

THE UNIVERSITY of NEW MEXICO



Audit Report 2008

For the year ending June 30, 2008



THE UNIVERSITY OF NEW MEXICO

June 30, 2008

BOARD OF REGENTS AND PRINCIPAL OFFICERS

Board of Regents

<i>Appointed Members:</i>	<i>Title:</i>	<i>Term Expires:</i>
James H. Koch	President	12/31/2008
Jack L. Fortner	Vice President	12/31/2010
Carolyn J. Abeita	Secretary/Treasurer	12/31/2012
Don L. Chalmers	Member	12/31/2012
John M. "Mel" Eaves	Member	12/31/2008
Raymond Sanchez	Member	12/31/2010
Dahlia Dorman	Student Member	12/31/2008

Ex officio Members:

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

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Howard Snell	President, Faculty Senate
Ashley C. Fate	President, Associated Students of the University of New Mexico
Christopher Ramirez	President, Graduate & Professional Student Association
Loyola Chastain	President, Staff Council
Lillian Montoya-Rael	President, Alumni Association
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Thelma Domenici	Chair, UNM Foundation

Principal Administrative Officials

University

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

UNM Hospitals

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

Main Campus

Ava J. Lovell	Vice President, HSC/UNM Finance & University Controller
Andrew Cullen	Associate Vice President of Budget, Planning and Analysis
Elizabeth Metzger	Chief Finance & Treasury Officer, Financial Services
Michael D. Schwantes	Director of Finance Systems & Restricted Accounting
Julian Sandoval	Associate University Controller, Finance Project Director

Health Sciences Center

Ava J. Lovell	Vice President, HSC/UNM Finance & University Controller
Robert Fondino	Chief Budget & Finance Officer, HSC
Keith Mellor	Associate Controller, Health Sciences Center

UNM Hospitals

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

THE UNIVERSITY OF NEW MEXICO

June 30, 2008

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Independent Auditors' Report

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

We have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component units of the University of New Mexico (University) as of and for the years ended June 30, 2008 and 2007, which collectively comprise the University's basic financials statements as listed in the accompanying table of contents. We have also audited the budget comparisons presented as supplemental information for the year ended June 30, 2008, 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 opinions on these basic financial statements and budget comparisons based on our audits. We did not audit the financial statements of the UNM Hospital, UNM Psychiatric Center, or UNM Children's Psychiatric Center, collectively known as the clinical operations of the University (clinical operations) or the financial statements of the UNM Medical Group, a blended component unit (blended component unit). The financial statements of the clinical operations and the blended component unit reflect total assets of 25% and 26%, and total revenues of 36% and 27%, for the years ended June 30, 2008 and 2007, respectively, of the related totals. We also did not audit the 2007 financial statements of the University Physician Associates, a discretely presented component unit, which financial statements reflect total assets and revenues of 11% of the related 2007 discretely presented component unit totals. The 2008 and 2007 financial statements of the clinical operations and the blended component unit, and the 2007 financial statements of the University Physician Associates, were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the clinical operations, the blended component unit, and the discretely presented component unit, is based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 audits and the reports of other auditors provide a reasonable basis for our opinions.

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

As discussed in Note 1, the financial statements of the University are intended to present the financial position and changes in financial position and cash flows of only that portion of the business type activities of the State of New Mexico that is attributable to the transactions of the University. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2008 and 2007, the changes in its financial position or its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the reports of other auditors, the basic financial statements of the University referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University as of June 30, 2008 and 2007, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the budget comparisons referred to above present fairly, in all material respects the budgetary comparison for the year ended June 30, 2008 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.

As discussed in Note 21 to the financial statements, the 2008 and 2007 financial statements have been restated to correct misclassifications of certain components of net assets in the Primary Institution columns of the Statements of Net Assets. The previously-issued auditors' report dated January 5, 2009 on the 2008 and 2007 financial statements is replaced with this auditors' report and is not to be relied upon to the extent that certain components of net assets as presented in those financial statements were materially misclassified. We have also reported a material weakness related to these restatements in our report on internal control over financial reporting and compliance that is referred to below.

