



# **Audit Report 2006**

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For the year ending June 30, 2006

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# THE UNIVERSITY OF NEW MEXICO

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June 30, 2006

## BOARD OF REGENTS AND PRINCIPAL OFFICERS

### *Board of Regents*

#### *Appointed Members:*

	<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
Don L. Chalmers	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:*

Joseph Garcia	President, Graduate & Professional Student Association
Brittany Jaeger	President, Associated Students of The University of New Mexico
David Groth	President, Staff Council
Dr. Virginia Shipman	President, Faculty Senate
Roberto Ortega	President, Alumni Association
Robert Bovinette	Chair, UNM Foundation

### *Principal Administrative Officials*

#### *University*

David W. Harris	Acting President and Executive Vice President for Administration
Reed Way Dasenbrock	Provost and Executive Vice President for Academic Affairs
Dr. Paul Roth	Executive Vice President for Health Sciences

#### *UNM Hospitals*

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

#### *Main Campus*

William W. Britton	Associate Vice President for Financial Services: Main Campus
Elizabeth Metzger	Associate University Controller: Operations and Reporting
Michael D. Schwantes	Associate University Controller: Sponsored Program Accounting
Duane Arruti	Associate University Controller: Finance Project Director
Curtis R. Porter	Associate Vice President of Budget, Planning and Analysis

#### *Health Sciences Center*

Ava J. Lovell	Associate Vice President for Financial Services: Health Sciences Center
Keith Mellor	Associate Controller: Health Sciences Center

#### *UNM Hospitals*

Ella B. Watt	Chief Financial Officer
Valri Ward	Interim Executive Director of Finance and Controller

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# THE UNIVERSITY OF NEW MEXICO

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June 30, 2006

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# THE UNIVERSITY OF NEW MEXICO

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# Moss Adams LLP

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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 year ended June 30, 2006, 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, 2006, as listed in the accompanying table of contents. These basic financial statements and budget comparisons are the responsibility of the University's management. Our responsibility is to express an opinion 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, 2005, were audited by Neff + Ricci LLP, who combined with Moss Adams LLP as of January 1, 2006 and whose report dated September 23, 2005 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 its 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, 2006, 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, 2006, 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 budgetary schedules referred to above present fairly, in all material respects the budgetary comparison for the year then ended in conformity with the budgetary basis of accounting prescribed by the New Mexico Administrative Code, and more fully described in the budgetary schedules, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2006, 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 basic financial statements and the budgetary comparisons. 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.

*Mess Adams LLP*

Albuquerque, New Mexico  
September 22, 2006

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# THE UNIVERSITY OF NEW MEXICO

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2006

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, 2006, 2005, and 2004. 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 2006, 2005, and 2004.

### 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 define 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>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>
Current assets	\$ 514,241,683	\$ 356,147,467	\$ 328,536,013
Capital assets, net	806,823,830	685,059,421	619,744,846
Non-current assets	<u>470,463,069</u>	<u>499,323,049</u>	<u>350,324,939</u>
Total assets	<u>\$ 1,791,528,582</u>	<u>\$ 1,540,529,937</u>	<u>\$ 1,298,605,798</u>

<b>LIABILITIES</b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>
Current liabilities	\$ 191,771,545	\$ 175,835,553	\$ 149,843,367
Non-current liabilities	<u>558,963,488</u>	<u>442,218,767</u>	<u>256,058,129</u>
Total liabilities	<u>\$ 750,735,033</u>	<u>\$ 618,054,320</u>	<u>\$ 405,901,496</u>

<b>NET ASSETS</b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>
Invested in capital assets, net of related debt	\$ 327,229,723	\$ 337,266,626	\$ 399,373,814
Restricted	404,498,599	322,679,171	253,871,236
Unrestricted	<u>309,065,227</u>	<u>262,529,820</u>	<u>239,459,252</u>
Total net assets	<u>\$ 1,040,793,549</u>	<u>\$ 922,475,617</u>	<u>\$ 892,704,302</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 \$324.8 million, \$171.9 million and \$176.6 million as of June 30, 2006, 2005, and 2004 respectively.

Current liabilities are generally defined as amounts due within one year, and include accounts payable, payroll accruals, and accrued compensated absences. The 9.0% increase in current liabilities for the year ended June 30, 2006 is primarily 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.

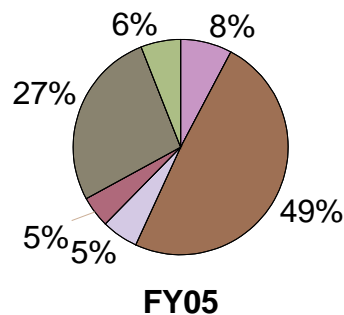
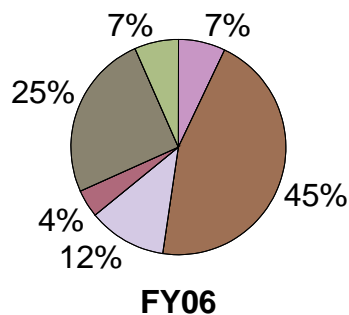
At June 30, 2006, the University's current ratio, the amount of current assets (\$514.2 million) available to cover current liabilities (\$191.7 million), was 2.68 to 1. At June 30, 2005, the University's current ratio, the amount of current assets (\$356.1 million) available to cover current liabilities (\$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.

## Capital and Debt Activity

Capital assets are the largest category of non-current assets, and are shown net of accumulated depreciation, at \$806.8 million and \$685.1 million as of June 30, 2006 and 2005, respectively. During 2006, the largest capital expenditure additions were within Construction in Progress. UNM capitalized dozens of other building & building improvement projects into CIP for FY06, most notably the HSC Education building, the School of Architecture & Planning building and the newly opened UNM Business center. FY06 amounts capitalized in CIP for these three projects were \$9.9 Million, \$8.2 Million and \$9.7 Million respectively. Overall, the University capitalized \$73,344,000 in Construction in progress in 2006, up from \$14.3 million in 2005 and \$33.7 million in 2004. Clinical Operations capital assets expenditures were \$91.8 million in 2006, up from \$50.1 million and \$26.5 million in 2005 and 2004 respectively. The Clinical Operations increase is primarily due to expenditures for the Children's Hospital and Critical Care Pavilion. The CHCCP will be a seven-floor, 476,555 square-foot addition to the existing main UNM Hospital building.

UNM's long-term debt, bonds payable, totaled \$543.8 million and \$427.0 million at June 30, 2006 and 2005, respectively. The University sold \$125 million in bonds during fiscal year 2006 to fund renewal, renovation and construction for aging academic facilities including: 1) Architecture, 2) the Centennial Engineering Center, 3) the Communication and Journalism Building, and 4) the Science and Math Learning Center.

### Total Capital Assets at Cost

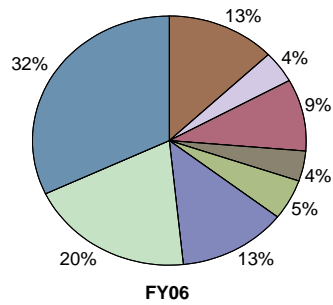


Capital Assets

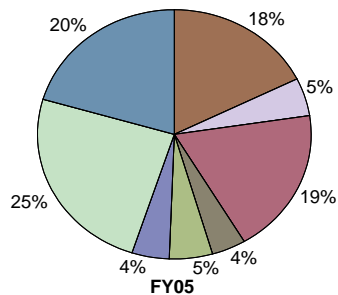
- Library Books
- Buildings
- CIP
- Land & Improvements
- Equipment & Furnishings
- Infrastructure

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



### Infrastructure Assets at Cost



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

**OPERATING REVENUES BY MAJOR SOURCE**

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Tuition and fees	\$ 87,865,694	\$ 81,391,085	\$ 70,982,097
Grants and contracts	266,650,439	274,217,939	260,969,370
Clinical operations	297,507,483	267,489,755	252,098,404
Patient services, net	113,156,291	98,661,956	96,799,689
Sales and services	98,222,173	92,795,507	88,051,718
Other operating revenues	<u>25,051,331</u>	<u>3,044,241</u>	<u>4,497,634</u>
Total operating revenues	<u>\$ 888,453,411</u>	<u>\$ 817,600,483</u>	<u>\$ 773,398,912</u>

**OPERATING EXPENSES BY MAJOR FUNCTION**

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Instruction	\$ 197,389,591	\$ 190,210,713	\$ 183,114,756
Research	135,911,705	129,066,131	140,524,553
Public service	197,124,775	200,134,495	202,162,136
Academic support	36,048,570	35,404,185	31,035,954
Student services	21,157,649	19,772,727	19,037,246
Institutional support	49,970,332	47,429,109	33,024,150
Operations of plant	101,352,488	101,065,244	89,013,358
Student aid and activities	38,409,481	37,423,957	37,369,531
Intercollegiate athletics	24,909,654	22,902,131	20,241,058
Auxiliary enterprises	53,333,940	50,140,013	49,089,959
Other operating expenses	36,211,219	8,916,205	1,626,056
Clinical operations	<u>370,905,430</u>	<u>337,943,748</u>	<u>321,143,416</u>
Total operating expenses	<u>\$1,262,724,834</u>	<u>\$1,180,408,658</u>	<u>\$1,127,382,173</u>

**NON-OPERATING REVENUES (EXPENSES)**

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Appropriations	\$ 271,940,479	\$ 255,088,365	\$ 250,765,002
Gifts	21,086,477	15,050,574	18,815,821
Clinical operations	75,738,725	75,124,711	80,370,698
Investment income	50,580,757	34,988,450	43,998,866
Capital gifts, grants and appropriations	65,431,767	17,770,252	16,964,264
Other non-operating expenses	<u>7,811,150</u>	<u>(5,442,862)</u>	<u>(9,321,987)</u>
Net non-operating revenues	<u>\$ 492,589,355</u>	<u>\$ 392,579,490</u>	<u>\$ 401,592,664</u>

Income before other revenues, expenses, gains and losses	<u>\$ 118,317,932</u>	<u>\$ 29,771,315</u>	<u>\$ 47,609,403</u>
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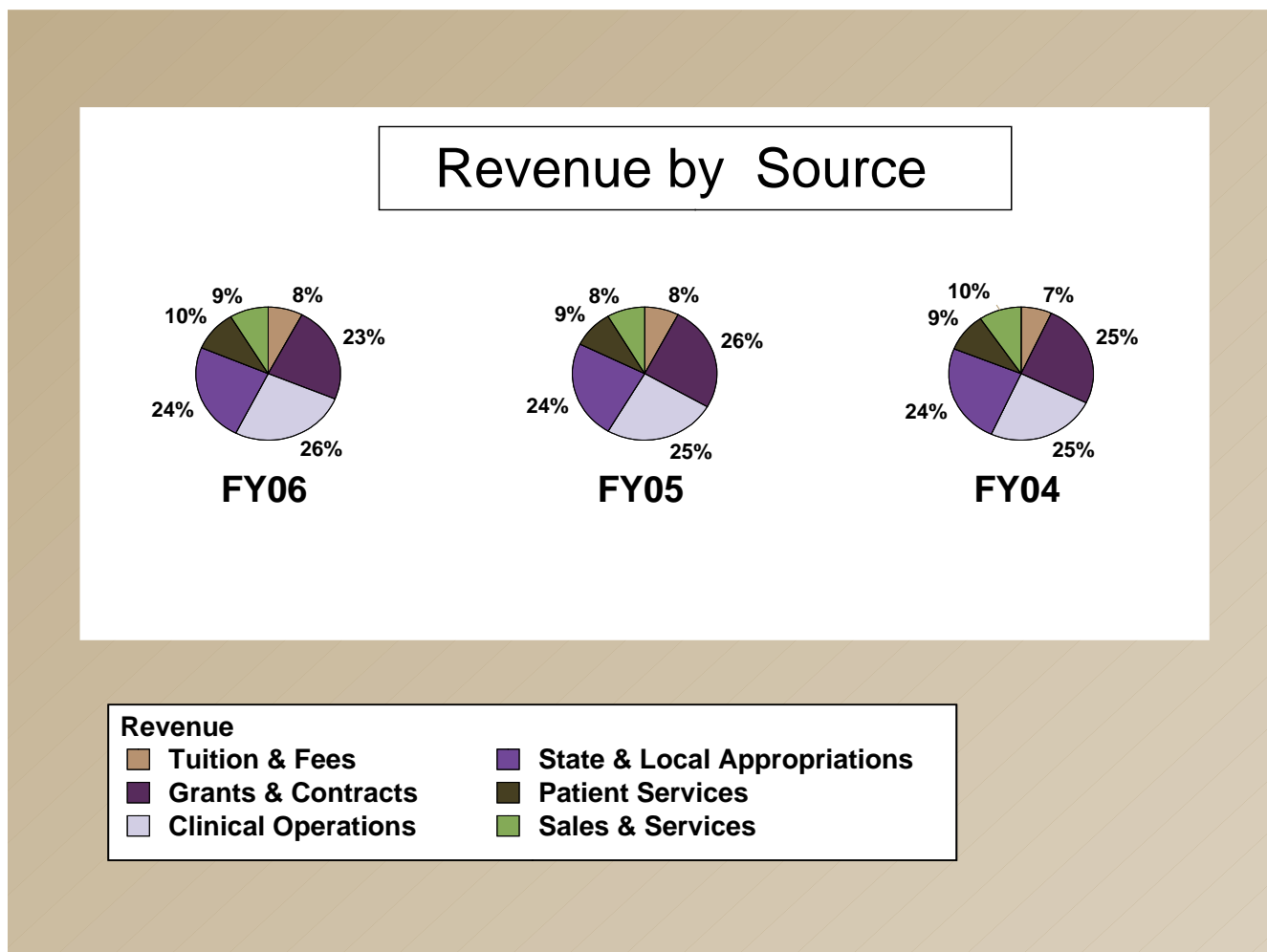
Total increase in net assets	\$ 118,317,932	\$ 29,771,315	\$ 47,724,403
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Net assets at beginning of year	<u>\$ 922,475,617</u>	<u>\$ 892,704,302</u>	<u>\$ 844,979,899</u>
Net assets at end of year	<u>\$1,040,793,549</u>	<u>\$ 922,475,617</u>	<u>\$ 892,704,302</u>

## Revenues and Expenses

The presentation of revenues in the GASB reporting model requires that we exclude state and local appropriation income, 20% of total revenues for fiscal year 2006, 24% of total revenues for fiscal year 2005, and 24% for 2004, 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).



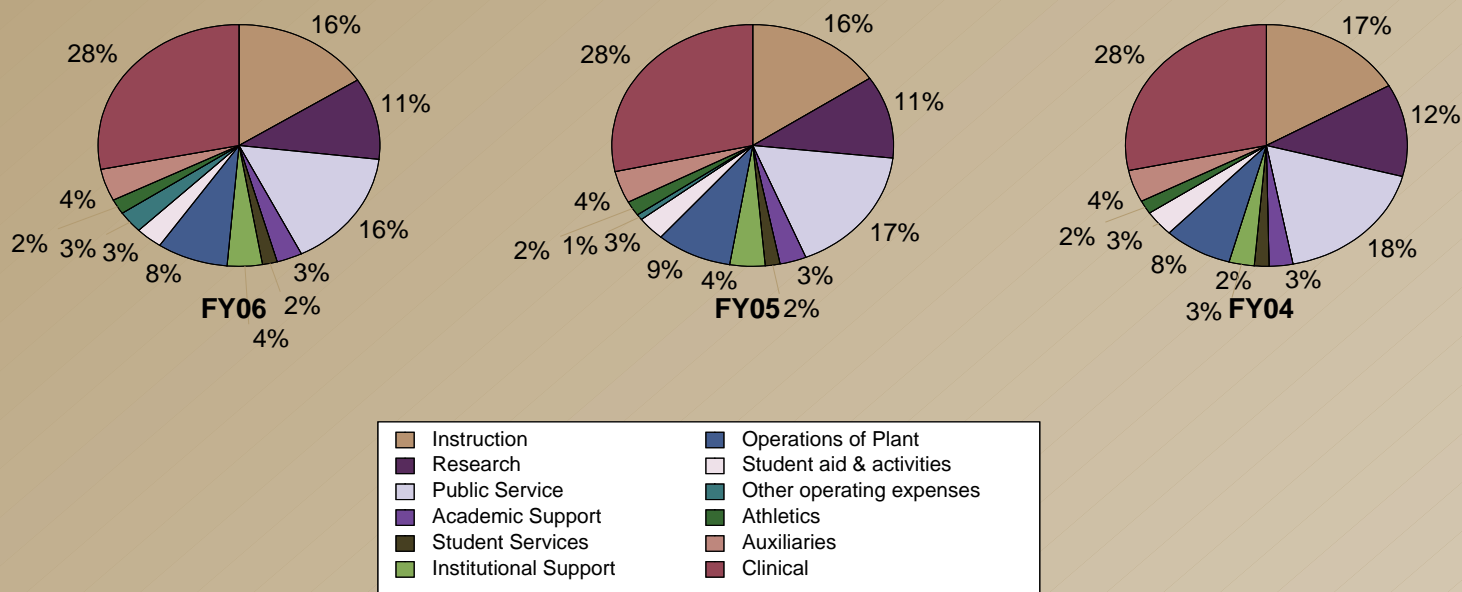
The changes in operating revenues for the University over the fiscal years of 2004, 2005, and 2006 show increases of 5.7% for 2005 over 2004 and 8.7% for 2006 over 2005. Additional enrollment and tuition rate increases in academic functions of the University are:

	<u>Fall 2005</u>	<u>Fall 2004</u>	<u>Fall 2003</u>
Enrollment increase(decrease)	(1.1)%	2.1%	5.5%
Tuition rate increases	9.9%	12.8%	4.5%
Peer institutions avg. rate increase	9.2%	12.6%	15.3%

The net non-operating revenues increase of 25.5% and a decrease of 2.6% for the years ended 2006 and 2005, respectively, are primarily driven by investment income from endowments. UNM has experienced investment rebound since market downturn in 2002.

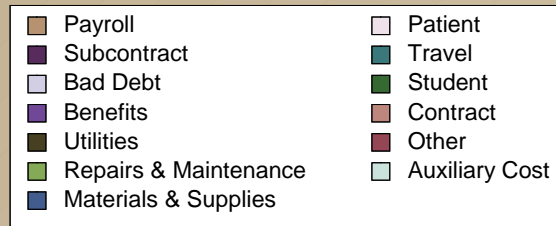
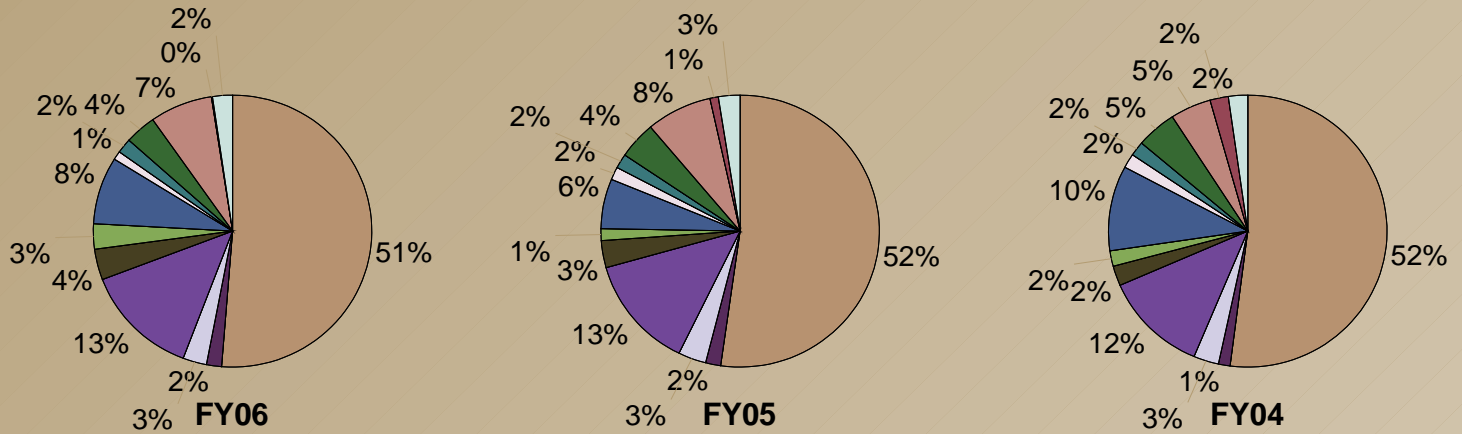
The GASB reporting model allows public universities to present operating expenses in either a functional or natural format. UNM chose to present expenses on the Statement of Revenues, Expenses and Changes in Net Assets by the major functions of the University. The chart below shows the distribution of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

## Functional Expense Categories



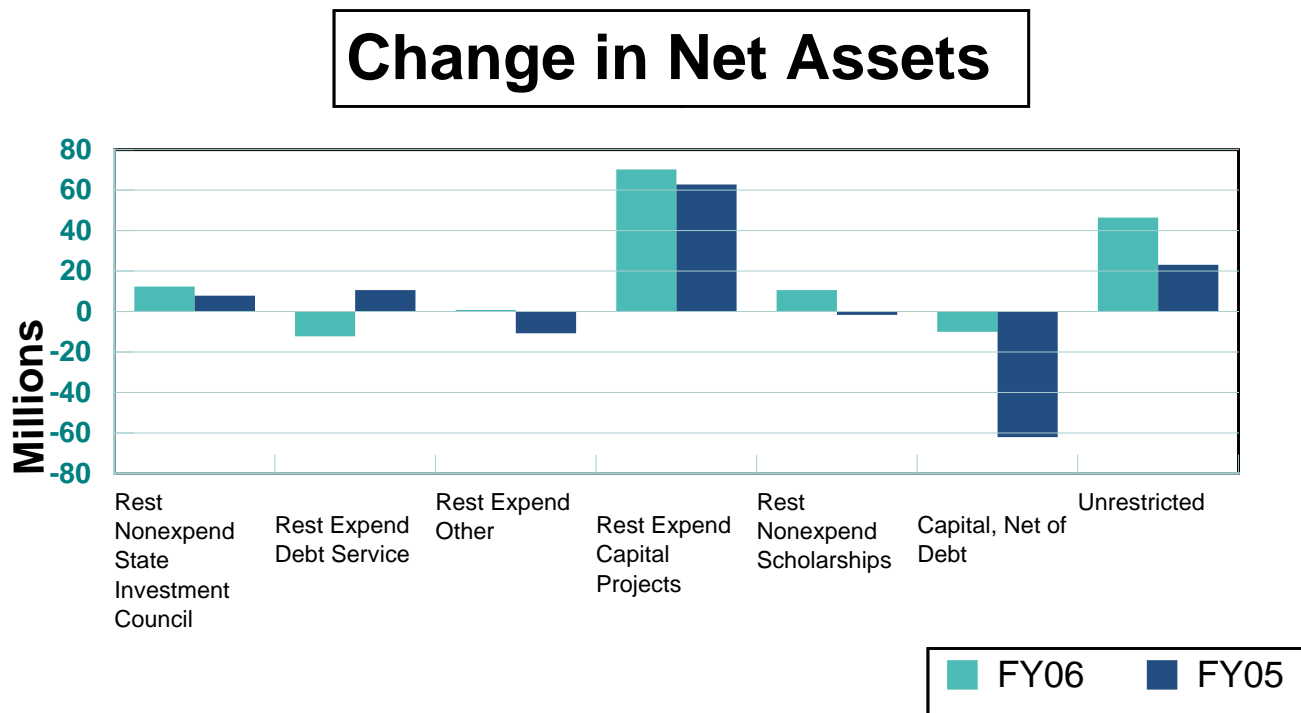
The charts below show total expenses by natural category (excluding clinical operations and component units) for the years ended June 30, 2006, 2005, and 2004.

## Natural Expense Categories



## Change in Net Assets

The University's total change in net assets showed a net increase for 2006 and 2005. 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. Net Assets increased approximately \$118 Million in 2006. Some of the major reasons for the increase include a \$40 million increase in capital appropriations, \$20 million increase in building improvements, a \$15 million increase in investment income and \$9 million for the Rio Rancho land swap. The chart below shows the change in net assets by category for the fiscal years ended June 30, 2006 and 2005.



## Budget Activity

Original budgets for each fiscal year are prepared many months in advance, based on prior year expenditure and revenue activity, and best estimates of projected activity for the budgeted year. During the year it is necessary to revise the original budgets so that the budget will more accurately reflect the current needs of the institution, and to reflect unanticipated events, both in the revenue and expenditure areas.

Some of the more significant changes to the original budget for fiscal year 2006 include an increase in the state appropriation budgets in the Research and Public Service categories due to the University's membership in the National Lambda Rail Association, and additional appropriations for patient care and cancer center equipment. The capital outlay revenue budget was also increased to reflect the institutional bond issue that occurred in fiscal year 2006. Student aid expenditure budget was increased to reflect additional lottery scholarships issued as a result of increased enrollment.

Overall, the University's change in net assets on a budgetary basis for unrestricted and restricted funds was over \$153 million dollars (see Schedule 1), with actual revenues less than budgeted revenues primarily due to less than budgeted contracts and grants received, and actual expenditures less than budgeted expenditures largely due to less than anticipated capital outlays occurring in fiscal year 2006.

### **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 were substantially implemented in July, 2006, with full implementation expected by December, 2006. The Human Resources/Payroll module will be fully implemented by July, 2007. All modules have been purchased. The enterprise-wide system, including peripheral products, is expected to cost in excess of \$60 million over the implementation period. 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.

The Governmental Accounting Standards Board (GASB) issued Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions in June, 2004. Although not effective until the fiscal year ended June 30, 2008, the statement is expected have a significant impact on the way certain employee benefits are presented in the Financial statements. GASB 45 requires that the University account for and report the cost and obligations related to post-employment healthcare and other non-pension benefits ("OPEB") and include specific disclosures regarding these OPEB plans. OPEB costs will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. GASB 45 may be applied prospectively and will not require the University to fund its existing OPEB plans. The University may establish its OPEB liability at zero as of the beginning of the initial year of implementation, although the unfounded liability will be required to be amortized over future periods. The University has not completed the process of evaluating the impact that will result from adopting GASB 45 and is therefore unable to disclose the effect that adopting the Statement will have on its financial statements.

### **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, 2006 and 2005, and the results of its operations, cash flows, and variances from the budgets for the years then ended for the University of New Mexico.

