for operating leases amounted to \$5,451,113 and \$4,496,694 for the years ended June 30, 2005 and 2004, 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 \$6,379,500 and \$6,029,000 in 2005 and 2004, respectively.

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# THE UNIVERSITY OF NEW MEXICO

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005 and 2004

(c) Minimum Lease Payments

The following is a schedule of future minimum lease payments for Primary Institution operating leases at June 30, 2005:

Year ending <u>June 30</u>	Lease <u>Payments</u>
2006	\$7,474,908
2007	6,101,292
2008	5,528,151
2009	4,858,977
2010	3,723,144
2011-2015	12,572,932
2016-2020	7,267,602
2021-2025	<u>1,550,944</u>
Total	<u>\$49,077,950</u>

(B) *University as Lessor*

The University is lessor of various properties. For the years ended June 30, 2005 and 2004, respectively, total lease income, which includes annually renewable lease agreements, was \$5,268,223 and \$5,419,819.

The following is a schedule of minimum future lease income under lease terms exceeding one year as of June 30, 2005:

Year ending <u>June 30</u>	Lease <u>Payments</u>
2006	\$4,267,927
2007	3,174,867
2008	3,147,730
2009	3,097,861
2010	3,084,147
2011-2015	1,416,402
2016-2020	180,072
2021-2025	<u>152,637</u>
Total	<u>\$18,521,643</u>

(14) **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) which 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 the 2004-2005 fiscal year, the University paid Risk Management \$4,234,707 in insurance premiums. During the 2003-2004 fiscal year, the University paid Risk Management \$5,226,724 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.

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# THE UNIVERSITY OF NEW MEXICO

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005 and 2004

As a governmental entity, the Hospital is only liable within the limitations of the New Mexico Tort Claims Act. This act limits claims in tort and civil coverage to \$1,050,000 for all claims arising from a single occurrence. State agencies are prohibited from purchasing higher limits of coverage for actions that would be brought in New Mexico's State Courts under the New Mexico Tort Claims Act. However, the State of New Mexico General Services Department's Risk Management Division provides excess coverage in the amount of \$5,000,000 for claims relating to medical malpractice. The Hospital is fully covered for claims up to the previously described limits by the Risk Management Division.

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 which may arise as the results of audits, would not be material to the financial position or operations of the University.

### (15) Retirement Plans and Post-Employment Benefits

#### (A) University

Employees of the University of New Mexico are covered by a legislative non-negotiated retirement plan through the Educational Retirement Act (ERA) of the State of New Mexico, as a cost-sharing multiple employer public employee retirement system. Information pertaining to the actuarially computed present value of vested accumulated plan benefits and non-vested accumulated plan benefits, the plan's net assets available for benefits and the assumed rate of return used in computing the present value, and ten-year historical trend information presenting ERA's progress in accumulating sufficient assets to pay benefits when due is not available by individual government agencies participating in the plan. Actuarial pension data for the State of New Mexico, as employer, is provided at the statewide level in a separately issued audit report of the ERA. The report may be obtained by writing to ERA, P.O. Box 26129, Santa Fe, NM 87502.

#### Funding Policy

Covered employees are required by state statute to contribute 7.6% of their gross salary. The University of New Mexico is required by state statute to contribute 8.65%.

The payroll for employees covered by the ERA for the years ended June 30, 2005 and 2004 was \$313,670,331 and \$296,841,044, respectively. The total payroll for all employees of the University for the years ended June 30, 2005 and 2004 was \$482,772,751 and \$450,584,589, respectively. The University's contributions to the ERA were \$27,132,484, equal to the required contribution for the year ended June 30, 2005. The previous two-year's contributions to the ERA were \$25,676,752 and \$23,784,572, equal to the required contribution for the years ended June 30, 2004 and 2003, respectively.

#### 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 service and is less than age 60.

*Eligibility for Retirement Benefits:* Eligibility follows the Rule of 75, that is, when your age plus the number of years of earned service credit equals 75. If at age 65 you have a minimum of five years of earned service credit, or you have 25 years of earned service credit or a combination of 25 years of earned and allowed service credit, eligibility for retirement benefits occurs.

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# THE UNIVERSITY OF NEW MEXICO

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005 and 2004

*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 12% of member's current annualized New Mexico salary for each year of credit 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.

*Post-Employment Benefits:* In addition to the pension benefits described above, the University provides certain other post-employment benefits. 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.

At June 30, 2005, 1,800 retirees enrolled for post-employment benefits. Expenses for post-employment health care benefits are recognized as payments are made to the insurance carriers (pay as you go basis). During the fiscal years 2005 and 2004, respectively, expenses (net of employee contributions) of \$3,541,795 and \$3,001,521 were recognized for post-employment benefits.

The University also provides tuition assistance for eligible retirees. Retirees are entitled to enroll in an unlimited number of courses without paying for tuition, including Continuing Education classes. Expenses for tuition remission for retirees are recognized on a quarterly basis. At June 30, 2005, thirty-seven retirees participated in the tuition remission program. During the fiscal years 2005 and 2004, respectively, the tuition remission program amounted to \$29,801 and \$37,531 of benefit expense.

### (B) Hospital

The Hospital has a defined contribution plan covering eligible employees. The Hospital contributes between 5.5 to 7.5 percent of an employee's salary to the plan, depending on employment level. The plan was established by the Clinical Operations Board and can be amended at its discretion. Total pension expense was \$5,206,000 in 2005. The previous two-year's pension expenses were \$5,208,000 and \$4,170,000 for the years ended June 30, 2004 and 2003, respectively. The 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, for services prior to June 30, 1977.

## (16) Commitments and Contingencies

### (A) Commitments

At June 30, 2005 the University had commitments for various projects that include completion of utility infrastructure. These commitments are funded by the following:

University bond proceeds	\$ 34,914,057
State bonds	35,427,097
Private gifts	7,361,425
Unrestricted University funds	14,765,602
County bonds	618,314
Federal grants	12,189,007
State allocations	<u>3,868,340</u>
	<u>\$ 109,143,842</u>

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# THE UNIVERSITY OF NEW MEXICO

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005 and 2004

### (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 that all terms of the grants are not complied with.

The University had issued purchase orders for materials and services that were not received and thus are not reflected as liabilities in the accompanying statement of net assets. The amount of such commitments is \$90,586,228 and \$16,353,000 at June 30, 2005 and 2004, respectively. The variance is due to standing and small purchase orders that were not encumbered in prior years. Standing purchase orders totaled \$83,520,537 at June 30, 2005.

### (17) **Subsequent Events**

The University's capitalization policy for moveable equipment, Note (2)(C), will change effective July 1, 2005. House Bill 1074 revises the definition of equipment to any moveable item with an estimated useful life of greater than one year and with a unit cost greater than \$5,000.

The funding policy for the Educational Retirement Act (ERA), Note (15)(A), will change effective July 1, 2005. SB181 revises the employee and the University's required contribution as follows:

<u>Fiscal Year</u>	<u>Employee Contribution</u>	<u>UNM Contribution</u>
July 1, 2005 through June 30, 2006	7.675%	9.40%
July 1, 2006 through June 30, 2007	7.750%	10.15%
July 1, 2007 through June 30, 2008	7.825%	10.90%
July 1, 2008 through June 30, 2009	7.9%	11.65%
July 1, 2009 through June 30, 2010	7.9%	12.40%
July 1, 2010 through June 30, 2011	7.9%	13.15%
July 1, 2011 and thereafter	7.9%	13.90%

On August 24, 2005, the Regents of the University of New Mexico issued Subordinate Lien System Improvement Revenue Bonds, Series 2005 in the aggregate principal amount of \$125,575,000. The bonds were issued for the purpose of financing the acquisition, construction, renovation and equipping of certain improvements located on any campus of the University. Interest on the bonds ranges from 3% to 4.5% and is payable semi-annually on each December 1 and June 1 commencing December 1, 2005. The bonds mature in 2035.

### (18) **Component Units**

#### (A) *University Physician Associates*

University Physician Associates (UPA) is a non-profit corporation whose purpose is to benefit The University of New Mexico School of Medicine (School of Medicine). Fees generated from the School of Medicine health care delivery services are billed and collected by UPA. The School of Medicine requests distributions from UPA in accordance with certain bylaws. University Physician Associates, 1650 University Boulevard, NE, Albuquerque, NM 87102.

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# THE UNIVERSITY OF NEW MEXICO

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005 and 2004

(B) *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.

(C) *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 masters degree program and funding for various faculty fellowships, research grants and student scholarships. The University of New Mexico, The Robert O. Anderson Schools of Management Foundation, 1924 Las Lomas, NE, Albuquerque, NM 87131.

(D) *Science & Technology Corporation @ UNM*

The Science & Technology Corporation @ UNM (STC), 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. Science & Technology Corporation @ UNM, 801 University Blvd. SE, Suite 101, Albuquerque, NM 87106.

(E) *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 Club operates on a fiscal year-end of May 31. Although inconsistent with the University's fiscal year-end, there is no material impact to the financial statements. The University of New Mexico Lobo Club, Department of Athletics, Albuquerque, NM 87131.

(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 which 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.

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

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# THE UNIVERSITY OF NEW MEXICO

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# THE UNIVERSITY OF NEW MEXICO

# SCHEDULE 1

## Budget Comparison - Unrestricted and Restricted - All Operations For the year ended June 30, 2005

	Original Budget	Revised Budget	Actuals	Revised Budget Less Actuals
<b>Unrestricted and Restricted Revenues</b>				
Tuition and Fees	\$ 88,765,065	\$ 88,191,870	\$ 91,784,744	\$ 3,592,874
Misc Fees	10,881,486	14,873,640	9,822,613	(5,051,027)
Federal Government Appropriations	30,018,621	30,036,598	27,071,508	(2,965,090)
State Government Appropriations	268,432,230	271,048,620	269,681,573	(1,367,047)
State Lottery Appropriations	15,374,758	15,374,758	16,519,148	1,144,390
Local Government Appropriations	3,197,398	3,225,678	3,147,740	(77,938)
Federal Government Contracts/Grants	151,499,800	154,180,213	135,914,885	(18,265,328)
State Government Contracts/Grants	40,567,801	40,927,409	36,288,520	(4,638,889)
Local Government Contracts/Grants	9,036,881	9,336,102	6,647,539	(2,688,563)
Private Contracts/Grants	43,123,428	42,657,398	39,861,728	(2,795,670)
Endowments	3,453,781	4,858,822	4,087,672	(771,150)
Land and Permanent Fund	8,568,930	8,568,910	9,099,718	530,808
Private Gifts	-	38,600	184,038	145,438
Sales and Services	236,502,264	246,107,829	249,829,829	3,722,000
Other	129,708,187	137,265,010	80,920,466	(56,344,544)
Transfer from Agency	-	(40,000)	9,118,381	9,158,381
<b>Total Unrestricted and Restricted Revenues</b>	<b>\$ 1,039,130,630</b>	<b>\$ 1,066,651,457</b>	<b>\$ 989,980,102</b>	<b>\$ (76,671,355)</b>
Fund balance budgeted	41,058,516	46,212,317	-	(46,212,317)
<b>Total Unrestricted and Restricted Revenues and Cash Balance</b>	<b>\$ 1,080,189,146</b>	<b>\$ 1,112,863,774</b>	<b>\$ 989,980,102</b>	<b>\$ (122,883,672)</b>
<b>Unrestricted and Restricted Expenditures</b>				
Instruction	\$ 195,196,342	\$ 196,629,541	\$ 187,679,360	\$ 8,950,181
Academic Support	38,986,353	40,568,470	41,264,445	(695,975)
Student Services	21,197,265	21,158,858	21,716,684	(557,826)
Institutional Support	45,098,574	45,125,273	45,576,665	(451,392)
Operations and Maintenance	38,373,008	38,360,381	41,142,260	(2,781,879)
Student Social and Cultural	6,716,758	6,711,198	5,482,946	1,228,252
Research	167,262,004	155,582,304	142,119,720	13,462,584
Public Service	223,935,094	255,251,205	227,280,041	27,971,164
Internal Services	1,665,369	1,442,376	(648,026)	2,090,402
Student Aid, Grants & Stipends	75,023,766	77,477,586	68,423,332	9,054,254
Auxiliary Services	48,896,755	51,123,623	50,635,342	488,281
Intercollegiate Athletics	23,433,226	23,433,226	23,010,275	422,951
Independent Ops	68,890,092	71,321,300	67,678,848	3,642,452
Capital Outlay	97,538,115	100,702,008	72,212,481	28,489,527
Building Renewal & Replacement	5,378,960	5,378,960	4,573,384	805,576
Retirement of Indebtedness	22,597,465	22,597,465	19,477,785	3,119,680
<b>Total Unrestricted and Restricted Expenditures</b>	<b>\$ 1,080,189,146</b>	<b>\$ 1,112,863,774</b>	<b>\$ 1,017,625,542</b>	<b>\$ 95,238,232</b>
Change in Net Assets (Budgetary Basis)	-	-	\$ (27,645,440)	\$ (27,645,440)
<b>Change in net assets per basic financial statements</b>			<b>\$ 29,771,315</b>	
Endowment Fund items			(5,747,763)	
Capital outlay/renewal & replacement			(83,977,847)	
Depreciation expense			40,472,285	
Land and Permanent Fund income			(7,876,592)	
University of New Mexico Hospital (not in budgetary basis)			(3,347,316)	
New Mexico Psychiatric Center (not in budgetary basis)			(605,657)	
Other Clinical Operations (not in budgetary basis)			(717,745)	
Other			4,383,880	
Adjusted net operating expense			<u>\$ (27,645,440)</u>	

Note: The purpose of the Budget Comparison is to reconcile the change in net assets as reported on a budgetary basis to the change in net assets as reported using generally accepted accounting principles. The reporting of actuals (budgetary basis) is a non-GAAP accounting method that excludes depreciation expense and includes the cost of capital equipment purchases. The budgetary basis approximates the fund basis of accounting.

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 (exhibits 15-22). 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 Auditors' Report.



# THE UNIVERSITY OF NEW MEXICO

# SCHEDULE 2

Budget Comparison - Unrestricted - Instruction & General  
For the year ended June 30, 2005

	Original Budget	Revised Budget	Actuals	Revised Budget Less Actuals
<b>Unrestricted Revenues</b>				
Tuition and Fees	\$ 84,081,990	\$ 83,978,795	\$ 86,246,180	\$ 2,267,385
Misc Fees	3,814,788	7,630,840	2,191,931	(5,438,909)
Federal Government Appropriations	-	-	-	-
State Government Appropriations	202,776,342	203,071,342	201,926,936	(1,144,406)
State Lottery Appropriations	15,374,758	15,374,758	16,519,148	1,144,390
Local Government Appropriations	3,147,398	3,175,678	3,147,740	(27,938)
Federal Government Contracts/Grants	250,000	250,000	392,343	142,343
State Government Contracts/Grants	-	92,448	166,859	74,411
Local Government Contracts/Grants	-	-	82,961	82,961
Private Contracts/Grants	-	-	-	-
Endowments	1,554,839	2,436,148	2,425,802	(10,346)
Land and Permanent Fund	8,568,930	8,568,910	9,027,094	458,184
Private Gifts	-	-	-	-
Sales and Services	211,200	211,200	251,095	39,895
Other	45,826,561	45,309,545	46,764,194	1,454,649
Transfers	(46,805,725)	(48,609,006)	(46,667,243)	1,941,763
Total Unrestricted Revenues	\$ 318,801,081	\$ 321,490,658	\$ 322,475,040	\$ 984,382
Fund balance budgeted	1,323,459	808,811	-	(808,811)
Total Unrestricted Revenues and Cash Balance	\$ 320,124,540	\$ 322,299,469	\$ 322,475,040	\$ 175,571
<b>Unrestricted Expenditures</b>				
Instruction	\$ 180,173,637	\$ 180,765,884	\$ 176,930,501	\$ 3,835,383
Academic Support	37,729,192	39,329,809	40,432,570	(1,102,761)
Student Services	19,303,193	19,271,186	20,022,365	(751,179)
Institutional Support	44,642,093	44,668,792	45,388,747	(719,955)
Operations and Maintenance	38,276,425	38,263,798	41,100,914	(2,837,116)
Total Unrestricted Expenditures	\$ 320,124,540	\$ 322,299,469	\$ 323,875,097	\$ (1,575,628)
Change in Net Assets (Budgetary Basis)	\$ -	\$ -	\$ (1,400,057)	\$ (1,400,057)

Note: The purpose of the Budget Comparison is to reconcile the change in net assets as reported on a budgetary basis to the change in net assets as reported using generally accepted accounting principles. The reporting of actuals (budgetary basis) is a non-GAAP accounting method that excludes depreciation expense and includes the cost of capital equipment purchases. The budgetary basis approximates the fund basis of accounting.