As discussed in Note 1 to the financial statements, on July 1, 2007, the University adopted Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. GASB Statement No. 45 requires the University to recognize and match other postemployment benefit costs with related services received and disclose additional information.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2009, on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to

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University of New Mexico and
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New Mexico State Auditor

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 audits and the reports of other auditors.

Management's Discussion and Analysis and the required supplemental information on page 88 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 audits were conducted for the purpose of forming opinions on the basic financial statements and the budget comparisons. The accompanying Schedule of Expenditures of Federal Awards (Schedule 9) is presented for purposes of additional analysis as required by US Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non -Profit Organizations*, and is not a required part of the basic financial statements. In addition, the Schedule of Pledged Collateral (Schedule 7), Schedule of Individual Deposit and Investment Accounts (Schedule 8), Schedule of Pledged Revenue (Schedule 10), and Schedule of Campus Statistics (Schedule 11) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, the Schedule of Pledged Collateral, and the Schedule of Individual Deposit and Investment Accounts have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Pledged Revenue has not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we express no opinion on it.

Moss Adams LLP

Albuquerque, New Mexico
October 29, 2009

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THE UNIVERSITY OF NEW MEXICO

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2008

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, 2008, 2007, and 2006. 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 2008, 2007, and 2006, of the primary institution, which includes the UNM Medical Group, a blended component unit. The MD&A does not include information of the discretely presented component units, for which separately issued financial statements are available.

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

ASSETS	<u>2008</u>	<u>2007</u>	<u>2006</u>
Current assets	\$ 746,019,365	\$ 567,958,497	\$ 514,241,683
Capital assets, net	1,068,662,755	954,002,967	806,823,830
Non-current assets	<u>445,220,640</u>	<u>443,576,535</u>	<u>470,463,069</u>
Total assets	<u>\$ 2,259,902,760</u>	<u>\$ 1,965,537,999</u>	<u>\$ 1,791,528,582</u>

LIABILITIES	<u>2008</u>	<u>2007</u>	<u>2006</u>
Current liabilities	\$ 226,902,083	\$ 218,047,182	\$ 191,771,545
Non-current liabilities	<u>676,566,839</u>	<u>546,600,411</u>	<u>558,963,488</u>
Total liabilities	<u>\$ 903,468,922</u>	<u>\$ 764,647,593</u>	<u>\$ 750,735,033</u>

NET ASSETS	<u>2008</u>	<u>2007</u>	<u>2006</u>
Invested in capital assets, net of related debt (Restated)	\$ 572,820,785	\$ 499,489,161	\$ 455,625,460
Restricted (Restated)	361,689,048	337,153,925	307,362,280
Unrestricted (Restated)	<u>421,924,005</u>	<u>364,247,320</u>	<u>277,805,809</u>
Total net assets	<u>\$ 1,356,433,838</u>	<u>\$ 1,200,890,406</u>	<u>\$ 1,040,793,549</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 \$543.0 million, \$369.6 million and \$324.8 million as of June 30, 2008, 2007, and 2006 respectively.

Current liabilities are generally defined as amounts due within one year, and include accounts payable, payroll accruals, and accrued compensated absences. The 4.1% increase in current liabilities for the year ended June 30, 2008 is primarily due to increases in accrued compensated absences, estimated third-party payor liability, and the current portion of bonds payable.

At June 30, 2008, the University's current ratio, the amount of current assets (\$746.0 million) available to cover current liabilities (\$226.9 million), was 3.29 to 1. At June 30, 2007, the University's current ratio, the amount of current assets (\$568.0 million) available to cover current liabilities (\$218.0 million), was 2.61 to 1. At June 30, 2006, the University's current ratio, the amount of current assets (\$514.2 million) available to cover current liabilities (\$191.8 million), was 2.68 to 1.