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

# THE UNIVERSITY OF NEW MEXICO

## BASIC FINANCIAL STATEMENTS

### Statements of Net Assets as of June 30, 2006 and 2005

	PRIMARY INSTITUTION		COMPONENT UNITS	
	2006	2005	2006	2005
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents (note 3)	\$ 94,066,929	\$ 31,449,527	\$ 41,625,592	\$ 37,790,514
Short-term investments (note 3)	230,776,365	140,436,796	4,697,642	4,087,635
Accounts receivable, net (note 4)	70,557,420	75,640,052	1,568,157	1,056,152
Patient receivables, net (note 4)	52,234,542	50,251,039	9,363,575	9,015,631
Notes receivable, net (note 5)	4,117,985	4,589,046	-	-
Due from component units	20,840,575	19,490,372	-	-
Estimated third-party payor settlements	19,620,564	10,652,305	-	-
Other receivables, net (note 4)	1,698,971	1,208,734	494,565	513,155
Inventories	11,960,052	11,573,149	61,685	25,576
Other current assets	8,368,280	10,856,447	40,055	53,282
Total current assets	\$ 514,241,683	\$ 356,147,467	\$ 57,851,271	\$ 52,541,945
Non-current assets				
Notes receivable - non-current (note 5)	\$ 13,580,331	\$ 12,428,418	\$ -	\$ -
State Investment Council assets (note 3)	149,643,237	137,263,173	-	-
Deferred bond issuance costs	6,757,425	7,319,918	-	-
Investments (note 3)	294,466,891	336,381,461	91,258,299	78,387,083
Due from The University of New Mexico	-	-	-	21,646
Other non-current assets	6,015,185	5,930,079	4,698,495	6,454,246
Capital assets, net (note 6)	806,823,830	685,059,421	663,578	889,696
Total non-current assets	\$ 1,277,286,899	\$ 1,184,382,470	\$ 96,620,372	\$ 85,752,671
Total assets	\$ 1,791,528,582	\$ 1,540,529,937	\$ 154,471,643	\$ 138,294,616
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable and accrued payroll (note 7)	\$ 63,944,332	\$ 53,820,695	\$ 362,712	\$ 57,982
Due to The University of New Mexico	-	-	20,840,575	19,490,372
Estimated third-party payor liability	16,894,736	13,775,898	-	-
Accrued compensated absences	29,106,738	27,020,416	-	-
Other accrued liabilities (note 8)	31,624,634	34,083,213	-	-
Deferred revenue (note 9)	31,775,402	32,616,969	2,232,789	2,390,056
Bonds payable - current (notes 10 & 11)	9,232,741	10,905,000	-	-
Other current liabilities	367,997	-	2,686,197	2,260,772
Deposits and funds held for others	8,824,965	3,613,362	-	-
Total current liabilities	\$ 191,771,545	\$ 175,835,553	\$ 26,122,273	\$ 24,199,182
Non-current liabilities (note 10)				
Bonds payable - non-current (notes 10 & 11)	\$ 543,789,681	\$ 427,013,581	\$ -	\$ -
Due to component units	-	21,646	-	-
Student loan program (note 10)	15,173,807	15,183,540	-	-
Deferred annuities payable	-	-	1,541,399	1,284,274
Total non-current liabilities	\$ 558,963,488	\$ 442,218,767	\$ 1,541,399	\$ 1,284,274
Total liabilities	\$ 750,735,033	\$ 618,054,320	\$ 27,663,672	\$ 25,483,456

# EXHIBIT A

## Statements of Net Assets as of June 30, 2006 and 2005

	PRIMARY INSTITUTION		COMPONENT UNITS	
	2006	2005	2006	2005
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$ 327,229,723	\$ 337,266,626	\$ 35,072	\$ 34,216
Restricted for:				
Non-expendable:				
State Investment Council	149,643,237	137,263,173	-	-
Scholarships	99,766,152	89,212,314	-	-
Grants, bequests and contributions	-	-	79,936,299	69,474,435
Expendable:				
Scholarships	2,860,832	2,602,527	-	-
Grants, bequests and contributions	2,501,514	1,207,307	-	-
Debt service	12,515,663	24,777,024	-	-
Capital projects	137,211,201	66,941,987	-	-
Other	-	674,839	36,919,643	34,619,797
Unrestricted	309,065,227	262,529,820	9,916,957	8,682,712
Total net assets	<u>\$ 1,040,793,549</u>	<u>\$ 922,475,617</u>	<u>\$ 126,807,971</u>	<u>\$ 112,811,160</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, 2006 and 2005

	PRIMARY INSTITUTION		COMPONENT UNITS	
	2006	2005	2006	2005
<b>OPERATING REVENUES</b>				
Student tuition and fees (net of scholarship allowances of \$30,007,134 in 2006 and \$28,009,129 in 2005)	\$ 87,865,694	\$ 81,391,085	\$ -	\$ -
Patient services (net of provision for doubtful accounts of \$26,265,611 in 2006 and \$25,052,049 in 2005) (note 12)	113,156,291	98,661,956	-	-
Federal grants and contracts	202,635,488	211,457,901	-	-
State and local grants and contracts	25,112,169	25,221,702	-	-
State lottery scholarships	18,985,799	16,519,148	-	-
Non-governmental grants and contracts	19,916,983	21,019,188	21,788,318	20,470,044
Sales and services (net of scholarship allowances of \$5,216,304 in 2006 and \$4,800,699 in 2005)	98,222,173	92,795,507	15,115,602	15,023,664
Other operating revenues	25,051,331	3,044,241	5,227,701	4,538,747
Clinical operations				
University of New Mexico Hospital	262,276,318	234,710,253	-	-
University of New Mexico Psychiatric Center	17,965,466	15,753,335	-	-
University of New Mexico Children's Psychiatric Center	6,726,477	6,992,803	-	-
University of New Mexico Young Children's Health Center	-	612,851	-	-
University of New Mexico Carrie Tingley Hospital	10,539,222	9,420,513	-	-
Total operating revenues	\$ 888,453,411	\$ 817,600,483	\$ 42,131,621	\$ 40,032,455
<b>OPERATING EXPENSES</b>				
Educational and general				
Instruction	\$ 197,389,591	\$ 190,210,713	\$ -	\$ -
Research	135,911,705	129,066,131	-	-
Public service	197,124,775	200,134,495	-	-
Academic support	36,048,570	35,404,185	-	-
Student services	21,157,649	19,772,727	-	-
Institutional support	49,970,332	47,429,109	-	-
Operations and maintenance of plant	58,087,588	60,592,959	-	-
Depreciation expense	43,264,900	40,472,285	-	-
Student aid	32,941,565	32,253,107	-	-
Student activities	5,467,916	5,170,850	-	-
Intercollegiate athletics	24,909,654	22,902,131	-	-
Auxiliary enterprises	53,333,940	50,140,013	-	-
Other operating expenses	36,211,219	8,916,205	44,797,758	38,492,683
Clinical operations				
University of New Mexico Hospital	316,647,349	286,563,654	-	-
University of New Mexico Psychiatric Center	26,526,610	23,816,528	-	-
University of New Mexico Children's Psychiatric Center	12,622,969	12,070,665	-	-
University of New Mexico Young Children's Health Center	-	941,700	-	-
University of New Mexico Carrie Tingley Hospital	15,108,502	14,551,201	-	-
Total operating expenses	\$ 1,262,724,834	\$ 1,180,408,658	\$ 44,797,758	\$ 38,492,683
Operating income (loss)	\$ (374,271,423)	\$ (362,808,175)	\$ (2,666,137)	\$ 1,539,772

## EXHIBIT B

### Statements of Revenues, Expenses and Changes in Net Assets for the years ended June 30, 2006 and 2005

	<b>PRIMARY INSTITUTION</b>		<b>COMPONENT UNITS</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
State appropriations	\$ 267,899,383	\$ 251,940,626	\$ -	\$ -
Local appropriations	4,041,096	3,147,739	-	-
Gifts	21,086,477	15,050,574	-	-
Investment income (note 3)	50,580,757	34,988,450	11,171,471	7,227,882
Other non-operating revenues (expenses)	13,607,659	4,307,317	74,043	72,713
Interest on capital asset-related debt	(15,206,365)	(8,055,922)	-	-
Gain/(loss) on disposal of capital assets	9,409,856	(1,694,257)	-	-
Clinical operations				
University of New Mexico Hospital	59,532,018	55,200,717	-	-
University of New Mexico Psychiatric Center	5,394,180	8,668,850	-	-
University of New Mexico Children's Psychiatric Center	5,724,400	5,287,407	-	-
University of New Mexico Young Children's Health Center	-	329,600	-	-
University of New Mexico Carrie Tingley Hospital	5,088,127	5,638,137	-	-
Net non-operating revenues	<u>\$ 427,157,588</u>	<u>\$ 374,809,238</u>	<u>\$ 11,245,514</u>	<u>\$ 7,300,595</u>
Income before other revenues, expenses, gains and losses	<u>\$ 52,886,165</u>	<u>\$ 12,001,063</u>	<u>\$ 8,579,377</u>	<u>\$ 8,840,367</u>
Capital appropriations	\$ 55,528,717	\$ 15,245,962	\$ -	\$ -
Capital grants and gifts	9,903,050	2,524,290	-	-
Contributions to permanent endowments	-	-	5,417,434	5,107,386
Total other revenues	<u>\$ 65,431,767</u>	<u>\$ 17,770,252</u>	<u>\$ 5,417,434</u>	<u>\$ 5,107,386</u>
Change in net assets	<u>\$ 118,317,932</u>	<u>\$ 29,771,315</u>	<u>\$ 13,996,811</u>	<u>\$ 13,947,753</u>
<b>NET ASSETS</b>				
Net assets at beginning of year	922,475,617	892,704,302	112,811,160	98,863,407
Net assets at end of year	<u>\$ 1,040,793,549</u>	<u>\$ 922,475,617</u>	<u>\$ 126,807,971</u>	<u>\$ 112,811,160</u>

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, 2006 and 2005

	2006	2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 87,128,137	\$ 81,913,722
Grants and contracts	297,497,484	272,087,934
Insurance and patients	404,059,513	369,795,870
Sales and services	95,802,224	90,707,669
Payments to suppliers	(315,023,840)	(276,183,188)
Payments to employees	(670,774,511)	(642,070,421)
Payments for utilities	(33,886,525)	(31,312,870)
Payments for benefits	(124,938,043)	(119,973,829)
Payments for scholarships and fellowships	(37,354,318)	(41,322,348)
Loans issued to students	(1,497,310)	(2,724,161)
Collection of loans to students	(41,019)	3,652,970
Other receipts (payments)	(8,567,900)	(4,992,422)
Net cash used by operating activities	<u>\$ (307,596,108)</u>	<u>\$ (300,421,074)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
State appropriations	\$ 268,010,635	\$ 253,400,034
Local appropriations	4,041,096	3,147,739
Bernalillo County mill levy	69,651,074	64,944,858
Tricore gross receipts tax refund	1,221,389	-
Cimarron settlement	-	4,478,249
William D. Ford direct lending receipts	-	45,581,323
William D. Ford direct lending disbursements	-	(45,581,323)
Gifts	21,086,477	15,050,574
Other non-operating receipts	31,577,383	10,863,470
Net cash provided by non-capital financing activities	<u>\$ 395,588,054</u>	<u>\$ 351,884,924</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Interest payments on bonds	\$ (19,373,849)	\$ (13,185,178)
Capital appropriations	48,574,740	16,392,266
Capital gifts and grants	13,344,184	4,378,770
Additions to bonds	126,082,415	189,247,429
Principal payments of bonds	(12,602,259)	(10,385,000)
Cash received from disposal of capital assets	2,195,000	1,787,000
Purchase of capital assets	(175,327,131)	(124,114,637)
Other receipts	2,048,452	333,003
Net cash provided (used) by capital financing activities	<u>\$ (15,058,448)</u>	<u>\$ 64,453,653</u>

# EXHIBIT C

## Statements of Cash Flows for the years ended June 30, 2006 and 2005

	2006	2005
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale and maturities of investments	\$ 690,100,585	\$ 431,705,002
Purchase of investments	(719,003,490)	(584,631,104)
State investment income	9,140,303	9,027,095
Investment income	9,446,504	5,917,602
Net cash used by investing activities	<u>\$ (10,316,098)</u>	<u>\$ (137,981,405)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	\$ 62,617,402	\$ (22,063,902)
Cash and cash equivalents - beginning of the year	31,449,527	53,513,429
Cash and cash equivalents - end of the year	<u>\$ 94,066,929</u>	<u>\$ 31,449,527</u>
<b>NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Bond issuance costs deducted from bond proceeds	\$ -	\$ 7,665,827
Assumption of deficit in net assets of ASAP as of 7/1/05	\$ (3,027,645)	\$ -
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating loss	\$ (374,271,423)	\$ (362,808,175)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation expense	61,188,691	57,035,677
Bad debt expense	79,996,592	93,502,970
Gain on retirement of assets	15,994	68,126
Changes in assets and liabilities		
Accounts receivable	(16,428,190)	(40,606,059)
Patient receivables	(55,577,691)	(68,294,640)
Estimated third-party payor settlements	(9,215,229)	2,159,971
Notes receivable	(680,852)	(1,114,396)
Inventories	(369,010)	(961,108)
Other assets	(610,530)	325,287
Due from component units	(1,271,057)	(3,067,130)
Accounts payable	7,598,223	9,739,770
Accrued expenses and compensated absences	(295,200)	3,265,226
Other current liabilities	(200,667)	-
Estimated third-party payor liability	3,365,808	6,313,188
Deferred revenue	(841,567)	4,020,219
Net cash used by operating activities	<u>\$ (307,596,108)</u>	<u>\$ (300,421,074)</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, 2006 - Discretely Presented Component Units

	University Physician Associates	The University of New Mexico Foundation, Inc.	The Robert O. Anderson Schools of Management Foundation
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 9,804,576	\$ 24,953,853	\$ 1,249,123
Short-term investments	-	-	-
Accounts receivable, net	-	-	907,734
Patient receivables, net	9,363,575	-	-
Other receivables, net	494,565	-	-
Inventories	-	-	52,713
Other current assets	-	-	15,332
Total current assets	<u>\$ 19,662,716</u>	<u>\$ 24,953,853</u>	<u>\$ 2,224,902</u>
Non-current assets			
Investments	\$ 818,877	\$ 89,427,280	\$ 1,010,111
Other non-current assets	73,170	4,625,325	-
Capital assets			
Equipment and furnishings, net	628,506	-	-
Total non-current assets	<u>\$ 1,520,553</u>	<u>\$ 94,052,605</u>	<u>\$ 1,010,111</u>
Total assets	<u>\$ 21,183,269</u>	<u>\$ 119,006,458</u>	<u>\$ 3,235,013</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued expenses	\$ -	\$ 4,999	\$ 152,963
Due to The University of New Mexico	19,122,283	161,239	1,232,763
Deferred revenue	-	-	733,194
Other current liabilities	2,060,986	305,957	-
Total current liabilities	<u>\$ 21,183,269</u>	<u>\$ 472,195</u>	<u>\$ 2,118,920</u>
Non-current liabilities			
Deferred annuities payable	\$ -	\$ 1,541,399	\$ -
Total non-current liabilities	<u>\$ -</u>	<u>\$ 1,541,399</u>	<u>\$ -</u>
Total liabilities	<u>\$ 21,183,269</u>	<u>\$ 2,013,594</u>	<u>\$ 2,118,920</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -
Restricted non-expendable	-	79,936,299	-
Restricted expendable	-	36,502,569	358,657
Unrestricted	-	553,996	757,436
Total net assets	<u>\$ -</u>	<u>\$ 116,992,864</u>	<u>\$ 1,116,093</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
\$ 668,112	\$ 2,093,497	\$ 632,350	\$ 2,224,081	\$ 41,625,592
-	-	-	4,697,642	4,697,642
364,989	112,862	-	182,572	1,568,157
-	-	-	-	9,363,575
-	-	-	-	494,565
-	8,972	-	-	61,685
1,000	1,249	-	22,474	40,055
<u>\$ 1,034,101</u>	<u>\$ 2,216,580</u>	<u>\$ 632,350</u>	<u>\$ 7,126,769</u>	<u>\$ 57,851,271</u>
\$ 2,031	-	\$ -	-	\$ 91,258,299
-	-	-	-	4,698,495
32,116	2,956	-	-	663,578
<u>\$ 34,147</u>	<u>\$ 2,956</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,620,372</u>
<u>\$ 1,068,248</u>	<u>\$ 2,219,536</u>	<u>\$ 632,350</u>	<u>\$ 7,126,769</u>	<u>\$ 154,471,643</u>
\$ 76,929	\$ 70,792	\$ 56,205	\$ 824	\$ 362,712
229,193	95,097	-	-	20,840,575
-	700,309	-	799,286	2,232,789
319,254	-	-	-	2,686,197
<u>\$ 625,376</u>	<u>\$ 866,198</u>	<u>\$ 56,205</u>	<u>\$ 800,110</u>	<u>\$ 26,122,273</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,541,399
\$ -	\$ -	\$ -	\$ -	\$ 1,541,399
<u>\$ 625,376</u>	<u>\$ 866,198</u>	<u>\$ 56,205</u>	<u>\$ 800,110</u>	<u>\$ 27,663,672</u>
\$ 32,116	\$ 2,956	\$ -	\$ -	\$ 35,072
-	-	-	-	79,936,299
-	30,367	-	28,050	36,919,643
410,756	1,320,015	576,145	6,298,609	9,916,957
<u><u>\$ 442,872</u></u>	<u><u>\$ 1,353,338</u></u>	<u><u>\$ 576,145</u></u>	<u><u>\$ 6,326,659</u></u>	<u><u>\$ 126,807,971</u></u>

# THE UNIVERSITY OF NEW MEXICO

## BASIC FINANCIAL STATEMENTS

### Combining Statement of Net Assets as of 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>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 E

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 Revenues, Expenses and Changes in Net Assets for the year ended June 30, 2006 -  
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	\$ 9,113,299	\$ -	\$ 2,258,765
Grants, bequests and contributions	-	17,792,682	288,521
Operational support	-	3,554,481	-
Other operating revenues	-	502,455	70,684
Total operating revenues	<u>\$ 9,113,299</u>	<u>\$ 21,849,618</u>	<u>\$ 2,617,970</u>
<b>EXPENSES</b>			
Operating expenses			
General and administrative	\$ 9,390,879	\$ 3,940,696	\$ 2,011,780
Program expenses	-	-	457,406
Distributions to the University of New Mexico	-	20,625,870	101,575
Total operating expenses	<u>\$ 9,390,879</u>	<u>\$ 24,566,566</u>	<u>\$ 2,570,761</u>
Net operating income (loss)	<u>\$ (277,580)</u>	<u>\$ (2,716,948)</u>	<u>\$ 47,209</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment income	\$ 277,580	\$ 10,181,401	\$ 55,560
Other non-operating revenues	-	-	-
Gain on disposal of assets	-	-	-
Total non-operating revenues	<u>\$ 277,580</u>	<u>\$ 10,181,401</u>	<u>\$ 55,560</u>
Income (loss) before other revenues	<u>\$ -</u>	<u>\$ 7,464,453</u>	<u>\$ 102,769</u>
Contributions to permanent endowments	<u>\$ -</u>	<u>\$ 5,417,434</u>	<u>\$ -</u>
Total other revenues	<u>\$ -</u>	<u>\$ 5,417,434</u>	<u>\$ -</u>
Change in net assets	<u>\$ -</u>	<u>\$ 12,881,887</u>	<u>\$ 102,769</u>
Net assets at beginning of year	<u>\$ -</u>	<u>\$ 104,110,977</u>	<u>\$ 1,013,324</u>
Net assets at end of year	<u>\$ -</u>	<u>\$ 116,992,864</u>	<u>\$ 1,116,093</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
\$ 2,736,585	\$ 201,138	\$ 805,815	\$ -	\$ 15,115,602
-	3,707,115	-	-	21,788,318
-	-	-	-	3,554,481
-	7,753	-	1,092,328	1,673,220
<u>\$ 2,736,585</u>	<u>\$ 3,916,006</u>	<u>\$ 805,815</u>	<u>\$ 1,092,328</u>	<u>\$ 42,131,621</u>
\$ 2,917,449	\$ 527,180	\$ 659,217	\$ 65,354	\$ 19,512,555
-	3,525,518	-	574,834	4,557,758
-	-	-	-	20,727,445
<u>\$ 2,917,449</u>	<u>\$ 4,052,698</u>	<u>\$ 659,217</u>	<u>\$ 640,188</u>	<u>\$ 44,797,758</u>
<u>\$ (180,864)</u>	<u>\$ (136,692)</u>	<u>\$ 146,598</u>	<u>\$ 452,140</u>	<u>\$ (2,666,137)</u>
\$ 24,510	\$ 137,780	\$ 13,337	\$ 481,303	\$ 11,171,471
-	-	-	74,043	74,043
-	-	-	-	-
<u>\$ 24,510</u>	<u>\$ 137,780</u>	<u>\$ 13,337</u>	<u>\$ 555,346</u>	<u>\$ 11,245,514</u>
<u>\$ (156,354)</u>	<u>\$ 1,088</u>	<u>\$ 159,935</u>	<u>\$ 1,007,486</u>	<u>\$ 8,579,377</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,417,434</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,417,434</u>
<u>\$ (156,354)</u>	<u>\$ 1,088</u>	<u>\$ 159,935</u>	<u>\$ 1,007,486</u>	<u>\$ 13,996,811</u>
<u>\$ 599,226</u>	<u>\$ 1,352,250</u>	<u>\$ 416,210</u>	<u>\$ 5,319,173</u>	<u>\$ 112,811,160</u>
<u>\$ 442,872</u>	<u>\$ 1,353,338</u>	<u>\$ 576,145</u>	<u>\$ 6,326,659</u>	<u>\$ 126,807,971</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	<u>\$ -</u>	<u>\$ 5,107,386</u>	<u>\$ -</u>
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 G

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>
<u>\$ (67,677)</u>	<u>\$ (669,004)</u>	<u>\$ (9,570)</u>	<u>\$ 389,277</u>	<u>\$ 1,539,772</u>
\$ 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>
<u>\$ (66,173)</u>	<u>\$ (581,639)</u>	<u>\$ (1,591)</u>	<u>\$ 807,770</u>	<u>\$ 8,840,367</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,107,386</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,107,386</u>
\$ (66,173)	\$ (581,639)	\$ (1,591)	\$ 807,770	\$ 13,947,753
<u>\$ 665,399</u>	<u>\$ 1,933,889</u>	<u>\$ 417,801</u>	<u>\$ 4,511,403</u>	<u>\$ 98,863,407</u>
<u>\$ 599,226</u>	<u>\$ 1,352,250</u>	<u>\$ 416,210</u>	<u>\$ 5,319,173</u>	<u>\$ 112,811,160</u>

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# THE UNIVERSITY OF NEW MEXICO

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

### (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 GASB 40, *Deposit and Investment Risk Disclosures, an amendment of GASB Statement 3*. The GASB 40 statement addresses common deposit and investment risks related to custodial credit risk, credit risk, concentration of credit risk, interest rate risk and 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 identification of deposit and investment policies related to the risks. 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 of Medicine, College of Nursing and College of Pharmacy, are referred to as the University of New Mexico Health Sciences Center and are included in the Primary Institution financial statement information.

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# THE UNIVERSITY OF NEW MEXICO

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

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 17.

### (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>2006</u>	<u>2005</u>
Medicare and Medicaid	39%	40%
Other third-party payors	38%	40%
Others	<u>23%</u>	<u>20%</u>
	<u>100%</u>	<u>100%</u>

Investments: Stocks, bonds and similar investments are recorded at fair value as determined by quoted market prices. Alternative investments are carried at estimatable fair value as determined by third-party administrators and University management.

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 average unit values of the CIF for the preceding twelve quarters. The target annual distribution rate shall be five

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# THE UNIVERSITY OF NEW MEXICO

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

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 \$5,000 or more, and an estimated useful life of greater than one year. The University includes software purchased with a piece of equipment in the cost of capitalization. This total cost is depreciated over the useful life of the equipment. In compliance with New Mexico Administrative Code, Title 2 Public Finance, Chapter 20 Accounting by Governmental Entities, Part 1 Accounting and Control of Fixed Assets of State Government, Section 9, software purchased for internal use is capitalized and depreciated. Renovations to buildings, infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 20 years for land improvements and infrastructure, 5 years for library books, and equipment ranges from 3 to 15 years. Loaned equipment from private and federal sources is not owned by the University, and is not an asset. This equipment is monitored by the Property Accounting Department and totals \$7,235,097 and \$7,648,803 at June 30, 2006 and 2005, respectively.

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

Bonds Payable: The University 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. Unspent bond proceeds for the University are approximately \$100,000,000 and \$6,000,000 at June 30, 2006 and

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# THE UNIVERSITY OF NEW MEXICO

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

2005, respectively. Unspent bond proceeds for the Hospital are \$80,016,900 and \$147,583,000 at June 30, 2006 and 2005, respectively.

*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*. Appropriations are recognized in the year they are appropriated, regardless of when actually received. Gifts are recognized when all applicable eligibility requirements have been met. Investment income is recognized in the period when it is earned. The Mill Levy is recognized in the period it is levied by Bernalillo County.

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

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

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

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

Unexpended state appropriations do not revert to the state of New Mexico at the end of the fiscal year and are available to the University in subsequent years according to House Bill 2, Appropriations Act, Section J, found on Page 182.

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# THE UNIVERSITY OF NEW MEXICO

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

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 9 – *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB 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 their function of providing public educational services. The University has entered into this agreement in order to facilitate such joint activities. This agreement remains in force until terminated. The Council may be terminated by a two-thirds vote of all current parties. UNM acts as fiscal agent, reporting revenues and expenses, and accepting audit 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, 2006 and 2005

- (3) The Regents of the University of New Mexico, the Regents of New Mexico State University and the Regents of the New Mexico Institute of Mining and Technology entered into an agreement to form the New Mexico University Research Consortium effective May 4, 2006. The purpose of the Research Consortium is to promote statewide cooperation in attracting research resources to New Mexico, managing them for the state's higher education research facilities, other New Mexico research facilities and for the benefit of New Mexico economic development. The agreement continues in force indefinitely. Any party may choose to withdraw with sixty days written notice. At such time, the remaining parties have forty-five days to agree to maintain the NMURC or the JPA will terminate on the date of withdrawal.

(G) *Reclassifications*

Certain 2005 amounts have been reclassified in order to be consistent with the 2006 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, 2006 and 2005 were \$94,066,929 and \$31,449,527, respectively. The carrying amounts of the component units' deposits with financial institutions at June 30, 2006 and 2005 were \$41,625,592 and \$37,790,514 respectively. Bank balances are categorized as follows:

<u>June 30, 2006</u>	<u>Cash</u>	<u>Deposits Classified as Investments</u>	<u>Total</u>
Primary Institution			
Amount insured by the Federal Deposit Insurance Corporation	\$ 248,555	\$ -	\$ 248,555
Amount collateralized with securities held in the University's name by their agent	<u>115,895,740</u>	<u>-</u>	<u>115,895,740</u>
	<u>\$ 116,144,295</u>	<u>\$ -</u>	<u>\$ 116,144,295</u>
Component Units			
Amount insured by the Federal Deposit Insurance Corporation	\$ 768,168	\$ -	\$ 768,168
Amount collateralized with securities held in the University's name by their agent	<u>13,558,256</u>	<u>-</u>	<u>13,558,256</u>
Amount exposed to custodial credit risk	<u>8,714,791</u>	<u>-</u>	<u>8,714,791</u>
	<u>\$ 23,041,215</u>	<u>\$ -</u>	<u>\$ 23,041,215</u>

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

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

As of June 30, 2006, the primary institution's bank deposits were not exposed to custodial credit risk. As of June 30, 2006, \$8,714,791 of the component units' deposits were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 8,083,700
Uninsured and collateralized with securities held by pledging institution not in the University's name	<u>631,091</u>
Total	<u>\$ 8,714,791</u>

### June 30, 2005

	<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>\$ -</u>	<u>\$ 17,510,663</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 allows investment in U.S. Treasury Securities, U.S. Government Agency Obligations, stocks, securities, bonds, money market funds, commercial paper, foreign currency, certificates of deposits, mutual funds is in accordance with Chapter 6, Article 10, Section 10 of the NMSA, 1978 Compilation. Investments are made through 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, 2006 and 2005

During the year ended June 30, 2006, the University Board of Regents authorized a change to the University's investment policy in allowing the purchase of alternative investments. The investment policy states that a maximum of 20% of the entire investment portfolio can be comprised of alternative investments. These investments include the following hedge funds: equity, multi-strategy, and fund of funds.