See accompanying Independent Auditors' Report.

# THE UNIVERSITY OF NEW MEXICO

# SCHEDULE 3

Budget Comparison - Restricted - Instruction & General  
For the year ended June 30, 2005

	Original Budget	Revised Budget	Actuals	Revised Budget Less Actuals
<b>Restricted Revenues</b>				
Tuition and Fees	\$ -	\$ -	\$ -	\$ -
Misc Fees	-	-	-	-
Federal Government Appropriations	93,621	93,621	40,368	(53,253)
State Government Appropriations	108,261	147,261	121,580	(25,681)
Local Government Appropriations	-	-	-	-
Federal Government Contracts/Grants	10,846,279	11,408,322	9,301,680	(2,106,642)
State Government Contracts/Grants	2,669,381	2,835,081	2,350,418	(484,663)
Local Government Contracts/Grants	2,035,060	2,034,369	1,272,624	(761,745)
Private Contracts/Grants	2,774,400	2,774,400	414,076	(2,360,324)
Endowments	200,000	-	-	-
Land and Permanent Fund	-	-	-	-
Private Gifts	-	-	-	-
Sales and Services	-	-	-	-
Other	-	-	-	-
Transfers	-	250,000	3,571	(246,429)
Total Restricted Revenues	\$ 18,727,002	\$ 19,543,054	\$ 13,504,317	\$ (6,038,737)
Fund balance budgeted	-	-	-	-
Total Restricted Revenues and Cash Balance	\$ 18,727,002	\$ 19,543,054	\$ 13,504,317	\$ (6,038,737)
<b>Restricted Expenditures</b>				
Instruction	\$ 15,022,705	\$ 15,863,657	\$ 10,748,859	\$ 5,114,798
Academic Support	1,257,161	1,238,661	831,875	406,786
Student Services	1,894,072	1,887,672	1,694,319	193,353
Institutional Support	456,481	456,481	187,918	268,563
Operations and Maintenance	96,583	96,583	41,346	55,237
Total Restricted Expenditures	\$ 18,727,002	\$ 19,543,054	\$ 13,504,317	\$ 6,038,737
Change in Net Assets (Budgetary Basis)	\$ -	\$ -	\$ -	\$ -

Note: The purpose of the Budget Comparison is to reconcile the change in net assets as reported on a budgetary basis to the change in net assets as reported using generally accepted accounting principles. The reporting of actuals (budgetary basis) is a non-GAAP accounting method that excludes depreciation expense and includes the cost of capital equipment purchases. The budgetary basis approximates the fund basis of accounting.

See accompanying Independent Auditors' Report.

# THE UNIVERSITY OF NEW MEXICO

# SCHEDULE 4

Budget Comparison - Unrestricted - Non-Instruction & General  
For the year ended June 30, 2005

	Original Budget	Revised Budget	Actuals	Revised Budget Less Actuals
<b>Unrestricted Revenues</b>				
Tuition and Fees	\$ 4,683,075	\$ 4,213,075	\$ 5,538,564	\$ 1,325,489
Misc Fees	7,066,698	7,242,800	7,630,682	387,882
Federal Government Appropriations	-	-	-	-
State Government Appropriations	61,768,087	63,436,487	65,065,277	1,628,790
Local Government Appropriations	50,000	50,000	-	(50,000)
Federal Government Contracts/Grants	9,000,000	15,625,039	5,035,571	(10,589,468)
State Government Contracts/Grants	729,329	15,900,807	15,289,994	(610,813)
Local Government Contracts/Grants	190,821	190,733	142,336	(48,397)
Private Contracts/Grants	3,750,000	13,030,398	16,512,549	3,482,151
Endowments	443,665	2,422,674	1,661,870	(760,804)
Land and Permanent Fund	-	-	72,624	72,624
Private Gifts	-	38,600	184,038	145,438
Sales and Services	236,291,064	245,896,629	249,578,734	3,682,105
Other	83,881,626	91,955,465	34,100,612	(57,854,853)
Transfers	46,805,725	46,109,006	55,574,100	9,465,094
Total Unrestricted Revenues	\$ 454,660,090	\$ 506,111,713	\$ 456,386,951	\$ (49,724,762)
Fund balance budgeted	39,735,057	45,403,506	-	(45,403,506)
Total Unrestricted Revenues and Cash Balance	\$ 494,395,147	\$ 551,515,219	\$ 456,386,951	\$ (95,128,268)
<b>Unrestricted Expenditures</b>				
Student Social and Cultural	\$ 6,193,745	\$ 6,188,185	\$ 5,219,757	\$ 968,428
Research	60,452,504	45,849,804	36,083,341	9,766,463
Public Service	161,217,338	192,315,472	173,712,114	18,603,358
Internal Services	1,446,046	1,223,053	(709,810)	1,932,863
Student Aid, Grants & Stipends	19,865,526	31,774,156	30,874,683	899,473
Auxiliary Services	48,605,948	50,832,816	50,515,194	317,622
Intercollegiate Athletics	23,332,000	23,332,000	23,001,331	330,669
Independent Ops	47,767,500	71,321,300	67,672,074	3,649,226
Capital Outlay	97,538,115	100,702,008	72,212,481	28,489,527
Building Renewal & Replacement	5,378,960	5,378,960	4,573,384	805,576
Retirement of Indebtedness	22,597,465	22,597,465	19,477,785	3,119,680
Total Unrestricted Expenditures	\$ 494,395,147	\$ 551,515,219	\$ 482,632,334	\$ 68,882,885
Change in Net Assets (Budgetary Basis)	\$ -	\$ -	\$ (26,245,383)	\$ (26,245,383)

Note: The purpose of the Budget Comparison is to reconcile the change in net assets as reported on a budgetary basis to the change in net assets as reported using generally accepted accounting principles. The reporting of actuals (budgetary basis) is a non-GAAP accounting method that excludes depreciation expense and includes the cost of capital equipment purchases. The budgetary basis approximates the fund basis of accounting.

See accompanying Independent Auditors' Report.

# THE UNIVERSITY OF NEW MEXICO

# SCHEDULE 5

Budget Comparison - Restricted - Non-Instruction & General  
For the year ended June 30, 2005

	Original Budget	Revised Budget	Actuals	Revised Budget Less Actuals
<b>Restricted Revenues</b>				
Tuition and Fees	\$ -	\$ -	\$ -	\$ -
Misc Fees	-	-	-	-
Federal Government Appropriations	29,925,000	29,942,977	27,031,140	(2,911,837)
State Government Appropriations	3,779,540	4,393,530	2,567,780	(1,825,750)
Local Government Appropriations	-	-	-	-
Federal Government Contracts/Grants	131,403,521	126,896,852	121,185,291	(5,711,561)
State Government Contracts/Grants	37,169,091	22,099,073	18,481,249	(3,617,824)
Local Government Contracts/Grants	6,811,000	7,111,000	5,149,618	(1,961,382)
Private Contracts/Grants	36,599,028	26,852,600	22,935,103	(3,917,497)
Endowments	1,255,277	-	-	-
Land and Permanent Fund	-	-	-	-
Private Gifts	-	-	-	-
Sales and Services	-	-	-	-
Other	-	-	55,660	55,660
Transfers	-	2,210,000	207,953	(2,002,047)
Total Restricted Revenues	\$ 246,942,457	\$ 219,506,032	\$ 197,613,794	\$ (21,892,238)
Fund balance budgeted	-	-	-	-
Total Restricted Revenues and Cash Balance	\$ 246,942,457	\$ 219,506,032	\$ 197,613,794	\$ (21,892,238)
<b>Restricted Expenditures</b>				
Student Social and Cultural	\$ 523,013	\$ 523,013	\$ 263,189	\$ 259,824
Research	106,809,500	109,732,500	106,036,379	3,696,121
Public Service	62,717,756	62,935,733	53,567,927	9,367,806
Internal Services	219,323	219,323	61,784	157,539
Student Aid, Grants & Stipends	55,158,240	45,703,430	37,548,649	8,154,781
Auxiliary Services	290,807	290,807	120,148	170,659
Intercollegiate Athletics	101,226	101,226	8,944	92,282
Independent Ops	21,122,592	-	6,774	(6,774)
Capital Outlay	-	-	-	-
Building Renewal & Replacement	-	-	-	-
Retirement of Indebtedness	-	-	-	-
Total Restricted Expenditures	\$ 246,942,457	\$ 219,506,032	\$ 197,613,794	\$ 21,892,238
Change in Net Assets (Budgetary Basis)	\$ -	\$ -	\$ -	\$ -

Note: The purpose of the Budget Comparison is to reconcile the change in net assets as reported on a budgetary basis to the change in net assets as reported using generally accepted accounting principles. The reporting of actuals (budgetary basis) is a non-GAAP accounting method that excludes depreciation expense and includes the cost of capital equipment purchases. The budgetary basis approximates the fund basis of accounting.

See accompanying Independent Auditors' Report.

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# THE UNIVERSITY OF NEW MEXICO

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# THE UNIVERSITY OF NEW MEXICO

Schedule of Pledged Collateral as of June 30, 2005

Financial Institution	CUSIP Identification	Maturity Date	Type of Securities	Account Type	Account Name
Bank of America	31404LYA2	10/01/2033	U.S. FNMA		
	31385XAZ0	05/01/2033	U.S. FNMA	Checking	University Hospital Operating Account
				Checking	General Depository
Wells Fargo Bank	36202DT76	08/20/2032	Federal Securities	Investment	Series 2000 Bonds
				Checking	General Depository
				Checking	Gallup Campus Depository
				Checking	Gallup Campus Petty Cash
First State Bank	3133MVZA4	02/15/2008	Federal Securities	Checking	Taos Harwood Depository
	3133X2B27	11/14/2008	Federal Securities	Checking	Taos Harwood Petty Cash
	31339YVV1	07/21/2008	Federal Securities	Checking	Taos Education Center Depository
	3133MVNV1	02/12/2007	Federal Securities	Checking	Taos Education Center Petty Cash
				Investment	CD due 09/08/05 @3.03%
				Investment	CD due 10/06/05 @3.11%
				Investment	CD due 11/10/05 @3.17%
Bank of the West	31371KLG4	02/01/2009	Federal Securities		
	3128E2NM4	02/01/2023	Federal Securities		
	31282R2Z6	01/01/2010	Federal Securities		
	31380YUL2	02/01/2029	Federal Securities	Investment	CD due 10/06/05 @3.11%
Compass Bank	3128H43E7	07/01/2018	Federal Securities		
	31393BXS9	06/25/2013	Federal Securities		
	31393EMR7	04/25/2013	Federal Securities	Investment	CD due 07/14/05 @2.70%
Ranchers Bank				Checking	Valencia Campus Depository
				Checking	Valencia Campus Petty Cash
Los Alamos National Bank				Checking	Los Alamos Campus Depository
				Checking	Los Alamos Campus Petty Cash

**Total**

Less: Deposits classified as short-term investments

Component Unit deposits held by UNM

Net non-depository cash and cash equivalents

**Total Cash and Cash Equiv. Primary Institution**

See accompanying Independent Auditors' Report.

## SCHEDULE 6

Book Balance	Bank Balance	FDIC Insurance	Uninsured Public Funds	50% Collateral Requirement	Fair Value of Collateral	Over (under) Collateralized				
\$ 34,364,996	\$ 51,004,458									
22,301,503	8,046,410									
<u>\$ 56,666,499</u>	<u>\$ 59,050,868</u>	<u>\$ 200,000</u>	<u>\$ 58,850,868</u>	<u>\$ 29,425,434</u>	<u>\$ 77,885,878</u>	<u>\$ 48,460,444</u>				
\$ 56,683	\$ 56,683									
750	750									
3,028	2,150									
10,000	2,411									
<u>\$ 70,461</u>	<u>\$ 61,994</u>	<u>\$ 61,994</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,896,587</u>	<u>\$ 4,896,587</u>				
\$ 3,404	\$ 3,414									
1,200	451									
4,411	1,036									
7,500	3,301									
4,000,000	4,000,000									
1,000,000	1,000,000									
3,100,000	3,100,000									
<u>\$ 8,116,515</u>	<u>\$ 8,108,202</u>	<u>\$ 100,000</u>	<u>\$ 8,008,202</u>	<u>\$ 4,004,101</u>	<u>\$ 7,851,104</u>	<u>\$ 3,847,003</u>				
\$ 4,000,000	\$ 4,000,000	\$ 100,000	\$ 3,900,000	\$ 1,950,000	\$ 3,391,372	\$ 1,441,372				
\$ 2,950,000	\$ 2,950,000	\$ 100,000	\$ 2,850,000	\$ 1,425,000	\$ 4,859,067	\$ 3,434,067				
\$ 11,151	\$ 10,516									
15,000	8,085									
<u>\$ 26,151</u>	<u>\$ 18,601</u>	<u>\$ 18,601</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
\$ 12,395	\$ 9,926									
10,000	9,238									
<u>\$ 22,395</u>	<u>\$ 19,164</u>	<u>\$ 19,164</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
<u>\$ 71,852,021</u>	<u>\$ 74,208,829</u>	<u>\$ 599,759</u>	<u>\$ 73,609,070</u>	<u>\$ 36,804,535</u>	<u>\$ 98,884,008</u>	<u>\$ 62,079,473</u>				
(15,050,000)										
(24,877,815)										
(474,679)										
<u><u>\$ 31,449,527</u></u>										

# THE UNIVERSITY OF NEW MEXICO

# SCHEDULE 7

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2005

	<u>FEDERAL CFDA NUMBER</u>	<u>CONTRACT/GRANT NUMBER</u>	<u>YEAR TO DATE EXPENDITURES</u>
<b>MAJOR PROGRAMS</b>			
<i>Research &amp; Development</i>			
Department of Agriculture	10		\$ 360,916
Department of Commerce	11		\$ 157,705
Department of Defense			
DARPA	12		\$ 2,399,890
Department of the Air Force	12		6,545,202
Department of the Army	12		3,405,548
Department of the Navy	12		1,167,093
National Security Agency	12		1,526,400
Naval Reconnaissance Office	12		78,668
Other Departments	12		1,984,131
Total Department of Defense			<u>\$ 17,106,932</u>
Department of Education	84		\$ 220,592
Department of Energy	81		\$ 14,380,655
Department of Health & Human Services			
Administration	93		\$ -
AHRQ	93		513,605
Centers for Disease Control	93		2,372,198
Indian Health Services	93		44,081
National Institutes of Health	93		61,599,368
Other Departments	93		4,143,680
Total Department of Health & Human Services			<u>\$ 68,672,932</u>
Department of the Interior	15		\$ 1,301,797
Department of Justice	16		\$ 172,840
Department of State	19		\$ -
Department of Transportation	20		\$ 339,105
National Aeronautics & Space Administration	43		\$ 4,364,025
National Foundation on the Arts & the Humanities	45		\$ 146,127
National Science Foundation	47		\$ 19,742,984
U.S. Environmental Protection Agency	66		\$ 347,425
Other Agencies			\$ 187,479
<i>Total Research and Development</i>			<u>\$ 127,501,514</u>
<i>Student Financial Aid</i>			
Department of Education			
Federal Supplemental Educational Opportunity Grants	84.007	P007A042658	\$ 798,115
Federal Work-Study Program	84.033	P033A042658	2,464,867
Pell Grants	84.063	P063P040276	25,190,623
Total Department of Education			<u>\$ 28,453,605</u>
Department of Health & Human Services	93.358		39,215
Department of Health & Human Services	93.925		310,194
<i>Total Student Financial Aid</i>			<u>\$ 28,803,014</u>
<b>TOTAL MAJOR PROGRAMS</b>			<u>\$ 156,304,528</u>