Capital and Debt Activity

Capital assets are the largest category of non-current assets, and are shown net of accumulated depreciation, at \$1.069 billion and \$954.0 million as of June 30, 2008 and 2007, respectively. During fiscal year 2008, the largest capital asset additions for the University were within Buildings. Overall, the University increased Buildings by \$98.0 million in FY08, compared to a net increase of \$24.3 million in FY07 and a net increase in FY06 of \$16.8 million. The University's increase in Buildings in FY08 is due to the purchase and construction of new buildings as well as renovations to existing buildings. The University purchased three buildings, which totaled \$14.6 million in FY08. In addition, the University added the newly opened George Pearl Hall, the Indoor Practice Facility and the Sevilleta Research Building, which totaled \$41.6 million. During FY08, there were also renovations to eight existing buildings totaling \$27.8 million. The branch campuses added three buildings and renovated one building during FY08, which totaled \$14.0 million.

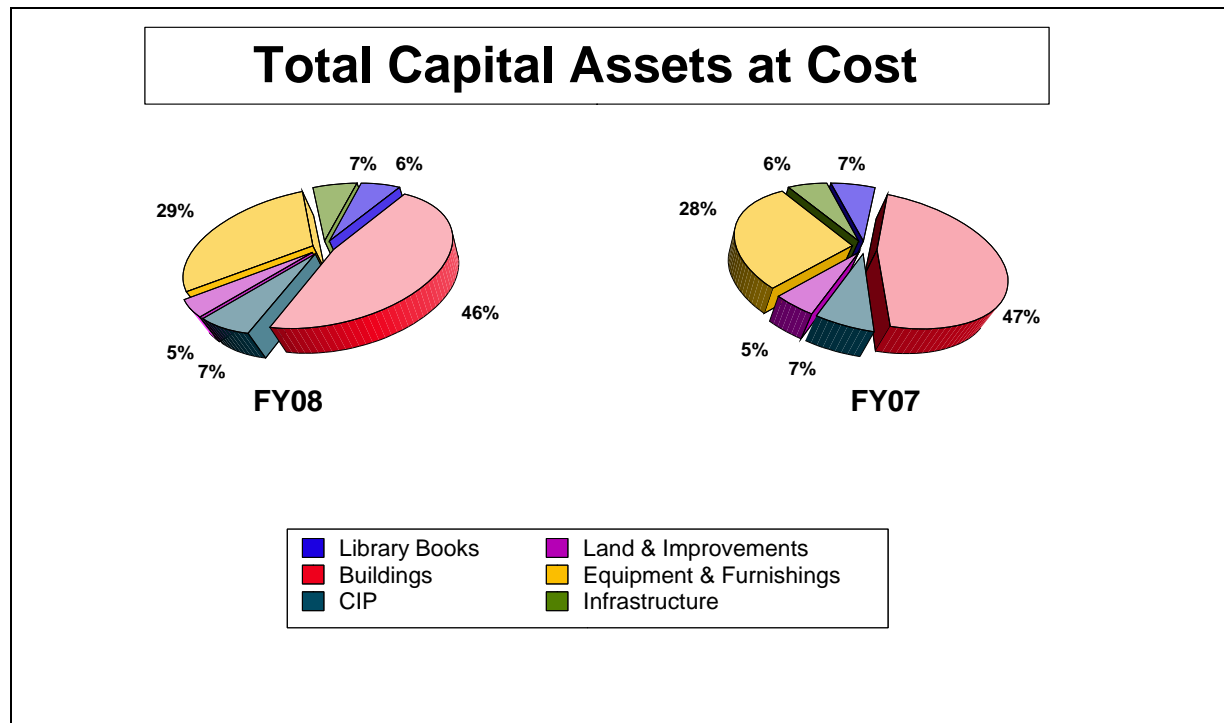
Capital projects currently under construction include Phase II of the Cancer Research & Treatment Center (CRTC). The new five-story, 141,000 sq ft Phase II facility will provide additional services to better serve New Mexico's unique tri-cultural population and to better care for the underserved. It is programmed to expand public education and outreach services, to encourage patient participation in clinical trials, and to increase clinical treatment space consistent with its National Cancer Institute (NCI) Designation. Construction of an attached 5-level 43,000 sq ft Administrative Wing is also under way, with interior build-out to be completed after the clinical facilities are operating. Occupancy of the Main Building is scheduled for June 2009. Also under construction is Phase II of the Domenici Center for Health Sciences Education. This second phase, extending north and connected to the first phase completed in late Fall 2006, will house student organization space, case method classrooms, human anatomy and a Clinical Performance Center, accommodating the expanding physician, nursing, dental, and occupational/physical therapy student programs. All are designed to provide the latest technology to support the teaching mission. Construction on Phase II began in June 2008 and will take approximately 16 months.