A summary of the investments at June 30, 2006 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	\$ -	\$ -	\$ 94,586,427
U.S. Government Agency Oblg.	-	-	21,368,855
Equity	-	-	2,013,005
Money Market	-	-	102,632,955
Commercial Paper	-	-	10,175,123
Total short-term investments	\$ -	\$ -	\$ 230,776,365
Component Units			
Mutual Funds	\$ 4,447,642	\$ -	\$ 4,447,642
Certificates of deposit	250,000	-	250,000
Total short-term investments	\$ 4,697,642	\$ -	\$ 4,697,642

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

	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.	\$ -	\$ -	\$ 85,137,718
Money Market	-	-	6,799,430
Bonds	-	-	31,300,234
Equity Securities	-	-	134,860,766
Repurchase Agreement	-	-	13,513,150
Alternative Investments	-	-	22,855,593
Total long-term investments	\$ -	\$ -	\$294,466,891
Component Units			
U.S. Treasury Securities	\$ 818,877	\$ -	\$ 818,877
U.S. Government Agency Oblg.	172,956	-	172,956
Bonds	3,594,756	-	18,018,843
Equity Securities	1,402,886	-	59,635,761
Mutual Funds	1,565,378	-	1,565,378
Money Market	36,263	-	36,263
Alternative Investments	-	-	10,532,543
Real Estate	477,678	-	477,678
Total long-term investments	\$ 8,068,794	\$ -	\$ 91,258,299

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

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	-	-	15,050,000
Total short-term investments	\$ -	\$ -	\$ 140,436,796
Component Units			
Mutual Funds	\$ -	\$ -	\$ 4,081,867
Certificates of deposit	-	-	5,768
Total short-term investments	\$ -	\$ -	\$ 4,087,635

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

	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	-	-	6,431,126
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	-	-	2,826,595
Total long-term investments	<u>\$ 5,214,955</u>	<u>\$ -</u>	<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, 2006 and 2005

*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 \$111,472,294 and \$106,844,284 at June 30, 2006 and 2005, respectively. The fair value is \$149,643,237 and \$137,263,173 at June 30, 2006 and 2005, 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 its obligations. The University is required to disclose credit ratings of debt investments in order to assess credit risk. U.S. obligations, investments explicitly guaranteed by the U.S. Government, and non-debt investments are excluded from this requirement. Currently, the University does have a policy that restricts long-term investments to specific investment ratings issued by nationally recognized statistical rating organizations. The policy states that cash equivalent reserves shall consist of interest bearing or discount instruments of the U.S. Government or agencies thereof; money market funds, corporate discounted instruments, corporate issued commercial paper rated at least A-1 by Standard & Poors and P-1 by Moody's, time deposits of U.S. or foreign banks, bankers acceptances and fully collateralized repurchase agreements. Both U.S. and foreign offerings are permissible. Exclusive of the U.S. government and agency issues, all other fixed income 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.

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# THE UNIVERSITY OF NEW MEXICO

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

A summary of the investments at June 30, 2006 and their exposure to credit risk are as follows:

Short-Term Investments	Rating	Fair Value
Primary Institution		
Items not subject to credit risk: Equity Securities, and U.S. Treasury Securities	N/A	<u>\$ 96,599,432</u>
U.S. Government Agency Oblg.	Moody's --- Aaa S&P--- AAA Fitch --- F1+ Not Rated	7,393,750 2,533,600 10,542,396 899,109
Money Market	Not Rated	102,632,955
Commercial Paper	Not Rated	<u>10,175,123</u>
Items subject to credit risk		<u>\$134,176,933</u>
Total short-term investments		<u>\$230,776,365</u>
Component Units		
Items not subject to credit risk: Mutual Funds (Equity)	N/A	\$ 4,447,642
Certificates of Deposits	Not Rated	<u>250,000</u>
Items subject to credit risk		<u>\$ 250,000</u>
Total short-term investments		<u>\$ 4,697,642</u>

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

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>\$134,860,766</u>
U.S. Government Agency Oblg.	Fitch---F1+	85,137,718
Money Market	Not Rated	6,799,430
Bonds	Moody's---Aaa	14,336,424
	Moody's---AA	8,235,928
	Moody's---AA1	8,727,882
Repurchase Agreement	Moody's---Aa2	13,513,150
Alternative Investments	Not Rated	<u>22,855,593</u>
Items subject to credit risk		<u>\$159,606,125</u>
Total long-term investments		<u>\$294,466,891</u>

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# THE UNIVERSITY OF NEW MEXICO

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

Long-Term Investments	Rating	Fair Value
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Component Units

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

N/A

\$ 62,497,694

U.S. Government Agency Oblg.

Not Rated

172,956

Money Market

Not Rated

36,263

Bonds

Moody's---Aaa

6,606,654

Moody's---AA

3,795,363

Moody's---AA1

4,022,070

Not Rated

3,594,756

Alternative Investments

Not Rated

10,532,543

Items subject to credit risk

28,760,605

Total long-term investments

\$ 91,258,299

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

(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, 2006 and their exposure to interest rate risk are as follows:

Investment Maturities					
Short-Term Investments	Fair Value	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	\$ 94,586,427	\$ 94,586,427			
U.S. Government Oblg.	21,368,855	21,368,855			
Equity	2,013,005	2,013,005			
Money Market	102,632,955	102,632,955			
Commercial Paper	10,175,123	10,175,123			
Items subject to interest rate risk	\$ 136,189,938	\$ 136,189,938			
Total short-term investments	\$ 230,776,365	\$ 230,776,365			
Component Units					
Items not subject to interest rate risk: Mutual Funds (Equity)	\$ 4,447,642	\$ 4,447,642			
Certificates of Deposit	\$ 250,000	\$ 250,000			
Items subject to interest rate risk					
Total short-term investments	\$ 4,697,642	\$ 4,697,642			

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

Investment Maturities					
Long-Term Investments	Fair Value	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 & Alternative Investments	<u>\$ 157,716,359</u>				
U.S. Government					
Agency Oblg.	85,137,718	81,477,718	3,660,000		
Bonds	31,300,234			31,300,234	
Money Market	6,799,430	6,799,430			
Repurchase Agreement	<u>13,513,150</u>	<u>13,513,150</u>	<u>-</u>	<u>-</u>	<u>-</u>
Items subject to interest rate risk	<u>\$ 136,750,532</u>	<u>\$ 101,790,298</u>	<u>\$ 3,660,000</u>	<u>\$ 31,300,234</u>	<u>\$ -</u>
Total long-term investments	<u>\$ 294,466,891</u>				
Component Units					
Items not subject to interest rate risk: Equity Securities , Alternative Investments, Mutual Funds (Equity) and Treasury Securities	<u>\$ 73,030,237</u>				
U.S. Government					
Agency Oblg.	172,956		76,050	96,906	
Bonds	18,018,843	90,026	290,487	14,641,214	2,997,116
Money Market	<u>36,263</u>	<u>36,263</u>	<u>-</u>	<u>-</u>	<u>-</u>
Items subject to interest rate risk	<u>\$ 18,228,062</u>	<u>\$ 126,289</u>	<u>\$ 366,537</u>	<u>\$ 14,738,120</u>	<u>\$ 2,997,116</u>
Total long-term investments	<u>\$ 91,258,299</u>				

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

- (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 \$106,679,529 which is invested in FNMA U. S. Government mortgage-backed securities. This investment is 17.17% 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, 2006, and their percentage of total investments follows:

<u>Investment Type</u>	<u>Foreign Currency</u>	<u>Amount</u>	<u>% of Total Investments</u>
Primary Institution			
Total Foreign Currency Investments		\$ -	-
Non-Foreign Currency Investments		\$ 525,243,256	100%
Total short-term and long-term investments		\$ 525,243,256	100%
Component Units			
Total Foreign Currency Investments		\$ -	-
Non-Foreign Currency Investments		\$ 95,955,941	100%
Total short-term and long-term investments		\$ 95,955,941	100%

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

### (H) *Investment Income (Loss)*

At June 30, 2006 and 2005, investment income (loss) consists of the following:

	<u>2006</u>	<u>2005</u>
Primary Institution investment income (loss)		
Investment revenue:		
Investment income	\$ 14,473,627	\$ 8,388,583
State Investment Council Permanent Fund distribution	9,140,303	9,027,095
Realized gains:		
State Investment Permanent Fund	12,380,064	7,876,592
Realized gains (losses):		
Endowments – Common Investment Fund	27,451,348	5,545,374
Non-Endowment Investments	26,559	
Unrealized gains (losses):		
Endowments – Common Investment Fund	(11,727,742)	4,150,806
Non-Endowment Investments	( 1,163,402)	
	-----	-----
	<u>\$ 50,580,757</u>	<u>\$ 34,988,450</u>
 Component Units investment income	 <u>\$ 11,171,471</u>	 <u>\$ 7,227,882</u>

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

### (4) Accounts Receivable, Patient Receivables and Other Receivables

Accounts receivable, patient receivables and other receivables are shown net of allowances for doubtful accounts in the accompanying Statements of Net Assets. At June 30, 2006 and 2005, receivables consisted of the following:

	<u>2006</u>	<u>2005</u>
Primary Institution accounts receivable, net		
Contracts and grants	\$ 39,273,297	\$ 53,371,011
HSC health services	3,347,215	2,632,073
Sales and services	11,810,632	12,022,071
Auxiliaries	7,813,932	8,040,497
Tuition and fees	5,653,305	4,964,404
State of New Mexico bonds	11,276,875	4,322,899
Other	<u>4,970,125</u>	<u>25,299</u>
	\$ 84,145,381	\$ 85,378,254
Less: Allowance for doubtful accounts	<u>(13,587,961)</u>	<u>(9,738,202)</u>
	<u>\$ 70,557,420</u>	<u>\$ 75,640,052</u>
 Component Units accounts receivable, net	 <u>\$ 1,568,157</u>	 <u>\$ 1,056,152</u>
 Primary Institution patient receivables, net		
Patient receivables	\$ 151,348,552	\$ 164,862,741
Less: Allowance for doubtful accounts	<u>(99,114,010)</u>	<u>(114,611,702)</u>
	<u>\$ 52,234,542</u>	<u>\$ 50,251,039</u>
 Component Units patient receivables, net	 <u>\$ 9,363,575</u>	 <u>\$ 9,015,631</u>
 Primary Institution other receivables		
Bernalillo County Treasurer	\$ 1,453,396	\$ 1,007,494
Other receivables	<u>245,575</u>	<u>201,240</u>
	<u>\$ 1,698,971</u>	<u>\$ 1,208,734</u>
 Component Units other receivables, net	 <u>\$ 494,565</u>	 <u>\$ 513,155</u>

### (5) Notes Receivable

Current notes receivable are shown net of allowance for doubtful accounts in the accompanying Statements of Net Assets. At June 30, 2006 and 2005, notes receivable consisted of the following:

	<u>2006</u>	<u>2005</u>
Primary Institution notes receivable, net		
Current notes receivable		
Student loans	\$ 4,117,985	\$ 4,599,498
Allowance for doubtful accounts	<u>-</u>	<u>(10,452)</u>
	<u>\$ 4,117,985</u>	<u>\$ 4,589,046</u>
 Non-current notes receivable		
Student loans	<u>\$ 13,580,331</u>	<u>\$ 12,428,418</u>

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# THE UNIVERSITY OF NEW MEXICO

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

Federal Perkins Loans make up approximately 71% and 79% of the student loans at June 30, 2006 and 2005, 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, 2006 and 2005

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

	Year Ended June 30, 2006				Ending Balance
	Beginning Balance	Additions	Transfers	Retirements	
University capital assets not being depreciated					
Land	\$ 24,988	38	-	-	\$ 25,026
Construction in-progress	<u>21,662</u>	<u>73,344</u>	<u>(38,217)</u>	<u>-</u>	<u>56,789</u>
	<u>\$ 46,650</u>	<u>73,382</u>	<u>(38,217)</u>	<u>-</u>	<u>\$ 81,815</u>
University depreciable capital assets					
Land improvements	\$ 37,586	-	-	(36)	\$ 37,550
Infrastructure	81,298	-	19,944	-	101,242
Buildings	559,841	494	18,273	(1,993)	576,615
Equipment and furnishings	225,835	16,510	-	(10,762)	231,583
Library books	<u>105,105</u>	<u>3,846</u>	<u>-</u>	<u>(807)</u>	<u>108,144</u>
Total depreciable capital assets	<u>\$1,009,665</u>	<u>20,850</u>	<u>38,217</u>	<u>(13,598)</u>	<u>\$ 1,055,134</u>
Less: Accumulated depreciation for					
Land improvements	\$ (25,722)	(1,267)	-	11	\$ (26,978)
Infrastructure	(23,010)	(4,837)	-	-	(27,847)
Buildings	(210,679)	(14,764)	-	268	(225,175)
Equipment and furnishings	(157,015)	(17,761)	-	10,366	(164,410)
Library books	<u>(95,186)</u>	<u>(4,636)</u>	<u>-</u>	<u>758</u>	<u>(99,064)</u>
Total accumulated depreciation	<u>\$ (511,612)</u>	<u>(43,265)</u>	<u>-</u>	<u>11,403</u>	<u>\$ (543,474)</u>
University depreciable capital assets, net	<u>\$ 498,053</u>	<u>(22,415)</u>	<u>38,217</u>	<u>(2,195)</u>	<u>\$ 511,660</u>
Capital asset summary					
University capital assets not being depreciated	\$ 46,650	73,382	(38,217)	-	\$ 81,815
University depreciable capital assets at cost	<u>1,009,665</u>	<u>20,850</u>	<u>38,217</u>	<u>(13,598)</u>	<u>1,055,134</u>
University total cost of capital assets	<u>\$1,056,315</u>	<u>94,232</u>	<u>-</u>	<u>(13,598)</u>	<u>\$ 1,136,949</u>
Less: Accumulated depreciation	<u>(474,709)</u>	<u>(40,756)</u>	<u>286</u>	<u>11,138</u>	<u>(504,041)</u>
Less: Accumulated depreciation - Auxiliaries	<u>(36,903)</u>	<u>(2,509)</u>	<u>(286)</u>	<u>265</u>	<u>(39,433)</u>
University capital assets, net	<u>\$ 544,703</u>	<u>50,967</u>	<u>-</u>	<u>(2,195)</u>	<u>\$ 593,475</u>
Clinical Operations capital assets	\$ 300,682	91,758	-	(827)	\$ 391,613
Less: Accumulated depreciation	<u>(160,326)</u>	<u>(18,290)</u>	<u>-</u>	<u>352</u>	<u>(178,264)</u>
Clinical Operations capital assets, net	<u>\$ 140,356</u>	<u>73,468</u>	<u>-</u>	<u>(475)</u>	<u>\$ 213,349</u>
Primary Institution capital assets, net	<u>\$ 685,059</u>	<u>124,435</u>	<u>-</u>	<u>( 2,670)</u>	<u>\$ 806,824</u>
Component Units capital assets, net	<u>\$ 890</u>	<u>(226)</u>	<u>-</u>	<u>-</u>	<u>\$ 664</u>

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

### (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	46,390	14,328	(39,056)	-	21,662
	<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	99,511	5,594	-	-	105,105
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	(90,444)	(4,742)	-	-	(95,186)
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	923,694	59,719	39,056	(12,804)	1,009,665
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	(34,390)	(3,358)	-	845	(36,903)
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	(143,849)	(16,533)	-	56	(160,326)
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 capitalizes interest expense incurred during the period an asset is being prepared for its intended use. For the years ended June 30, 2006 and 2005, the University capitalized interest expense of approximately \$464,000 and \$2,452,000 respectively. The Hospital capitalized interest expense of approximately \$3,857,000 and 1,761,000 for the years ended June 30, 2006 and 2005.

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

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

At June 30, 2006 and 2005, accounts payable and accrued payroll consisted of the following:

	<u>2006</u>	<u>2005</u>
Primary Institution accounts payable		
Trade payables	\$12,153,446	\$10,677,410
Clinical Operations – trade payables	36,072,792	26,284,903
Accrued Payroll and benefits	6,566,988	10,586,919
Clinical Operations - accrued payroll and benefits	<u>9,151,106</u>	<u>6,271,463</u>
	<u>\$63,944,332</u>	<u>\$53,820,695</u>
Component Units accounts payable	<u>\$ 362,712</u>	<u>\$ 57,982</u>

**(8) Other Accrued Liabilities**

At June 30, 2006 and 2005, other accrued liabilities consisted of the following:

	<u>2006</u>	<u>2005</u>
Primary Institution other accrued liabilities		
Employer/Employee – payroll tax liability	\$15,810,929	\$17,464,211
Clinical Operations – payroll tax liability	7,698,866	8,864,899
Student balances	-	990,641
Utilities	1,272,588	1,105,779
Bond interest	1,355,151	931,994
Other	<u>5,487,100</u>	<u>4,725,689</u>
	<u>\$31,624,634</u>	<u>\$34,083,213</u>

**(9) Deferred Revenue**

At June 30, 2006 and 2005, deferred revenue consisted of the following:

	<u>2006</u>	<u>2005</u>
Primary Institution deferred revenue		
Contracts and grants	\$ 28,289,492	\$ 26,826,744
Prepaid tuition and fees	2,158,204	2,244,256
Sales and service	793,131	982,562
Prepaid auxiliary operations sales	<u>534,575</u>	<u>2,563,407</u>
	<u>\$ 31,775,402</u>	<u>\$ 32,616,969</u>
Component Units deferred revenue	<u>\$ 2,232,789</u>	<u>\$ 2,390,056</u>

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

### (10) Long-Term Liabilities

At June 30, 2006 and 2005, long-term liabilities consisted of the following:

	Year Ended June 30, 2006				
	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due Within One Year
Primary Institution long-term liabilities					
Bonds payable	\$437,918,581	127,891,303	(12,787,462)	553,022,422	\$ 9,232,741
Student loan programs	<u>15,183,540</u>	<u>149,819</u>	<u>(159,552)</u>	<u>15,173,807</u>	<u>-</u>
	<u>\$453,102,121</u>	<u>128,041,122</u>	<u>(12,947,014)</u>	<u>568,196,229</u>	<u>\$ 9,232,741</u>
Component Units long-term liabilities					
Due to University of New Mexico	\$ 19,490,372	3,650,203	-	23,140,575	\$ 23,140,575
Deferred annuities payable	<u>1,555,780</u>	<u>438,366</u>	<u>(146,790)</u>	<u>1,847,356</u>	<u>305,957</u>
	<u>\$ 21,046,152</u>	<u>4,088,569</u>	<u>(146,790)</u>	<u>24,987,931</u>	<u>\$ 23,446,532</u>

	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>

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

### (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>2006</u>	<u>2005</u>
Subordinate Lien System Revenue Bonds (Taxable)	\$ 5,585,000	\$ 5,585,000
Series 2003B with interest ranging from		
1.35% to 5.625% - final maturity 2024		
Subordinate Lien System Revenue Bonds	5,615,000	5,830,000
Series 2003C with interest ranging from		
4.5% to 4.6% - final maturity 2033		
Subordinate Lien System Refunding Revenue Bonds	19,235,000	20,065,000
Series 2003A with interest ranging from		
2.00% to 5.25% - final maturity 2018		
Subordinate Lien System Refunding & Improvement Revenue Bonds	54,745,000	56,070,000
Series 2002A with interest ranging from		
2.5% to 5.25% - final maturity 2032		
Subordinate Lien System Refunding Revenue Bonds	25,475,000	25,475,000
Series 2002B (Variable) with a synthetic fixed interest rate of 3.83%		
achieved through an interest rate exchange agreement		
final maturity 2026		
Subordinate Lien System Refunding Revenue Bonds	36,940,000	36,940,000
Series 2002C (Variable) with a synthetic fixed interest rate of 3.94%		
achieved through an interest rate exchange agreement		
final maturity 2030		
Subordinate Lien System Improvement Revenue Bonds	47,640,000	49,130,000
Series 2001 with interest at a variable rate with a		
ceiling of 12% - final maturity 2026		
System Revenue Bonds	11,381,671	12,666,671
Series 2000 with interest ranging from		
4.65 to 6.35% - final maturity 2029		
Subordinate Lien System Revenue Bonds	895,000	1,975,000
Series 1996 with interest ranging from		
4.80% to 5.50% - final maturity 2026		
Subordinate Lien Adjustable-Tender	-	3,540,000
System Revenue Refunding Bonds		
Series 1996 with synthetic interest rate of 5.10%		
achieved through an interest rate exchange agreement -		
final maturity 2006		
System Revenue Refunding Bonds	27,660,000	28,800,000
Series 1992-A with interest ranging from		
5.60% to 6.25% - final maturity 2021		
FHA Insured Hospital Mortgage Revenue Bonds	192,250,000	192,250,000
Series 2004 with interest ranging from		
2.00% to 5.00% - final maturity 2031		
Subordinate Lien System Improvement Revenue Bonds	125,575,000	-
Series 2005 with interest ranging from		
3.0% to 4.5% - final maturity 2035		
	<u>\$552,996,671</u>	<u>\$438,326,671</u>
Add: Bond premium	9,493,079	7,392,775
Less: Loss on defeased bonds	(6,030,203)	(6,591,380)
Bond discounts	(1,692,574)	(1,056,575)
Current portion of bonds payable	(9,232,741)	(10,905,000)
Bond insurance and surety premiums	(569,371)	(70,180)
Original issue discount	<u>(1,175,180)</u>	<u>(82,730)</u>
Long-term bonds payable	<u>\$543,789,681</u>	<u>\$ 427,013,581</u>

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# THE UNIVERSITY OF NEW MEXICO

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

Future debt service as of June 30, 2006 for the bonds follows:

Year ending			
June 30	Principal	Interest	Total
2007	\$ 9,232,741	\$ 26,314,130	\$ 35,546,871
2008	12,792,506	25,064,478	37,856,984
2009	14,326,741	24,497,580	38,824,321
2010	14,932,739	23,865,322	38,798,061
2011	15,492,231	23,757,288	39,249,519
2012-2016	88,073,012	108,387,426	196,460,438
2017-2021	111,311,701	84,402,045	195,713,746
2022-2026	127,605,000	54,835,021	18,440,021
2027-2031	128,780,000	25,179,446	153,959,446
2032-2035	<u>30,450,000</u>	<u>3,401,972</u>	<u>33,851,972</u>
	<u>\$552,996,671</u>	<u>\$399,704,708</u>	<u>\$952,701,379</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, 2006 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. These bonds were fully called on June 1, 2006.

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. The 1996 bonds were fully called on June 1, 2006.

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, 2006. As a result, the University is not exposed to credit rate risk as of June 30, 2006. However, should interest rates

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

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 expiration date	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.	AA-
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.	AA-
Subordinate Lien System Improvement Revenue Bonds Series 2001	4.16%	25%	Expires in 2026.	AA-
	4.19%	25%	Expires in 2026.	AA-

### (12) Health Care Revenue

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

<b>Primary Institution</b>	<u>2006</u>	<u>2005</u>
Charges at established rates	\$ 252,554,371	\$ 229,963,892
Charity care	(29,715,914)	(27,077,385)
Contractual adjustments	(83,416,555)	(79,172,502)
Provision for doubtful accounts, net	<u>(26,265,611)</u>	<u>(25,052,049)</u>
Total net patient service revenues	<u>\$ 113,156,291</u>	<u>\$ 98,661,956</u>

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

<b>Clinical operations</b>	<u>2006</u>	<u>2005</u>
Charges at established rates	\$ 704,192,411	\$ 641,321,773
Charity care	(135,784,014)	(118,225,726)
Contractual adjustments	(233,078,938)	(206,490,575)
Provision for doubtful accounts, net	<u>(54,394,457)</u>	<u>(65,357,028)</u>
Net patient service revenues	<u>280,935,002</u>	<u>251,248,444</u>
Other operating revenues	<u>16,572,481</u>	<u>16,241,311</u>
Total operating revenues	<u>\$ 297,507,483</u>	<u>\$ 267,489,755</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 settled for the Medicaid programs. Cost reports through 2004 have been final settled for the Medicare program.

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# THE UNIVERSITY OF NEW MEXICO

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

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.

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, 2006 and 2005, 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, 2006 and 2005.

##### (b) Operating Leases

The University's rent expense for operating leases amounted to \$6,241,881 and \$5,451,113 for the years ended June 30, 2006 and 2005, respectively.

The clinical operations are committed under various leases for building and office space and data processing equipment. Rental expenses on operating leases and other non-lease equipment were \$7,090,500 and \$6,379,500 in 2006 and 2005, respectively.

##### (c) Minimum Lease Payments

The following is a schedule of future minimum lease payments for Primary Institution operating leases at June 30, 2006:

Year ending <u>June 30</u>	Lease <u>Payments</u>
2007	\$ 7,928,128
2008	6,044,229
2009	5,346,756
2010	3,406,708
2011	3,000,383
2012-2016	12,044,190
2017-2021	5,203,115
2022-2026	<u>1,480,482</u>
Total	<u>\$ 44,453,991</u>

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# THE UNIVERSITY OF NEW MEXICO

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

### (B) *University as Lessor*

The University is lessor of various properties. For the years ended June 30, 2006 and 2005, respectively, total lease income, which includes annually renewable lease agreements, was \$6,489,191 and \$5,268,223.

The following is a schedule of minimum future lease income under lease terms exceeding one year as of June 30, 2006:

<u>Year ending</u> <u>June 30</u>	<u>Lease</u> <u>Payments</u>
2007	\$ 4,216,863
2008	3,135,011
2009	3,100,761
2010	3,087,047
2011	3,051,774
2012-2016	1,044,896
2017-2021	201,740
2022-2026	<u>124,665</u>
Total	<u>\$ 17,962,757</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 2005-2006 fiscal year, the University paid Risk Management \$7,290,503 in insurance premiums. During the 2004-2005 fiscal year, the University paid Risk Management \$4,234,707 in insurance premiums. The University's exposure is limited to \$1,000 per any first party incurred property loss, with the exception of theft, which has a \$5,000 deductible. After conferring with legal counsel concerning pending litigation and claims, the University administration believes that the outcome of pending litigation should not have a materially adverse effect on the financial position or operations of the University.

As a 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.

Beginning August 1, 2005, the Hospital discontinued its commercial health insurance because of prohibitive cost and began self-funding its own health plan. Blue Cross and Blue Shield of New Mexico, HMO New Mexico (BCBSNM and HMONM) provide administrative claim payment services for the Hospital's plan. Liabilities are based on an estimate of claims that have been incurred but not reported and invoices received but not yet paid. At June 30, 2006, the estimated amount of the Hospital's claims and accrued invoices was \$2.3 million. The incurred but not reported liability was calculated using information provided by Mercer Human Resource Consulting and BCBSNM. Changes in the reported liability since June 30, 2005 resulted from the following:

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# THE UNIVERSITY OF NEW MEXICO

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

		Beginning of Fiscal-Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal-Year End
2005-2006	\$	-	13,193,883	10,882,641	2,311,242

### (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 for FY06 were required by state statute to contribute 7.675% of their gross salary. The University of New Mexico was required by state statute to contribute 9.40% for FY06. The employee and employer contribution percentages will gradually increase to 7.9% and 13.9% respectively by 2011.