# THE UNIVERSITY OF NEW MEXICO

# SCHEDULE 7

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2005

	<u>FEDERAL CFDA NUMBER</u>	<u>CONTRACT/GRANT NUMBER</u>	<u>YEAR TO DATE EXPENDITURES</u>
<b>NONMAJOR PROGRAMS</b>			
Department of Agriculture	10.000	43028-01/ 43037-01	\$ 12,028
Department of Agriculture	10.000	P712704R168	980
Department of Agriculture	10.000	43-8371-4-0059	23,282
Department of Agriculture	10.000	58-6201-1-002	334
Department of Agriculture	10.223	99-38422-8034	(7,884)
Food And Consumer Service, Department Of Agriculture	10.550	NMSU SUB-H12, Q00958	93,455
Department of Agriculture	10.855	GRANT AGREEMENT 11/15/01	81,287
Department of Agriculture	10.855	DISTANCE LEARNING & TELEMEDICI	51,638
Department of Agriculture	10.855	DISTANCE LRNING & TELEMED (DLT	27,911
Department of Commerce	11.550	35-02-N00058	1,576,744
Department of Commerce	11.552	35-60-101068	202,785
National Telecommunications And Information Administration	11.552	5P-CIV01-0050	1,363
Department of Defense	12.000	IPA246PINEDA	28,692
Department of Defense	12.000	IPA 288	60,871
Department of Defense	12.000	IPA-TED SHEPPARD	120,258
Department of Defense	12.000	IPA 247 DEVINE	28,020
Department of Defense	12.000	IPA 258 FOR JOSHUA BIENFANG	(2,727)
Department of Defense	12.000	FA9550-04-1-0138	2,871
Department of Defense	12.000	PO# NM-43012-02	6,545
Department of Defense	12.000	FA3300-04-P-0226	22,403
Department of Defense	12.000	IPA 269 PAUL ALSING	69,014
Department of Defense	12.000	IPA 251	93,339
Department of Defense	12.000	S000000370	46,163
Department of Defense	12.000	PO#NMNHP 43038-01	6,819
Department of Defense	12.000	IPA 298 - MERRITT	66,642
Department of Defense	12.000	IPA 271 - DR. RAZANI	54,480
Department of Defense	12.000	IPA 244 - DR. NG	80,953
Department of Defense	12.000	#F29601-95-3-0178	4,142
Department of Defense	12.000	IPA 026-RODERICK	26,036
Department of Defense	12.000	IPA 187-JONES	78,088
Department of Defense	12.000	F496205224GUENTHER	82,750
Department of Defense	12.000	WSMR99F007	646
Department of Defense	12.000	IPA 220-BARTH	57,108
Department of Defense	12.000	IPA 270 FY 04-05	68,300
Department of Defense	12.000	IPA 271-A. RAZANI	18,608
Department of Defense	12.000	IPA 266 SHEDD	11,630
Department of Defense	12.000	IPA 273 EMIN	117,201
Department of Defense	12.000	IPA 258 SHAY	32,108
Department of Defense	12.000	IPA JAMES WELCH FY 05-06	132,833
Department of Defense	12.000	IPA277-RANDALL TRUMAN	27,374
Department of Defense	12.000	IPA 279-JAMSHIDI	74,377
Department of Defense	12.000	IPA 187-JONES	82,325
Department of Defense	12.000	IPA169	51,724
Department of Defense	12.000	IPA112	129,718
Department of Defense	12.000	MIPR W81G6962706089	2,281
Department of Defense	12.000	W81G6981753738	2,600
Department of Defense	12.000	IPA 026-NORMAN RODERICK	21,808
Department of Defense	12.000	IPA237PEPLINSKI	134,407
Department of Defense	12.000	IPA 127-JOHN GAUDET	57,265
Department of Defense	12.000	IPA256-SHAY	119,222
Department of Defense	12.000	IPA 220-EDWARD BARTH	71,683
Department of Defense	12.000	IPA 244 FOR TANG-TAT NG	12,419
Department of Energy	12.000	IPA FOR MICHAEL STAMM	29,078
Department of Defense	12.101	LTR 10/20/03	15,263
Department of Defense	12.800	IPA 289	25,998
Department of Housing and Urban Development	14.512	LTR OF 5/2/02	27,081
Department of the Interior	15.000	KOE020143 TASK 1 & 2 COST SHAR	193,521
Department of the Interior	15.000	W81G6932613771	824
Department Of The Interior	15.000	C028613	306,684
Department Of The Interior	15.000	CMK0E020149/0001	962,987

# THE UNIVERSITY OF NEW MEXICO

# SCHEDULE 7

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2005

	<u>FEDERAL CFDA NUMBER</u>	<u>CONTRACT/GRANT NUMBER</u>	<u>YEAR TO DATE EXPENDITURES</u>
Department Of The Interior	15.000	NONE	\$ 14,135
Department Of The Interior	15.000	PSA-01-29, AMD #1	2,797
Department of the Interior	15.031	AGREEMENT DATED 4/13/98	(5)
Department of the Interior	15.252	2004-0069-000	38,272
Department of the Interior	15.809	03HQAG0176	10,839
Department of Justice	16.000	SUB UNDER SJI-04-N-170	838
Department Of Justice	16.000	2004-DN-BX-0221	16,803
Department Of Justice	16.000	2005-VA-944	23,295
Civil Rights Division, Department Of Justice	16.100	00-TFO-10-UNM	1,318
Office Of Justice Programs, Office For Victims Of Crime	16.575	NONE	22,997
Office Of Justice Programs, Office For Victims Of Crime	16.582	2003-WF-BX-0220	20,750
Department of Justice	16.588	2004-WF-734	37,786
Department of Labor	17.000	WIA/NCDF/2004-08	13,990
Department of Labor	17.000	MOU 6/1/03	(17,179)
Department Of Labor	17.000	JC 35-1-00055 AMD #1	66,069
Department Of Labor	17.000	WI-13242-03-60	342,208
Department Of Labor	17.000	WIA/NCDF/2004-01	15,925
Department of Transportation	20.000	CO4547	57,824
Department of Transportation	20.000	CO4546	29,200
Department of Transportation	20.000	CO4545	39,653
Department of Transportation	20.000	CO4548	16,771
Department of Transportation	20.000	CO4517	18
Department of Transportation	20.000	CO4553	16,585
Department of Transportation	20.000	CO4552	13,263
Department of Transportation	20.000	CO 4126	7,772
Department of Transportation	20.000	M00362	110,256
Department of Transportation	20.000	CO4653	72,815
Department of Transportation	20.000	CO4662	146,336
Department of Transportation	20.000	CO4172	3,000
Department of Transportation	20.000	COOP AGMT NM-26-7003	116,731
Department of Transportation	20.215	02-447420-NSTI-UNM-NM	51,860
National Aeronautics & Space Administration	43.000	10 2241 6410	15,238
National Aeronautics & Space Administration	43.000	SUBCONTR Q00626	31,848
National Aeronautics & Space Administration	43.000	NGT8-52915,BASIC	3,899
National Aeronautics & Space Administration	43.001	NNJ04JL36G	197,040
National Aeronautics & Space Administration	43.001	INSTITUTIONAL PARTNERSHIP AGMT	7,807
National Aeronautics & Space Administration	43.001	NAG 9-1312	205,520
National Aeronautics & Space Administration	43.002	HST-ED-90253.01-A	2,113
National Aeronautics & Space Administration	43.002	NAG5-12796	270,368
National Aeronautics & Space Administration	43.002	NGT9-68	8,040
National Foundation on the Arts & Humanities	45.000	HI-20996-02	11,192
National Foundation on the Arts & Humanities	45.000	GRANT #EE-50182-05	9,378
National Foundation on the Arts & Humanities	45.024	04-4100-5035	25,919
National Foundation on the Arts & Humanities	45.024	04-7700-3009	30,001
National Foundation on the Arts & Humanities	45.025	CUGE #05-121	14,964
National Foundation on the Arts & Humanities	45.163	FS-50043-04	89,601
National Foundation on the Arts & Humanities	45.301	ML-02-03-0109-03	48,268
National Foundation on the Arts & Humanities	45.301	IM-04-03-0165-03	(200)
National Science Foundation	47.000	CF65C-2004	18,603
National Science Foundation	47.000	CHE-0418643	11,135
National Science Foundation	47.000	SUBCONTRACT/DUE0202424	15,316
National Science Foundation	47.000	Q00610/HRD0086701	273,521
National Science Foundation	47.000	DBI-0242318	8,751
National Science Foundation	47.000	DGE-9616155	81,979
National Science Foundation	47.041	V2004GP0005/V04CC002	20,082
National Science Foundation	47.049	DMS-0086986	(3)
National Science Foundation	47.049	DMS-0431484	8,244
National Science Foundation	47.049	PHY-0400838	69,471
National Science Foundation	47.070	SES-0328656	897
National Science Foundation	47.074	99-007	282,801
National Science Foundation	47.075	BCS-0422628	6,462
National Science Foundation	47.076	KMD5276-21-38/SUB	791

# THE UNIVERSITY OF NEW MEXICO

# SCHEDULE 7

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2005

	<u>FEDERAL CFDA NUMBER</u>	<u>CONTRACT/GRANT NUMBER</u>	<u>YEAR TO DATE EXPENDITURES</u>
National Science Foundation	47.076	Q00992	\$ 12,934
National Science Foundation	47.076	DGE-0114319	646,070
National Science Foundation	47.076	KMD5276-21-36/SUB	282
National Science Foundation	47.076	KMD5276-21-36/39SUBS05US006	94
National Science Foundation	47.076	Q00903	7,556
National Science Foundation	47.076	Q00896	1,207
National Science Foundation	47.076	DGE-0338283	391,679
National Science Foundation	47.076	Q00894	23,326
National Science Foundation	47.076	EPS-0324320	12,850
National Science Foundation	47.076	DUE-0422096	27,000
National Science Foundation	47.076	DGE-0237002	138,002
National Science Foundation	47.077	INT-9900386	12,207
Small Business Administration	59.000	4603001Z003216	134,273
Small Business Administration	59.000	3-603001-Z-0032-15	(699)
Small Business Administration	59.000	4-603001-Z-0032-16	140,829
Small Business Administration	59.037	4603001Z003216	159,305
Environmental Protection Agency	66.000	PO #NM 002 FY05 FESTF	5,932
Environmental Protection Agency	66.000	28000-4461-1200-12407 AMD 1	4,165
Environmental Protection Agency	66.607	U 91621701-0	9,247
Environmental Protection Agency	66.607	91578201-0	7
Commodity Futures Trading Comm	78.004	ASSIGN AGMT-HRANAIOVA	149,488
Department of Energy	81.000	SC#DE-FG07-011D14013-UNM	128,561
Department of Energy	81.000	AGMT 68732	32,225
Department of Energy	81.000	F3052-0018-2G	807
Department of Energy	81.000	CK# 0096330	(19,558)
Department of Energy	81.000	CHECK 5245	2,609
Department of Energy	81.000	200215	31,256
Department of Energy	81.000	CONTRACT DATED 11/19/03	112,044
Department of Energy	81.000	74351-001-04-2H	67,857
Department of Energy	81.000	SC NO. 02763-001-04	115,251
Department of Energy	81.000	10810-001-05 3F	33,308
Department of Energy	81.000	408825	21,424
Department of Energy	81.000	NRC-02-02-016	42,783
Department of Energy	81.000	#15676-001-05	5,528
Department of Energy	81.000	PO 99112	92,752
Department of Energy	81.000	29651	929
Department of Energy	81.000	01-4-23147	1,683
Department of Energy	81.000	73067-001-03 2R	9,973
Department of Energy	81.000	LTR 9/29/04	6,245
Department of Energy	81.000	AGREEMENT	91,187
Department Of Energy	81.000	NONE	(3)
Department of Energy	81.049	0409J-114-03 3F	(6,091)
Department of Energy	81.049	DE-FG03-00ER63052	439,539
Department of Energy	81.106	DE-FC04-98AL-78881	174,952
Department of Energy	81.108	10861	(13,719)
Federal Emergency Management Agency	83.000	EMW-2003-CA-0148	15,458
Department of Education	84.000	ID 24151.03.013	202,898
Department of Education	84.000	ID 24151.03.008	18,246
Department of Education	84.000	TRANSITION TO TEACHING	411,567
Department of Education	84.000	PO #E028829	2,275
Department of Education	84.000	251844	288,216
Department of Education	84.000	04-924-P527-0160	349,346
Department of Education	84.000	P0053809	978
Department of Education	84.000	LTR DATED 5/12/03	48,107
Department of Education	84.000	H325E010013-04	203,102
Department of Education	84.000	H325D020033-03	160,313
Department of Education	84.000	S359B030343	640,194
Department of Education	84.000	014-2-11-855 PERKINS	230,946
Department of Education	84.000	P342A010051	154,250
Department of Education	84.000	LETTER 9/9/03	77,017
Department of Education	84.000	P335A030077	14,248
Department of Education	84.000	S363A020163-03	611,453
Department Of Education	84.000	673/24136	306,845

# THE UNIVERSITY OF NEW MEXICO

# SCHEDULE 7

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2005

	<u>FEDERAL CFDA NUMBER</u>	<u>CONTRACT/GRANT NUMBER</u>	<u>YEAR TO DATE EXPENDITURES</u>
Department Of Education	84.000	H324R020030	\$ 213,873
Department Of Education	84.000	H325E040062	79,722
Department of Education	84.002	ABE CHE 03-04	3
Department of Education	84.002	BAR-ABE STATE & FEDERAL	301,355
Department of Education	84.002	AGREEMENT #05-16	10,094
Department of Education	84.002	ABE - INSTRUCTIONAL MATERIALS	15,522
Department of Education	84.002	BAR	140,332
Department of Education	84.002	NMSDE ALLOCATION LTR	12,419
Department of Education	84.002	LETTER 6/22/04	170
Department of Education	84.002	ABE 879882	422,356
Department of Education	84.002	879882	74,628
Department of Education	84.002	AGREEMENT # C05-17	55,040
Department of Education	84.002	G05-11	39,238
Department of Education	84.002	BAR	138,642
Department of Education	84.002	006-01-01	65,614
Department of Education	84.015	P0155B030096-04	318,215
Department of Education	84.017	P017A020037	136,260
Office Of Special Education And Rehabilitative Services	84.024	P116N000008-01, 02, 03	26,542
Department of Education	84.027	ID #24108.03.057	105,156
Department of Education	84.027	FUND 24108	11,494
Department of Education	84.027	PROJ #24108.05.006	1,121
Department of Education	84.027	PROG # 24108.04.063	4,161
Office Of Special Education And Rehabilitative Services	84.027	673/24108	(188)
Office Of Special Education And Rehabilitative Services	84.027	673/24108.03.058	30,152
Office Of Special Education And Rehabilitative Services	84.027	673/24108.03.061	24,621
Department of Education	84.031	P031A040058	100,945
Department of Education	84.031	P031S010008-04	306,579
Department of Education	84.031	P031S990062	109,190
Department of Education	84.031	P031S040017	232,416
Department of Education	84.042	P042A011212-03A	233,932
Department of Education	84.042	P042A010547-04	231,031
Department of Education	84.042	P042A010042-03	229,906
Department of Education	84.047	P047A030194	216,001
Department of Education	84.047	P047A030165	406,637
Department of Education	84.048	PSC#05-924-P527-0096	28,680
Department of Education	84.051	018321855	76,742
Department of Education	84.066	P066A02011903	259,966
Department of Education	84.116	P116Z030286	223,267
Office Of Assistant Secretary For Postsecondary Education	84.116	P116Z030273	68,951
Department of Education	84.141	S141A020003-03	253,622
Department of Education	84.149	S149A010005-03	340,067
Department of Education	84.173	ID 24136.04.001	21,291
Office Of Special Education And Rehabilitative Services	84.173	673/24136.03.003	11,846
Office Of Special Education And Rehabilitative Services	84.173	673/24136.03.004	99,313
Department of Education	84.195	T195A990075-03	180,971
Department of Education	84.195	T195B010022-03	211,861
Department of Education	84.195	T195A010012-03	127,115
Department of Education	84.195	T195NO20043-03	191,146
Department of Education	84.215	R215K020439	2,190
Department of Education	84.215	U215K040156	455,079
Department of Education	84.217	P217A030012	242,874
Department of Education	84.243	016-5-1-1-855	2,178
Department of Education	84.243	016-532-857	1,010
Department of Education	84.243	0-18-4-3-1-857	(13,357)
Department of Education	84.286	R286A000003	24,378
Department of Education	84.286	Subcontract Agreement 10/30/04	25,795
Department of Education	84.295	LTR DATED 9/11/03	41,710
Department of Education	84.303	PO #251848	72,061
Department of Education	84.326	H324R020030	2,034
Department of Education	84.326	NONE	98,092
Department of Health & Human Services	93.000	03-690-7000-7023-01	138,469
Department of Health & Human Services	93.000	IPA	11,104
Department of Health & Human Services	93.000	NO. 04/665.4200.0293	30,048