Capital projects in the design and planning stage include the Sciences & Mathematics Learning Center. In addition to providing undergraduate teaching laboratories, this facility will also provide research laboratories for Biology faculty. These labs will support the activities of many grant-supported investigators who do much to advance the overall level of training and technology at UNM. The four levels of this facility will provide approximately 101,000 sq ft of instructional space and support (including a 180-seat auditorium for teaching various science and mathematics lecture classes) and teaching and research laboratories. Construction is anticipated to begin in May 2009. Also in the design and planning stage is the University Arena expansion and renovation. This project will initiate the first of several phases to improve spectator and other amenities and enhance the infrastructure of this 40-year-old facility. Concourse areas, restrooms and concession stands will be expanded to relieve crowding. Other proposed additions include new space for the Lobo Store, ticketing, men's and women's training, club seating and boxes. Construction is expected to begin in April 2009 and take approximately 18 months.

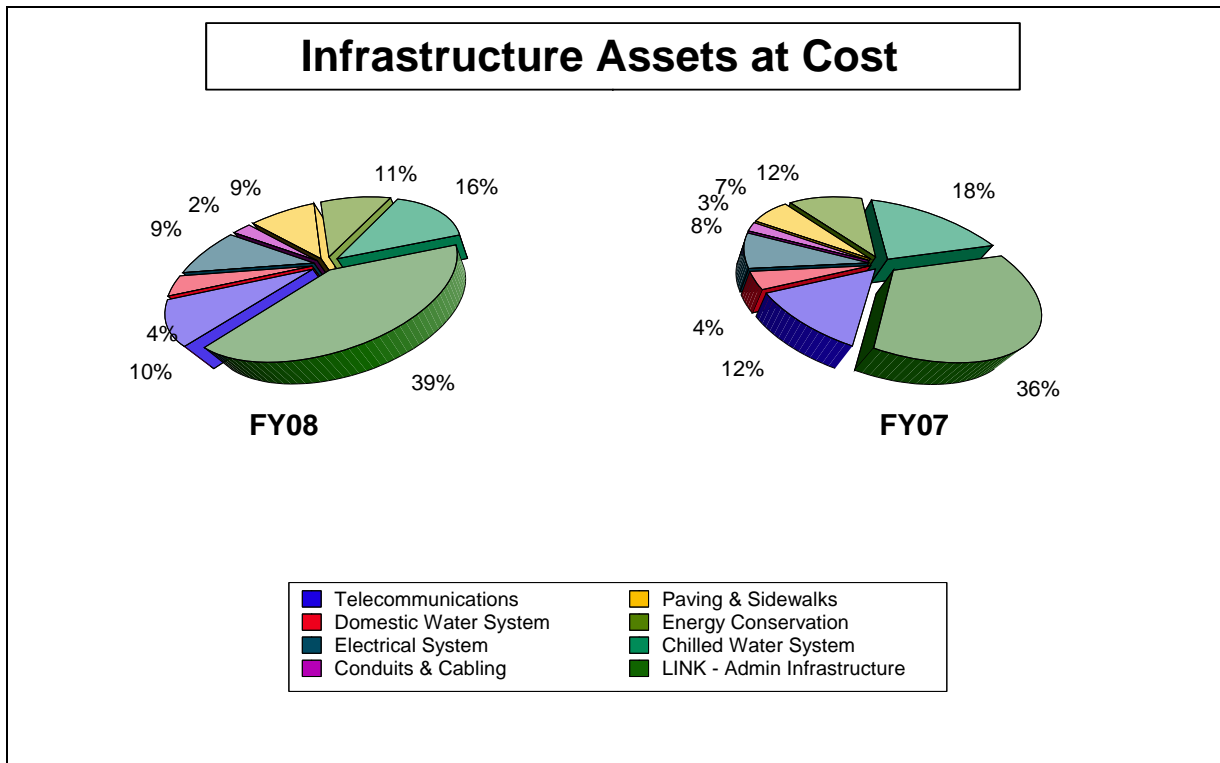
Capital asset expenditures for Clinical Operations were \$41.3 million in 2008, as compared to expenditures of \$110.1 million in 2007, and \$91.8 million in 2006 respectively. Within Clinical Operations during 2008, the largest capital expenditures were within the categories of major moveable equipment (\$14.0 million) and construction in progress (\$26.9 million). The largest capital expenditures in major moveable equipment include the Magnetom Trio A 3.0T MRI (\$2.3 million), the Somatom Definition CT (\$2.1 million), the Allura Xper FD20 cardiovascular x-ray machine (\$1.2 million), a Digital Diag-