The payroll for employees covered by the ERA for the years ended June 30, 2006 and 2005 was \$322,994,471 and \$313,670,331, respectively. The total payroll for all employees of the University for the years ended June 30, 2006 and 2005 was \$488,682,486 and \$482,772,751, respectively. The University's contributions to the ERA were \$30,361,486, equal to the required contribution for the year ended June 30, 2006. The previous two-year's contributions to the ERA were \$27,132,484 and \$25,676,752, equal to the required contribution for the years ended June 30, 2005 and 2004, 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. Employees whose age plus the number of years of earned service credit equals 75 are eligible for retirement benefits. Eligibility for retirement benefits also occurs for employees having a combination of 25 years of earned and allowed service credit. Employees with less than 25 years of earned service credit are also eligible for limited retirement benefits at age 65 with five years of earned service credit.

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# THE UNIVERSITY OF NEW MEXICO

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

*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, 2006, 1827 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 2006 and 2005, respectively, expenses (net of employee contributions) of \$2,449,670 and \$3,541,795 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, 2006, 356 retirees participated in the tuition remission program. During the fiscal years 2006 and 2005, respectively, the tuition remission program amounted to \$186,987 and \$29,801 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 \$5,509,000 in 2006. The previous two-year's pension expenses were \$5,206,000 and \$5,208,000 for the years ended June 30, 2005 and 2004, 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

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 \$132,873,328 and \$90,586,228 at June 30, 2006 and 2005, respectively.

At June 30, 2006 the University had commitments for various projects that include completion of utility infrastructure. These commitments are funded by the following:

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University bond proceeds	\$ 100,468,704
State bonds	104,493,098
Private gifts	6,202,793
Unrestricted University funds	40,028,573
County bonds	5,829,656
Federal grants	5,261,266
State allocations	<u>24,120,078</u>
	<u>\$ 286,404,168</u>

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# THE UNIVERSITY OF NEW MEXICO

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

### (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.

### (C) *Mortgage Reserve Fund*

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

	<u>Annual Contribution</u>
2007	\$ 1,174,120
2008	2,396,076
2009	2,493,696
2010	2,595,294
2011	2,701,030
2012-2016	12,737,689
2017-2021	<u>1,377,476</u>
Total	<u>\$ 25,475,381</u>

## (17) **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.

### (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.

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# THE UNIVERSITY OF NEW MEXICO

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

(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 generally no material impact to the financial statements. However, in June 2006, the Lobo Club made a \$2.3 million payment after the Lobo Club's fiscal year end, but prior to the University's June 30, 2006 fiscal year end. This payment is reflected in these 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.

# THE UNIVERSITY OF NEW MEXICO

# SCHEDULE 1

## Budget Comparison - Unrestricted and Restricted - All Operations For the year ended June 30, 2006

	Original Budget	Revised Budget	Actuals	Revised Budget Less Actuals
<b>Unrestricted and Restricted Revenues</b>				
Tuition and Fees	\$ 93,476,031	\$ 94,411,608	\$ 92,193,934	\$ (2,217,674)
Misc Fees	21,363,133	23,275,273	18,303,050	(4,972,223)
Federal Government Appropriations	32,968,821	32,870,404	24,349,913	(8,520,491)
State Government Appropriations	263,740,204	282,723,341	277,488,088	(5,235,253)
State Lottery Appropriations	18,243,400	19,000,000	18,985,799	(14,201)
Local Government Appropriations	3,632,317	3,656,276	4,061,096	404,820
Federal Government Contracts/Grants	150,388,009	149,804,638	132,989,714	(16,814,924)
State Government Contracts/Grants	64,793,436	65,953,676	61,516,921	(4,436,755)
Local Government Contracts/Grants	9,877,364	9,810,582	4,752,658	(5,057,924)
Private Contracts/Grants	44,092,973	50,422,769	42,626,859	(7,795,910)
Endowments	5,676,197	6,013,888	5,063,970	(949,918)
Land and Permanent Fund	7,481,971	7,867,709	9,140,303	1,272,594
Private Gifts	-	-	-	-
Sales and Services	254,638,246	266,484,918	267,611,994	1,127,076
Other	189,004,507	270,532,938	265,867,842	(4,665,096)
Transfer from Agency	-	6,692,500	(267,366)	(6,959,866)
Total Unrestricted and Restricted Revenues	\$ 1,159,376,609	\$ 1,289,520,520	\$ 1,224,684,775	\$ (64,835,745)
Fund balance budgeted	8,744,600	(92,674,397)	-	92,674,397
Total Unrestricted and Restricted Revenues and Cash Balance	\$ 1,168,121,209	\$ 1,196,846,123	\$ 1,224,684,775	\$ 27,838,652
<b>Unrestricted and Restricted Expenditures</b>				
Instruction	\$ 206,553,606	\$ 205,612,278	\$ 196,321,978	\$ 9,290,300
Academic Support	41,939,214	42,540,542	39,265,505	3,275,037
Student Services	22,746,205	23,667,676	22,543,441	1,124,235
Institutional Support	48,070,998	48,182,953	49,910,416	(1,727,463)
Operations and Maintenance	41,136,621	42,057,805	43,559,410	(1,501,605)
Student Social and Cultural	6,926,941	6,926,941	5,725,279	1,201,662
Research	156,156,000	157,737,970	142,515,218	15,222,752
Public Service	258,314,863	251,975,255	235,630,143	16,345,112
Internal Services	1,936,675	2,517,568	(2,504,409)	5,021,977
Student Aid, Grants & Stipends	84,329,113	89,004,124	68,533,044	20,471,080
Auxiliary Services	52,218,470	54,618,470	50,498,255	4,120,215
Intercollegiate Athletics	24,206,520	24,206,520	24,706,363	(499,843)
Independent Ops	71,090,400	71,817,800	69,395,854	2,421,946
Capital Outlay	123,925,999	144,036,542	93,223,741	50,812,801
Building Renewal & Replacement	5,380,258	5,380,258	3,970,787	1,409,471
Retirement of Indebtedness	23,189,326	26,563,421	27,731,400	(1,167,979)
Total Unrestricted and Restricted Expenditures	\$ 1,168,121,209	\$ 1,196,846,123	\$ 1,071,026,425	\$ 125,819,698
Change in Net Assets (Budgetary Basis)	\$ -	\$ -	\$ 153,658,350	\$ 153,658,350
<b>Change in net assets per basic financial statements</b>			\$ 118,317,932	
Endowment Fund items			(23,560,681)	
Capital outlay/renewal & replacement			(103,669,699)	
Bond Issuance			126,118,929	
Depreciation expense			43,264,900	
Land and Permanent Fund income			(12,380,064)	
University of New Mexico Hospital (not in budgetary basis)			(5,160,987)	
New Mexico Psychiatric Center (not in budgetary basis)			3,166,964	
Other Clinical Operations (not in budgetary basis)			5,377,645	
Other			2,183,411	
Adjusted net operating expense			\$ 153,658,350	

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. 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, 2006

	Original Budget	Revised Budget	Actuals	Revised Budget Less Actuals
Unrestricted Revenues				
Tuition and Fees	\$ 93,358,031	\$ 94,293,608	\$ 92,092,713	\$ (2,200,895)
Misc Fees	7,761,456	7,888,976	2,737,782	(5,151,194)
Federal Government Appropriations	-	-	-	-
State Government Appropriations	211,184,743	211,847,009	211,952,062	105,053
State Lottery Appropriations	18,243,400	19,000,000	18,985,799	(14,201)
Local Government Appropriations	3,582,317	3,636,276	4,041,096	404,820
Federal Government Contracts/Grants	250,000	250,000	272,676	22,676
State Government Contracts/Grants	-	64,444	-	(64,444)
Local Government Contracts/Grants	-	-	-	-
Private Contracts/Grants	-	-	-	-
Endowments	2,436,148	2,951,823	2,528,191	(423,632)
Land and Permanent Fund	7,481,971	7,867,709	9,140,303	1,272,594
Private Gifts	-	-	-	-
Sales and Services	205,200	1,769,558	898,403	(871,155)
Other	46,564,292	43,008,739	46,184,455	3,175,716
Transfers	(50,885,025)	(51,718,777)	(48,968,467)	2,750,310
Total Unrestricted Revenues	\$ 340,182,533	\$ 340,859,365	\$ 339,865,013	\$ (994,352)
Fund balance budgeted	906,045	1,889,327	-	(1,889,327)
Total Unrestricted Revenues and Cash Balance	\$ 341,088,578	\$ 342,748,692	\$ 339,865,013	\$ (2,883,679)
Unrestricted Expenditures				
Instruction	\$ 191,615,588	\$ 190,887,446	\$ 185,799,272	\$ 5,088,174
Academic Support	40,700,553	41,264,781	38,504,737	2,760,044
Student Services	20,138,739	20,929,628	20,966,329	(36,701)
Institutional Support	47,593,660	47,705,615	49,605,499	(1,899,884)
Operations and Maintenance	41,040,038	41,961,222	43,521,163	(1,559,941)
Total Unrestricted Expenditures	\$ 341,088,578	\$ 342,748,692	\$ 338,397,000	\$ 4,351,692
Change in Net Assets (Budgetary Basis)	\$ -	\$ -	\$ 1,468,013	\$ 1,468,013

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, 2006

	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	59,885	(33,736)
State Government Appropriations	147,261	147,261	118,026	(29,235)
Local Government Appropriations	-	-	-	-
Federal Government Contracts/Grants	11,204,159	11,126,676	8,667,209	(2,459,467)
State Government Contracts/Grants	2,859,239	2,941,718	2,514,132	(427,586)
Local Government Contracts/Grants	2,031,886	2,009,986	951,015	(1,058,971)
Private Contracts/Grants	2,771,900	2,771,900	622,401	(2,149,499)
Endowments	-	-	(1,314)	(1,314)
Land and Permanent Fund	-	-	-	-
Private Gifts	-	-	-	-
Sales and Services	-	-	-	-
Other	-	-	-	-
Transfers	250,000	221,400	272,396	50,996
Total Restricted Revenues	\$ 19,358,066	\$ 19,312,562	\$ 13,203,750	\$ (6,108,812)
Fund balance budgeted	-	-	-	-
Total Restricted Revenues and Cash Balance	\$ 19,358,066	\$ 19,312,562	\$ 13,203,750	\$ (6,108,812)
<b>Restricted Expenditures</b>				
Instruction	\$ 14,938,018	\$ 14,724,832	\$ 10,522,706	\$ 4,202,126
Academic Support	1,238,661	1,275,761	760,768	514,993
Student Services	2,607,466	2,738,048	1,577,112	1,160,936
Institutional Support	477,338	477,338	304,917	172,421
Operations and Maintenance	96,583	96,583	38,247	58,336
Total Restricted Expenditures	\$ 19,358,066	\$ 19,312,562	\$ 13,203,750	\$ 6,108,812
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, 2006

	Original Budget	Revised Budget	Actuals	Revised Budget Less Actuals
<b>Unrestricted Revenues</b>				
Tuition and Fees	\$ 118,000	\$ 118,000	\$ 101,221	\$ (16,779)
Misc Fees	13,601,677	15,386,297	15,565,268	178,971
Federal Government Appropriations	-	-	-	-
State Government Appropriations	52,408,200	70,407,300	65,165,786	(5,241,514)
Local Government Appropriations	50,000	-	-	-
Federal Government Contracts/Grants	7,021,595	5,698,896	4,999,171	(699,725)
State Government Contracts/Grants	34,430,059	35,229,476	35,352,779	123,303
Local Government Contracts/Grants	301,418	198,556	7,563	(190,993)
Private Contracts/Grants	13,614,759	20,112,840	23,274,608	3,161,768
Endowments	3,240,049	2,637,065	2,537,093	(99,972)
Land and Permanent Fund	-	-	-	-
Private Gifts	-	-	-	-
Sales and Services	254,424,134	264,604,628	266,713,591	2,108,963
Other	142,440,215	227,524,199	219,681,557	(7,842,642)
Transfers	48,420,025	54,689,177	46,555,704	(8,133,473)
Total Unrestricted Revenues	\$ 570,070,131	\$ 696,606,434	\$ 679,954,341	\$ (16,652,093)
Fund balance budgeted	7,838,555	(94,563,724)	-	94,563,724
Total Unrestricted Revenues and Cash Balance	\$ 577,908,686	\$ 602,042,710	\$ 679,954,341	\$ 77,911,631
<b>Unrestricted Expenditures</b>				
Student Social and Cultural	\$ 6,403,941	\$ 6,403,941	\$ 5,487,949	\$ 915,992
Research	41,391,100	41,391,170	33,291,512	8,099,658
Public Service	194,534,234	188,368,946	187,114,052	1,254,894
Internal Services	1,710,215	2,291,108	(2,575,254)	4,866,362
Student Aid, Grants & Stipends	34,262,883	37,369,194	35,090,298	2,278,896
Auxiliary Services	51,918,330	54,318,330	50,335,761	3,982,569
Intercollegiate Athletics	24,102,000	24,102,000	24,701,755	(599,755)
Independent Ops	71,090,400	71,817,800	69,392,003	2,425,797
Capital Outlay	123,925,999	144,036,542	93,223,741	50,812,801
Building Renewal & Replacement	5,380,258	5,380,258	3,970,787	1,409,471
Retirement of Indebtedness	23,189,326	26,563,421	27,731,400	(1,167,979)
Total Unrestricted Expenditures	\$ 577,908,686	\$ 602,042,710	\$ 527,764,004	\$ 74,278,706
Change in Net Assets (Budgetary Basis)	\$ -	\$ -	\$ 152,190,337	\$ 152,190,337

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, 2006

	Original Budget	Revised Budget	Actuals	Revised Budget Less Actuals
<b>Restricted Revenues</b>				
Tuition and Fees	\$ -	\$ -	\$ -	\$ -
Misc Fees	-	-	-	-
Federal Government Appropriations	32,875,200	32,776,783	24,290,028	(8,486,755)
State Government Appropriations	-	321,771	252,214	(69,557)
Local Government Appropriations	-	20,000	20,000	-
Federal Government Contracts/Grants	131,912,255	132,729,066	119,050,658	(13,678,408)
State Government Contracts/Grants	27,504,138	27,718,038	23,650,010	(4,068,028)
Local Government Contracts/Grants	7,544,060	7,602,040	3,794,080	(3,807,960)
Private Contracts/Grants	27,706,314	27,538,029	18,729,850	(8,808,179)
Endowments	-	425,000	-	(425,000)
Land and Permanent Fund	-	-	-	-
Private Gifts	-	-	-	-
Sales and Services	8,912	110,732	-	(110,732)
Other	-	-	1,830	1,830
Transfers	2,215,000	3,500,700	1,873,001	(1,627,699)
Total Restricted Revenues	\$ 229,765,879	\$ 232,742,159	\$ 191,661,671	\$ (41,080,488)
Fund balance budgeted	-	-	-	-
Total Restricted Revenues and Cash Balance	\$ 229,765,879	\$ 232,742,159	\$ 191,661,671	\$ (41,080,488)
<b>Restricted Expenditures</b>				
Student Social and Cultural	\$ 523,000	\$ 523,000	\$ 237,330	\$ 285,670
Research	114,764,900	116,346,800	109,223,706	7,123,094
Public Service	63,780,629	63,606,309	48,516,091	15,090,218
Internal Services	226,460	226,460	70,845	155,615
Student Aid, Grants & Stipends	50,066,230	51,634,930	33,442,746	18,192,184
Auxiliary Services	300,140	300,140	162,494	137,646
Intercollegiate Athletics	104,520	104,520	4,608	99,912
Independent Ops	-	-	3,851	(3,851)
Capital Outlay	-	-	-	-
Building Renewal & Replacement	-	-	-	-
Retirement of Indebtedness	-	-	-	-
Total Restricted Expenditures	\$ 229,765,879	\$ 232,742,159	\$ 191,661,671	\$ 41,080,488
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, 2006

Financial Institution	CUSIP Identification	Maturity Date	Type of Securities	Account Type	Account Name
Bank of America	31385XAZ0	05/01/2033	U.S. FNMA		
	31385XAZ0	05/01/2033	U.S. FNMA	Checking	University Hospital Operating Account
				Checking	General Depository
First Community Bank	3133X0LJ6	08/15/2008	Federal Securities		
	3133X2BZ7	11/14/2008	Federal Securities		
	3133X4ZC8	04/15/2009	Federal Securities		
	545562KX7	07/15/2013	Municipal Securities		
				Checking	Taos Harwood Depository
				Checking	Taos Harwood Petty Cash
				Checking	Taos Education Center Depository
				Checking	Taos Education Center Petty Cash
				Checking	Valencia Campus Depository
				Checking	Valencia Campus Petty Cash
Los Alamos National Bank				Checking	Los Alamos Campus Depository
				Checking	Los Alamos Campus Petty Cash
Wells Fargo Bank				Checking	Gallup Campus Petty Cash

## Total

Component Unit deposits held by UNM

Net non-depository cash and cash equivalents

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

## Total Component Units

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
					60,319,748	
					68,390,813	
\$ 42,473,891	\$ 58,605,956					
79,216,823	57,489,784					
\$ 121,690,714	\$ 116,095,740	\$ 200,000	\$ 115,895,740	\$ 57,947,870	\$ 128,710,561	\$ 70,762,691
					28,988	
					67,134	
					150,400	
					193,982	
\$ 3,182	\$ 1,173					
1,200	35					
4,063	2,995					
7,500	4,031					
4,031	3,411					
15,000	9,262					
\$ 34,976	\$ 20,907	\$ 20,907	\$ -	\$ -	\$ 440,504	\$ 440,504
\$ 15,777	\$ 13,526					
10,000	8,553					
\$ 25,777	\$ 22,079	\$ 22,079	\$ -	\$ -	\$ -	\$ -
	-					
\$ 10,000	\$ 5,569					
\$ 10,000	\$ 5,569	\$ 5,569	\$ -	\$ -	\$ -	\$ -
<b>\$ 121,761,467</b>	<b>\$ 116,144,295</b>	<b>\$ 248,555</b>	<b>\$ 115,895,740</b>	<b>\$ 57,947,870</b>	<b>\$ 129,151,065</b>	<b>\$ 71,203,195</b>
(25,889,772)						
(1,804,766)						
<b>\$ 94,066,929</b>						
<b>\$ 41,625,592</b>	<b>\$ 23,041,215</b>	<b>\$ 768,168</b>	<b>\$ 22,273,047</b>	<b>\$ 11,136,524</b>	<b>\$ 14,189,347</b>	<b>\$ 3,052,823</b>

# THE UNIVERSITY OF NEW MEXICO

# SCHEDULE 7

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2006

	<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		\$ 514,296
Department of Commerce	11		\$ 743,000
Department of Defense			
DARPA	12		\$ 2,733,488
DTRA			2,734,379
Department of the Air Force	12		6,570,299
Department of the Army	12		3,455,811
Department of the Navy	12		1,127,589
National Security Agency	12		-
Naval Reconnaissance Office	12		-
Other Departments	12		2,040,502
Total Department of Defense			<u>\$ 18,662,068</u>
Department of Education	84		\$ 133,814
Department of Energy	81		\$ 11,710,351
Department of Health & Human Services			
Administration	93		\$ -
AHRQ	93		248,452
Centers for Disease Control	93		1,486,315
Health Resources & Services Admin	93		1,001,555
Indian Health Services	93		312,889
National Institutes of Health	93		58,193,994
Other Departments	93		8,711,494
Total Department of Health & Human Services			<u>\$ 69,954,699</u>
Department of the Interior	15		\$ 4,592,820
Department of Justice	16		\$ 213,400
Department of State	19		\$ -
Department of Transportation	20		\$ 484,760
National Aeronautics & Space Administration	43		\$ 2,942,328
National Foundation on the Arts & the Humanities	45		\$ 144,262
National Science Foundation	47		\$ 18,934,604
U.S. Environmental Protection Agency	66		\$ 471,547
Other Agencies			\$ 35,293
<i>Total Research and Development</i>			<u>\$ 129,537,242</u>
<i>Student Financial Aid</i>			
Department of Education			
Federal Supplemental Educational Opportunity Grants	84.007	P007A042658	\$ 797,160
Federal Work-Study Program	84.033	P033A042658	1,938,133
Pell Grants	84.063	P063P040276	23,072,867
Total Department of Education			<u>\$ 25,808,160</u>
Department of Health & Human Services	93.358		60,424
Department of Health & Human Services	93.925		350,115
<i>Total Student Financial Aid</i>			<u>\$ 26,218,699</u>
<i>Other Major</i>			
Health Resources And Services Administration	93.887	1 C76HF03493-01-00	\$ 4,914,034
<i>Total Other Major</i>			<u>\$ 4,914,034</u>
<b>TOTAL MAJOR PROGRAMS</b>			<u><u>\$ 160,669,975</u></u>

# THE UNIVERSITY OF NEW MEXICO

# SCHEDULE 7

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2006

	<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	06-521-0400-0026	\$ 78,952
Department of Agriculture	10.000	58-6201-1-002	3,303
Cooperative State Research, Education, And Extension Service	10.206	2006-55215-16721	41,041
Department of Agriculture	10.223	2005-38422-15954	9,379
Food And Consumer Service, Department of Agriculture	10.550	NMSU SUB-H12, Q00958	46,559
Department of Agriculture	10.855	DISTANCE LEARNING & TELEMEDICI	65
Department of Agriculture	10.855	GRANT AGREEMENT 11/15/01	(6,382)
Department of Commerce	11.550	35-02-N00058	372,537
Department of Commerce	11.550	35-02-N00058	516,324
Department of Commerce	11.550	35-02-N00058	902,054
Department of Commerce	11.550	35-02-N05057	86,686
Department of Commerce	11.552	35-60-I01068	192
Department of Commerce	11.552	35-60-I01068	20,975
Department of Defense	12.000	CK # 1038 & 1039	4,650
Department of Defense	12.000	F29601-01D-0083 TO 0023	166,437
Department of Defense	12.000	F2KBAB5298MD01 IPA 303	100,243
Department of Defense	12.000	F2KBAB6025MD04 IPA 026	19,754
Department of Defense	12.000	F2KBAB6025MD07( LUKE EMMERT)	11,988
Department of Defense	12.000	F2KBAB6026MD01 IPA 127	51,186
Department of Defense	12.000	F496205224GUENTHER	7,052
Department of Defense	12.000	FA3300-05-P-0238	43,148
Department of Defense	12.000	FA9401-06-P-0005	3,111
Department of Defense	12.000	IPA WELCH	72,038
Department of Defense	12.000	IPA 026-RODERICK	12,614
Department of Defense	12.000	IPA 127-JOHN GAUDET	10,238
Department of Defense	12.000	IPA 187-JONES	89,871
Department of Defense	12.000	IPA 187-JONES	52,479
Department of Defense	12.000	IPA 220-BARTH	77,834
Department of Defense	12.000	IPA 220-BARTH F2KBAA5339MD01	34,058
Department of Defense	12.000	IPA 244 - DR. NG	15,746
Department of Defense	12.000	IPA 251 F2KBAB6075M001	(5,292)
Department of Defense	12.000	IPA 251 F2KBAB6075M001	49,013
Department of Defense	12.000	IPA 258 SHAY F2KBAB6040MD02	97,477
Department of Defense	12.000	IPA 258 SHAY F2KBAB6040MD02	101,552
Department of Defense	12.000	IPA 266 SHEDD	46,606
Department of Defense	12.000	IPA 266 SHEDD	11,952
Department of Defense	12.000	IPA 270 FY 04-05	7,244
Department of Defense	12.000	IPA 270 SANCHEZ	51,928
Department of Defense	12.000	IPA 271 - DR. RAZANI	20,838
Department of Defense	12.000	IPA 273 EMIN	20,333
Department of Defense	12.000	IPA 273 EMIN	20,527
Department of Defense	12.000	IPA 279-JAMSHIDI	12,560
Department of Defense	12.000	IPA 288	13,544
Department of Defense	12.000	IPA 288	50,203
Department of Defense	12.000	IPA 298 - MERRITT	14,273
Department of Defense	12.000	IPA 298 MERRITTF2KBAB6040MD01	71,396
Department of Defense	12.000	IPA JAMES WELCH FY 05-06	71,094
Department of Defense	12.000	IPA112 F2KBAA5307MD01	104,763
Department of Defense	12.000	IPA237PEPLINSKI F2KBAB5306MD03	1,061
Department of Defense	12.000	IPA237PEPLINSKI F2KBAB5306MD03	127,619
Department of Defense	12.000	IPA277-RANDALL TRUMAN	14,964
Department of Defense	12.000	IPA-HAGER/AFIT	26,759
Department of Defense	12.000	IPA-RAZANI	57,613
Department of Defense	12.000	IPA-TED SHEPPARD	43,502
Department of Defense	12.000	MIPR W81G6962706089	2,349
Department of Defense	12.000	PO# NM-43012-02	(8)
Department of Defense	12.000	S000000370	16,810
Department of Defense	12.000	W81G6981753738	1,367
Department of Defense	12.000	W81G6992354350	2,944
Department of Defense	12.101	LTR 10/20/03	167
Department of Defense	12.101	LTR 10/20/03	14,980