# THE UNIVERSITY OF NEW MEXICO

# SCHEDULE 7

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2005

	<u>FEDERAL CFDA NUMBER</u>	<u>CONTRACT/GRANT NUMBER</u>	<u>YEAR TO DATE EXPENDITURES</u>
Department of Health & Human Services	93.000	# 04IPA24392	\$ 26,463
Department of Health & Human Services	93.000	200-2004-M-07712	43,200
Department of Health & Human Services	93.000	1 F31 GM069196	29,058
Department Of Health & Human Services	93.000	001-CHI-1-0018	30,082
Department Of Health & Human Services	93.000	03.665.6200.326 AIII, 17 & 21	92,809
Department Of Health & Human Services	93.000	03/665.6200.0326 AIII COMP 29	93,428
Department Of Health & Human Services	93.000	03/665.6200.0326 AIII, 05 & 27	87,286
Department Of Health & Human Services	93.000	030-S41-3-0009	324
Department Of Health & Human Services	93.000	04/665.4200.0097	(27)
Department Of Health & Human Services	93.000	04/665.4200.0297,05UNM/03.0030	257,077
Department Of Health & Human Services	93.000	04/665.4200.0310	31,481
Department Of Health & Human Services	93.000	04/665.4200.0451	33,860
Department Of Health & Human Services	93.000	04/665.4200.0543	1,553
Department Of Health & Human Services	93.000	04-660	13,511
Department Of Health & Human Services	93.000	05/UNM/03.0040	193,386
Department Of Health & Human Services	93.000	05UNM/01.0002	37,947
Department Of Health & Human Services	93.000	05UNM/01.0003	7,563
Department Of Health & Human Services	93.000	05UNM/01.0005	29,587
Department Of Health & Human Services	93.000	05UNM/01.0006A1	31,349
Department Of Health & Human Services	93.000	05UNM/01.0017	3,812
Department Of Health & Human Services	93.000	05UNM/01.0029	39,807
Department Of Health & Human Services	93.000	05UNM/01.0034	4,494
Department Of Health & Human Services	93.000	05UNM/02.0006	5,979
Department Of Health & Human Services	93.000	05UNM/03.0001 04/665.4200.0454	74,821
Department Of Health & Human Services	93.000	05UNM/03.0027	76,358
Department Of Health & Human Services	93.000	05UNM/03.0033	18,760
Department Of Health & Human Services	93.000	05UNM/07.0002	433,369
Department Of Health & Human Services	93.000	05UNM/07.0003	92,571
Department Of Health & Human Services	93.000	05UNM/07.0004	93,545
Department Of Health & Human Services	93.000	05UNM/07.0005	387,973
Department Of Health & Human Services	93.000	05UNM/07.0006	312,841
Department Of Health & Human Services	93.000	05UNM/07.0009	28,973
Department Of Health & Human Services	93.000	05UNM/07.0010	98,006
Department Of Health & Human Services	93.000	05UNM/07.0012	7,825
Department Of Health & Human Services	93.000	05UNM/07.0013	78,722
Department Of Health & Human Services	93.000	05UNM03.009	80,234
Department Of Health & Human Services	93.000	06UNM/01.0026	463,775
Department Of Health & Human Services	93.000	06UNM/01.0028	126,571
Department Of Health & Human Services	93.000	14B42373	25,475
Department Of Health & Human Services	93.000	1H79SP10315-01	(245)
Department Of Health & Human Services	93.000	2 H1GCS00007-02, 03	283,880
Department Of Health & Human Services	93.000	200-2004-M-05611	31
Department Of Health & Human Services	93.000	242-00-0011 MOD#4 TO 300102180	17,019
Department Of Health & Human Services	93.000	242-00-0059	66,077
Department Of Health & Human Services	93.000	242-03-0051	93,784
Department Of Health & Human Services	93.000	242-03-0055	62,055
Department Of Health & Human Services	93.000	242-04-0028, MOD#2	372,089
Department Of Health & Human Services	93.000	3H4BMC00001-03-01	103,201
Department Of Health & Human Services	93.000	4021026700	30,583
Department Of Health & Human Services	93.000	4021029300	28,258
Department Of Health & Human Services	93.000	467-MZ-402043	60,202
Department Of Health & Human Services	93.000	5415GFB557	42,702
Department Of Health & Human Services	93.000	5 T01HP01421-02-00	983,814
Department Of Health & Human Services	93.000	5T01 HP01421-02-00	25,812
Department Of Health & Human Services	93.000	5TGS240012	105,607
Department Of Health & Human Services	93.000	62919	401
Department Of Health & Human Services	93.000	99.665.62.326	(157,339)
Department Of Health & Human Services	93.000	A1021-21/22 AMD2	33,827
Department Of Health & Human Services	93.000	AK 003-UNM	78,643
Department Of Health & Human Services	93.000	ANTHC-04-P-9404 PROJ ID 9404	15,013
Department Of Health & Human Services	93.000	CMS-03-00335	17,253
Department Of Health & Human Services	93.000	DE-FC03-985F21541MOD#12	22,322
Department Of Health & Human Services	93.000	FY04.011.013UNM	33,772

# THE UNIVERSITY OF NEW MEXICO

# SCHEDULE 7

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2005

	<u>FEDERAL CFDA NUMBER</u>	<u>CONTRACT/GRANT NUMBER</u>	<u>YEAR TO DATE EXPENDITURES</u>
Department Of Health & Human Services	93.000	GSA 05-0001	\$ 151,821
Department Of Health & Human Services	93.000	GSA-04-16-A1	136,515
Department Of Health & Human Services	93.000	GSOIF0104L ODR 02T000181D NMFT	(2,845)
Department Of Health & Human Services	93.000	INFO NET	11,994
Department Of Health & Human Services	93.000	JPA 94.665.6200.0952 A VII	352,867
Department Of Health & Human Services	93.000	MOU 04.665.4200.0404	15,362
Department Of Health & Human Services	93.000	MOU 04/665.4200.0002	(488)
Department Of Health & Human Services	93.000	MOU 04/665.4200.0309	91,961
Department Of Health & Human Services	93.000	MRC5G030055	55,083
Department Of Health & Human Services	93.000	N01-A1-45250	106,517
Department Of Health & Human Services	93.000	N01-LM-1-3515	27,629
Department Of Health & Human Services	93.000	N01-PC-67007	(5,135)
Department Of Health & Human Services	93.000	N02-CO-01113	61,431
Department Of Health & Human Services	93.000	NONE	2,032,159
Department Of Health & Human Services	93.000	PMS RCC	4,649,235
Department Of Health & Human Services	93.000	PO 254-2004-M-08567	68,808
Department Of Health & Human Services	93.000	PO 3076010400	2,586
Department Of Health & Human Services	93.000	PO 9000006023	20,559
Department Of Health & Human Services	93.000	PO# 4020027300	10,013
Department Of Health & Human Services	93.000	PSA-02-22	274,028
Department Of Health & Human Services	93.000	R25 ES013292-01	32,502
Department Of Health & Human Services	93.000	SHELL	177,888
Health Resources And Services Administration	93.107	U77HP03032-09,10	277,509
Department of Health & Human Services	93.110	1 T79 MC 00027-01	129,059
Health Resources And Services Administration	93.110	1H02MC0078-03	65,438
Health Resources And Services Administration	93.110	FY05.003.001	15,304
Health Resources And Services Administration	93.110	NONE	368,683
Health Resources And Services Administration	93.110	T73 MC00025-09, 10, 11	428,376
Health Resources And Services Administration	93.110	V970601	9,078
Health Resources And Services Administration	93.127	1H33MC02539-02-00	106,599
Health Resources And Services Administration	93.127	H34MC02542-02-00	196,653
Health Resources And Services Administration	93.145	FY05.011.021	190,215
Health Resources And Services Administration	93.157	5 D34 HP 04055-06-01	215,139
Health Resources And Services Administration	93.189	D39HP00010-14,15	87,683
Health Resources And Services Administration	93.192	D36HP16001-16	327,631
Office Of Rural Health Policy, Office Of The Administrator	93.211	4D1BTH00003-03-02	340,261
Office Of Rural Health Policy, Office Of The Administrator	93.211	H2ATH00989-01	246,124
Agency For Health Care Policy And Research	93.226	UC1 HS15135-01	137,963
Indian Health Service, Public Health Service	93.228	001-FP1-5-0001	16,782
National Institutes Of Health, Public Health Service	93.242	PSA03-02	25,481
Centers For Disease Control And Prevention	93.262	SC04-05	76,593
Department of Health & Human Services	93.279	1 R03 DA018166-01	42,542
Centers For Disease Control And Prevention	93.283	AI024-21/22 AMD #1	19,732
Centers For Disease Control And Prevention	93.283	SHELL	21,347
Centers For Disease Control And Prevention	93.283	U36/CCU319276	42,391
Centers For Disease Control And Prevention	93.283	U90/CCU624260-01	74,150
Health Resources And Services Administration	93.298	2 D24 NU00380-04	135
Health Resources And Services Administration	93.359	D11 HP00706-01	233,265
National Institutes Of Health, Public Health Service	93.395	CA98543-02	4,184
Administration For Children And Families	93.551	90CB0098/04	140,507
Administration For Children And Families	93.551	90CB0119	128,610
Administration For Children And Families	93.556	05-690-5000-5004	113,327
Department of Health & Human Services	93.558	04-04-00009	3,790
Department of Health & Human Services	93.558	MOU 09-04-00001	21,461
Department of Health & Human Services	93.558	GSA 05-0010	1,668,185
Department of Health & Human Services	93.558	GSA 04-09	(11,796)
Department of Health & Human Services	93.558	GSA 05-10	397,855
Department of Health & Human Services	93.570	NYSPF 04-1109	75,801
Administration For Children And Families	93.631	90DN0187	124,814
Administration For Children And Families	93.632	NONE	443,571
Health Resources And Services Administration	93.822	1 D18 HP 03088-01	193,808
Department of Health & Human Services	93.859	5 F32 GM072351-02	41,569
National Institutes Of Health, Public Health Service	93.879	5G07LM007832-02	11,028

# THE UNIVERSITY OF NEW MEXICO

# SCHEDULE 7

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2005

	<u>FEDERAL CFDA NUMBER</u>	<u>CONTRACT/GRANT NUMBER</u>	<u>YEAR TO DATE EXPENDITURES</u>
Department of Health & Human Services	93.880	5 T34 GM00875105	\$ 211,260
Health Resources And Services Administration	93.884	1D59HP04077-01	41,741
Health Resources And Services Administration	93.884	D22PH00181-03	960
Health Resources And Services Administration	93.884	D54 HP00032-04, 05	239,029
Health Resources And Services Administration	93.884	D56HP00028-05-01	223,155
Health Resources And Services Administration	93.886	D57HP19164-03,04,05	138,199
Health Resources And Services Administration	93.887	1 C76HF00754-01-00	96,000
Health Resources And Services Administration	93.895	5D14HP00100	35,588
Bureau Of Primary Health Care	93.918	H76HA00130-14-0	649,164
Centers For Disease Control And Prevention	93.919	05UNM/01.0019	78,652
Health Resources And Services Administration	93.928	SHELL	49,795
Health Resources And Services Administration	93.969	D31HP70143-03, 04	326,434
Corporation for National & Community Service	94.007	02EDNNM079	19,195
Homeland Security	97.000	2004-GE-T4-0005-UNM	10,755
Department of Homeland Security	97.000	HSFEHQ-05-L-0202	33,000
Department of Homeland Security	97.025	EMW-2201-CA-0322	480
United States Agency for International Development	98.002	SUB TO HNE-A-97-00059-00	86,038
Federal Appropriation	99.999	AGMT 11/24/03	749,147
Federal Appropriation	99.999	REQ. 44001673	15,632
Federal Appropriation	99.999	Q-00294	(1,126)
<b>TOTAL NONMAJOR PROGRAMS</b>			<u>\$ 47,429,804</u>
<b>TOTAL FEDERAL AWARDS</b>			<u>\$ 203,734,332</u>

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2005

### 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

William D. Ford Direct Loan Program net loans to students were \$45,581,323.

Perkins loans advanced to students in fiscal year 2005 totaled \$3,754,334. The outstanding Perkins loan balance at June 30, 2005 was \$12,847,619.

### 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.

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

<u>GRANTORS</u>	<u>CFDA NUMBER</u>	<u>YEAR TO DATE EXPENDITURES</u>
Department of Commerce	11.552	\$ 162,698
Department of Defense	12.000	486,900
Department of the Navy	12.300	4,127
Department of the Army	12.420	88,667
Department of the Air Force	12.800	1,040,802
Defense Advanced Research Projects Agency	12.910	586,956
Department of The Interior	15.000	80,908
Department of Justice	16.560	25,713
Department of Labor	17.000	51,542
Dept of Labor	17.502	37,800
Department of Transportation	20.000	51,689
National Aeronautics & Space Administration	43.002	379,421
National Endowment for the Humanities	45.149	54,394
National Science Foundation	47.000	397,206
National Science Foundation	47.041	25,207
National Science Foundation	47.049	95,238
National Science Foundation	47.070	30,000
National Science Foundation	47.074	50,041
National Science Foundation	47.076	1,567,466
Environmental Protection Agency	66.509	36,795
Department of Energy	81.000	74,133
Department of Energy	81.004	2,777
Department of Energy	81.049	44,125
Department of Education	84.000	242,494
Department of Education	84.015	78,307
Department of Education	84.024	20,595
Department of Education	84.027	10,800
Department of Education	84.215	217,804
Department of Health & Human Services	93.000	464,311
Department of Health & Human Services	93.107	169,769
Department of Health & Human Services	93.113	193,191
Department Of Health & Human Services	93.121	4,534
Department of Health & Human Services	93.135	55,205
Health Resources And Services Administration	93.153	188,845
Health Resources And Services Administration	93.189	57,941
Department of Health & Human Services	93.211	268,826



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# THE UNIVERSITY OF NEW MEXICO

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## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2005

<u>GRANTORS</u>	<u>CFDA NUMBER</u>	<u>YEAR TO DATE EXPENDITURES</u>
Centers For Disease Control And Prevention	93.262	\$ 17,389
Department of Health & Human Services	93.273	95,595
Department of Health & Human Services	93.279	577,237
Department Of Health & Human Services	93.361	46,186
Department of Health & Human Services	93.389	1,043,341
Department of Health & Human Services	93.393	400,013
Department of Health & Human Services	93.394	247,925
Department of Health & Human Services	93.395	77,512
Department Of Health & Human Services	93.399	840,406
Administration For Children And Families	93.631	32,857
Department Of Health & Human Services	93.821	33,740
Department Of Health & Human Services	93.837	171,548
Department of Health & Human Services	93.838	186,656
Department Of Health & Human Services	93.839	460,847
Department of Health & Human Services	93.846	36,172
Department Of Health & Human Services	93.847	43,238
Department Of Health & Human Services	93.848	75,354
Department Of Health & Human Services	93.849	57,015
Department of Health & Human Services	93.855	35,000
Department of Health & Human Services	93.856	858,274
Department Of Health & Human Services	93.865	433,156
Department of Health & Human Services	93.866	47,396
Department of Health & Human Services	93.894	171,072
Department of Health & Human Services	93.934	58,974
Department of Health & Human Services	93.960	79,819
Department of Health & Human Services	93.969	31,360
United States Agency for International Development	98.002	94,228
		<u>\$ 13,599,537</u>