# THE UNIVERSITY OF NEW MEXICO

# SCHEDULE 7

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2006

	<u>FEDERAL CFDA NUMBER</u>	<u>CONTRACT/GRANT NUMBER</u>	<u>YEAR TO DATE EXPENDITURES</u>
Department of Defense	12.800	FA3300-06-P-0227	\$ 18,064
Department of Defense	12.800	FA3300-06-P-0229	2,377
Department of Defense	12.800	IPA 306 BOWERS F2KBAB6025MD06	31,691
Department of Housing and Urban Development	14.000	HSIAC-00-NM-03	3
Department of Housing and Urban Development	14.218	PSA-05-52	170,602
Department of Housing and Urban Development	14.218	PSA-05-50	142,149
Department of Housing and Urban Development	14.512	LTR OF 5/2/02	4,626
Department of the Interior	15.000	8356/WALLERSTEIN	38,638
Department of the Interior	15.000	C028613, AMEND 6	249,393
Department of the Interior	15.000	CMK0E020149/0001	407,112
Department of the Interior	15.000	H1212060017	9,683
Department of the Interior	15.000	KOE020143 TASK 1 & 2 COST SHAR	128,910
Department of the Interior	15.000	KOE020143 TASK 1 & 2 COST SHAR	35,955
Department of the Interior	15.000	NONE	-
Department of the Interior	15.000	PSA-04-02	15,439
Department of the Interior	15.000	SML0E050711	418,170
Department of the Interior	15.000	W81G6932613771	266
Bureau of Indian Affairs, Department of The Interior	15.020	MULLOY/LAGUNA	6,526
Bureau of Indian Affairs, Department of The Interior	15.048	6TGS240008/9/10/11	111,392
Bureau of Indian Affairs	15.100	PO# 60200009100	(4,557)
Bureau of Indian Affairs	15.100	WALLERSTEIN/8240	33,063
Department of the Interior	15.252	2004-0069-000	6,762
Department of the Interior	15.809	03HQAG0176	(88)
Department of Justice	16.000	2005-VA-944	21,078
Civil Rights Division, Department of Justice	16.100	05/PAUL COVERDELL/LATHROP	20,858
Civil Rights Division, Department of Justice	16.100	2003-DN-BX-0097	2
Civil Rights Division, Department of Justice	16.100	5P-CIV01-0050	4,063
Department of Justice	16.503	05-690-7000-7163	77,352
Office of Justice Programs, Office For Victims of Crime	16.575	2006-VA-185 2004-VA-GX-0049	838
Office of Justice Programs, Office For Victims of Crime	16.575	NONE	23,005
Office of Justice Programs, Office For Victims of Crime	16.582	2003-WF-BX-0220	4,250
Department of Justice	16.588	2004-WF-734	(2,786)
Department of Justice	16.588	2005-WF-924	20,385
Department of Labor	17.000	PSA-01-35	67,819
Department of Labor	17.000	WI-13242-03-60	120,596
Department of Labor	17.000	WIA/NCDF/2004-01	3,635
Department of Labor	17.000	WIA/NCDF/2004-08	56
Department of Transportation	20.000	CO 4126	(1,274)
Department of Transportation	20.000	CO 4126	(130)
Department of Transportation	20.000	CO4545	(1)
Department of Transportation	20.000	CO4547	(9)
Department of Transportation	20.000	CO4553	(2)
Department of Transportation	20.000	CO4653	71,848
Department of Transportation	20.000	CO4662	66,436
Department of Transportation	20.000	CO4772	169,535
Department of Transportation	20.000	COOP AGMT NM-26-7003	945
Department of Transportation	20.000	DTNH22-05-H-05066	24,031
Department of Transportation	20.000	M00362	82,022
Department of Transportation	20.215	02-447420-NSTI-UNM-NM	18,707
Department of Transportation	20.215	02-447420-NSTI-UNM-NM	246
Department of the Treasury	21.008	2005150	69,414
National Aeronautics & Space Administration	43.000	AGMT Q01043	40,918
National Aeronautics & Space Administration	43.000	SPAS #18741/NAG5-11980	4,000
National Aeronautics & Space Administration	43.000	SUBCONTR Q00626	(769)
National Aeronautics & Space Administration	43.001	INSTITUTIONAL PARTNERSHIP AGMT	56,129
National Aeronautics & Space Administration	43.001	NNJ04JL36G	267,507
National Aeronautics & Space Administration	43.001	SUBCONTRACT AGMT 05-007	23,730
National Aeronautics & Space Administration	43.002	HST-ED-90253.01-A	16,664
National Aeronautics & Space Administration	43.002	NAG5-12796	212,178
National Aeronautics & Space Administration	43.002	NAG5-12796	15,947
National Aeronautics & Space Administration	43.002	NGT9-68	(2,911)
National Foundation on the Arts & Humanities	45.000	GRANT #EE-50182-05	76,124
National Foundation on the Arts & Humanities	45.024	04-4100-5035	2,624

# THE UNIVERSITY OF NEW MEXICO

# SCHEDULE 7

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2006

	<u>FEDERAL CFDA NUMBER</u>	<u>CONTRACT/GRANT NUMBER</u>	<u>YEAR TO DATE EXPENDITURES</u>
National Foundation on the Arts & Humanities	45.024	04-7700-3009	\$ 617
National Foundation on the Arts & Humanities	45.025	CUGE 06-101	12,355
National Foundation on the Arts & Humanities	45.025	MCO #04-113	(222)
National Foundation on the Arts & Humanities	45.163	FS-50043-04	14,450
National Foundation on the Arts & Humanities	45.301	ML-02-03-0109-03	57,128
National Foundation on the Arts & Humanities	45.313	PA-50954-05	2,800
National Science Foundation	47.000	CF65C-2004	61,983
National Science Foundation	47.000	CHE-0418643	37,100
National Science Foundation	47.000	DBI-0242318	(19)
National Science Foundation	47.000	DGE-9616155	(17,933)
National Science Foundation	47.000	Q00469 AMEND4	(5,179)
National Science Foundation	47.000	Q00610/HRD0086701	58,913
National Science Foundation	47.000	Q00610/HRD0086701	25,743
National Science Foundation	47.000	SUBCONTRACT/DUE0202424	(5,712)
National Science Foundation	47.041	SUBAWARD KMD5276-21-40/SUB	30,174
National Science Foundation	47.041	V2005SB0006/V05HS002 G	20,863
National Science Foundation	47.041	V2006GP001/V06CC001	14,740
National Science Foundation	47.041	V2006SB0009/V06HS004	382
National Science Foundation	47.049	DMS-0431484	6,280
National Science Foundation	47.049	PHY-0400838	67,832
National Science Foundation	47.049	PHY-0607304	9,000
National Science Foundation	47.070	CNS-0539982	8,596
National Science Foundation	47.070	SES-0328656	12,248
National Science Foundation	47.074	99-007	108,980
National Science Foundation	47.074	DUE-0433818	63,036
National Science Foundation	47.074	DUE-0433818	94
National Science Foundation	47.074	OISE-0436605	55,532
National Science Foundation	47.075	BCS-0422628	4,285
National Science Foundation	47.075	BCS-0505107	42,958
National Science Foundation	47.076	DGE-0114319	598,935
National Science Foundation	47.076	DGE-0237002	303,412
National Science Foundation	47.076	DGE-0338283	378,627
National Science Foundation	47.076	DGE-0338283	38,757
National Science Foundation	47.076	DGE-0504276	44,425
National Science Foundation	47.076	DUE-0422096	93,745
National Science Foundation	47.076	KMD5276-21-36/39SUBS05US006	91
National Science Foundation	47.076	KMD5276-21-38/SUB	(274)
National Science Foundation	47.076	KMD5276-21-41/SUB F05US009/10	201
National Science Foundation	47.076	Q00894, AMEND #1C	38,154
National Science Foundation	47.076	Q00903	3,857
National Science Foundation	47.077	INT-9900386	4,252
Small Business Administration	59.000	4603001Z003216	5,119
Small Business Administration	59.000	4-603001-Z-0032-16	803
Small Business Administration	59.000	5-603001-Z-0032-17	17,110
Small Business Administration	59.000	5-603001-Z-0032-17	138,194
Small Business Administration	59.000	5-603001-Z-0032-17	155,335
Small Business Administration	59.000	5-603001-Z-0032-17	107,678
Small Business Administration	59.037	4603001Z003216	(527)
Small Business Administration	59.037	4603001Z003216	163,204
Department of Veterans Affairs	64.115	IPA AGREEMENT	13,078
Environmental Protection Agency	66.000	PO #NM 002 FY05 FESTF	534
Environmental Protection Agency	66.000	PO 81687/AMD #3	5,519
Environmental Protection Agency	66.607	U 91621701-0	6,496
Commodity Futures Trading Comm	78.004	ASSIGN AGMT-HRANAIOVA	13,280
Department of Energy	81.000	#15676-001-05	14,735
Department of Energy	81.000	01-4-23147	(1,674)
Department of Energy	81.000	04-444203-NEP-UNM-NM	117,525
Department of Energy	81.000	10810-001-05 3F	19,034
Department of Energy	81.000	14780-001-05	104
Department of Energy	81.000	14780-001-05	1,142
Department of Energy	81.000	30154-001-06	3,892
Department of Energy	81.000	36929-001-06	16,944
Department of Energy	81.000	408825	38,752

# THE UNIVERSITY OF NEW MEXICO

# SCHEDULE 7

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2006

	<u>FEDERAL CFDA NUMBER</u>	<u>CONTRACT/GRANT NUMBER</u>	<u>YEAR TO DATE EXPENDITURES</u>
Department of Energy	81.000	493152	\$ 312,479
Department of Energy	81.000	73067-001-03 2R	3,803
Department of Energy	81.000	74351-001-04-2H	909
Department of Energy	81.000	74351-001-04-2H	43,112
Department of Energy	81.000	7910-16126-9, MOD 13	10,023
Department of Energy	81.000	ADC-0-30420-01	3,100
Department of Energy	81.000	AGMT 68732	21,472
Department of Energy	81.000	AGREEMENT	51,109
Department of Energy	81.000	CONTRACT DATED 11/19/03	(43,883)
Department of Energy	81.000	CONTRACT DATED 11/19/03	2,207
Department of Energy	81.000	CONTRACT NO. 00044825	75,000
Department of Energy	81.000	LTR 9/29/04	12,395
Department of Energy	81.000	LTR DATED 9/29/04	19,787
Department of Energy	81.000	NRC-02-02-016	72,473
Department of Energy	81.000	PO 99112	52,249
Department of Energy	81.000	SC NO. 02763-001-04	70,804
Department of Energy	81.000	SC#DE-FG07-011D14013-UNM	33,817
Office of Energy Research, Department of Energy	81.049	DE-FG02-04CH11207	62,970
Department of Energy	81.049	DE-FG03-00ER63052	129,600
Department of Energy	81.106	DE-FC04-98AL-78881	(3,082)
Department of Energy	81.106	DEFC2805RW12347	142,469
Federal Emergency Management Agency	83.000	EMT-2005-GR-0116	85,465
Federal Emergency Management Agency	83.000	PSA-05-46 06-790-5000-0028	55,146
Federal Emergency Management Agency	83.000	PSA-06-02-EMW-2005-CA-0695	11,120
Federal Emergency Management Agency	83.000	PSA-06-03/EMW-2005-CA-0695-UNM	22,952
Department of Education	84.000	014-2-11-855 PERKINS	9,257
Department of Education	84.000	014-2-11-855 PERKINS	6,513
Department of Education	84.000	014-2-11-855 PERKINS	114,059
Department of Education	84.000	014-2-11-855 PERKINS	(713)
Department of Education	84.000	04-924-P527-0160	269,153
Department of Education	84.000	07UNM.07.0012	415
Department of Education	84.000	07UNM/07.0005	275
Department of Education	84.000	07UNM/07.0010	441
Department of Education	84.000	251844	17,861
Department of Education	84.000	CONTACT 96-NM04 AMEND C 11	38,571
Department of Education	84.000	CONTRACT #06-NM07	17,983
Department of Education	84.000	GEAR UP 2004-05	2,452
Department of Education	84.000	GEAR UP 2004-05	33,511
Department of Education	84.000	GEAR UP 2004-05	22,269
Department of Education	84.000	H324R020030	(25,457)
Department of Education	84.000	H325D020033-03	20
Department of Education	84.000	H325D020033-03	227,699
Department of Education	84.000	H325E010013-04	34,275
Department of Education	84.000	ID 24151.03.013	26,840
Department of Education	84.000	LTR DATED 5/12/03	2,192
Department of Education	84.000	NMPED 673/24151	19
Department of Education	84.000	NMPED 673/24151	20,609
Department of Education	84.000	P0053809	36,175
Department of Education	84.000	P335A030077-05	689
Department of Education	84.000	P335A030077-05	21,731
Department of Education	84.000	P335A050374	142,678
Department of Education	84.000	P342A010051	5,790
Department of Education	84.000	PO #E028829	2,313
Department of Education	84.000	S359B030343	311,953
Department of Education	84.000	S359B030343	38,315
Department of Education	84.000	S363A020163-03	(31,682)
Department of Education	84.000	S363A020163-03	343,745
Department of Education	84.000	TRANSITION TO TEACHING	141,136
Department of Education	84.002	43 4 696 ABE	(70)
Department of Education	84.002	879882	(14)
Department of Education	84.002	879882	(113)
Department of Education	84.002	ABE - INSTRUCTIONAL MATERIALS	12,604
Department of Education	84.002	ABE 05/06	117,751

# THE UNIVERSITY OF NEW MEXICO

# SCHEDULE 7

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2006

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Department of Education	84.002	ABE 05/06	\$ 32,098
Department of Education	84.002	ABE 05/06	67,658
Department of Education	84.002	ABE 05/06	68,176
Department of Education	84.002	ABE 0506	210,581
Department of Education	84.002	ABE 0506	98,648
Department of Education	84.002	ABE 879882	(4,696)
Department of Education	84.002	ABE 879882	(873)
Department of Education	84.002	ABE 879882	9,817
Department of Education	84.002	ABE 879882	732
Department of Education	84.002	ABE 879882	(37)
Department of Education	84.002	ABE 879882	(136)
Department of Education	84.002	ABE 879882	(368)
Department of Education	84.002	AGREEMENT # C05-17	737
Department of Education	84.002	AGREEMENT # C05-17	20,696
Department of Education	84.002	AGREEMENT #05-16	6,343
Department of Education	84.002	BAR	(6,036)
Department of Education	84.002	BAR	(3,579)
Department of Education	84.002	BAR	(205)
Department of Education	84.002	BAR	94
Department of Education	84.002	BAR	45
Department of Education	84.002	BAR	2,065
Department of Education	84.002	BAR 6/29/05	280,172
Department of Education	84.002	BAR 6/29/05	109,867
Department of Education	84.002	BAR-ABE STATE & FEDERAL	(68)
Department of Education	84.002	BAR-ABE STATE & FEDERAL	(2,141)
Department of Education	84.002	G05-11	31
Department of Education	84.002	NMSDE ALLOCATION LTR	931
Department of Education	84.015	P0155B030096-04	49
Department of Education	84.015	P0155B030096-04	43,146
Department of Education	84.015	P0155B030096-04	84,500
Department of Education	84.015	P015A030096-05	173,905
Department of Education	84.017	P017A020037	748
Office of Special Education and Rehabilitative Services	84.027	673/24108.03.061	(117)
Department of Education	84.027	ID #24108.03.057	4,421
Department of Education	84.027	ID #24108.03.057	79,092
Office of Special Education And Rehabilitative Services	84.027	NMPED FUND 673/24108	34,401
Department of Education	84.027	PROG # 24108.04.063	284
Department of Education	84.031	P031A040058	274,840
Department of Education	84.031	P031S010008-05	1
Department of Education	84.031	P031S010008-05	110,462
Department of Education	84.031	P031S010008-05	63,675
Department of Education	84.031	P031S010008-05	96,230
Department of Education	84.031	P031S010008-05	188,807
Department of Education	84.031	P031S040017-05	327,178
Department of Education	84.031	P031S040017-05	430,645
Department of Education	84.031	P031S990062	(10,033)
Department of Education	84.042	P042A010042-03	79,823
Department of Education	84.042	P042A011212-03A	37,817
Department of Education	84.042	P042A011212-03A	14
Department of Education	84.042	P042A050666	134,066
Department of Education	84.042	P042A051018	75
Department of Education	84.042	P042A051018	39,403
Department of Education	84.042	P042A051018	186,343
Department of Education	84.047	P047A030165	519,910
Department of Education	84.047	P047A030194-05	46,928
Department of Education	84.047	P047A030194-05	158,530
Department of Education	84.048	PSC#05-924-P527-0096	77,245
Department of Education	84.051	018321855	1,759
Department of Education	84.066	P042A050588	219,586
Department of Education	84.066	P066A02011903	230,262
Office of Assistant Secretary for Postsecondary Education	84.116	P116Z030273	160
Department of Education	84.116	P116Z030286	15,963
Department of Education	84.141	S141A020003-03	239,884

# THE UNIVERSITY OF NEW MEXICO

# SCHEDULE 7

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2006

	<u>FEDERAL CFDA NUMBER</u>	<u>CONTRACT/GRANT NUMBER</u>	<u>YEAR TO DATE EXPENDITURES</u>
Department of Education	84.141	S141A020003-03	\$ 744
Department of Education	84.149	S149A010005-03	10,752
Department of Education	84.149	S149A010005-03	272,215
Office of Special Education and Rehabilitative Services	84.173	673/24136.03.004, NM PED GRANT	148,733
Office of Special Education and Rehabilitative Services	84.173	NM PED 673/24136	342,395
Department of Education	84.174	018-3-2-1-855	75,596
Department of Education	84.195	T195A010012-03	(125,784)
Department of Education	84.195	T195A010012-03	211,785
Department of Education	84.195	T195A990075-03	2,073
Department of Education	84.195	T195B010022-03	215,499
Department of Education	84.195	T195B990048-01	24
Department of Education	84.195	T195NO20043-05	61,029
Department of Education	84.195	T195NO20043-05	174,755
Department of Education	84.215	U215K040156	6,721
Department of Education	84.217	P217A030012	90
Department of Education	84.217	P217A030012	233,555
Department of Education	84.243	016-5-1-1-855	(15)
Department of Education	84.243	016-5-1-1-855	428
Department of Education	84.243	016-5-1-1-855	92,166
Department of Education	84.243	PSC 06-924-P527-0017	109,451
Department of Education	84.286	R286A000003	18,033
Department of Education	84.286	SUBCONTRACT AGREEMENT 10/30/04	(867)
Department of Education	84.295	LTR DATED 9/11/03	(2)
Department of Education	84.295	LTR DATED 9/11/03	2,643
Department of Education	84.299	S299B000004	240
Department of Education	84.303	PO #251848	(7,873)
Department of Education	84.325	H325E040062-05	236,384
Department of Education	84.326	NONE	98,799
Department of Education	84.326	PO #0000056581	8,324
Department of Education	84.337	P337A050005	103,518
Department of Health & Human Services	93.000	# 04IPA24392	24,952
Department of Health & Human Services	93.000	03.665.6200.326 AIII, 17 & 21	11,567
Department of Health & Human Services	93.000	03-690-7000-7023-01	2,554
Department of Health & Human Services	93.000	03-690-7000-7023-01	1,574
Department of Health & Human Services	93.000	04/665.4200.0451	4,153
Department of Health & Human Services	93.000	04-0037, U01 DK066143-02	4,605
Department of Health & Human Services	93.000	04-660	60,906
Department of Health & Human Services	93.000	05 & 06UNM/07.0002	455,844
Department of Health & Human Services	93.000	05 & 06UNM/07.0013	81,461
Department of Health & Human Services	93.000	05UNM/03.0040	60,803
Department of Health & Human Services	93.000	05UNM/01.0006A1, 06UNM/01.0012	86,850
Department of Health & Human Services	93.000	05UNM/03.0001 04/665.4200.0454	628
Department of Health & Human Services	93.000	05UNM/03.0012	86,499
Department of Health & Human Services	93.000	05UNM/03.0032	50,900
Department of Health & Human Services	93.000	05UNM/03.0033	22,101
Department of Health & Human Services	93.000	05UNM/03.0041	3,255
Department of Health & Human Services	93.000	05UNM/07.0012	5,830
Department of Health & Human Services	93.000	05UNM01.0029	850
Department of Health & Human Services	93.000	06UNM/01.0003.R.02	51,670
Department of Health & Human Services	93.000	06UNM/01.0006R	107,979
Department of Health & Human Services	93.000	06UNM/01.0007R.01	47,273
Department of Health & Human Services	93.000	06UNM/01.0008R	62,139
Department of Health & Human Services	93.000	06UNM/01.0009R	8,010
Department of Health & Human Services	93.000	06UNM/01.0015R & 011R	45,827
Department of Health & Human Services	93.000	06UNM/01.0016R	23,498
Department of Health & Human Services	93.000	06UNM/01.0023.A1	58,344
Department of Health & Human Services	93.000	06UNM/01.0026R	456,060
Department of Health & Human Services	93.000	06UNM/01.0027.RA2	19,661
Department of Health & Human Services	93.000	06UNM/01.0027.RA2	109,801
Department of Health & Human Services	93.000	06UNM/01.011R	32,829
Department of Health & Human Services	93.000	06UNM/01/0024RA1	93,413
Department of Health & Human Services	93.000	06UNM/03.0009R	98,046
Department of Health & Human Services	93.000	06UNM/03.0019R	49,991

# THE UNIVERSITY OF NEW MEXICO

# SCHEDULE 7

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2006

	<u>FEDERAL CFDA NUMBER</u>	<u>CONTRACT/GRANT NUMBER</u>	<u>YEAR TO DATE EXPENDITURES</u>
Department of Health & Human Services	93.000	06UNM/03.0020R	\$ 69,504
Department of Health & Human Services	93.000	06UNM/03.0021R	17,882
Department of Health & Human Services	93.000	06UNM/03.0075	13,682
Department of Health & Human Services	93.000	06UNM/03.0076R	14,954
Department of Health & Human Services	93.000	06UNM/03.0078R	218,481
Department of Health & Human Services	93.000	06UNM/03.0079R	50,308
Department of Health & Human Services	93.000	06UNM/05.0004R	111,345
Department of Health & Human Services	93.000	06UNM/05.0514R	37,936
Department of Health & Human Services	93.000	06UNM/07..014R	656,443
Department of Health & Human Services	93.000	06UNM/07.0003R	94,193
Department of Health & Human Services	93.000	06UNM/07.0005R	368,131
Department of Health & Human Services	93.000	06UNM/07.0006R	267,114
Department of Health & Human Services	93.000	06UNM/07.0007	186,506
Department of Health & Human Services	93.000	06UNM/07.0009R	17,336
Department of Health & Human Services	93.000	06UNM/07.0010R	79,827
Department of Health & Human Services	93.000	06UNM/07.0015R	75,252
Department of Health & Human Services	93.000	07UNM/02.0008	956
Department of Health & Human Services	93.000	07UNM/02.0011	160
Department of Health & Human Services	93.000	07UNM/02.0013	275
Department of Health & Human Services	93.000	07UNM/02.0014	422
Department of Health & Human Services	93.000	07UNM/07.0008	16
Department of Health & Human Services	93.000	1 F31 GM069196	(2,058)
Department of Health & Human Services	93.000	122211/122209	1,676
Department of Health & Human Services	93.000	14B42373	(10,800)
Department of Health & Human Services	93.000	200-2005-M-12190	26,493
Department of Health & Human Services	93.000	200-2006-M-15365	4,025
Department of Health & Human Services	93.000	242-00-0011 MOD#4 TO 300102180	376
Department of Health & Human Services	93.000	242-00-0059	7,680
Department of Health & Human Services	93.000	242-03-0051	33,400
Department of Health & Human Services	93.000	242-03-0055	33,364
Department of Health & Human Services	93.000	242-04-0028, MOD#2, MOD#4	167,287
Department of Health & Human Services	93.000	242-06-0021	253,863
Department of Health & Human Services	93.000	3H4BMC00001-03-01	104,759
Department of Health & Human Services	93.000	4021026700	20,265
Department of Health & Human Services	93.000	467-MZ-501807	82,081
Department of Health & Human Services	93.000	5 MRCSG030055-03	64,995
Department of Health & Human Services	93.000	5006121400	2,651
Department of Health & Human Services	93.000	5076009600	3,393
Department of Health & Human Services	93.000	5415GFB557	25,353
Department of Health & Human Services	93.000	5T01 HP01421-02-00	(6,687)
Department of Health & Human Services	93.000	62919	22,631
Department of Health & Human Services	93.000	62937, PRIME N01-LM-3514	65
Department of Health & Human Services	93.000	AK 003-UNM	88
Department of Health & Human Services	93.000	CMS-03-00335	728
Department of Health & Human Services	93.000	FY05.003.001	13,256
Department of Health & Human Services	93.000	GSA 05-0001	(1,137)
Department of Health & Human Services	93.000	GSA 05-0001 AMENDMENT NO. 1	301,029
Department of Health & Human Services	93.000	GSA 05-630-8000-0014	117,891
Department of Health & Human Services	93.000	GSA-04-16-A1	45,066
Department of Health & Human Services	93.000	INFO NET	27,166
Department of Health & Human Services	93.000	JPA 95.665.6200.0949 A12	211,966
Department of Health & Human Services	93.000	MCC-05-01	86,348
Department of Health & Human Services	93.000	N/A	4,034
Department of Health & Human Services	93.000	N01-A1-45250	88,959
Department of Health & Human Services	93.000	N01-LM-1-3515	9,449
Department of Health & Human Services	93.000	N01-LM-3515	24,130
Department of Health & Human Services	93.000	NO1-LM-1-3515	15,875
Department of Health & Human Services	93.000	NO2-CO-51111	62,946
Department of Health & Human Services	93.000	NONE	693,436
Department of Health & Human Services	93.000	PO #30061170-01	14,480
Department of Health & Human Services	93.000	PO 254-2004-M-08567	2,668
Department of Health & Human Services	93.000	PO 9000006023 #2	17,747
Department of Health & Human Services	93.000	PSA-02-22	71,081

# THE UNIVERSITY OF NEW MEXICO

# SCHEDULE 7

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2006

	<u>FEDERAL CFDA NUMBER</u>	<u>CONTRACT/GRANT NUMBER</u>	<u>YEAR TO DATE EXPENDITURES</u>
Department of Health & Human Services	93.000	R25 ES013292-01	\$ 100,996
Department of Health & Human Services	93.000	SC DATED 1/6/06	35,842
Department of Health & Human Services	93.000	SHELL	(157,186)
Department of Health & Human Services	93.000	SHELL - FY07	102
Department of Health & Human Services	93.000	SUBCONTRACT 0146A	2,050
Department of Health & Human Services	93.000	UNMHSC LIC 05	10,030
Department of Health & Human Services	93.000	V970601 MOD#4	4,686
Health Resources and Services Administration	93.107	2U77HP03032(09,10)-11-00	146,889
Department of Health & Human Services	93.110	1 T79 MC 00027-01	164,522
Health Resources and Services Administration	93.110	5-T72-MC00004-17-00	292,916
Health Resources and Services Administration	93.110	T73 MC00025-09, 10, 11	484,660
National Institutes of Health, Public Health Service	93.113	R25 ES014347-01	30,416
Health Resources and Services Administration	93.127	5 H33MC02539-03-00	111,825
Health Resources and Services Administration	93.127	5 H34MC02542-03-00	162,628
Health Resources and Services Administration	93.145	FY06.163.007 2H4AHA00064-04	287,044
Health Resources and Services Administration	93.145	SHELL - FY07	323
Health Resources and Services Administration	93.157	5 D34 HP 04055-06-01	(37,631)
Health Resources and Services Administration	93.157	D34HP04055-07	318,564
Health Resources and Services Administration	93.189	D39HP00010-14,15,16	56,126
Health Resources and Services Administration	93.192	D36HP16001-16	330,595
Office of Rural Health Policy, Office of the Administrator	93.211	4D1BTH00003-03-02	(5,108)
Office of Rural Health Policy, Office of the Administrator	93.211	H2ATH00989-01	304,785
Department of Health and Human Services	93.217	06UNM01.0016	36,716
Department of Health and Human Services	93.217	06UNM01.0016R	93,530
Agency for Health Care Policy and Research	93.226	5 UC1 HS015135-02	533,658
Indian Health Service, Public Health Service	93.228	001-FP1-5-0001	6,009
Department of Health and Human Services	93.230	200500332/R-01-321	155,159
Department of Health & Human Services	93.242	2 R25 MH060288-06	160,371
Health Resources and Services Administration	93.257	06UNM/03.0077R	233,209
Health Resources and Services Administration	93.257	07UNM/02.0024	5,482
Health Resources and Services Administration	93.257	2 H1GCS00007-02, 03, 04-00	266,393
Centers for Disease Control and Prevention	93.262	1 U60 OH008486-02	96,764
Centers for Disease Control and Prevention	93.262	SC04-05	87,739
Department of Health & Human Services	93.279	1 R03 DA018166-01	7,570
Centers for Disease Control and Prevention	93.283	AI024-21/22 AMD #1	2,495
Centers for Disease Control and Prevention	93.283	FY 06.003.006	27,483
Centers for Disease Control and Prevention	93.283	U90/CCU624260-01	198,414
Health Resources and Services Administration	93.359	D11 HP00706-01	192,241
National Institutes of Health, Public Health Service	93.395	CA98543-02	475
National Institutes of Health, Public Health Service	93.395	U10 CA98543-03, 12960, 14112	10,860
Administration for Children and Families	93.551	90CB0098/04	2,041
Administration for Children and Families	93.551	90CB0119	63,476
Department of Health & Human Services	93.558	GSA 04-09	(319)
Department of Health & Human Services	93.558	GSA 05-10	(1,146)
Department of Health & Human Services	93.558	GSA 05-10	2,275
Department of Health & Human Services	93.570	NYSPF 04-1109	1,225
Department of Health & Human Services	93.570	NYSPF 04-1109	38,728
Department of Health & Human Services	93.570	NYSPF 04-1109	33,092
Department of Health & Human Services	93.596	06-690-7000-7048	199,315
Administration for Children and Families	93.631	90DN0187	235,958
Administration for Children and Families	93.632	90DD0544/05	503,512
Health Care Financing Administration	93.778	GSA 06-630-8000-0015	19,850
Health Resources and Services Administration	93.822	1 D18 HP 03088-01	268
Health Resources and Services Administration	93.822	2 D18HP03088-04	156,953
National Institutes of Health, Public Health Service	93.839	5T35HL076595-03	25,774
National Institutes of Health, Public Health Service	93.853	1 F31 NS051144-01A1	19,229
National Institutes of Health, Public Health Service	93.853	U01 NS 045719	87,235
Department of Health & Human Services	93.859	1R25GM075149-01	110,540
Department of Health & Human Services	93.859	5 F32 GM072351-02	2,222
Department of Health & Human Services	93.859	5 F32 GM072351-02	47,482
National Institutes of Health, Public Health Service	93.865	1 U10 HD053089-01	9,641
Department of Health & Human Services	93.880	5 T34 GM00875105	169
Department of Health & Human Services	93.880	5 T34 GM00875105	(2,282)