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2005

### Note 5: Amounts passed through to UNM from other prime contractors

<u>GRANTORS</u>	<u>CFDA NUMBER</u>	<u>CONTRACTOR/GRANTOR NUMBER</u>	<u>YEAR TO DATE EXPENDITURES</u>
National Center for Genome Research	10.000	PROJECT AGREEMENT	\$ 30,347
NatureServe	10.000	43028-01/ 43037-01	12,028
University of Arizona	10.000	Y410369	10,638
Dine College	10.206	NONE	24,083
New Mexico State University	10.550	NMSU SUB-H12, Q00958	93,455
Applied Research Association Inc	12.000	S-16406.1	36,338
AT&T Government Solutions Inc	12.000	S000000370	46,163
BAE Systems	12.000	PO RP6899/DAAD19-01-2-0008	411,295
Ball Aerospace & Technologies Corp	12.000	SCZ202000/TO0014-00	37,213
Boeing Company	12.000	PO 06199	13,327
Boeing Company	12.000	PO Q03895377	46,736
Boeing Company	12.000	PO#Q05895741	44,466
Boeing Company	12.000	Q01895203	5,058
CSA Engineering Inc	12.000	PO# NM-2135	2,631
Dynamics Technology	12.000	SUBCONTRACT #0337-PO5	64,931
Envirogen Inc	12.000	SC-DACA72-02-C-0047	28,361
General Dynamics Advanced Inforation Systems	12.000	SC NO. PM0000008SC	40,369
Honeywell Corporation	12.000	DAAD19-01-2-0010;GPA#A004608	146,582
Lawrence Livermore National Laboratory	12.000	B547968	36,261
Lite Cycle	12.000	P.O. 2564	80,745
Management Sciences	12.000	PO #03-1229	45,588
Maxion Inc	12.000	RA #65/F19628-02-C-0032	1,782
Mission Research	12.000	SC-0244-00-0008;C00508.01	87,331
NatureServe	12.000	PO# NM-43012-02	6,545
New Mexico Institute of Mining and Technology	12.000	#F29601-95-3-0178	4,142
New Mexico Military Affairs Department	12.000	02-705-0900-0012	1,238
New Mexico Military Affairs Department	12.000	03-705-0900-0008	35,832
New Mexico Military Affairs Department	12.000	05-705-0900-0003	148,690
New Mexico Military Affairs Department	12.000	05-705-0900-0007	3,065
NumerEx	12.000	SC 04-001	10,267
SAIC	12.000	4400107439	20,763
SAIC	12.000	SC4400102800	14,579
SAIC	12.000	SUBCONTRACT #4400090011	24,945
SRI International	12.000	53-000191	30,518
University of Colorado	12.000	SPO0000031607/N00014-02-1-0714	78,587
University of Dayton Research Institute	12.000	RSC04014	26,991
University of Illinois	12.000	SUBAWARD NO 04-127	85,639
University of Louisville	12.000	01-175-2 AMD #4 YR 03	137,732
University of Texas Southwestern	12.000	DAAD19-01-1-0429 GMO-010246 MO	113,399
University of Virginia	12.000	SC#GG10306-113743	41,881
Academy of Applied Science	12.101	LTR 10/20/03	15,263
Honeywell Corporation	12.300	PO B09090111	891
The Henry M Jackson Fdn for the Adv of Military Medicine	12.420	PO#0000101791	12,332
Army Research Office	12.431	DAAD19-03-1-0146	79,137
Boeing Company	12.800	Q04897201	171,577
New Mexico Institute of Mining and Technology	12.800	PO 508986	31,237
University of Texas Austin	12.800	UTA04-498	281,047
Clemson University	12.910	66175582032003253/N66001031890	1,183

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2005

### Note 5: Amounts passed through to UNM from other prime contractors

<u>GRANTORS</u>	<u>CFDA NUMBER</u>	<u>CONTRACTOR/GRANTOR NUMBER</u>	<u>YEAR TO DATE EXPENDITURES</u>
Clemson University	12.910	869-7558-203-2004310	\$ 94,440
IBM Corp	12.910	WO133910	138,843
Integrated Management Services Inc	12.910	SC-RD11-UNM	954
Santa Fe Institute	12.910	WRITTEN AGREEMENT	5,073
URS Corporation	15.000	SC SERVICES, WORK ORDER 1	5,552
US Dept of Interior	15.000	GDA010009,TO1	11,173
Utah State University	15.000	C028613	306,684
National Indian Council on Aging Inc	15.031	AGREEMENT DATED 4/13/98	(5)
Legal Momentum	16.000	SUB UNDER SJI-04-N-170	838
New Mexico Crime Victims Reparation Commission	16.000	2005-VA-944	23,295
New Mexico Public Safety Department	16.000	2004-DN-BX-0221	16,803
New Mexico Public Safety Department	16.100	00-TFO-10-UNM	1,318
University of Missouri - Columbia	16.100	C00000814-1	(4)
New Mexico Public Safety Department	16.550	03-PSN-UNM ISR	63,250
New Mexico Crime Victims Reparation Commission	16.575	NONE	22,997
New Mexico Crime Victims Reparation Commission	16.582	2003-WF-BX-0220	20,750
New Mexico Crime Victims Reparation Commission	16.588	2004-WF-734	37,786
Pacific Institute for Research & Evaluation	16.728	PIRE 496447	81,982
Albuquerque Job Corps Center	17.000	JC 35-1-00055 AMD #1	66,069
NM Telecommunications & Call Center Training Consortium	17.000	SUBAWARD AGMT DTD 2/23/04	24,031
Northern Area Local Workforce Development Board	17.000	MOU 6/1/03	(17,179)
Northern Area Local Workforce Development Board	17.000	WIA/NCDF/2004-01	15,925
Northern Area Local Workforce Development Board	17.000	WIA/NCDF/2004-08	13,990
New Mexico Department of Transportation	20.000	30-805-09-00021	3,989
New Mexico Department of Transportation	20.000	CO 4109	310
New Mexico Department of Transportation	20.000	CO 4126	7,772
New Mexico Department of Transportation	20.000	CO 4426	21,046
New Mexico Department of Transportation	20.000	CO 4528	2,918
New Mexico Department of Transportation	20.000	CO4125	1,926
New Mexico Department of Transportation	20.000	CO4172	3,000
New Mexico Department of Transportation	20.000	CO4517	18
New Mexico Department of Transportation	20.000	CO4653	72,815
New Mexico Department of Transportation	20.000	M00362	110,256
New Mexico Traffic Safety Bureau	20.000	CO4545	39,653
New Mexico Traffic Safety Bureau	20.000	CO4546	29,200
New Mexico Traffic Safety Bureau	20.000	CO4547	57,824
New Mexico Traffic Safety Bureau	20.000	CO4548	16,771
New Mexico Traffic Safety Bureau	20.000	CO4552	13,263
New Mexico Traffic Safety Bureau	20.000	CO4553	16,585
New Mexico Traffic Safety Bureau	20.000	CO4662	146,336
South Carolina State University	20.215	02-447420-NSTI-UNM-NM	51,860
Dine College	43.000	10 2241 6410	15,238
Jet Propulsion Lab	43.000	1216230	6,523
Jet Propulsion Lab	43.000	1219248	40
Jet Propulsion Lab	43.000	CONTRACT NO 1261627	130,589
Jet Propulsion Lab	43.000	CONTRACT NO. 1249282	2,702
Jet Propulsion Lab	43.000	CONTRACT NO. 1258945	112,798

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2005

### Note 5: Amounts passed through to UNM from other prime contractors

<u>GRANTORS</u>	<u>CFDA NUMBER</u>	<u>CONTRACTOR/GRANTOR NUMBER</u>	<u>YEAR TO DATE EXPENDITURES</u>
Jet Propulsion Lab	43.000	Contract No. 960494	\$ 592,399
New Mexico State University	43.000	SUBCONTR Q00626	31,848
Northwest Research Associates	43.000	NWRA-04-S-078/NNH04CC45C	28,960
Southwestern Indian Polytechnic Institute	43.000	MUCERPI 2003 NRA	47,113
Stanford University	43.000	29056-D	18,451
University of Arizona	43.000	Y712242	135,582
University of California Los Angeles	43.000	#2090 G EC664/ 4-443869CR57712	9,362
University of Colorado	43.000	153-9620/23142/NAG1-01074	51,177
University of Puerto Rico	43.000	2004-000299	38,039
DCES Educational Services	43.001	61298	10,431
Modern Technology Systems	43.001	INSTITUTIONAL PARTNERSHIP AGMT	7,807
Space Telescope Science Institute	43.002	HST-ED-90253.01-A	2,113
University of Colorado	43.002	SPO #30390	46,456
New Mexico Arts Division	45.025	CUGE #05-121	14,964
Arizona State University	47.000	KMD5273-21-005/SUB	1,366
CORD	47.000	SUBCONTRACT/DUE0202424	15,316
New Mexico State University	47.000	Q00486	(2,400)
New Mexico State University	47.000	Q00610/HRD0086701	273,521
Pueblo of Laguna	47.000	CF65C-2004	18,603
University of Arizona	47.000	Z542147	173,860
University of California	47.000	KK0011	(459)
University of California San Diego	47.000	P.O. 10152753	81,267
University of Massachusetts	47.000	PO #0001013379	71,065
University of Notre Dame	47.000	PREAWARD	7,602
University of Puerto Rico	47.000	COOP #HRD-0206200	35,506
University of Puerto Rico	47.000	SS66-0433760	33,727
Arizona State University	47.041	V2004GP0005/V04CC002	20,082
Cornell University	47.041	39464-6770	35,107
Cornell University	47.041	44771-7478/0335765	499,490
Sandia National Laboratories	47.050	PO#303161	5,975
Columbia University	47.070	NSF EIA-0218262 SG#1	32,680
Columbia University	47.070	SUBAWARD NO. 2	50,111
National Science Foundation	47.070	EIA-0203584	3,024
University of California San Diego	47.070	PO#10205856	38,999
University of Oklahoma	47.070	SUBAWARD #2005-35	2,315
University of Alabama	47.074	99-007	282,801
University of California	47.074	SA3421-22395PG	725
University of Tennessee	47.074	OR878-001.06	33,444
University of Texas Austin	47.074	SC #UTA02-120	7,442
Albuquerque Technical and Vocational Institute	47.076	PO#B0304175	51,133
Arizona State University	47.076	KMD5276-21-36/39SUBS05US006	94
Arizona State University	47.076	KMD5276-21-36/SUB	759
Arizona State University	47.076	KMD5276-21-36/SUB	282
Arizona State University	47.076	KMD5276-21-38/SUB	791
Arizona State University	47.076	KMD5276-21-38/SUBF04UR019	1,123
National Science Foundation	47.076	DUE-0101311	(4,208)
New Mexico State University	47.076	Q00781	20,918
New Mexico State University	47.076	Q00894	23,326

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New Mexico State University	47.076	Q00896	\$ 1,207
New Mexico State University	47.076	Q00903	7,556
University of Arizona	47.076	Y410675	72,587
University Space Research Association	47.076	SUBAGRMT NO. 2097-03	19,926
New Mexico Small Business Development Center	59.000	3-603001-Z-0032-15	(699)
New Mexico Small Business Development Center	59.000	4603001Z003216	134,273
New Mexico Small Business Development Center	59.000	4-603001-Z-0032-16	140,829
New Mexico Small Business Development Center	59.037	4603001Z003216	159,305
University of Texas Health Center at Tyler	66.000	28000-4461-1200-12407 AMD 1	4,165
Albuquerque Partnership	81.000	CONTRACT DATED 11/19/03	112,044
BDM Federal Inc	81.000	PO#2122192	23,555
Brookhaven National Laboratory	81.000	87291	14,943
Brookhaven National Laboratory	81.000	95247	52,209
Brookhaven National Laboratory	81.000	AGREEMENT	91,187
Brookhaven National Laboratory	81.000	CONTRACT# 34763	39,273
Colorado State University	81.000	PO #P318353	31,642
Fermi Laboratory	81.000	523219/543253	32,288
Fermi Laboratory	81.000	PO 519806	(133)
Honeywell Corporation	81.000	EP1677	10,080
Honeywell Corporation	81.000	PO #EP5235	55,247
Lawrence Livermore National Laboratory	81.000	SC NO B530387	17,066
Los Alamos National Laboratory	81.000	#15676-001-05	5,528
Los Alamos National Laboratory	81.000	02020-001-04 3C MOD 1	22,863
Los Alamos National Laboratory	81.000	0409J-102-04 3C	8,263
Los Alamos National Laboratory	81.000	0409J-10603 3C	42,361
Los Alamos National Laboratory	81.000	0409J-116-03 3F	153,077
Los Alamos National Laboratory	81.000	0409J-117-04 3F	75,582
Los Alamos National Laboratory	81.000	0409J-119-04 3F	22,439
Los Alamos National Laboratory	81.000	0409J-120-04 3C	200,982
Los Alamos National Laboratory	81.000	10810-001-05 3F	33,308
Los Alamos National Laboratory	81.000	15657-001-05	20,894
Los Alamos National Laboratory	81.000	17262-001-05	20,854
Los Alamos National Laboratory	81.000	17547-001-05	11,823
Los Alamos National Laboratory	81.000	68863-002-05 3C	42,410
Los Alamos National Laboratory	81.000	73067-001-03 2R	9,973
Los Alamos National Laboratory	81.000	74351-001-04-2H	67,857
Los Alamos National Laboratory	81.000	97009-001-04 3F	12,921
Los Alamos National Laboratory	81.000	97364-001-04 3C	174,312
Los Alamos National Laboratory	81.000	97820-001-04	24,465
Los Alamos National Laboratory	81.000	CHECK 5245	2,609
Los Alamos National Laboratory	81.000	F3052-0018-2G	807
Los Alamos National Laboratory	81.000	NONE	(3)
Los Alamos National Laboratory	81.000	Q409J-105-03 C3	13,351
Los Alamos National Laboratory	81.000	SC 11494-001-05	72,928
Los Alamos National Laboratory	81.000	SC NO. 02763-001-04	115,251
Los Alamos National Laboratory	81.000	SRSC 05989-001-04	89,970
Los Alamos National Laboratory	81.000	SRSC NO. 00924-0001-04	61,666
Los Alamos National Laboratory	81.000	TASK 40	1,246

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Los Alamos National Laboratory	81.000	TASK ORDER #104	\$ (19,261)
Los Alamos National Laboratory	81.000	TO 118	7,626
Los Alamos National Laboratory	81.000	TO#0409J-054-98 2K	136,719
Medical College of Wisconsin	81.000	DE-FG02-04ER63772	131,049
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	#2404	67,627
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	05-0001	17,041
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	2018	3,835
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	2205	11,655
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	2301	21,266
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	2304	18,836
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	2307	682,522
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	2403	23,882
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	2502	13,318
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	4838	4,540,731
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	GRANT #2305	8,915
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	GRANT 2309	161,852
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	GRANT 2402	79,445
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	GRANT 2504, MOD 1	74,550
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	GRANT 3507	41,391
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	GRANT NO 2501	13,113
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	GRANTS 2302, 2407	36,770
MSE Technology Applications Inc	81.000	SC 03C652CR	17,764
New Mexico Energy Minerals and Natural Resources Dept	81.000	05-521-0300-0044	20,932
New Mexico State University	81.000	01 4 23663	58,324
New Mexico State University	81.000	01-4-23147	43,807
New Mexico State University	81.000	01-4-23147	8,124
New Mexico State University	81.000	01-4-23147	1,683
New Mexico State University	81.000	01-4-23346	6,931
New Mexico State University	81.000	01-4-23359	17,725
Sandia National Laboratories	81.000	110001	(8,333)
Sandia National Laboratories	81.000	117794	35,834
Sandia National Laboratories	81.000	117817	140,174
Sandia National Laboratories	81.000	119572	12,898
Sandia National Laboratories	81.000	129198	4,337
Sandia National Laboratories	81.000	140284	27,172
Sandia National Laboratories	81.000	197270	77,433
Sandia National Laboratories	81.000	200215	31,256
Sandia National Laboratories	81.000	20225	43,940
Sandia National Laboratories	81.000	205999	30,950
Sandia National Laboratories	81.000	208923, 383253	83,936
Sandia National Laboratories	81.000	213867	4,070
Sandia National Laboratories	81.000	221892	3,511
Sandia National Laboratories	81.000	223139	75,566
Sandia National Laboratories	81.000	226567	18,444
Sandia National Laboratories	81.000	237095	7,065
Sandia National Laboratories	81.000	238945	12,931
Sandia National Laboratories	81.000	238984	56,651
Sandia National Laboratories	81.000	242925	26,440

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<u>GRANTORS</u>	<u>CFDA NUMBER</u>	<u>CONTRACTOR/GRANTOR NUMBER</u>	<u>YEAR TO DATE EXPENDITURES</u>
Sandia National Laboratories	81.000	244590	\$ 80,780
Sandia National Laboratories	81.000	247540	23,603
Sandia National Laboratories	81.000	250809	31,141
Sandia National Laboratories	81.000	258805	34,283
Sandia National Laboratories	81.000	259401	5,363
Sandia National Laboratories	81.000	27505	25,134
Sandia National Laboratories	81.000	275374	45
Sandia National Laboratories	81.000	275890	750
Sandia National Laboratories	81.000	27937	(5,262)
Sandia National Laboratories	81.000	28503	109,019
Sandia National Laboratories	81.000	287468	38,161
Sandia National Laboratories	81.000	287474	67,289
Sandia National Laboratories	81.000	28845 MOD #1 & #2	2,752
Sandia National Laboratories	81.000	290463	5,669
Sandia National Laboratories	81.000	291325	10,125
Sandia National Laboratories	81.000	295396	66,990
Sandia National Laboratories	81.000	29651	929
Sandia National Laboratories	81.000	30005	23,460
Sandia National Laboratories	81.000	305103	23,785
Sandia National Laboratories	81.000	305172	24,480
Sandia National Laboratories	81.000	308764	14,246
Sandia National Laboratories	81.000	313751	7,500
Sandia National Laboratories	81.000	326297	732
Sandia National Laboratories	81.000	337006	25,879
Sandia National Laboratories	81.000	337030	19,348
Sandia National Laboratories	81.000	337052	30,021
Sandia National Laboratories	81.000	337145	35,287
Sandia National Laboratories	81.000	342079	33,289
Sandia National Laboratories	81.000	348871	92,152
Sandia National Laboratories	81.000	360994	4,692
Sandia National Laboratories	81.000	362779	77,376
Sandia National Laboratories	81.000	372141	89,836
Sandia National Laboratories	81.000	406075	26,994
Sandia National Laboratories	81.000	408825	21,424
Sandia National Laboratories	81.000	418257	2,402
Sandia National Laboratories	81.000	422848	10,464
Sandia National Laboratories	81.000	423323	27,917
Sandia National Laboratories	81.000	427140	5,251
Sandia National Laboratories	81.000	432241	12,759
Sandia National Laboratories	81.000	441243	12,104
Sandia National Laboratories	81.000	48876	28,401
Sandia National Laboratories	81.000	50615	61,943
Sandia National Laboratories	81.000	59065	5,580
Sandia National Laboratories	81.000	61026	15,993
Sandia National Laboratories	81.000	65583,REV 1	7,415
Sandia National Laboratories	81.000	65735	11,704
Sandia National Laboratories	81.000	65753,REV 1	7,097
Sandia National Laboratories	81.000	66513	4,848