# THE UNIVERSITY OF NEW MEXICO

# SCHEDULE 7

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2006

	<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	\$ 97,893
Health Resources and Services Administration	93.884	5 D59HP04077-02-00	236,229
Health Resources and Services Administration	93.884	D54 HP00032-04, 05, 06	252,469
Health Resources and Services Administration	93.884	D56HP00028-05,06	172,688
Health Resources and Services Administration	93.884	D57HP19164-03,04,05, 06	184,888
Health Resources and Services Administration	93.895	5D14HP00100	-
Bureau of Primary Health Care	93.918	5 H76HA00130-15-01	775,205
Department of Health and Human Services	93.919	06UNM\01.0004	25,635
Department of Health and Human Services	93.919	06UNM\01.0004R	77,863
Department of Health and Human Services	93.926	06UNM\01.0023	49,523
Department of Health and Human Services	93.926	06UNM\01.0023R	183,182
Department of Health and Human Services	93.926	06UNM\01.0025	14,000
Department of Health and Human Services	93.926	06UNM\01.0025R	42,000
Health Resources and Services Administration	93.928	4CC, 1 H97 HA00254-01	65,295
Department Of Health & Human Services	93.958	AGMT 7/1/05	2,974,548
Department of Health and Human Services	93.959	AGMT 7/1/05	251,018
Department of Health and Human Services	93.959	AGMT 7/1/05	1,555,572
Health Resources and Services Administration	93.969	D31HP70143-03, 04, 05	275,239
Department of Health & Human Services	93.996	2T01HP01421-03	991,932
Corporation for National & Community Service	94.007	05EDHNM001	22,891
Homeland Security	97.000	2004-GE-T4-0005-UNM	8,342
Homeland Security	97.000	EMT-2004-CA-0125-EDAC	54,351
Homeland Security	97.000	SC NO UNM-05-01	30,371
United States Agency for International Development	98.001	A04-0152	112,496
United States Agency for International Development	98.002	SUB TO HNE-A-97-00059-00	73,964
Federal Appropriation	99.999	1507	19,182
Federal Appropriation	99.999	1507	2,385
Federal Appropriation	99.999	1507	219,727
Federal Appropriation	99.999	ACCT #9723	34,551
Federal Appropriation	99.999	AGMT 11/24/03	19,045
Federal Appropriation	99.999	AGMT 11/24/03	18,025
Federal Appropriation	99.999	CPB 7653	116,565
Federal Appropriation	99.999	CPB ACCOUNT #8887	8,700
Federal Appropriation	99.999	GRANT 1810	335,582
Federal Appropriation	99.999	GRANT 1810	347,276
Federal Appropriation	99.999	GRANT 1810	20,075
Federal Appropriation	99.999	GRANT 1810	31,329
Federal Appropriation	99.999	GRANT 1810	32,175
Federal Appropriation	99.999	REQ. 44001673	3,959
Federal Appropriation	99.999	REQ. 44001673	12,240
<b>TOTAL NONMAJOR PROGRAMS</b>			<u>\$ 43,839,599</u>
<b>TOTAL FEDERAL AWARDS</b>			<u>\$ 204,509,574</u>

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2006

### Note 1: Significant Accounting Policies

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

### Note 2: Student Financial Aid

Perkins loans advanced to students in fiscal year 2006 totaled \$2,060,750. The outstanding Perkins loan balance at June 30, 2006 was \$12,609,559. FFEL loans advanced to students in fiscal year 2006 totaled \$75,140,497.

### 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>
National Telecommunications & Information	11.552	\$ 20,975
Air Force Office of Scientific Research	12.000	638,167
Army Corps of Engineers	12.000	13,772
AT&T Government Solutions Inc	12.000	16,846
Defense Threat Reduction Agency	12.000	14,994
Defense Threat Reduction Agency	12.000	449,481
Defense Threat Reduction Agency	12.000	32,127
Defense Threat Reduction Agency	12.000	154,927
Defense Threat Reduction Agency	12.000	467,442
Defense Advanced Research Projects Agency	12.000	964,081
Defense Threat Reduction Agency	12.000	55,067
Texas Tech University	12.000	21,532
Office of Naval Research	12.300	5,141
Army Research Office	12.300	46,362
Air Force Office of Scientific Research	12.800	88,707
Air Force Office of Scientific Research	12.800	75,835
Air Force Office of Scientific Research	12.800	154,944
Air Force Office of Scientific Research	12.800	132,531
Air Force Office of Scientific Research	12.800	288,747
Air Force Office of Scientific Research	12.800	2,214
Defense Advanced Research Projects Agency	12.910	2,486
Department of the Interior	15.000	146,327
Department of Labor	17.000	115,128
Department of Transportation	20.000	2,338
Department of Transportation	20.000	2,357
Department of Transportation	20.000	2,217
Department of Transportation	20.000	2,923
New Mexico Department of Transportation	20.000	5,285
National Academy of Sciences	20.000	24,691
NASA - Stennis	43.002	232,628
NASA - Goddard	43.002	2,500
National Endowment for the Humanities	45.149	99,682
National Science Foundation	47.000	53,632
National Science Foundation	47.000	30,943
National Science Foundation	47.000	(14,937)
National Science Foundation	47.041	14,028

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2006

<u>GRANTORS</u>	<u>CFDA NUMBER</u>	<u>YEAR TO DATE EXPENDITURES</u>
National Science Foundation	47.041	\$ 131,928
National Science Foundation	47.049	8,034
National Science Foundation	47.049	827
National Science Foundation	47.049	162,533
National Science Foundation	47.074	21,906
National Science Foundation	47.074	55,672
National Science Foundation	47.075	4,203
National Science Foundation	47.076	283,199
National Science Foundation	47.076	29,060
National Science Foundation	47.076	249,666
National Science Foundation	47.076	317
National Science Foundation	47.076	921,662
New Mexico Small Business Development Center	59.000	130,812
Environmental Protection Agency	66.509	11,795
Environmental Protection Agency	66.509	147,473
National Energy Technology Lab	81.000	183,125
Department of Energy	81.000	5,105
Department of Energy	81.049	167,719
NM Public Education Department	84.000	21,831
Department of Education	84.015	29,034
Department of Education	84.015	42,666
Department of Health and Human Services	93.000	29,075
Department of Health and Human Services	93.000	17,971
Department of Health and Human Services	93.000	67,688
Department of Health and Human Services	93.000	21,437
Department of Health and Human Services	93.000	352,632
Department of Health and Human Services	93.000	93,768
Department of Health and Human Services	93.000	420,801
Health Resources And Services Administration	93.107	101,177
National Institutes of Health	93.113	356,899
Health Resources and Services Administration	93.153	164,134
Health Resources and Services Administration	93.189	33,718
Health Resources and Services Administration	93.192	4,859
National Institute of Mental Health	93.242	43,158
National Institute of Health	93.242	89,625
Health Resources and Services Administration	93.257	29,449
Centers for Disease Control and Prevention	93.262	22,946
Department of Health and Human Services	93.273	248,298
Department of Health and Human Services	93.273	210,105
Department of Health and Human Services	93.273	(9,020)
National Institute on Alcohol Abuse and Alcoholism	93.273	116,177
National Institute on Alcohol Abuse and Alcoholism	93.273	74,171
National Institutes of Health	93.273	167,636
National Institutes of Health	93.273	29,870
Department of Health and Human Services	93.279	88,536
Department of Health and Human Services	93.279	424,877
Department of Health and Human Services	93.279	60,048
National Institutes of Health	93.361	130,780
Department of Health and Human Services	93.389	366,929
National Institutes of Health, Public Health Service	93.389	248,402
National Institutes of Health, Public Health Service	93.393	484,437
National Institutes of Health, Public Health Service	93.393	111,192
National Institutes of Health, Public Health Service	93.394	99,925

# THE UNIVERSITY OF NEW MEXICO

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Year Ended June 30, 2006

<u>GRANTORS</u>	<u>CFDA NUMBER</u>	<u>YEAR TO DATE EXPENDITURES</u>
National Institutes Of Health, Public Health Service, D	93.395	\$ 12,262
National Institutes Of Health, Public Health Service, D	93.397	14,482
National Institutes Of Health, Public Health Service, D	93.399	88,999
San Juan College	93.558	(1,140)
Administration For Children And Families, Departmen	93.631	70,229
National Institutes Of Health, Public Health Service, D	93.837	26,719
National Institutes Of Health, Public Health Service, D	93.838	11,808
National Institutes Of Health, Public Health Service, D	93.839	170,329
National Institutes Of Health, Public Health Service, D	93.847	25,237
National Institutes Of Health, Public Health Service, D	93.848	12,459
National Institutes Of Health, Public Health Service, D	93.849	35,933
National Institutes Of Health, Public Health Service, D	93.849	253,497
National Institutes Of Health, Public Health Service, D	93.855	27,638
National Institute of Allergy and Infectious Diseases	93.856	78,229
National Institutes Of Health, Public Health Service, D	93.856	157,376
National Institutes Of Health, Public Health Service, D	93.856	716,567
Dartmouth College	93.859	164
National Institutes Of Health, Public Health Service, D	93.859	32,326
National Institutes Of Health, Public Health Service, D	93.865	377,689
National Institutes Of Health, Public Health Service, D	93.866	6,462
National Institutes Of Health, Public Health Service, D	93.894	255,817
National Institutes Of Health, Public Health Service, D	93.934	46,346
National Institutes Of Health, Public Health Service, D	93.960	105,878
Health Resources And Services Administration, Public	93.969	40,616
Department of Health and Human Services	93.996	302,454
		<u>\$ 14,544,763</u>

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Year Ended June 30, 2006

### 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	\$ (279)
National Center for Genome Research	10.000	PROJECT AGREEMENT	28,126
University of Arizona	10.000	Y410369	28,331
Universidad Nacional Autonoma de Mexico	10.000	LETTER DATED 6/20/05	35,767
New Mexico Energy Minerals and Natural Resources Dept	10.000	06-521-0400-0026	78,952
Dine College	10.206	NONE	4,098
New Mexico State University	10.550	NMSU SUB-H12, Q00958	46,559
University of Illinois	12.000	SUBAWARD NO 04-127	117,165
BAE Systems	12.000	PO RP6899/DAAD19-01-2-0008	38,556
BAE Systems	12.000	PO RP6899/DAAD19-01-2-0008	180,203
BAE Systems	12.000	PO RP6899/DAAD19-01-2-0008	73,650
BAE Systems	12.000	PO RP6899/DAAD19-01-2-0008	(19,112)
BAE Systems	12.000	PO RP6899/DAAD19-01-2-0008	515
BAE Systems	12.000	PO RP6899/DAAD19-01-2-0008	23,674
Mission Research	12.000	SC-0244-00-0008;C00508.01	25,665
Honeywell Corporation	12.000	DAAD19-01-2-0010;GPA#A004608	105,353
University of Virginia	12.000	SC#GG10306-113743	154,750
University of Colorado	12.000	SPO0000031607/N00014-02-1-0714	67,665
Lite Cycle	12.000	P.O. 2564	(2,004)
Southwestern Indian Polytechnic Institute	12.000	SUBCONTRACT DTD 4/14/04	(3)
Boeing Company	12.000	PO 06199	423
NatureServe	12.000	PO# NM-43012-02	(8)
AT&T Government Solutions Inc	12.000	S000000370	16,810
Applied Research Association Inc	12.000	S-16406.1	28,394
New Mexico Military Affairs Department	12.000	05-705-0900-0003	54,609
Management Sciences	12.000	PO #03-1229	2,662
Ball Aerospace & Technologies Corp	12.000	SCZ202000/TO0014-00	(1,461)
SAIC	12.000	SC4400102800	3,363
Boeing Company	12.000	PO#Q05895741	55,580
Boeing Company	12.000	PO#Q05895741	6,255
SRI International	12.000	53-000191	22,392
NumerEx	12.000	SC 04-001	18,272
SAIC	12.000	4400107439	7,700
Ball Aerospace & Technologies Corp	12.000	SUBCONTRACT ST-C004	39,460
University of Hawaii	12.000	Z745672	19,240
Virtual EM	12.000	UNM-1	22,621
SAIC	12.000	4400119147/F29601-03-C-0148	14,400
Dynacs	12.000	2004-SC-02/F29601-01-D-0076	129,289
Mission Research	12.000	SC0383040400UNM0104325008	82,550
The Research Corporation of the University of Hawaii	12.000	F29601-01D-0083 TO 0023	166,437
Texas Tech University	12.000	SC AGMT 1303/C125-01	215,552
Los Alamos National Laboratory	12.000	SC NO 29735-001-06	47,174
Honeywell Corporation	12.000	A007381	41,299
Lockheed Martin Corporation	12.000	NONE	140,800
Lockheed Martin Corporation	12.000	NONE	8,401
Universal Technology	12.000	06-463-016-21-C1	41,572
Applied Research Association Inc	12.000	S-17401.1/DTRA01-02-D-0066	30,135
University of Louisville	12.000	01-175-2 AMD #4 YR 03	10,600

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## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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### 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>
Academy of Applied Science	12.101	LTR 10/20/03	\$ 167
Academy of Applied Science	12.101	LTR 10/20/03	14,980
Honeywell Corporation	12.300	PO B09090111	(891)
University of Texas Austin	12.300	UTA05-404	77,823
Optimetrics	12.300	PO 23654	41,448
The Henry M Jackson Fdn for the Adv of Military Medicine	12.420	PO#0000101791	32,013
Army Research Office	12.431	DAAD19-03-1-0146	53,999
Boeing Company	12.800	Q04897201	(21,734)
Boeing Company	12.800	Q04897201	43,730
Boeing Company	12.800	Q04897201	4,998
Boeing Company	12.800	Q04897201	4,924
University of Texas Austin	12.800	UTA04-498	442,315
Management Sciences	12.800	05-1259	18,442
International Business Machines Corporation	12.910	WO133910	148,905
Clemson University	12.910	869-7558-203-2004310	233,990
Department of Housing and Urban Development	14.218	PSA-05-52	170,602
Department of Housing and Urban Development	14.218	PSA-05-50	142,149
University of Wyoming	15.000	YPF149951UNM	2,259
New Mexico Energy Minerals and Natural Resources Dept	15.000	06-521-06EE-0024	24
Pueblo of Laguna	15.000	PSA-04-02	15,439
Utah State University	15.000	C028613, AMEND 6	249,393
New Mexico Game and Fish Department	15.611	05-516-0000-0060	17,512
University of Alaska	15.634	PO320818	16,052
New Mexico Game and Fish Department	15.634	05-516-0000-0074	44,929
Justice Research & Statistics Association	16.000	NM26-2005-001	29,999
New Mexico Crime Victims Reparation Commission	16.000	2005-VA-944	21,078
New Mexico Public Safety Department	16.100	05/PAUL COVERDELL/LATHROP	20,858
New Mexico Public Safety Department	16.100	2003-DN-BX-0097	2
New Mexico Children Youth and Family Department	16.503	05-690-7000-7163	77,352
New Mexico Public Safety Department	16.550	03-PSN-UNM ISR	17,356
New Mexico Crime Victims Reparation Commission	16.575	NONE	23,005
State of New Mexico	16.575	2006-VA-185 2004-VA-GX-0049	838
New Mexico Crime Victims Reparation Commission	16.582	2003-WF-BX-0220	4,250
New Mexico Crime Victims Reparation Commission	16.588	2004-WF-734	(2,786)
New Mexico Crime Victims Reparation Commission	16.588	2005-WF-924	20,385
State of New Mexico	16.588	2005-WF-AX-0020/2006-WF-127	10,017
Pacific Institute for Research & Evaluation	16.728	PIRE 496447	94,761
Northern Area Local Workforce Development Board	17.000	WIA/NCDF/2004-08	56
Northern Area Local Workforce Development Board	17.000	WIA/NCDF/2004-01	3,635
Albuquerque Job Corps Center	17.000	PSA-01-35	67,819
New Mexico Traffic Safety Bureau	20.000	CO4547	(9)
New Mexico Traffic Safety Bureau	20.000	CO4545	(1)
New Mexico Traffic Safety Bureau	20.000	CO4553	(2)
New Mexico Traffic Safety Bureau	20.000	CO4552	-
New Mexico Department of Transportation	20.000	CO 4126	(1,274)
New Mexico Department of Transportation	20.000	CO 4126	(130)
New Mexico Department of Transportation	20.000	30-805-09-00021	10,119
New Mexico Department of Transportation	20.000	CO 4426	6,635

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## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2006

### 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>
New Mexico Department of Transportation	20.000	M00362	\$ 82,022
New Mexico Department of Transportation	20.000	CO4653	71,848
New Mexico Traffic Safety Bureau	20.000	CO4662	66,436
New Mexico Traffic Safety Bureau	20.000	CO4772	169,535
South Carolina State University	20.215	02-447420-NSTI-UNM-NM	18,707
South Carolina State University	20.215	02-447420-NSTI-UNM-NM	246
Jet Propulsion Lab	43.000	1216230	6,517
Jet Propulsion Lab	43.000	1219248	(40)
University of Colorado	43.000	153-9620/23142/NAG1-01074	70,149
University of Arizona	43.000	Y712242	41,406
Jet Propulsion Lab	43.000	CONTRACT NO. 1258945	4,136
Southwestern Indian Polytechnic Institute	43.000	MUCERPI 2003 NRA	38,525
Northwest Research Associates	43.000	NWRA-04-S-078/NNH04CC45C	82,979
SETI Institute	43.000	04CK65A-003	841
Regional Development Corp	43.000	SPAS #18741/NAG5-11980	4,000
Stanford University	43.000	29056-D	31,000
Jet Propulsion Lab	43.000	1276893	31,848
University of Maryland	43.000	Z609004	26,870
Jet Propulsion Lab	43.000	SUBCONTRACT #1278568	42,483
Jet Propulsion Lab	43.000	Contract No. 960494	220,837
Jet Propulsion Lab	43.000	Contract No. 960494	16,526
University of Arizona	43.000	Y432846	17,862
Smithsonian Astrophysical Observatory	43.000	GO4-5134A	37,605
SETI Institute	43.000	06CA84A - 06-002	4,046
New Mexico State University	43.000	AGMT Q01043	40,918
New Mexico State University	43.000	SUBCONTR Q00626	(769)
DCES Educational Services	43.001	61298	7,915
Modern Technology Systems	43.001	INSTITUTIONAL PARTNERSHIP AGMT	56,129
University of Alabama	43.001	SUBCONTRACT AGMT 05-007	23,730
University of Colorado	43.002	SPO #30390	(31,634)
Space Telescope Science Institute	43.002	HST-ED-90253.01-A	16,664
New Mexico Arts Division	45.025	MCO #04-113	(222)
New Mexico Arts Division	45.025	CUGE 06-101	12,355
University of California San Diego	47.000	P.O. 10152753	(13,822)
University of Arizona	47.000	Z542147	(59,009)
University of Arizona	47.000	Z542147	58,200
University of Massachusetts	47.000	PO #0001013379	21,534
University of Puerto Rico	47.000	COOP #HRD-0206200	7,990
University of Puerto Rico	47.000	SS66-0433760	1,150
University of Puerto Rico	47.000	SS66-0433760	(177)
University of Puerto Rico	47.000	SS66-0433760	12,180
University of Puerto Rico	47.000	SS66-0433760	1,439
Arizona State University	47.000	V2004UR0014/VO4UR019	756
Pueblo of Laguna	47.000	CF65C-2004	61,983
Organization of Biological Field Stations	47.000	CHECK NO. 600	495
CORD	47.000	SUBCONTRACT/DUE0202424	(5,712)
New Mexico State University	47.000	Q00610/HRD0086701	58,913
New Mexico State University	47.000	Q00610/HRD0086701	25,743

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## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2006

### 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>
New Mexico State University	47.000	Q00469 AMEND4	\$ (5,179)
Cornell University	47.041	39464-6770	13,386
Cornell University	47.041	44771-7478/0335765	625,412
Arizona State University	47.041	V2005SB0006/V05HS002 G	20,863
Arizona State University	47.041	SUBAWARD KMD5276-21-40/SUB	30,174
University of Colorado	47.041	UCB REF#1542382	5,898
Arizona State University	47.041	V2006SB0009/V06HS004	382
Arizona State University	47.041	V2006GP001/V06CC001	14,740
Ohio State University	47.049	GRT960261/743168C	28,149
Arizona State University	47.049	06-625	32,778
Occidental College	47.049	G360A	28,060
Sandia National Laboratories	47.050	PO#303161	2,908
University of Arizona	47.050	Y414421	172,177
University of California San Diego	47.070	PO#10205856	649
Columbia University	47.070	PO# 541117	79,450
University of Oklahoma	47.070	SUBAWARD #2005-35	22,562
University of Texas Austin	47.074	SC #UTA02-120	29,192
University of Tennessee	47.074	OR878-001.06	(1,125)
University of Kansas Center for Research	47.074	SUBCONTRACT NO. FY2005-021	2,319
University of Kansas Center for Research	47.074	FY2006-005	36,127
University of Alabama	47.074	99-007	108,980
Regents of the University of Minnesota	47.074	X4166454101	7,598
Brown University	47.075	P978030	(196)
Arizona State University	47.076	KMD5276-21-38/SUB	(274)
Arizona State University	47.076	KMD5276-21-38/SUBF04UR019	(57)
Arizona State University	47.076	KMD5276-21-38/SUBF04UR019	384
University of Arizona	47.076	Y410675	204,047
Central New Mexico Community College	47.076	PO#B0304175	111,649
New Mexico State University	47.076	Q00894, AMEND #1C	38,154
University of Arizona	47.076	KMD5276-21-42/SUB	367
Arizona State University	47.076	KMD5276-21-40/SUB	759
New Mexico State University	47.076	Q00781	14,452
Arizona State University	47.076	KMD5276-21-36/39SUBS05US006	91
Arizona State University	47.076	KMD5276-21-41/SUB F05US009/10	201
New Mexico State University	47.076	Q00903	3,857
New Mexico Small Business Development Center	59.000	4-603001-Z-0032-16	803
New Mexico Small Business Development Center	59.000	5-603001-Z-0032-17	17,110
New Mexico Small Business Development Center	59.000	5-603001-Z-0032-17	138,194
New Mexico Small Business Development Center	59.000	4603001Z003216	5,119
New Mexico Small Business Development Center	59.000	5-603001-Z-0032-17	155,335
New Mexico Small Business Development Center	59.000	5-603001-Z-0032-17	107,678
New Mexico Small Business Development Center	59.037	4603001Z003216	(527)
New Mexico Small Business Development Center	59.037	4603001Z003216	163,204
NatureServe	66.000	PO #NM 002 FY05 FESTF	534
University of Texas Health Center at Tyler	66.000	PO 81687/AMD #3	5,519
Los Alamos National Laboratory	81.000	TO#0409J-054-98 2K	51,420
Fermi Laboratory	81.000	523219/543253	12,837
Brookhaven National Laboratory	81.000	CONTRACT# 34763	(1,916)

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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	PO 8509, 547588	\$ 48,682
Sandia National Laboratories	81.000	PO 8509, 547588	7,876
University of Texas at El Paso	81.000	SUBAGMT #00/01-205-5;APP C-2	(7,071)
University of Texas at El Paso	81.000	SUBAGMT #00/01-205-5;APP C-2	(705)
University of Maryland	81.000	SUBCONTR NO Z743001	(1,458)
University of Maryland	81.000	SUBCONTR NO Z743001	(128)
Sandia National Laboratories	81.000	110001	8,333
Sandia National Laboratories	81.000	191324	(5,044)
Sandia National Laboratories	81.000	191324	19,469
Sandia National Laboratories	81.000	191445	5,044
Sandia National Laboratories	81.000	191445	4,027
Sandia National Laboratories	81.000	190576	5,663
Sandia National Laboratories	81.000	20225	24,584
Los Alamos National Laboratory	81.000	0409J-119-04 3F	(2)
New Mexico State University	81.000	01-4-23147	53,499
New Mexico State University	81.000	01-4-23147	4,140
New Mexico State University	81.000	01-4-23359	(1,295)
Albuquerque Partnership	81.000	CONTRACT DATED 11/19/03	(43,883)
Albuquerque Partnership	81.000	CONTRACT DATED 11/19/03	2,207
National Renewable Energy Laboratory	81.000	ADC-0-30420-01	3,100
Sandia National Laboratories	81.000	28503	21,094
Sandia National Laboratories	81.000	28503	102,223
Sandia National Laboratories	81.000	27505	(4)
Sandia National Laboratories	81.000	27505	36,170
Sandia National Laboratories	81.000	223139	13,763
Los Alamos National Laboratory	81.000	0409J-120-04 3C	17,318
Sandia National Laboratories	81.000	197270	116,899
Sandia National Laboratories	81.000	30005	23,530
Sandia National Laboratories	81.000	48876	14,126
Sandia National Laboratories	81.000	50615	67,819
Sandia National Laboratories	81.000	59065	9,087
Los Alamos National Laboratory	81.000	74351-001-04-2H	909
Los Alamos National Laboratory	81.000	74351-001-04-2H	43,112
Sandia National Laboratories	81.000	244590	27,248
Sandia National Laboratories	81.000	258805	21,602
Los Alamos National Laboratory	81.000	0409J-102-04 3C	15,415
Los Alamos National Laboratory	81.000	0409J-105-03 3F	30,985
Sandia National Laboratories	81.000	71816	87,802
Los Alamos National Laboratory	81.000	97364-001-04 3C	28,832
Sandia National Laboratories	81.000	287474	55,142
Sandia National Laboratories	81.000	204543	27,216
MSE Technology Applications Inc	81.000	SC 03C652CR	(477)
Honeywell Corporation	81.000	EP1677	3,661
Sandia National Laboratories	81.000	85276	702
Tulane University	81.000	TUL-509-05/06	1,014
Tulane University	81.000	TUL-509-05/06	61,302
Tulane University	81.000	TUL-509-05/06	66,524
Sandia National Laboratories	81.000	85311	28,348

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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	250809	\$ 16,307
Sandia National Laboratories	81.000	P.O. #91379	4,106
Sandia National Laboratories	81.000	287468	26,705
Sandia National Laboratories	81.000	308764	552
Sandia National Laboratories	81.000	119572	5,550
Sandia National Laboratories	81.000	117817	206,161
Sandia National Laboratories	81.000	295396	29,999
Sandia National Laboratories	81.000	DOC. 128242	165,943
Sandia National Laboratories	81.000	342079	6,698
Sandia National Laboratories	81.000	337030	17,049
Sandia National Laboratories	81.000	337052	9,715
Sandia National Laboratories	81.000	337006	14,073
Sandia National Laboratories	81.000	DOC NO. 336765	19,111
Sandia National Laboratories	81.000	337145	4,713
Los Alamos National Laboratory	81.000	SRSC 05989-002-05	99,233
Los Alamos National Laboratory	81.000	SRSC NO. 00924-0001-04	67,173
New Mexico Energy Minerals and Natural Resources Dept	81.000	05-521-0300-0044	(932)
Sandia National Laboratories	81.000	PO 124354	39,768
Los Alamos National Laboratory	81.000	SC NO. 02763-001-04	70,804
Los Alamos National Laboratory	81.000	0409J-10603 3C	(4,367)
Los Alamos National Laboratory	81.000	0409J-107-03 3C & 19864-001-05	(13,784)
Los Alamos National Laboratory	81.000	0409J-107-03 3C & 19864-001-05	35,511
New Mexico State University	81.000	01 4 23663	1
Sandia National Laboratories	81.000	348871	120,333
Sandia National Laboratories	81.000	321144	10,045
Sandia National Laboratories	81.000	LTR 9/29/04	12,395
Sandia National Laboratories	81.000	362779	45,126
Sandia National Laboratories	81.000	360994	8,103
Los Alamos National Laboratory	81.000	68863-002-05 3C	22,712
Sandia National Laboratories	81.000	140284	5,565
Sandia National Laboratories	81.000	LTR DATED 9/29/04	19,787
Sandia National Laboratories	81.000	372141	176,465
Los Alamos National Laboratory	81.000	09538-001-05 3F	40,415
Sandia National Laboratories	81.000	376598	19,044
Los Alamos National Laboratory	81.000	SC 11494-001-05	62,105
Los Alamos National Laboratory	81.000	10810-001-05 3F	19,034
Sandia National Laboratories	81.000	PO400893	5,054
Sandia National Laboratories	81.000	386604	325
Sandia National Laboratories	81.000	275890	825
Sandia National Laboratories	81.000	PO #406669	9,309
Sandia National Laboratories	81.000	406075	66,402
Los Alamos National Laboratory	81.000	17262-001-05	13,646
Los Alamos National Laboratory	81.000	15657-002-05	20,438
Sandia National Laboratories	81.000	408825	38,752
Sandia National Laboratories	81.000	427140	12,745
Sandia National Laboratories	81.000	432241	77,498
Sandia National Laboratories	81.000	423323	13,331
Sandia National Laboratories	81.000	426486	22,606

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<u>GRANTORS</u>	<u>CFDA NUMBER</u>	<u>CONTRACTOR/GRANTOR NUMBER</u>	<u>YEAR TO DATE EXPENDITURES</u>
New Mexico State University	81.000	01-4-23676	\$ 29,361
Sandia National Laboratories	81.000	422848	10,646
University of Georgia	81.000	RR168-568/9038707	(85)
Los Alamos National Laboratory	81.000	17457-001-05	13,027
Sandia National Laboratories	81.000	441243	75,895
Los Alamos National Laboratory	81.000	#15676-001-05	14,735
Sandia National Laboratories	81.000	418257	29,928
Los Alamos National Laboratory	81.000	15201-001-05	91,495
Los Alamos National Laboratory	81.000	15201-001-05	33,017
South Carolina State University	81.000	04-444203-NEP-UNM-NM	117,525
Los Alamos National Laboratory	81.000	14780-001-05	104
Los Alamos National Laboratory	81.000	14780-001-05	1,142
Sandia National Laboratories	81.000	PO #450310	12,169
Brookhaven National Laboratory	81.000	95247	77,715
Sandia National Laboratories	81.000	PO 99112	52,249
Los Alamos National Laboratory	81.000	18709-001-05	9,875
Sandia National Laboratories	81.000	459523	1,655
Sandia National Laboratories	81.000	DOC #458228	33,456
Lawrence Berkeley National Laboratory	81.000	6720467	81,405
Sandia National Laboratories	81.000	466664	16,846
Sandia National Laboratories	81.000	466750	105,741
Los Alamos National Laboratory	81.000	SC15860-001-05	31,689
Los Alamos National Laboratory	81.000	SC15860-001-05	5,036
Sandia National Laboratories	81.000	460130	32,275
Sandia National Laboratories	81.000	474270	75,013
Sandia National Laboratories	81.000	472966	9,994
Los Alamos National Laboratory	81.000	22616-001-05	30,000
Battelle Energy Alliance	81.000	CONTRACT NO. 00044825	75,000
Sandia National Laboratories	81.000	480393	33,630
Sandia National Laboratories	81.000	479926	14,386
Sandia National Laboratories	81.000	480480	27,249
Sandia National Laboratories	81.000	479613	26,529
Sandia National Laboratories	81.000	480373	29,616
Los Alamos National Laboratory	81.000	SUBCONTRACT 25829-001-05	44,290
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	2509	45,329
UT-Battelle LLC	81.000	4000041730	34,954
Los Alamos National Laboratory	81.000	09166-001-05	130,798
Los Alamos National Laboratory	81.000	27414-001-05	6,962
Lawrence Livermore National Laboratory	81.000	B554633	21,689
Los Alamos National Laboratory	81.000	23537-001-04	3,162
William Marsh Rice University	81.000	R7B12H	189,255
Sandia National Laboratories	81.000	493152	312,479
Sandia National Laboratories	81.000	504296	6,344
Sandia National Laboratories	81.000	502799	46,736
Sandia National Laboratories	81.000	484161	9,910
Sandia National Laboratories	81.000	485153	347
Los Alamos National Laboratory	81.000	SC NO 27726-001-06	23,987
Sandia National Laboratories	81.000	506966	33,174

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Sandia National Laboratories	81.000	507728	\$ 99,833
Los Alamos National Laboratory	81.000	30352-001-06	35,939
Brookhaven National Laboratory	81.000	AGREEMENT	51,109
Sandia National Laboratories	81.000	543234	49,644
Sandia National Laboratories	81.000	538317	17,208
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	06-608M-N1	13,160
Sandia National Laboratories	81.000	526699	19,736
Sandia National Laboratories	81.000	PO #554869	23,353
Sandia National Laboratories	81.000	AWARD LTR 11/11/05	12,399
Sandia National Laboratories	81.000	544979	5,857
Sandia National Laboratories	81.000	544995	10,326
Sandia National Laboratories	81.000	PO #549681	88,147
Sandia National Laboratories	81.000	546921	10,647
South Carolina State University	81.000	SC#DE-FG07-011D14013-UNM	33,817
Sandia National Laboratories	81.000	559476	6,158
Sandia National Laboratories	81.000	532393	17,250
Los Alamos National Laboratory	81.000	34593-001-06	2,324
Brookhaven National Laboratory	81.000	107147	5,685
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	06-300MN-N1	9,199
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	06-450M-N1	6,933
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	06-400M-NI	56,620
Texas Engineering Experiment Station	81.000	AGMT 68732	21,472
State University of New York	81.000	PTAEO NO. 1054356/1/39330	7,780
Battelle	81.000	24588	2,889
Los Alamos National Laboratory	81.000	35248-001-06	29,313
Los Alamos National Laboratory	81.000	STB-UC: 06-36	66
Sandia National Laboratories	81.000	117794	59,197
BDM Federal Inc	81.000	PO#2122192	17
New Mexico State University	81.000	01-4-23147	(1,674)
Los Alamos National Laboratory	81.000	73067-001-03 2R	3,803
Los Alamos National Laboratory	81.000	30154-001-06	3,892
Los Alamos National Laboratory	81.000	36929-001-06	16,944
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	06-300H-MEG	1,059
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	GRANT 3507	118,601
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	2403	74,237
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	2502	32,614
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	2506	14,600
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	2508	16,760
Sandia National Laboratories	81.000	PO524375 MOD1	61,173
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	4838	253,238
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	GRANT #2305	9,142
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	GRANT 2402	(9,426)
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	GRANT 2504, MOD 1	140,925
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	GRANT NO 2501	43,466
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	GRANTS 2302, 2407	8,088
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	MOA	9,719
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	PSA/KENNEY	100,364
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	TASK 06-700H-N1	109,731

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Sandia National Laboratories	81.000	508551	\$ 12,274
Sandia National Laboratories	81.000	DOC#512556	21,360
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	2307 MOD #6	435,831
Sandia National Laboratories	81.000	PO A0239/BIOAGENT DETECTION	13,578
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	06-404H-N1	10,378
Sandia National Laboratories	81.000	SPO AR-8834, REV NO 15	662
Sandia National Laboratories	81.000	PO 508009	59,774
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	05-0006	24,722
Colorado State University	81.000	PO #P320656	4,403
Johns Hopkins University	81.000	7910-16126-9, MOD 13	10,023
Los Alamos National Laboratory	81.000	02020-001-04 3C MOD 1	562
Los Alamos National Laboratory	81.000	12774-001-05 2K MOD 1	171,480
Los Alamos National Laboratory	81.000	SUBCONT #25395-001-05	16,630
Los Alamos National Laboratory	81.000	TASK ORD #0409J-089-02 3C	27,961
Medical College of Wisconsin	81.000	DE-FG02-04ER63772	126,035
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	NONE	28,793
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	06-453H-NI	56,300
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	05-0004	50,332
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	2301	900
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	06-300H-N1	93,156
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	06-302H-N1	58,005
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	06-400H-N1	24,143
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	06-450H-N1 AMD #1	70,256
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	06-510H-N1	22,590
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	06-511H-N1	44,995
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	06-551H-N1	55,744
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	06-552H-N1	36,969
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	06-553H-N1	2,550
Mental Illness and Neuroscience Discovery (MIND) Inst	81.000	05-0001	20,740
Los Alamos National Laboratory	81.049	W-7405-ENG-36	64,240
Los Alamos National Laboratory	81.049	W-7405-ENG-36	4,496
Los Alamos National Laboratory	81.049	W-7405-ENG-36	3,854
Los Alamos National Laboratory	81.049	W-7405-ENG-36	2,905
Los Alamos National Laboratory	81.049	W-7405-ENG-36	11,539
Los Alamos National Laboratory	81.049	W-7405-ENG-36	13,704
Los Alamos National Laboratory	81.049	W-7405-ENG-36	54,350
Los Alamos National Laboratory	81.049	W-7405-ENG-36	15,068
Los Alamos National Laboratory	81.049	W-7405-ENG-36	16,549
Los Alamos National Laboratory	81.049	W-7405-ENG-36	77,768
Los Alamos National Laboratory	81.049	W-7405-ENG-36	43,563
Los Alamos National Laboratory	81.049	W-7405-ENG-36	42,805
Louisiana State University	81.049	C192129 DEGF02-01ER63151	110,123
Los Alamos National Laboratory	81.064	0409J-123-04 3C	27,687
Los Alamos National Laboratory	81.064	NO. 09566-002-05	49,404
Mental Illness and Neuroscience Discovery (MIND) Inst	81.104	2505	80,906
Sandia National Laboratories	81.114	544887	8,023
New Mexico Public Safety Department	83.000	PSA-05-46 06-790-5000-0028	55,146
State of New Mexico	83.000	PSA-06-03/EMW-2005-CA-0695-UNM	22,952

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State of New Mexico	83.000	PSA-06-02-EMW-2005-CA-0695	\$ 11,120
NM Public Education Department	84.000	ID 24151.03.013	-
NM Public Education Department	84.000	ID 24151.03.013	26,840
NM Public Education Department	84.000	NMPED 673/24151	19
NM Public Education Department	84.000	NMPED 673/24151	20,609
NM Public Education Department	84.000	TRANSITION TO TEACHING	141,136
University of Northern Colorado	84.000	PO #E028829	2,313
Gallup McKinley County School District	84.000	251844	17,861
NM Public Education Department	84.000	04-924-P527-0160	269,153
New Mexico Highlands University	84.000	P0053809	36,175
New Mexico Public Schools Facilities Authority	84.000	PSA 06/16/05 CONTRACT	97,974
National Writing Project Corp	84.000	CONTACT 96-NM04 AMEND C 11	38,571
University of California Los Angeles	84.000	2090 G FC193	1,886
National Writing Project Corp	84.000	LTR DATED 5/12/03	2,192
National Writing Project Corp	84.000	CONTRACT #06-NM07	17,983
NM Public Education Department	84.000	014-2-11-855 PERKINS	9,257
NM Public Education Department	84.000	014-2-11-855 PERKINS	6,513
NM Public Education Department	84.000	014-2-11-855 PERKINS	114,059
NM Public Education Department	84.000	014-2-11-855 PERKINS	(713)
New Mexico Commission on Higher Education	84.000	GEAR UP 2004-05	2,452
New Mexico Commission on Higher Education	84.000	GEAR UP 2004-05	33,511
New Mexico Commission on Higher Education	84.000	GEAR UP 2004-05	22,269
New Mexico Department of Health	84.000	07UNM.07.0012	415
New Mexico Department of Health	84.000	07UNM/07.0005	275
New Mexico Department of Health	84.000	07UNM/07.0010	441
NM Public Education Department	84.002	43 4 696 ABE	(70)
New Mexico Commission on Higher Education	84.002	BAR-ABE STATE & FEDERAL	(68)
New Mexico Commission on Higher Education	84.002	BAR-ABE STATE & FEDERAL	(2,141)
New Mexico Commission on Higher Education	84.002	AGREEMENT #05-16	6,343
New Mexico Higher Education Department	84.002	ABE - INSTRUCTIONAL MATERIALS	12,604
New Mexico Higher Education Department	84.002	ABE 0506	210,581
New Mexico Higher Education Department	84.002	ABE 0506	98,648
New Mexico Commission on Higher Education	84.002	BAR	(6,036)
New Mexico Commission on Higher Education	84.002	BAR	(3,579)
New Mexico Commission on Higher Education	84.002	BAR	(205)
NM Public Education Department	84.002	NMSDE ALLOCATION LTR	931
New Mexico Higher Education Department	84.002	ABE 05/06	117,751
New Mexico Higher Education Department	84.002	ABE 05/06	32,098
New Mexico Commission on Higher Education	84.002	ABE 879882	(4,696)
New Mexico Commission on Higher Education	84.002	ABE 879882	(873)
New Mexico Commission on Higher Education	84.002	ABE 879882	9,817
New Mexico Commission on Higher Education	84.002	ABE 879882	732
New Mexico Commission on Higher Education	84.002	ABE 879882	(37)
New Mexico Commission on Higher Education	84.002	ABE 879882	(136)
New Mexico Commission on Higher Education	84.002	ABE 879882	(368)
New Mexico Commission on Higher Education	84.002	879882	(14)
New Mexico Commission on Higher Education	84.002	879882	(113)
New Mexico Commission on Higher Education	84.002	AGREEMENT # C05-17	737

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<u>GRANTORS</u>	<u>CFDA NUMBER</u>	<u>CONTRACTOR/GRANTOR NUMBER</u>	<u>YEAR TO DATE EXPENDITURES</u>
New Mexico Commission on Higher Education	84.002	AGREEMENT # C05-17	\$ 20,696
New Mexico Commission on Higher Education	84.002	G05-11	31
New Mexico Higher Education Department	84.002	BAR 6/29/05	280,172
New Mexico Higher Education Department	84.002	BAR 6/29/05	109,867
New Mexico Commission on Higher Education	84.002	BAR	2,065
New Mexico Commission on Higher Education	84.002	BAR	94
New Mexico Commission on Higher Education	84.002	BAR	45
New Mexico Higher Education Department	84.002	ABE 05/06	67,658
New Mexico Higher Education Department	84.002	ABE 05/06	68,176
Oklahoma State University	84.023	AA-5-60880	(2,262)
Oklahoma State University	84.023	AA-5-60880	23,688
NM Public Education Department	84.027	ID #24108.03.057	4,421
NM Public Education Department	84.027	ID #24108.03.057	79,092
NM Public Education Department	84.027	PROG # 24108.04.063	284
NM Public Education Department	84.027	673/24108.03.061	(117)
NM Public Education Department	84.027	NMPED FUND 673/24108	34,401
NM Public Education Department	84.048	PSC#05-924-P527-0096	77,245
NM Public Education Department	84.051	018321855	1,759
NM Public Education Department	84.173	673/24136.03.004, NM PED GRANT	148,733
NM Public Education Department	84.173	NM PED 673/24136	342,395
NM Public Education Department	84.174	018-3-2-1-855	75,596
NM Public Education Department	84.243	016-5-1-1-855	(15)
NM Public Education Department	84.243	016-5-1-1-855	428
NM Public Education Department	84.243	016-5-1-1-855	92,166
NM Public Education Department	84.243	PSC 06-924-P527-0017	109,451
Arizona State University	84.286	SUBCONTRACT AGREEMENT 10/30/04	(867)
Public Broadcasting Service	84.286	R286A000003	18,033
Public Broadcasting Service	84.295	LTR DATED 9/11/03	(2)
Public Broadcasting Service	84.295	LTR DATED 9/11/03	2,643
Gallup McKinley County School District	84.303	PO #251848	(7,873)
University of South Florida	84.326	PO #0000056581	8,324
University of South Florida	84.326	PO #0000056784	7,778
Department of Education	84.326	NONE	98,799
University of North Carolina	93.000	UNC-CH-#5-52287	529
TRI Princeton	93.000	MOU-TRI PRINCETON & UNM	(2,562)
Kestrel Corporation	93.000	UNME 001	(70)
SRI International	93.000	41-000693	15,080
New Mexico Department of Health	93.000	05UNM/03.0012	86,499
Orion International Technologies Inc	93.000	UNME 001	20,826
New Mexico Department of Health	93.000	06UNM/01.0027.RA2	19,661
New Mexico Department of Health	93.000	06UNM/01.0027.RA2	109,801
Southwestern Indian Polytechnic Institute	93.000	SIPI SUBAWARD	13,761
New Mexico Department of Health	93.000	06UNM/03.0020R	69,504
New Mexico Department of Health	93.000	06UNM/03.0017R	32,673
New Mexico Department of Health	93.000	06UNM/03.0019R	49,991
Ohio State University	93.000	RF01040592	6,955
McFarland & Associates	93.000	SC DATED 1/6/06	35,842
New Mexico Department of Health	93.000	06UNM/05.0514R	37,936

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New Mexico Department of Health	93.000	06.UNM/05.0005	\$ 5,064
New Mexico Children Youth and Family Department	93.000	03-690-7000-7023-01	2,554
New Mexico Children Youth and Family Department	93.000	03-690-7000-7023-01	1,574
New Mexico Department of Health	93.000	04/665.4200.0451	4,153
New Mexico Department of Health	93.000	03.665.6200.326 AIII, 17 & 21	11,567
National Library of Medicine	93.000	5415GFB557	25,353
National Childhood Cancer Foundation	93.000	P.O. 14428	24,070
National Childhood Cancer Foundation	93.000	CA98543-03-14200-12991	716,491
Lovelace Respiratory Research Institute	93.000	PO# JK060406	40,827
Lovelace Respiratory Research Institute	93.000	LV010469	30,275
New Mexico Department of Health	93.000	05 & 06UNM/07.0002	455,844
Lovelace Respiratory Research Institute	93.000	JK050036 MOD 2	233,334
New Mexico Department of Health	93.000	05UNM/03.0032	50,900
Lovelace Biomedical & Environmental Research Inst	93.000	LV060442	128,939
Lovelace Respiratory Research Institute	93.000	JK30817	159,907
New Mexico Department of Health	93.000	05 & 06UNM/07.0013	81,461
New Mexico Department of Health	93.000	05/UNM/03.0040	60,803
New Mexico Department of Health	93.000	05UNM/01.0006A1, 06UNM/01.0012	86,850
LigoCyte Pharmaceuticals	93.000	VCI AI067-156-01	20
New Mexico Department of Health	93.000	05UNM/03.0007.A1	40,041
Hidalgo Medical Services	93.000	CDC REACH 2010/TOLLESTRUP	123,573
New Mexico Department of Health	93.000	05UNM/03.0041	3,255
New Mexico Department of Health	93.000	05UNM/07.0012	5,830
New Mexico Department of Health	93.000	05UNM01.0029	850
New Mexico Department of Health	93.000	06UNM/01.0003.R.02	51,670
New Mexico Department of Health	93.000	06UNM/01.0006R	107,979
New Mexico Department of Health	93.000	06UNM/01.0008R	62,139
New Mexico Department of Health	93.000	06UNM/01.0009R	8,010
New Mexico Department of Health	93.000	06UNM/01.0023.A1	58,344
New Mexico Department of Health	93.000	05UNM/03.0004, 06UNM/03.0018R	107,392
Conference Account	93.000	5T01 HP01421-02-00	(6,687)
New Mexico Department of Health	93.000	06UNM/01.0016R	23,498
Albuquerque Area Indian Health Board Inc	93.000	PSA 05-18 U50/CC6622181-04	39,905
American Psychiatric Institute for Research & Educ	93.000	BRETT YUAN-HSIANG LU	28,340
Association of Occupational & Environmental Clinics	93.000	1 R25 OH008593-01	18,313
Association of Teachers of Preventive Medicine	93.000	TS-1022	140,216
Bernalillo County	93.000	04-660	60,906
Biomedical Research Institute of New Mexico	93.000	PO 3125 R01 MH6530401	17,782
Case Western Reserve University	93.000	N01-DK-6-2203 AMD 12	130,453
Cerus Corporation	93.000	U01 AI061199-01	114,063
Cheyenne River Sioux Tribe	93.000	R25 ES013292-01	100,996
Coley Pharmaceutical Group	93.000	HHSN266200400044C/N01-AI-40044	97,282
Houston Academy of Medicine - Texas Medical Center	93.000	N01-LM-3515	24,130
Conference Account	93.000	05UNM/03.0033	22,101
Kestrel Corporation	93.000	SUBCONTRACT 0146A	2,050
DeCode Genetics	93.000	HHS200400064C AB N01-AI40064	807,111
Emory University	93.000	PRIME 5R01ESO8755-07	13,176
First Choice Community Healthcare	93.000	AK 003-UNM	88

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First Choice Community Healthcare	93.000	PSA-02-22	\$ 71,081
First Choice Community Healthcare	93.000	SHELL	(157,186)
George Washinton University	93.000	U01-DK61055	543
Hector Balcazar	93.000	CMS-03-00335	728
Hidalgo Medical Services	93.000	AMENDMENT 3, 1-2004	270
Houston Academy of Medicine - Texas Medical Center	93.000	N01-LM-1-3515	9,449
Houston Academy of Medicine - Texas Medical Center	93.000	NO1-LM-1-3515	15,875
Houston Academy of Medicine - Texas Medical Center	93.000	UNMHSLCIC 05	10,030
Columbia University	93.000	CFDA 93.853	4,161
The McLean Hospital	93.000	5R01 DA14178-05 MOD 2	60,587
New Mexico Human Services Department	93.000	GSA 05-0001 AMENDMENT NO. 1	301,029
New Mexico Human Services Department	93.000	GSA 05-630-8000-0014	117,891
New Mexico Public Health Services	93.000	05UNM/03.0001 04/665.4200.0454	628
New Mexico Department of Health	93.000	06UNM/01.0015R & 011R	234,806
NM Public Education Department	93.000	JPA 95.665.6200.0949 A12	211,966
NSABP Foundation	93.000	PFED20-NMX-01	20,853
Penrose-St. Francis Health Services	93.000	NO2-CO-51111	62,946
Saint Louis University	93.000	N01-A1-45250	88,959
Senior Scientific	93.000	NONE	26,739
Sloan Kettering Institute for Cancer Research	93.000	5R01AR049342-03 & 02	43,081
Social & Scientific Systems	93.000	INFO NET	27,166
New Mexico Human Services Department	93.000	GSA 05-0001	(1,137)
The Children's Mercy Hospital	93.000	04-0037, U01 DK066143-02	4,605
New Mexico Human Services Department	93.000	GSA-04-16-A1	45,066
The University of Texas Health Science Center at San Antonio	93.000	122211/122209	1,676
TKC Integration Services	93.000	PO #30061170-01	14,480
University of Alabama	93.000	NO1 AI30025	17,809
University of Arizona	93.000	V970601 MOD#4	4,686
University of California	93.000	PO 9000006023 #2	17,747
University of Colorado	93.000	FY05.003.001	13,256
University of Nevada System	93.000	14B42373	(10,800)
University of Pittsburgh	93.000	WAVE 5/LASKEY	9,536
University of Utah	93.000	62919	22,631
University of Utah	93.000	62937, PRIME N01-LM-3514	65
University of Virginia	93.000	CG11287.123479	59,767
ValueOptions of New Mexico	93.000	MCC-05-01	86,348
Southwest Oncology Group	93.000	PCPT 9329	7,248
New Mexico Department of Health	93.000	06UNM/05.0004R	111,345
New Mexico Department of Health	93.000	06UNM/01.0026R	456,060
New Mexico Department of Health	93.000	06UNM/01.011R	32,829
New Mexico Department of Health	93.000	06UNM/01/0024RA1	93,413
New Mexico Department of Health	93.000	06UNM/03.0009R	98,046
New Mexico Department of Health	93.000	06UNM/03.0015R.A2	444,298
New Mexico Department of Health	93.000	06UNM/03.0021R	17,882
New Mexico Department of Health	93.000	06UNM/03.0075	13,682
New Mexico Department of Health	93.000	06UNM/03.0076R	14,954
New Mexico Public Health Services	93.000	06UNM/01.0007R.01	47,273
New Mexico Department of Health	93.000	06UNM/03.0079R	50,308