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Sandia National Laboratories	81.000	71816	\$ 195,213
Sandia National Laboratories	81.000	79751	9,356
Sandia National Laboratories	81.000	8509	87,271
Sandia National Laboratories	81.000	85276	4,576
Sandia National Laboratories	81.000	85301	8,571
Sandia National Laboratories	81.000	85311	25,090
Sandia National Laboratories	81.000	AP1739	(7,664)
Sandia National Laboratories	81.000	BD-0768A	13,907
Sandia National Laboratories	81.000	DOC. 128242	205,752
Sandia National Laboratories	81.000	LTR 9/29/04	6,245
Sandia National Laboratories	81.000	P.O. #91379	63,234
Sandia National Laboratories	81.000	PO 124354	38,261
Sandia National Laboratories	81.000	PO 99112	92,752
Sandia National Laboratories	81.000	PO A0239/BIOAGENT DETECTION	1,150
Sandia National Laboratories	81.000	PO400893	14,609
Sandia National Laboratories	81.000	SPO AR-8834, REV NO 15	(436)
Santa Fe Community College	81.000	CK# 0096330	(19,558)
South Carolina State University	81.000	SC#DE-FG07-011D14013-UNM	128,561
Texas Engineering Experiment Station	81.000	AGMT 68732	32,225
Texas Tech University	81.000	1310/0957-01	(6,338)
Translight LLC	81.000	AGMT OF 2/29/00	(129)
Tulane University	81.000	TUL-163-03/04	88,425
University of Georgia	81.000	RR168-568/9038707	8,905
University of Texas at El Paso	81.000	SUBAGMT #00/01-205-5;APP C-2	62,463
William Marsh Rice University	81.000	SUBCONTRACT NO. R7A82H	188,230
Los Alamos National Laboratory	81.049	0409J-114-03 3F	(6,091)
Los Alamos National Laboratory	81.049	W-7405-ENG-36	106,019
Los Alamos National Laboratory	81.064	0409J-123-04 3C	794
Mental Illness and Neuroscience Discovery (MIND) Inst	81.104	2401	78,060
Mental Illness and Neuroscience Discovery (MIND) Inst	81.104	2505	50,829
Sandia National Laboratories	81.108	10861	(13,719)
Gallup McKinley County School District	84.000	251844	288,216
National Writing Project Corp	84.000	LTR DATED 5/12/03	48,107
New Mexico Commission on Higher Education	84.000	LETTER 9/9/03	77,017
New Mexico Highlands University	84.000	P0053809	978
New Mexico Public Schools Facilities Authority	84.000	PSA 06/16/05 CONTRACT	23,666
NM Public Education Department	84.000	014-2-11-855 PERKINS	230,946
NM Public Education Department	84.000	04-924-P527-0160	349,346
NM Public Education Department	84.000	673/24136	306,845
NM Public Education Department	84.000	ID 24151.03.008	18,246
NM Public Education Department	84.000	ID 24151.03.013	202,898
NM Public Education Department	84.000	TRANSITION TO TEACHING	411,567
University of Northern Colorado	84.000	PO #E028829	2,275
Los Alamos National Laboratory Foundation	84.002	LETTER 6/22/04	170
New Mexico Commission on Higher Education	84.002	879882	74,628
New Mexico Commission on Higher Education	84.002	ABE - INSTRUCTIONAL MATERIALS	15,522
New Mexico Commission on Higher Education	84.002	ABE 879882	422,356
New Mexico Commission on Higher Education	84.002	ABE CHE 03-04	3



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New Mexico Commission on Higher Education	84.002	AGREEMENT # C05-17	\$ 55,040
New Mexico Commission on Higher Education	84.002	AGREEMENT #05-16	10,094
New Mexico Commission on Higher Education	84.002	BAR	140,332
New Mexico Commission on Higher Education	84.002	BAR	143,014
New Mexico Commission on Higher Education	84.002	BAR-ABE STATE & FEDERAL	301,355
New Mexico Commission on Higher Education	84.002	G05-11	39,238
NM Public Education Department	84.002	006-01-01	65,614
NM Public Education Department	84.002	NMSDE ALLOCATION LTR	12,419
Oklahoma State University	84.023	AA-5-60880	166,627
NM Public Education Department	84.027	673/24108	(188)
NM Public Education Department	84.027	673/24108.03.058	30,152
NM Public Education Department	84.027	673/24108.03.061	24,621
NM Public Education Department	84.027	FUND 24108	11,494
NM Public Education Department	84.027	ID #24108.03.057	105,156
NM Public Education Department	84.027	PROG # 24108.04.063	4,161
NM Public Education Department	84.027	PROJ #24108.05.006	1,121
NM Public Education Department	84.048	PSC#05-924-P527-0096	28,680
NM Public Education Department	84.051	018321855	76,742
NM Public Education Department	84.173	673/24136.03.003	11,846
NM Public Education Department	84.173	673/24136.03.004	99,313
NM Public Education Department	84.173	ID 24136.04.001	21,291
Washington University	84.215	29605G/WU-HT-03-50	2,757
NM Public Education Department	84.243	016-5-1-1-855	2,178
NM Public Education Department	84.243	016-532-857	1,010
NM Public Education Department	84.243	0-18-4-3-1-857	(13,357)
Arizona State University	84.286	Subcontract Agreement 10/30/04	25,795
Public Broadcasting Service	84.286	R286A000003	24,378
Public Broadcasting Service	84.295	LTR DATED 9/11/03	41,710
Gallup McKinley County School District	84.303	PO #251848	72,061
Department of Education	84.326	NONE	98,092
University of South Florida	84.326	PO #0000056784	1,264
Albuquerque Area Indian Health Board Inc	93.000	04-30	25,628
American Psychiatric Institute for Research & Educ	93.000	BRETT YUAN-HSIANG LU	43,142
Association of Occupational & Environmental Clinics	93.000	U60/CCU317613	6,223
Association of Teachers of Preventive Medicine	93.000	TS-1022	172,363
Bernalillo County	93.000	04-660	13,511
Bioreliance Corporation	93.000	BRC-1108-33	15,570
Case Western Reserve University	93.000	N01-DK-6-2203 AMD 11	125,384
Cheyenne River Sioux Tribe	93.000	R25 ES013292-01	32,502
Columbia University	93.000	CFDA 93.853	98
Conference Account	93.000	05UNM/03.0033	18,760
Conference Account	93.000	5T01 HP01421-02-00	25,812
DeCode Genetics	93.000	HHS200400064C AB N01-AI40064	593,356
Department of Health and Human Services	93.000	04/665.4200.0310	31,481
Department of Health and Human Services	93.000	05UNM/03.0007	43,706
Department of Health and Human Services	93.000	GSOIF0104L ODR 02T000181D NMFT	(2,845)
Department of Health and Human Services	93.000	SILCAAT	163
Emory University	93.000	PRIME 5R01ESO8755-07	9,550

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First Choice Community Healthcare	93.000	AK 003-UNM	\$ 78,643
First Choice Community Healthcare	93.000	PSA-02-22	274,028
First Choice Community Healthcare	93.000	SHELL	162,294
Hector Balcazar	93.000	CMS-03-00335	17,253
Hidalgo Medical Services	93.000	AMENDMENT 3, 1-2004	103,056
Houston Academy of Medicine - Texas Medical Center	93.000	N01-LM-1-3515	27,629
Houston Academy of Medicine - Texas Medical Center	93.000	SHELL	9,643
Johns Hopkins University	93.000	DE-FC03-985F21541MOD#12	22,322
Kestrel Corporation	93.000	SUBCONTRACT 0146A	4,797
Kestrel Corporation	93.000	UNME 001	20,270
Lovelace Respiratory Research Institute	93.000	JK050036	130,165
Lovelace Respiratory Research Institute	93.000	JK30817	12,775
Lovelace Respiratory Research Institute	93.000	LV010469	26,157
Miami University	93.000	DPT-1	1,947
National Childhood Cancer Foundation	93.000	11781	22,655
National Childhood Cancer Foundation	93.000	12991	691,864
National Library of Medicine	93.000	5415GFB557	42,702
New Mexico Children Youth and Family Department	93.000	03-690-7000-7023-01	138,469
New Mexico Department of Health	93.000	05UNM/01.0017	3,812
New Mexico Department of Health	93.000	03.665.6200.326 AIII, 17 & 21	92,809
New Mexico Department of Health	93.000	03/665.6200.0326 AIII COMP 29	93,428
New Mexico Department of Health	93.000	03/665.6200.0326 AIII, 05 & 27	87,286
New Mexico Department of Health	93.000	04.665.4200.0522	202,834
New Mexico Department of Health	93.000	04/665.4200.0097	(27)
New Mexico Department of Health	93.000	04/665.4200.0297,05UNM/03.0030	257,077
New Mexico Department of Health	93.000	04/665.4200.0451	33,860
New Mexico Department of Health	93.000	04/665.4200.0543	1,553
New Mexico Department of Health	93.000	05/UNM/03.0040	193,386
New Mexico Department of Health	93.000	05UNM/01.0002	37,947
New Mexico Department of Health	93.000	05UNM/01.0003	7,563
New Mexico Department of Health	93.000	05UNM/01.0005	29,587
New Mexico Department of Health	93.000	05UNM/01.0006A1	31,349
New Mexico Department of Health	93.000	05UNM/01.0029	39,807
New Mexico Department of Health	93.000	05UNM/01.0034	4,494
New Mexico Department of Health	93.000	05UNM/02.0006	5,979
New Mexico Department of Health	93.000	05UNM/03.0002	489,527
New Mexico Department of Health	93.000	05UNM/03.0027	76,358
New Mexico Department of Health	93.000	05UNM/07.0002	433,369
New Mexico Department of Health	93.000	05UNM/07.0003	92,571
New Mexico Department of Health	93.000	05UNM/07.0004	93,545
New Mexico Department of Health	93.000	05UNM/07.0005	387,973
New Mexico Department of Health	93.000	05UNM/07.0006	312,841
New Mexico Department of Health	93.000	05UNM/07.0009	28,973
New Mexico Department of Health	93.000	05UNM/07.0010	98,006
New Mexico Department of Health	93.000	05UNM/07.0012	7,825
New Mexico Department of Health	93.000	05UNM/07.0013	78,722
New Mexico Department of Health	93.000	05UNM03.009	80,234
New Mexico Department of Health	93.000	06UNM/01.0026	463,775

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New Mexico Department of Health	93.000	06UNM/01.0028	\$ 126,571
New Mexico Department of Health	93.000	99.665.62.326	(157,339)
New Mexico Department of Health	93.000	JPA 94.665.6200.0952 A VII	352,867
New Mexico Department of Health	93.000	MOU # 2005-120	69,237
New Mexico Department of Health	93.000	MOU 04/665.4200.0002	(488)
New Mexico Department of Health	93.000	MOU 04/665.4200.0309	91,961
New Mexico Department of Health	93.000	NO. 04/665.4200.0293	30,048
New Mexico Department of Health	93.000	NONE	1,758,839
New Mexico Department of Health	93.000	SHELL	5,951
New Mexico Human Services Department	93.000	GSA 05-0001	151,821
New Mexico Human Services Department	93.000	GSA-04-16-A1	136,515
New Mexico Public Health Services	93.000	05UNM/03.0001 04/665.4200.0454	74,821
New Mexico Public Health Services	93.000	MOU 04.665.4200.0404	15,362
NM Public Education Department	93.000	NONE	269,311
Northwestern University	93.000	SPORE	(6)
NSABP Foundation	93.000	PFED20-NMX-01	860
Penrose-St. Francis Health Services	93.000	N02-CO-01113	61,431
Presbyterian Medical Services	93.000	PMS RCC	4,649,235
Research Triangle Institute	93.000	PO 14501S	135
Saint Louis University	93.000	N01-A1-45250	106,517
Social & Scientific Systems	93.000	INFO NET	11,994
Southwest Oncology Group	93.000	PCPT 9329	(508)
Southwestern Indian Polytechnic Institute	93.000	NONE	1,321
SRI International	93.000	41-000693	249
The McLean Hospital	93.000	R01 DA14178	79,610
TRI Princeton	93.000	MOU-TRI PRINCETON & UNM	97,932
University of Alabama	93.000	N01AI65306	(1)
University of Alabama	93.000	NO1 AI30025	15,284
University of California	93.000	PO 9000006023	20,559
University of California Los Angeles	93.000	05-69	2,728
University of Colorado	93.000	FY04.011.013UNM	33,772
University of Michigan	93.000	SHELL	17,499
University of Nevada System	93.000	14B42373	25,475
University of North Carolina	93.000	UNC-CH-#5-52287	59,119
University of Oklahoma	93.000	A1021-21/22 AMD2	33,827
University of Utah	93.000	62919	401
University of Virginia	93.000	CG11146.121246	79,689
UNM Default	93.000	NONE	77,422
University of Arizona	93.110	V970601	9,078
University of Colorado	93.110	FY05.003.001	15,304
University of Washington	93.113	NONE	67,875
Bates College	93.114	1135-2303-0505 (R15 ES011806)	1,645
New York University	93.121	F5315-14	26,921
Oklahoma State Department of Health	93.136	PO#Z030580, AMD.#2	26,333
University of Colorado	93.145	FY05.011.021	190,215
Department of Health and Human Services	93.211	H2ATH00989-01	246,124
University of Chicago	93.226	1R01HS10597-03 MOD 2	(56,627)
Albuquerque Healthcare for the Homeless	93.242	PSA03-02	25,481

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2005

### Note 5: Amounts passed through to UNM from other prime contractors

<u>GRANTORS</u>	<u>CFDA NUMBER</u>	<u>CONTRACTOR/GRANTOR NUMBER</u>	<u>YEAR TO DATE EXPENDITURES</u>
Biomedical Research Institute of New Mexico	93.242	PO 2845	\$ 36,526
Biomedical Research Institute of New Mexico	93.242	PO2707 R01MH6530401	(405)
University of Colorado	93.242	154-0858; PO 0000046486	18,611
University of Texas Health Center at Tyler	93.262	2A07-03	88
University of Texas Health Center at Tyler	93.262	SC04-05	76,593
Oregon Research Institute	93.273	AGREE 2/17/00 (R01 AA12501)	68,283
Oregon Research Institute	93.273	GRANT #R01 AA12183	(62)
Research Triangle Institute	93.273	8-42U-7901	67,779
Medical College of Wisconsin	93.279	R01 DA013139	108,800
Oregon Research Institute	93.279	GRANT #R01 DA11955	6,423
Oregon Research Institute	93.279	GRANT #R01 DA13350	14,206
Oregon Research Institute	93.279	R01 DA015762	27,793
New Mexico State University	93.283	U36/CCU319276	42,391
University of Colorado	93.283	SHELL	21,347
University of Oklahoma	93.283	U90/CCU624260-01	74,150
University of Texas HSC Houston	93.283	AI024-21/22 AMD #1	19,732
National Center for Research Resources	93.333	M01 RR000997	5,296
Boston University	93.358	MC358197DJW	117,380
Eastern New Mexico University	93.389	NONE	14,746
New Mexico State University	93.389	Q00847 AMEND 1 TASK 4	(703)
New Mexico State University	93.389	Q00847 UNM3	(1,905)
New Mexico State University	93.389	Q00923	595,000
New Mexico State University	93.389	SHELL	(1,265)
University of California Irvine	93.389	2003-1247 AMEND 1	442,467
Northwestern University	93.393	0600 370 F081 782	59,545
Ohio State University	93.393	744522	18,396
Regents of the University of Minnesota	93.393	S66836478201	35,293
University of Utah	93.393	9709055-2	148,475
American College of Obstetricians & Gynecologists	93.395	GOG LAB LESLIE	45,975
Gynecologic Oncology Group	93.395	27469-64	16,350
National Childhood Cancer Foundation	93.395	CA98543-02	4,184
Southwest Oncology Group	93.395	SWOG-04033	417,851
University of California Irvine	93.399	2004-1437-1	1,779
New Mexico Children Youth and Family Department	93.556	05-690-5000-5004	113,327
Eastern New Mexico University	93.558	MOU 09-04-00001	21,461
New Mexico Human Services Department	93.558	GSA 04-09	(11,796)
New Mexico Human Services Department	93.558	GSA 05-0010	1,668,185
San Juan College	93.558	04-04-00009	3,790
San Juan College	93.558	GSA 05-10	397,855
National Collegiate Athletic Association	93.570	NYSPF 04-1109	75,801
Administration for Children & Families	93.631	90DN0187	124,814
Duke University Press	93.837	117161 1U01 HL63747 01A2	5,909
Magee-Women's Hospital	93.837	26.635.653.3301.5808	1,936
Magee-Women's Hospital	93.837	26-3301-5809	31,746
Lovelace Respiratory Research Institute	93.838	PO JK031490, & MOD 1	4,066
Oregon Research Institute	93.838	5R01 HL64677	67,062
University of Virginia	93.839	GC10941-119528	100,504
The Children's Mercy Hospital	93.849	03-0030 / U01 DK066143	1,652