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2006

### 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>
New Mexico Department of Health	93.000	SHELL - FY07	\$ 102
New Mexico Department of Health	93.000	06UNM/07..014R	656,443
New Mexico Department of Health	93.000	06UNM/07.0003R	94,193
New Mexico Department of Health	93.000	07UNM/07.0008	16
New Mexico Department of Health	93.000	NONE	693,436
New Mexico Department of Health	93.000	06UNM/03.0078R	218,481
New Mexico Department of Health	93.000	MOU # 2005-120	28
New Mexico Department of Health	93.000	06UNM/07.0005R	368,131
New Mexico Department of Health	93.000	07UNM/02.0014	422
New Mexico Department of Health	93.000	07UNM/02.0013	275
New Mexico Department of Health	93.000	07UNM/02.0011	160
New Mexico Department of Health	93.000	07UNM/02.0008	956
New Mexico Department of Health	93.000	06UNM/07.0015R	75,252
New Mexico Department of Health	93.000	06UNM/07.0010R	79,827
New Mexico Department of Health	93.000	06UNM/07.0009R	17,336
New Mexico Department of Health	93.000	06UNM/07.0007	186,506
New Mexico Department of Health	93.000	06UNM/07.0006R	267,114
Sandoval County	93.110	H74MC03603-01-00	9
Rio Grande Community Development Corp	93.113	R25 ES014347-01	30,416
University of Texas at El Paso	93.113	04/05-105 1S11 ES013339-01A1	113,624
University of Washington	93.113	342678, MOD 6	84,159
Bates College	93.114	1135-2303-0505 (R15 ES011806)	17,327
Case Western Reserve University	93.115	1 R21 ES-013507-01	23,314
New York University	93.121	F5315-14	28,911
University of Colorado	93.145	FY06.163.007 2H4AHA00064-04	287,044
University of Colorado	93.145	SHELL - FY07	323
Department of Health and Human Services	93.211	H2ATH00989-01	304,785
University of North Carolina	93.213	UNC-CH 5-50141 R01AT000212	14,941
Department of Health and Human Services	93.217	06UNM\01.0016	36,716
Department of Health and Human Services	93.217	06UNM\01.0016R	93,530
Department of Health and Human Services	93.230	200500332/R-01-321	155,159
New Mexico Department of Health	93.235	06UNM/01.0030	39,752
University of Colorado	93.242	154-0858; PO 0000046486 MOD 1	2,621
New Mexico Department of Health	93.257	06UNM/03.0077R	233,209
New Mexico Department of Health	93.257	07UNM/02.0024	5,482
University of Texas Health Center at Tyler	93.262	SC04-05	87,739
Research Triangle Institute	93.273	8-42U-7901	13,973
Oregon Research Institute	93.273	AGREE 2/17/00 (R01 AA12501)	133
Sangre de Cristo Community Health Partnership	93.276	AGREEMENT 09/14/05	30,018
Ohio State University	93.279	PO RF01021997, PROJECT60002823	43,225
Medical College of Wisconsin	93.279	R01 DA013139	40,419
Oregon Research Institute	93.279	R01 DA015762	29,908
University of Colorado	93.283	FY 06.003.006	27,483
University of Oklahoma	93.283	U90/CCU624260-01	198,414
University of Texas HSC Houston	93.283	AI024-21/22 AMD #1	2,495
National Center for Research Resources	93.333	M01 RR000997	1,146
Boston University	93.358	MC358197DJW	(33,274)
University of California Irvine	93.389	2003-1247 AMEND 3	448,617

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2006

### 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>
University of California Irvine	93.389	2006-1729	\$ 49,816
Eastern New Mexico University	93.389	NONE	(14,757)
New Mexico State University	93.389	Q00923, Q01020	766,439
Northwestern University	93.393	0600 370 F081 782	64,635
Ohio State University	93.393	744522 PO#RF00957576	17,728
Regents of the University of Minnesota	93.393	S6636478201,02	80,387
University of North Carolina	93.393	1 R01 CA112243-01	14,683
University of Utah	93.393	9709055-2 AMD.10.11	49,716
National Childhood Cancer Foundation	93.394	14356	87,179
Southwest Oncology Group	93.395	SWOG-04033	(33,208)
University of Michigan	93.395	CA32102-27	551,871
University of Louisville	93.395	1 R01 CA105266-01A2 051233	15,568
University of Louisville	93.395	NONE	(5)
National Childhood Cancer Foundation	93.395	U10 CA98543-03	26,187
National Childhood Cancer Foundation	93.395	CA98543-02	475
Gynecologic Oncology Group	93.395	27469-64	62,974
American College of Obstetricians & Gynecologists	93.395	GOG LAB LESLIE, CA27469	36,802
National Childhood Cancer Foundation	93.395	U10 CA98543-03, 12960, 14112	10,860
University of California Irvine	93.399	2004-1437-1	6,463
New Mexico Human Services Department	93.558	GSA 04-09	(319)
San Juan College	93.558	GSA 05-10	(1,146)
San Juan College	93.558	GSA 05-10	2,275
National Collegiate Athletic Association	93.570	NYSPF 04-1109	1,225
National Collegiate Athletic Association	93.570	NYSPF 04-1109	38,728
National Collegiate Athletic Association	93.570	NYSPF 04-1109	33,092
New Mexico Children Youth and Family Department	93.596	06-690-7000-7066	4,506
New Mexico Children Youth and Family Department	93.596	06-690-7000-7048	199,315
Administration for Children & Families	93.631	90DN0187	235,958
New Mexico Human Services Department	93.778	GSA 06-630-8000-0015	19,850
Duke University	93.837	117161 1U01 HL63747 01A2	7,461
Lovelace Respiratory Research Institute	93.838	PO JK031490, & MOD 1	45,629
Oregon Research Institute	93.838	5R01 HL064677	120,050
University of Virginia	93.839	GC10941-119528	77,291
The Children's Mercy Hospital	93.849	03-0030 / U01 DK066143	2,337
The Children's Mercy Hospital	93.849	04-0044, 5 U01 DK066143-03	15,423
Yale University	93.853	R01 NS044876-02	8,829
Mount Sinai School of Medicine	93.853	U01 NS 045719	87,235
Tristan Technologies	93.853	R 44 NS38806-04	71,427
University of California Los Angeles	93.853	1580-G-FD-161	6,003
Coley Pharmaceutical Group	93.855	1U01AI057264-01 SUB-K AMD 2	75,778
Baylor College of Medicine	93.855	U19 AI57234-2 PROJECT 2	259,603
University of Maryland-Baltimore	93.856	SC03520082	300,801
State University of New York	93.856	R374365 PTAE0#1049054-2-36705	3,258
University of Wisconsin	93.856	NONE	(12,069)
University of Texas Medical Branch	93.856	05-073 PO#0000101876, 06-056	867,603
University of Texas HSC Houston	93.856	0004024 AMD 1 & 2 & B	(3,366)
University of Nevada System	93.856	PO15GC0000027 UNR-05-56	195,257
Macrogenics	93.856	SM IU54 AI1057156-02	(18,045)

# THE UNIVERSITY OF NEW MEXICO

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2006

### 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>
Macrogenics	93.856	AN AI055010-02-A1	\$ (23,171)
Duke University	93.856	SPS#124646;FUND#303-0116	(42,498)
Chiron Corporaton	93.856	U01 AI054779-03	345,762
Arizona State University	93.856	06-667/7U01AI05010-04	155,721
Arizona State University	93.856	06-666/5U54AI057156-03 05-078	77,892
University of Nevada System	93.856	UNR-05-02, AMD 2	181,962
Dartmouth College	93.859	5-30063.5701	(4,232)
Dartmouth College	93.859	5-30063.5701	39,112
University of Texas HSC Houston	93.859	1R21GM070600-01	(1,070)
Penn State University	93.865	2546-UNM-DHHS-9496	18,433
Penn State University	93.865	NO. 3056-UNM-DHHS-1542	27,850
University of Southern California	93.866	USC A/C \$53-5400-7120	3,366
Santa Fe Institute	93.866	1R01AGO24119-01	279,575
University of Colorado	93.866	FY06.001.015	16,006
University of Arizona	93.866	AMD # 1 PO Y403036	9,362
University of Illinois	93.867	2006-00139-06	10,454
Department of Health and Human Services	93.919	06UNM\01.0004	25,635
Department of Health and Human Services	93.919	06UNM\01.0004R	77,863
Department of Health and Human Services	93.926	06UNM\01.0023	49,523
Department of Health and Human Services	93.926	06UNM\01.0023R	183,182
Department of Health and Human Services	93.926	06UNM\01.0025	14,000
Department of Health and Human Services	93.926	06UNM\01.0025R	42,000
Na'nizhoozhi Center	93.928	4CC, 1 H97 HA00254-01	65,295
Albuquerque Area Indian Health Board Inc	93.933	04-13	25,943
Department Of Health & Human Services	93.958	AGMT 7/1/05	2,974,548
Department of Health and Human Services	93.959	AGMT 7/1/05	251,018
Department of Health and Human Services	93.959	AGMT 7/1/05	1,555,572
New Mexico Public Safety Department	97.000	2004-GE-T4-0005-UNM	8,342
New Mexico Office of Emergency Management	97.000	EMT-2004-CA-0125-EDAC	54,351
Analytic Services	97.000	SC NO UNM-05-01	30,371
Eurasia Foundation	98.001	A04-0152	112,496
American Council On Education	98.002	SUB TO HNE-A-97-00059-00	73,964
Corporation for Public Broadcasting	99.999	AGMT 11/24/03	19,045
Corporation for Public Broadcasting	99.999	AGMT 11/24/03	18,025
Corporation for Public Broadcasting	99.999	GRANT 1810	335,582
Corporation for Public Broadcasting	99.999	GRANT 1810	347,276
Corporation for Public Broadcasting	99.999	CPB ACCOUNT #8887	8,700
Corporation for Public Broadcasting	99.999	GRANT 1810	20,075
Corporation for Public Broadcasting	99.999	GRANT 1810	31,329
Corporation for Public Broadcasting	99.999	GRANT 1810	32,175
Corporation for Public Broadcasting	99.999	CPB 7653	116,565
Corporation for Public Broadcasting	99.999	1507	19,182
Corporation for Public Broadcasting	99.999	1507	2,385
Corporation for Public Broadcasting	99.999	1507	219,727
Corporation for Public Broadcasting	99.999	ACCT #9723	34,551
TOTAL PASS-THROUGHS FROM SUBRECIPIENTS			<u>\$ 44,717,161</u>

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# THE UNIVERSITY OF NEW MEXICO

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# Moss Adams 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, 2006, and have issued our report thereon dated September 22, 2006. 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness.

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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

However, we noted other matters involving the internal control over financial reporting that are required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of findings and responses as items 2005-8, and 2006-3 to 2006-6.

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

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of 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.

*Mess Adams LLP*

Albuquerque, New Mexico  
September 22, 2006

# Moss Adams LLP

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

## **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

### Compliance

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, 2006. 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, 2006. The results of our auditing procedures also disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2006-1 and 2006-2.

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.

*Mess Adams LLP*

Albuquerque, New Mexico  
September 22, 2006

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# THE UNIVERSITY OF NEW MEXICO

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2006

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

Current Status: Resolved.

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

Current Status: Resolved.

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

Current Status: Resolved.

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

Current Status: Resolved.

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

Current Status: Resolved.

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

Current Status: Resolved.

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

Current Status: Resolved.

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

Current Status: Resolved.

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

Current Status: Revised and Repeated.

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# THE UNIVERSITY OF NEW MEXICO

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2006

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

Current Status: Resolved.

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

Current Status: Resolved.

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

Current Status: Resolved.

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

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, 2006

### Section I—Summary of Auditors' Results

#### *Basic Financial Statements*

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

Internal control over financial reporting:

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

Noncompliance material to basic financial statements noted?

\_\_\_\_\_ yes   X   no

#### *Federal Awards*

Internal control over major programs:

- Material weaknesses identified? \_\_\_\_\_ yes   X   no
- Reportable conditions identified that are not considered to be material weaknesses? \_\_\_\_\_ yes   X   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?

  X   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  
Health Resources and Services Administration – CFDA 93.887

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

\$3,000,000

Auditee qualified as low-risk auditee?

  X   yes \_\_\_\_\_ no

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# THE UNIVERSITY OF NEW MEXICO

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2006

### Section II—Basic Financial Statement Findings

None

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# THE UNIVERSITY OF NEW MEXICO

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2006

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

#### **2006-01. Student Financial Aid (various CFDA numbers) Return of Title IV Funds – Zero Credit Hour Report**

Federal Agency: US Department of Education, SFA Cluster, Questioned Costs-None

##### **Condition**

The University of New Mexico Student Financial Aid Office is not identifying and investigating all potentially withdrawn students within thirty days of the end of the semester. Moss Adams received a list of 113 students who received zero credit hours for the semester, and only five had a return of Title IV worksheet done.

##### **Criteria**

The University of New Mexico Student Financial Aid Office is required to determine the withdrawal date for all unofficially withdrawn students within 30 days of the end of the enrollment period and complete a Return of Title IV calculation to determine the amount of Federal Student Aid funds the student has earned at the time of withdrawal. If a student has withdrawn after the 60% point, the student has earned all of his financial aid. However, 34 CFR 668.22 states that “a school must still complete a Return Calculation in order to determine whether the student is eligible for a post-withdrawal disbursement.”

##### **Cause**

The University was not aware of the method of capturing all unofficially withdrawn students.

##### **Effect**

The University of New Mexico is out of compliance with federal regulations and is potentially not returning all necessary funds to the Department of Education.

##### **Recommendation**

We recommend that the University use all reports available to them to capture all unofficially withdrawn students.

##### **University Response**

Management concurs with this recommendation. To ensure that we are capturing all students who receive zero credit hours, the following corrective action was taken:

- Calculated Return of Title IV Funds for all students on the report Moss Adams received from Institutional Research.
- Requested a report from Institutional Research at the end of each semester.
- Compared the report from Institutional Research with the report from ITS, and calculated Return of Title IV Funds for students missing from either report.
- Requested and received from Institutional Research the criteria used to create their zero credit hour report. Gave this information to ITS to be used in modifying the report they create.

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# THE UNIVERSITY OF NEW MEXICO

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2006

### **2006-02. Student Financial Aid (various CFDA numbers) Work Study Off-Campus Agreements**

Federal Agency: U.S. Department of Education, SFA Cluster, Questioned Costs-None

#### **Condition**

The University of New Mexico Student Financial Aid Office did not visit the off-campus work study organizations during the fiscal year ended June 30, 2006. There are 956 off-campus work study students who are affected by this regulation. The individual who would perform the off-site inspections was promoted to Work Study Manager leaving the position vacant since January 06.

#### **Criteria**

Per 34 CFR 675.20 (b): "The School is also responsible for ensuring that each student's work is properly supervised. School officials should periodically visit each off-campus organization with which they have an off-campus agreement to determine whether students are doing appropriate work and whether terms of the agreements are being fulfilled".

#### **Cause**

The University is currently in the process of filling the position.

#### **Effect**

The University is out of compliance with federal regulations and may be compromising regulated working standards.

#### **Recommendation**

We recommend that the University fill the position as soon as possible as not to be out of compliance with federal regulations for the upcoming year.

#### **University Response**

Management concurs with the recommendation. The vacant position has been filled. We began off-campus visits in September 2006.

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# THE UNIVERSITY OF NEW MEXICO

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2006

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

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

##### **Condition**

There is not a formal, approved password policy in place at the University to help ensure the security of the network, although it was noted that an organization-wide policy is scheduled for implementation in November 2006.

##### **Criteria**

The University should have a formal, approved policy that is uniform across the organization regardless of an employee's status or role, and should include access to even non-critical systems. To add security to the network and Banner, the systems should force a user to change their password on a regular basis. Users should be required, at a minimum, to change their passwords every 90-days, maintain password uniqueness, and use at least 8 alphanumeric characters in the passwords. In addition, the system should lock out an account after three failed login attempts.

##### **Cause**

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

##### **Effect**

Once ineffectual passwords are exploited, a determined hacker can use compromised systems within the network as beachheads to launch attacks or intrusion attempts against other critical systems.

##### **Recommendation**

The University should implement a formal password policy that is uniform across the organization regardless of an employee's status or role, and should include access to non-critical systems.

##### **University Response**

The University concurs that time-specific forced password changes and failed attempt lockout features are important contributors to safeguarding University resources and information. While some of our systems currently have this 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.

The implementation of the password policy was delayed due to unforeseeable factors, (Identity Management Project delay, implementation of approval structure, availability of security resources), but progress has been made (improved authorization procedures, data disclosure process is in place, enhanced university security awareness.) Implementation of a university-wide password policy should be in place by June 30, 2007.

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# THE UNIVERSITY OF NEW MEXICO

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2006

### **2006-03. Lack of formal agreement to pay for cost overruns on the Pete and Nancy Domenici Hall Construction project.**

#### **Condition**

During fiscal years 2004 through 2006, UNM received a \$6.5 million grant from The Mind Institute to build a major leasehold improvement onto UNM Building 260, the CMRRC Building. Upon completion of the leasehold improvement, UNM Building 260 was renamed Pete and Nancy Domenici Hall. The Mind Institute was to receive 20 years of “prepaid” rent to occupy the newly constructed square footage in return for paying 100% of the construction costs. Total construction expenditures were approximately \$8.6 million. The University paid the additional \$2.1 million cost overrun. The University never formally documented how the cost overrun was to be paid, despite a verbal agreement with the Mind Institute, that it would cover the cost overrun. The Mind Institute has recorded a payable to UNM on its books, but has not been able to obtain additional funds to pay for the cost overrun.

#### **Criteria**

Good contract management requires the University to conduct its business through written agreements that clearly document responsibilities, including how cost overruns are to be handled.

#### **Cause**

The University never formally documented an agreement as to how potential cost overruns were to be handled on a construction grant.

#### **Effect**

UNM paid for the cost overrun and is not able to collect on its receivable from The Mind Institute.

#### **Recommendation**

As UNM enters into building projects that involve third parties, we recommend that UNM put into place a formal agreement that spells out each party’s responsibility as to any potential cost overruns.

#### **University Response**

Management concurs with this recommendation. The University is developing a process, to be required on all construction projects involving third parties that will document each party’s responsibilities.

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# THE UNIVERSITY OF NEW MEXICO

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2006

### **2006-04. Inventory of University Art Collections**

#### **Condition**

The University is currently in possession of various art collections that are used for research, teaching and public viewing. These collections are currently insured for \$130 million by the University. Annual inventories of the various collections are not required by policy of the University. The last complete physical inventory of art collections that was recorded occurred in 2002, just prior to the implementation of GASB 34.

#### **Criteria**

Good controls require an annual inventory of all assets that are the responsibility of the University. It is managements' responsibility to ensure the safeguarding of assets that are the responsibility of the University.

#### **Cause**

The lack of a clear policy delegating responsibility for the management and accounting for both donated and acquired pieces of art.

#### **Effect**

The University is exposed to misappropriation of assets by not conducting annual inventories.

#### **Recommendation**

We recommend that the University develop a clear policy requiring annual inventories be conducted along with a certification from the respective museums of the inventory. The inventory detail should be forwarded to a centralized location such as property accounting. The centralized location could monitor compliance with this policy on an annual basis. In addition, reporting requirements for each museum/department in possession of these collections should be clearly defined through a written policy.

#### **University Response**

Management concurs with this recommendation. While many of the museums and galleries do take annual inventories of their collections, there is no requirement in University policy requiring an annual inventory of art collections, and there is not a central monitoring of these inventories. The policies will be updated to require these inventories annually, and Property Accounting will monitor the completion of the inventories.

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# THE UNIVERSITY OF NEW MEXICO

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2006

### **2006-05. Centralization of Clinical Trial Billings - HSC**

#### **Condition**

The department that performs the clinical trials also does the billing. HSC Accounting Services is not made aware of billings to the pharmaceutical companies for the clinical trials at the time the fee for service costs are incurred. As a result, HSC Accounting Services is not aware of the billing and the receivable/revenue is not recorded in the general ledger until the payment is received from the sponsor.

#### **Criteria**

Good accounting controls require that a receivable be recorded at the time the service is delivered.

#### **Cause**

Control policies have not been implemented to centralize the clinical trial billing process.

#### **Effect**

The University does not have strong controls over their billing and receipting process for clinical trials.

#### **Recommendation**

We recommend that all clinical trial's billing and collection processes be centralized within the HSC restricted grants general ledger so that the cash receipts can be posted timely against the receivable.

#### **University Response**

Management concurs with this recommendation. The patient reports submitted by the departments to the pharmaceutical companies result in payments sent to HSC Accounting Services based on the terms of the clinical trial's agreement. The University is developing a process to be required on all clinical trials that will document controls and departmental responsibilities. The process will centralize the billing and enhance communication between the departments submitting patient reports to the sponsoring agency and HSC Accounting Services so that the receivable can be booked timely in the general ledger.

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# THE UNIVERSITY OF NEW MEXICO

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2006

### **2006-06. Timely deposits of Cash - UNM Alumni Association**

#### **Condition**

In our current year deferred revenue test work, we noted one check in the amount of \$25,000 that was received one month before it was deposited.

#### **Criteria**

It is good accounting practice to deposit checks in a timely manner.

#### **Cause**

The Alumni Association is experiencing an increase in their workload related to the new implementation of the Banner system and there has been a change in the work study students who helps with the deposits.

#### **Effect**

Untimely deposits increase the risk of loss or theft of checks

#### **Recommendation**

We recommend that the Alumni Association implement a method to ensure the timely deposit of their cash receipts.

#### **University Alumni Association Response**

Management concurs with the recommendation. We understand the need for tight internal controls and will ensure that timely bank deposits are made. A member of the UNM Alumni Relations staff will take deposits to the bank on a regular basis.

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# THE UNIVERSITY OF NEW MEXICO

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2006

### **2006-07. Actual Expenditures Exceeded Budgeted Amounts**

#### **Condition**

The University exceeded its approved budget for Intercollegiate Athletics (by \$499,843) and Retirement of Indebtedness (by \$1,167,979).

#### **Criteria**

Per Title 5 of the New Mexico Administrative Code, Chapter 3, part 4, paragraph 10, total expenditures of certain budgetary totals may not exceed the amount in the approved budget.

#### **Cause**

Retirement of Indebtedness over budget is due to the Governmental Accounting Standards requirement of recording capitalized interest on construction projects. The amount of capitalized interest is not calculated until year-end, while budget for this calculation is estimated based on prior year actuals. The amount for fiscal year 2006 was substantially less than fiscal year 2005, and the estimated budget could not be adjusted for the required GASB reclassification from Retirement of Indebtedness to Capital Outlay. The athletic over budget is due to increase in utility, insurance, and security costs, in addition to the new contract with Nike Company.

#### **Effect**

The University has not complied with budgetary compliance requirements for the "Intercollegiate Athletics" and "Retirement of Indebtedness" budget categories as presented in the Budget Comparison – Unrestricted and Restricted - All Operations schedule in the financial statements.

#### **Recommendation**

We recommend that budget and actual expenditures be monitored regularly to avoid over expenditures.

#### **University Response**

Management concurs with the recommendation. We will include estimated increased expenditure requirements in the budget adjustments submitted prior to year end.

# THE UNIVERSITY OF NEW MEXICO

## Schedule of Pledged Revenues for the year ended June 30, 2006

Unaudited

	Tuition and Fees	Patient Services	Clinical Operations	Contracts and Grants
Revenues	\$ 87,865,694	\$ 113,156,291	\$ 373,246,208	\$ 266,650,439
<b>Excluded Revenues:</b>				
State Appropriations	-	-	-	-
Local Appropriations	-	-	-	-
Patient Services	-	113,156,291	-	-
Additions to Permanent Endowments	-	-	-	-
Restricted Funds	7,465,398	-	-	-
Federal Contracts & Grants	-	-	-	194,171,978
State Contracts & Grants	-	-	-	24,333,349
Local Contracts & Grants	-	-	-	15,470,706
Indirect Cost Recovery	-	-	-	(35,732,886)
University of New Mexico Hospital	-	-	321,808,336	-
University of New Mexico Psychiatric Center	-	-	23,359,646	-
University of New Mexico Children's Psychiatric Center	-	-	12,450,877	-
University of New Mexico Carrie Tingley Hospital	-	-	15,627,349	-
<b>Total Excluded Revenues</b>	\$ 7,465,398	\$ 113,156,291	\$ 373,246,208	\$ 198,243,147
<b>Pledged Revenues</b>	\$ 80,400,296	\$ -	\$ -	\$ 68,407,292

Resources Available to Cover Debt Service	FY06
Pledged Revenues	\$ 381,718,429
Less FY06 Debt Service	
Interest on Debts	14,783,208
Principal Repayments on Debts	12,602,259
Excess of Pledged Revenues over Debt Service	\$ 354,332,962
Future average annual debt service through year ended June 30, 2035	\$ 32,851,772
Future highest annual debt service year ended June 30, 2015	\$ 72,593,350

See accompanying Independent Auditors' Report.

## SCHEDULE 8

Sales and Services	Appropriations	Investments	Capital	Gifts	Other	Total
\$ 98,222,173	\$ 271,940,479	\$ 50,580,757	\$ 65,431,767	\$ 21,086,477	\$ 38,658,990	\$ 1,386,839,275
-	267,899,383	-	-	-	-	267,899,383
-	4,041,096	-	-	-	-	4,041,096
-	-	-	-	-	-	113,156,291
-	-	-	-	-	-	-
5,549,128	-	256,430	49,931,612	50,000	(14,717,847)	48,534,721
-	-	-	-	-	-	194,171,978
-	-	-	-	-	-	24,333,349
-	-	-	-	-	-	15,470,706
-	-	-	-	-	-	(35,732,886)
-	-	-	-	-	-	321,808,336
-	-	-	-	-	-	23,359,646
-	-	-	-	-	-	12,450,877
-	-	-	-	-	-	15,627,349
\$ 5,549,128	\$ 271,940,479	\$ 256,430	\$ 49,931,612	\$ 50,000	\$ (14,717,847)	\$ 1,005,120,846
\$ 92,673,045	\$ -	\$ 50,324,327	\$ 15,500,155	\$ 21,036,477	\$ 53,376,837	\$ 381,718,429

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# THE UNIVERSITY OF NEW MEXICO

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## EXIT CONFERENCE

June 30, 2006

An exit conference was conducted October 18, 2006, in which the contents of this report were discussed with the following:

### UNIVERSITY OF NEW MEXICO

Raymond Sanchez	Chair, UNM Board of Regents Audit Committee
Don Chalmers	Vice Chair, UNM Board of Regents Audit Committee
John M. "Mel" Eaves	UNM Board of Regents Audit Committee
David W. Harris	Acting President and Executive Vice President for Administration
Reed W. Dasenbrock	Provost and Executive Vice President for Academic Affairs
William W. Britton	Associate Vice President, Financial Services - Main
Ava J. Lovell	Associate Vice President, Financial Services – Health Sciences Center
Michael D. Schwantes	Associate University Controller for Sponsored Program Accounting
Elizabeth Metzger	Associate University Controller for Operations & Reporting
Marty Desautels	Financial Analyst, Financial Services - Main
Laura Putz	Accounting Manager, Health Sciences Center
Ella B. Watt	Chief Financial Officer, UNM Hospital
Valri Ward	Interim Executive Director of Finance and Controller, UNM Hospital
Patrick Apodaca	University Counsel
Ron Martinez	Director, Student Financial Aid
John Maes	Assistant Treasurer/CFO, Advancement Operations
Christine Chavez	Director, Internal Audit
Yvonne Cox	Manager, Internal Audit

### MOSS ADAMS LLP

Wayne Brown	Partner
Scott Eliason	Partner
Larry Carmony	Partner

### KPMG

Cynthia C. Reinhart	Partner
Suzette Longfellow	Senior Manager



The University of New Mexico