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2005

**Note 5: Amounts passed through to UNM from other prime contractors**

<u>GRANTORS</u>	<u>CFDA NUMBER</u>	<u>CONTRACTOR/GRANTOR NUMBER</u>	<u>YEAR TO DATE EXPENDITURES</u>
The Children's Mercy Hospital	93.849	04-0044	\$ 582
Tristan Technologies	93.853	R 44 NS38806-04	153,993
University of California Los Angeles	93.853	1580-G-DG156	34,232
Yale University	93.853	A05648	16,631
Baylor College of Medicine	93.855	U19 AI57234-2 PROJECT 2	230,378
Coley Pharmaceutical Group	93.855	1U01AI057264-01 SUB-K AMD 2	186,699
Department of Health and Human Services	93.855	1 R01 AI44913-01	94
Chiron Corporaton	93.856	PAR-02-026, AMD 1, 2	274,699
Duke University Press	93.856	SPS#124646;FUND#303-0116	73,596
Macrogenics	93.856	AN AI055010-02-A1	311,493
Macrogenics	93.856	SM IU54 AI1057156-02	115,705
University of Maryland-Baltimore	93.856	SC03520082	16,171
University of Nevada System	93.856	PO15GC0000027 UNR-05-56	76,112
University of Nevada System	93.856	UNR-05-02	34,265
University of Texas HSC Houston	93.856	0004024 AMD 1 & 2	200,926
University of Texas Medical Branch	93.856	05-073 PO#0000101876	1,023,695
University of Wisconsin	93.856	NONE	76,936
Dartmouth College	93.859	5-30818.5701	87,849
University of Texas HSC Houston	93.859	1R21GM070600-01	16,143
University of Arizona	93.862	PO #Y404034	27,000
Penn State University	93.865	2546-UNM-DHHS-9496	75,690
Santa Fe Institute	93.866	1R01AGO24119-01	172,931
University of Arizona	93.866	Y403036	47,458
University of Southern California	93.866	USC A/C \$53-5400-7120	10,549
Wake Forest University	93.866	GRANT 18704	3,723
New Mexico Department of Health	93.919	05UNM/01.0019	78,652
Na'nizhoozhi Center	93.928	SHELL	49,795
Albuquerque Area Indian Health Board Inc	93.933	04-13	69,569
Lovelace Respiratory Research Institute	93.936	PO JK031490	39,635
New Mexico Public Safety Department	97.000	2004-GE-T4-0005-UNM	10,755
American Council On Education	98.002	C/SHARE ON 3-24280	70,055
American Council On Education	98.002	SUB TO HNE-A-97-00059-00	86,038
Corporation for Public Broadcasting	99.999	AGMT 11/24/03	749,147
New Mexico State University	99.999	Q-00294	(1,126)
<b>TOTAL PASS-THROUGHS FROM SUBRECIPIENTS</b>			<b>\$ 48,511,944</b>

# NEFF + RICCI LLP

CERTIFIED PUBLIC ACCOUNTANTS  
6100 UPTOWN BLVD NE SUITE 400  
ALBUQUERQUE, NM 87110

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

Mr. Domingo Martinez, CGFM  
New Mexico State Auditor  
and  
Board of Regents  
University of New Mexico

We have audited the basic financial statements of University of New Mexico (University) and its aggregate discretely presented component units, and the budgetary comparison presented as supplemental information as of and for the year ended June 30, 2005, and have issued our report thereon dated September 23, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that in our judgment, could adversely affect the University's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions for the University are described in the accompanying schedule of findings and questioned costs as items 2005-1 to 2005-3. We also noted other matters involving the internal control over financial reporting that are required to be reported per section 12-6-5 NMSA 1978 in findings 2004-1, and 2005-5 to 2005-13.

Mr. Domingo Martinez, CGFM  
New Mexico State Auditor  
and  
Board of Regents  
University of New Mexico

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2005-4.

This report is intended solely for the information and use of the Board of Regents, the Audit Committee, management, the Department of Finance and Administration, the Legislative Finance Committee, the University, the State Auditor, the cognizant audit agency and other federal audit agencies and is not intended to be, and should not be used by anyone other than these specified parties.



Albuquerque, New Mexico  
September 23, 2005

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

Mr. Domingo Martinez, CGFM  
New Mexico State Auditor  
and  
Board of Regents  
University of New Mexico

We have audited the compliance of University of New Mexico (University) with the types of compliance requirements described in the *US Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. 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 Not-for-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 on the University's compliance with those requirements.

In our opinion the University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005. The results of our auditing procedures also disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2005-4.



Mr. Domingo Martinez, CGFM  
New Mexico State Auditor  
and  
Board of Regents  
University of New Mexico

Internal Control Over Compliance

The management of the University is responsible for establishing and maintaining effective internal control over compliance with 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 requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major Federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of Board of Regents, the Audit Committee, management, the Department of Finance and Administration, the Legislative Finance Committee, the University, the State Auditor, the cognizant audit agency and other federal audit agencies and is not intended to be, and should not be used by anyone other than these specified parties.

*Neff + Ricci LLP*

Albuquerque, New Mexico  
September 23, 2005

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# THE UNIVERSITY OF NEW MEXICO

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2005

**Finding 2004-1. Health Sciences Center Accounting Practices for University Hospital Business Transactions**

Current Status: Revised and repeated.

**Finding 2004-2. University/HSC Financial Reporting**

Current Status: Resolved.

**Finding 2004-3. Health Sciences Center Grants and Contracts Identification**

Current Status: Resolved.

**Finding 2004-4. Utilization of University Resources**

Current Status: Resolved.

**Finding 2004-5. Component Unit – Lobo Club. Clarification of revenue recognition policy**

Current Status: Resolved.

**Finding 2004-6. Component Unit – Alumni Association. Listing of Cash Received**

Current Status: Resolved.

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# THE UNIVERSITY OF NEW MEXICO

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2005

### Section I—Summary of Auditors' Results

#### *Basic Financial Statements*

Type of auditors' report issued: **Unqualified**

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ yes  no
- Reportable conditions identified that are not considered to be material weaknesses?  yes \_\_\_\_\_ none reported

Noncompliance material to basic financial statements noted?

\_\_\_\_\_ yes  no

#### *Federal Awards*

Internal control over major programs:

- Material weaknesses identified? \_\_\_\_\_ yes  no
- Reportable conditions identified that are not considered to be material weaknesses? \_\_\_\_\_ yes  none reported

Type of auditors' report issued on compliance for major programs: **Unqualified**

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

yes \_\_\_\_\_ no

Identification of major programs:

Student Financial Aid Cluster – Various CFDA numbers  
Research and Development Cluster – Various CFDA numbers  
Mortgage Insurance – Hospitals – CFDA 14.128

Dollar threshold used to distinguish between type A and type B programs:

\$3,000,000

Auditee qualified as low-risk auditee?

yes \_\_\_\_\_ no

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# THE UNIVERSITY OF NEW MEXICO

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2005

### Section II—Basic Financial Statement Findings

#### **Finding 2005-1. Banner Conversion – Health Sciences Center**

##### **Condition**

The Banner conversion of the research contracts and grants billing module was not successful at the Health Sciences Center. The process began in October 2004 without correcting pre-existing billing problems and other complications arose.

##### **Criteria**

Conversion to new software requires critical processes and timing to avoid disruption in operations and to maintain accuracy.

##### **Cause**

Billing activity was months behind when the conversion began and data loading errors such as the ones listed below occurred.

- Receivables were posted to incorrect funds and grants
- Budgeted amounts, instead of actual costs, were posted
- Receivables did not always equal the invoices

##### **Effect**

The Banner research contracts and grants billing module is not operable at the Health Sciences Center. Other means of billing have been used.

##### **Recommendation**

Proper amounts for each fund and grant should be determined so that invoices can be produced by Banner and an accurate subsidiary ledger can be maintained.

##### **University Response**

Management concurs with this recommendation. Management is developing a project plan to completely correct all remaining conversion errors. Corrections will be completed before the end of the fiscal year.

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# THE UNIVERSITY OF NEW MEXICO

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2005

### **Finding 2005-2. Timely Billings and Postings of Collections – Health Sciences Center**

#### **Condition**

Billings for grants have not been prepared and processed on a timely basis at the Health Sciences Center. In certain cases, billings have not been prepared for up to a year after the costs have been accumulated. During the year and at year end, some cash receipts have not been posted against the original billing but rather are in a holding account for unapplied credits. In addition, grant files in the billing area are temporarily “lost” throughout the year due to inadequate tracking. As a result, certain billings cannot be completed until the respective grant file is located.

#### **Criteria**

Proper cash management requires timely billing of expenses incurred. Good accounting control requires that cash receipts be identified as to the respective grant on a timely basis.

#### **Effect**

The lack of timely billings has allowed for the slow payment from grantors. As a result the University is unable to access and utilize the cash that would be received from these billings had they been done on a timely basis.

#### **Cause**

Billings and collections have not been a Health Sciences Center departmental priority. In certain cases, the department for which the grant originated is responsible for preparing a reconciliation of the costs incurred. This process may take many months. Billings are not submitted until the departmental reconciliations are completed. Adequate resources have not been allocated to the cash receipting process. The current tracking system for the grant files is not fully utilized.

#### **Recommendation**

Billings should be prepared at the earliest opportunity allowed for in the grant agreement. To speed the process, we recommend that the billings be prepared before the departmental reconciliations are completed. This is consistent with the approach on Main Campus. Posting of cash receipts should be done as soon as possible in order for the University to accurately know the actual amount outstanding for each grant. We recommend thorough adherence to the requirements of the grant files tracking system that is under utilized. This may require an additional allocation of resources.

#### **University Response**

Management concurs with this recommendation. Senior management changes, including the appointment of a new HSC Associate Vice President for Financial Services, have already occurred within the HSC. Other organizational and management changes have also been implemented within HSC Financial Services (formerly known as HSC

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# THE UNIVERSITY OF NEW MEXICO

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2005

Controller's Office). This new management team is actively developing a project plan to correct all significant billing issues by the end of the fiscal year, making this its highest priority. Processes for timely and accurate billing will permit more accurate and timely posting of cash receipts. HSC Financial Services is developing cash management procedures as well as reports that will allow closer monitoring by management.

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# THE UNIVERSITY OF NEW MEXICO

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2005

### **Finding 2005-3. Reconciliation of Accounts Receivable Module – Health Sciences Center**

#### **Condition**

Reconciliations of the restricted funds accounts receivable module to the general ledger at the Health Sciences Center were not done during the year. As a result, at year-end management had to review each grant in the restricted funds accounts receivable module and agree the individual grant balances to supporting documentation. Since the restricted grants were not reconciled and properly accounted for during the year, the related aging schedule does not reflect actual receivables at June 30, 2005 and therefore was not a useful tool for management.

#### **Criteria**

Good accounting controls require timely reconciliations of the subsidiary ledger to the general ledger.

#### **Effect**

The lack of timely reconciliations increases the potential that billing errors could go undetected between reconciliation periods. In addition, the related aging schedule is currently not useful as a tool by management to determine if billings are being collected in a reasonable time. As a receivable ages, the resulting collectibility lessens.

#### **Cause**

Subsequent to the conversion to Banner on July 1, 2004, processes to reconcile the restricted fund accounts receivable module to the general ledger were not put in place.

#### **Recommendation**

Resources should be dedicated to permit reconciliations between the billing module and the general ledger. An accurate subsidiary ledger should be produced as discussed in the finding on the Banner conversion. Once this is done, management should closely monitor the aging schedule and follow up on those receivables that have not been collected on a timely basis.

#### **University Response**

Management concurs with this recommendation. Procedures to reconcile the research funds accounts receivable module and the general ledger, with appropriate follow-up, will be in place by the end of the fiscal year.

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# THE UNIVERSITY OF NEW MEXICO

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2005

### Section III—Federal Award Findings and Questioned Costs

#### **Finding 2005-4. Student Financial Aid (various CFDA numbers) – Return of Funds**

##### **Condition**

During our testwork of Student Financial Aid, we noted that in 99 instances out of 392 reviewed (25%), UNM's portion of the required refund was credited to the student's account after the 30 day required time period had passed. In these cases, the refund worksheet provided to the US Department of Education and the notification of the student's obligation to UNM was also completed after the 30 day time period had passed.

##### **Criteria**

Per Title IV requirements:

- “The institution must return the Title IV funds for which it is responsible as soon as possible, but no later than 30 days after the date of the institution's determination that the student withdrew.”
- “Within 30 days of the date of the institution's determination that the student withdrew, it must send a notice to any student who owes a Title IV grant overpayment as a result of withdrawal in order to recover the overpayment.”

The above requirements also provide that the refund worksheet be completed within 30 day required time period.

##### **Effect**

The University is not in compliance with certain Title IV requirements.

##### **Cause**

The University has not strictly adhered to Department of Education requirements that all documentation and correspondence pertaining to return of funds be processed within the required 30 day time period.

##### **Recommendation**

Internal procedures should be consistently monitored and adhered to in order to ensure that all required Title IV documentation is processed within the required time period.

##### **University Response**

Management concurs with this recommendation. Internal procedures regarding return of funds will be modified and adhered to, ensuring that all documentation is processed within the time period required by Title IV.



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# THE UNIVERSITY OF NEW MEXICO

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2005

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

#### **Finding 2004-1. Health Sciences Center Accounting Practices for University Hospital Business Transactions**

##### **Condition**

The University of New Mexico (University), and primarily the Health Sciences Center (HSC), conducts a large volume of business activity with the University of New Mexico Hospital (UNMH). This activity results in intercompany transactions being recorded in the accounting records of both the University and UNMH. Beginning mid-fiscal year 2005, the University began to reconcile these intercompany transactions monthly. In previous fiscal years and throughout fiscal year 2005, transactions in dispute between HSC and UNMH were carried forward each month until at some point they are resolved. Two disputed transactions totaling \$3.9 million arose in 2001 and were carried as reconciling items until resolved by UNM and UNMH at June 30, 2005.

##### **Criteria**

Accurate, clear financial information is needed in order to analyze an operating unit's financial results. Reconciliations and resolution of disputed items are a key control in the financial reporting process to ensure the accuracy and completeness of the University's financial statements.

##### **Effect**

It is difficult to prepare accurate, combining financial statements for the University of New Mexico (which include HSC and UNMH) without the resolution of disputed intercompany transactions.

##### **Cause**

UNM and UNMH have not put into place a formal dispute resolution process.

##### **Recommendation**

We recommend that HSC and UNMH develop a formal dispute resolution process and resolve disputed billings on a timely basis.

##### **University Response**

Management concurs with the recommendation, and a formal resolution process will be implemented. This process will be expedited by the Financial Consolidation initiative mandated by President Caldera, which has resulted in an Associate Vice President for Financial Services whose role is to oversee the entire Health Sciences Center, including hospital and non-hospital operations. The process will also include an appeal process to the Executive Vice President for Health Sciences, which is a current policy, but was not exercised in 2005.

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# THE UNIVERSITY OF NEW MEXICO

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2005

### **Finding 2005-5. Allowance for Uncollectible Accounts – Health Sciences Center**

#### **Condition**

There is no methodology in place for determining uncollectible receivables in the restricted fund at the Health Sciences Center.

#### **Criteria**

Accounting principles require that a methodology for uncollectible receivables be developed and consistently applied.

#### **Effect**

Without a methodology in place, the net receivables could be misstated.

#### **Cause**

Management has not developed a methodology for the allowance.

#### **Recommendation**

We recommend that a methodology be developed to determine the uncollectible receivables and that the allowance be recorded in the correct fund.

#### **University Response**

Management concurs with this recommendation. Procedures to calculate an appropriate allowance shall be developed and reviewed with Management. A methodology for determining uncollectible receivables will be implemented by the end of the fiscal year.

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# THE UNIVERSITY OF NEW MEXICO

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2005

### **Finding 2005-6. Timeliness of Purchase Card Reconciliations**

#### **Condition**

Reconciliations of Purchase Card (P-Card) transactions are not done timely thus increasing the opportunities for fraudulent activity not to be detected quickly. The Purchasing Department has found a number of small infractions during 2005.

#### **Criteria**

A strong system of internal controls is required to protect the University from misappropriation of assets.

#### **Effect**

The lack of timely reconciliations increases the potential for fraud to go undetected between reconciliation periods.

#### **Cause**

The reconciliation of P-Card activity to the bank statements is not required until 60-days following the receipt of the statement. It does not appear that there is sufficient timeliness of reconciliations at the P-Card Holder level to minimize the risk of fraud.

#### **Recommendation**

P-Card statement activity should be reconciled within 30 business days of receipt of the monthly statement. We also recommend additional training for those reconciling and reviewing the P-Card activity at the Department level.

#### **University Response**

Management concurs with this recommendation. The reconciliation deadline will be reduced to within 30 business days after the receipt of the monthly statement. We believe that the review by Purchasing Department staff is an adequate internal control, and precludes the need for separation of duties within departments, particularly when departments are too small for separation of duties.

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# THE UNIVERSITY OF NEW MEXICO

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2005

### **Finding 2005-7. KNME Accounting System**

#### **Condition**

We noted that KNME, a department of UNM, maintains a separate general ledger system to track information needed for management and regulatory reporting. In addition, the University maintains its centralized accounting system. Neither system contains all of the transactions for KNME. The account balances in the systems do not agree and complex reconciliations are performed in order to arrive at final balances. These reconciliations are not performed on a timely basis.

#### **Criteria**

One accounting system should be maintained that meets the information needs of the KNME or if two are required, they should be reconciled to each other.

#### **Effect**

Late reporting to the Corporation for Public Broadcasting in the prior year and delay in the current year audit of KNME.

#### **Cause**

In the past, KNME maintained its own accounting system.

#### **Recommendation**

We recommend that the University determine the needs of KNME so that its accounting can be done completely on the University's centralized accounting system. Alternatively, if two systems are required, all transactions should be recorded in the University's centralized accounting system and any separate KNME system should operate as a sub ledger and be reconciled monthly to the centralized accounting system.

#### **University Response**

Management concurs with this recommendation. The necessary accounts will be created in the centralized accounting system to properly account for KNME fiscal activity to the Public Broadcasting Corporation. Additionally, the University will address personnel issues within KNME to assure adequate staffing and training necessary to performing good fiscal management.

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# THE UNIVERSITY OF NEW MEXICO

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2005

### **Finding 2005-8. Network Password Change – Main Campus**

#### **Condition**

The current network and Banner do not force users to change their passwords on a regular basis. The network does not lock someone out after 3 failed attempts (industry standard) to log into the network.

#### **Criteria**

To add security to the network and Banner, the systems should force a user to change their password on a regular basis. This helps prevent an unauthorized person from being able to log into the system for any length of time. Also, a user should be locked out of the system after making 3 attempts to log on. This helps prevent an unauthorized person from sitting at a terminal and trying repeatedly to log on.

#### **Cause**

Settings on the network login and Banner have not been set to force password changes and block repeated failed login attempts.

#### **Effect**

An unauthorized individual may be able to hack into the network and/or Banner.

#### **Recommendation**

We recommend that the University set the network and Banner to require password changes on a regular basis. In addition, we recommend that the University set the network to block users from being able to login to the network after 3 failed attempts.

#### **University Response**

Management concurs with this recommendation. While some of our systems currently have the recommended functionality, including the Human Resources System, Billing and Receivables System, and Student System, management has identified the need to expand this to the Banner System and other centrally managed network resources.

Procedures, software, human resources, infrastructure, and training will be phased in throughout fiscal year 2006. We expect to be fully operational with these improved security measures by June 30, 2006.

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# THE UNIVERSITY OF NEW MEXICO

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2005

### **Finding 2005-9. Purchase Approval Policy Violations – UNM Hospital**

#### **Condition**

During fiscal year 2005 there were violations of UNM Hospital's (the Hospital) purchase approval policy. The violations involved a construction project for the Addiction and Substance Abuse Program (ASAP) where purchase requisitions were split into separate vendors and amounts, not alerting management to the total cost of the project. Additionally, there were purchase requisitions unrelated to this construction project that also did not contain the appropriate approvals.

#### **Criteria**

The policy states that the CEO must approve all purchase requisitions and special check requests of \$250,000 and above.

#### **Effect**

The effect was two-fold:

First, the ASAP construction project for the leasehold improvements of an old warehouse were split into multiple purchase requisitions and in multiple years, therefore a total of \$1.2 million was spent on the project without the recognition of senior management.

Additionally, there were three ASAP purchases requisitions that did not have the appropriate level of approval.

#### **Cause**

Management indicated that the failure to get the approval for the entire ASAP project was in part due to the urgent need of ASAP to find and move into a new location upon the expiration of a prior facility lease. Additionally, management indicated that there was some confusion about the landlord being responsible for the improvements as a part of the lease agreement. Finally, because the individual purchase orders were used rather than a master purchase order, the total amount of dollars spent was not monitored.

The cause of the three purchase requisition exceptions was due to a lack of understanding of the Hospital's policy by purchasing staff.

#### **Recommendation**

A process that establishes ownership over construction projects in the beginning stages should be developed so that appropriate oversight can be exercised.

The Hospital should also provide for the re-training of purchase department staff on the appropriate approval thresholds, or consider including the appropriate authorities on the purchase requisition form.

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# THE UNIVERSITY OF NEW MEXICO

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2005

### **University Response**

Management concurs with this recommendation. The purchasing department is currently developing a matrix to clarify the requirements for signatures and approvals, and to define the steps required for each purchase, including the appropriate signatory thresholds. In addition, a template will be developed to document the purpose and total cost of any major capital equipment purchase or construction project. These capital expenditures will be the responsibility of the Executive Director that oversees the division where the project or purchases are to be completed. Additionally, re-training on the existing purchase approval policy will be provided to both management and purchasing staff.

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# THE UNIVERSITY OF NEW MEXICO

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2005

### **Finding 2005-10. Approval of Changes relating Construction of the Children's Hospital and Critical Care Pavilion – UNM Hospital**

#### **Condition**

During 2005 construction began on a new wing of the Hospital, called the Children's Hospital and Critical Care Pavilion. In order to fund this project, the Hospital issued \$192 million of bonds, which are subject to a guarantee by the Department of Housing and Urban Development (HUD). As a part of the monitoring process, the CEO reports the status of the project in a document referred to as the "Project Status Report" on a monthly basis to the Finance and Facilities Committee of the Board of Regents. However, this process does not include a formal approval by the committee for change orders of \$250,000 or greater, extensions to the project completion date or cumulative changes exceeding the contingency budget.

#### **Criteria**

Best practices would indicate that the Hospital establish a formal approval process by the Finance and Facilities Committee (and ultimately the Regents) that states thresholds of approval for changes and notification of potential changes to the original agreements to ensure that all changes are properly approved and are appropriately documented.

#### **Effect**

A lack of this policy may create future questions over who approved changes in the budget and how any potential cost overruns occurred.

#### **Cause**

A lack of this policy may create future questions over who approved changes in the budget and how any potential cost overruns occurred.

#### **Recommendation**

The current process for the reporting and approval of change orders should be incorporated into a formal policy and followed. The policy should include a mechanism for the Finance and Facilities Committee to formally review change orders of \$250,000 or greater, extensions to the project completion date, and notification of cumulative change orders that would exceed the contingency budget.

#### **University Response**

The University agrees that a formal policy needs to be established for communicating the following situations to the Regents:

- Change orders greater than \$250,000
- Extensions to the project completion date
- Cumulative change orders in excess of the contingency budget



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# THE UNIVERSITY OF NEW MEXICO

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2005

### **Finding 2005-11. Documentation of Agreements for the University of New Mexico Health Sciences Center – UNM HSC**

#### **Condition**

There is no written agreement within the Health Sciences Center regarding the operation and ownership of the Addiction and Substance Abuse Program (ASAP). The record keeping, accounting and cash management of this program is performed by UNM Hospital accounting personnel, with the understanding that operating activities and net assets are owned by the Health Sciences Center. It is unclear which entity is required to absorb the operating results and which entity owns the net assets of ASAP.

#### **Criteria**

To avoid conflicts and confusion over how to record inter-entity transactions and to ensure that all transactions are recorded on the appropriate entity, Memorandums of Understanding must be documented and signed by both parties involved.

#### **Effect**

The lack of a documented agreement has caused confusion and disagreement regarding the ownership of ASAP revenues, expenses and net assets. As a result, multiple balances have been carried forward with no resolution. This lack of a clear, written agreement exposes the HSC to the possibility that errors will occur and not be detected in the preparation of their financial statements.

#### **Cause**

The HSC has a long history of making oral agreements or avoiding resolution of conflicted matters. As a result, older balances have accumulated and there has been no timely resolution.

#### **Recommendation**

The HSC should implement a process to document significant transactions in Memorandums of Understanding and resolve any disputed balances in a timely manner.

#### **University Response**

Management recognizes the need for documenting significant transactions and is currently working to resolve older balances and to implement a process to resolve any future disputes. Additionally, the HSC is in the process of documenting current transactions between the entities and formalizing a process for future transactions to be documented in Memorandums of Understanding. These processes and policies should be in place by the end of the next fiscal year.

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# THE UNIVERSITY OF NEW MEXICO

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2005

### **Finding 2005-12. Component Unit – Science & Technology Corporation @ UNM. Segregation Of Duties**

#### **Condition**

During our evaluation of internal controls, we noted that the Controller who maintains blank check stock, has the ability to prepare accounts payable checks, and reconciles accounts payable to the general ledger. In addition, the Controller posts journal entries and reconciles the bank account. We also noted both the Controller and Office Manager can access the vendor master file and process and mail disbursements.

#### **Criteria**

To maintain the effectiveness of internal controls, access to assets, record keeping and reconciliation should be segregated between different staff.

#### **Effect**

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

#### **Cause**

Current procedures do not segregate these duties.

#### **Recommendation**

To the extent practical, we recommend accounting duties be modified or segregated as follows:

- We recommend bank reconciliations be independently reviewed on a monthly basis, and that independent review should be completed promptly after the receipt of the bank statement. We also recommend that all bank statements be received unopened by someone in authority independent of the preparation and that all cancelled checks be reviewed.
- We recommend that the President review and sign the monthly adjusting journal entries.

#### **Component Unit Response**

Management concurs with this recommendation. Monthly bank reconciliations will be reviewed and approved by the President. A new policy will be put into practice whereby the President will open the monthly bank statements and review all cancelled checks.

Effective immediately, the monthly adjusting journal entries prepared by the Controller will be reviewed and approved by the President.

To improve the process of safeguarding assets, separate individuals will perform the following accounts payable related duties effective immediately: changes to the vendor master file will be maintained by the Controller, the preparation of the checks will be

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# **THE UNIVERSITY OF NEW MEXICO**

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2005

performed by the Office Manager, and the Administrative Assistant will mail and distribute the accounts payable checks.

# THE UNIVERSITY OF NEW MEXICO

## Schedule of Pledged Revenues for the year ended June 30, 2005

Unaudited

	Tuition and Fees	Patient Services	Clinical Operations	Contracts and Grants
Revenues	\$ 81,391,085	\$ 98,661,956	\$ 342,614,466	\$ 274,217,939
<b>Excluded Revenues:</b>				
State Appropriations	-	-	-	-
Local Appropriations	-	-	-	-
Patient Services	-	98,661,956	-	-
Additions to Permanent Endowments	-	-	-	-
Restricted Funds	5,519,507	-	-	-
Federal Contracts & Grants	-	-	-	211,065,113
State Contracts & Grants	-	-	-	22,412,996
Local Contracts & Grants	-	-	-	18,152,073
Indirect Cost Recovery	-	-	-	(36,072,140)
University of New Mexico Hospital	-	-	289,910,970	-
University of New Mexico Psychiatric Center	-	-	24,422,185	-
University of New Mexico Children's Psychiatric Center	-	-	12,280,210	-
University of New Mexico Young Children's Health Center	-	-	942,451	-
University of New Mexico Carrie Tingley Hospital	-	-	15,058,650	-
<b>Total Excluded Revenues</b>	<b>\$ 5,519,507</b>	<b>\$ 98,661,956</b>	<b>\$ 342,614,466</b>	<b>\$ 215,558,042</b>
<b>Pledged Revenues</b>	<b>\$ 75,871,578</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 58,659,897</b>

<b>Resources Available to Cover Debt Service</b>	<b>FY05</b>
Pledged Revenues	\$ 274,014,531
Less FY05 Debt Service	
Interest on Debts	13,185,178
Principal Repayments on Debts	10,385,000
Excess of Pledged Revenues over Debt Service	<u>\$ 250,444,353</u>
Future average annual debt service through year ended June 30, 2033	\$ 26,756,848
Future highest annual debt service year ended June 30, 2015	\$ 64,744,898

See accompanying Independent Auditors' Report.

# SCHEDULE 8

Sales and Services	Appropriations	Investments	Capital	Gifts	Other	Total
\$ 92,795,507	\$ 255,088,365	\$ 34,988,450	\$ 17,770,252	\$ 15,050,574	\$ 7,351,558	\$ 1,219,930,152
-	251,940,626	-	-	-	-	251,940,626
-	3,147,739	-	-	-	-	3,147,739
-	-	-	-	-	-	98,661,956
-	-	-	-	-	-	-
4,885,341	-	1,616,961	17,770,252	-	4,200,731	33,992,792
-	-	-	-	-	-	211,065,113
-	-	-	-	-	-	22,412,996
-	-	-	-	-	-	18,152,073
-	-	-	-	-	-	(36,072,140)
-	-	-	-	-	-	289,910,970
-	-	-	-	-	-	24,422,185
-	-	-	-	-	-	12,280,210
-	-	-	-	-	-	942,451
-	-	-	-	-	-	15,058,650
\$ 4,885,341	\$ 255,088,365	\$ 1,616,961	\$ 17,770,252	\$ -	\$ 4,200,731	\$ 945,915,621
\$ 87,910,166	\$ -	\$ 33,371,489	\$ -	\$ 15,050,574	\$ 3,150,827	\$ 274,014,531

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# THE UNIVERSITY OF NEW MEXICO

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## EXIT CONFERENCE

June 30, 2005

An exit conference was conducted October 19, 2005, in which the contents of this report were discussed with the following:

### UNIVERSITY OF NEW MEXICO

James H. Koch	President, UNM Board of Regents
Douglas M. Brown	Chair, Regents' Audit Committee
David W. Harris	Executive Vice President for Administration
Reed W. Dasenbrock	Interim Provost
William W. Britton	Associate Vice President, Financial Services - Main
Ava J. Lovell	Associate Vice President, Financial Services – Health Sciences Center
Curtis R. Porter	Associate Vice President of Planning, Budget and Analysis
Frances Starnes	Associate Controller for Financial Systems & Reporting
Norma Allen	Financial Analyst
Julie Breitenstein	Financial Analyst
Keith Mellor	Associate Controller, Health Sciences Center
Laura Putz	Interim Accounting Manager, Health Sciences Center
Steve W. McKernan	Associate Vice President for Clinical Operations and Chief Executive Officer, UNM Hospital
Nancy A. Brandt	Chief Financial Officer, UNM Hospital
Ella B. Watt	Controller, UNM Hospital
Scot Sauder	University Counsel
Debra D. Yoshimura	Director, Internal Audit

### NEFF + RICCI

Wayne Brown	Partner
Scott Eliason	Senior Manager

### KPMG

Cynthia C. Reinhart	Partner
John T. Kennedy	Partner
Brandon Valentini	Senior Manager
Amor Brannin	Audit Manager

### STATE AUDITOR

Kathryn Neidigk	Audit Manager
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