nostic Machine with Dual Detectors (\$427,000), and a Surgical Microscope (\$265,000). The largest capital expenditures in construction in progress include final capital expenditures for the Barbara and Bill Richardson Pavilion (CHCCP) project (\$13.5 million), infrastructure related to emergency operations (\$3.8 million), computerized physician order entry (\$2.4 million), expansion of the electronic medical record (\$1.7 million), intermediate nursery construction (\$1.3 million), Lands West parking (\$672,000) and Cardiac Cath Lab backfill (\$604,000).

UNM's long-term debt, bonds payable, totaled \$658.0 million and \$530.8 million at June 30, 2008 and 2007, respectively. The University sold \$136.7 million in bonds during fiscal year 2008 to fund a variety of projects, including but not limited to: the purchase and renovation of a 120,000 square foot building to house the University Hospital Business operations, construction of new parking structures, classroom modernization, and renovation and improvement to the University's athletic facilities. Many of these projects will be self-supporting.



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



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

OPERATING REVENUES BY MAJOR SOURCE

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Tuition and fees	\$ 94,752,894	\$ 91,687,417	\$ 87,865,694
Grants and contracts	288,706,531	268,162,204	266,650,439
Clinical operations	381,510,475	316,139,010	297,507,483
Patient services, net	168,189,995	133,379,950	113,156,291
Sales and services	104,881,546	103,402,512	98,222,173
Other operating revenues	<u>31,989,816</u>	<u>32,585,167</u>	<u>25,051,331</u>
Total operating revenues	<u>\$ 1,070,031,257</u>	<u>\$ 945,356,260</u>	<u>\$ 888,453,411</u>

OPERATING EXPENSES BY MAJOR FUNCTION

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Instruction	\$ 224,731,491	\$ 208,476,169	\$ 197,389,591
Research	142,389,365	132,105,790	135,911,705
Public service	262,645,417	222,396,808	197,124,775
Academic support	40,896,777	39,165,662	36,048,570
Student services	26,013,764	23,156,558	21,157,649
Institutional support	58,527,904	52,434,568	49,970,332
Operations of plant	112,498,528	110,980,705	101,352,488
Student aid and activities	44,616,583	43,014,797	38,409,481
Intercollegiate athletics	27,856,989	23,885,278	24,909,654
Auxiliary enterprises	58,249,675	56,900,903	53,333,940
Other operating expenses	42,619,155	39,477,098	36,211,219
Clinical operations	<u>459,129,518</u>	<u>382,939,552</u>	<u>361,905,430</u>
Total operating expenses	<u>\$1,500,175,166</u>	<u>\$1,334,933,888</u>	<u>\$1,253,724,834</u>

NON-OPERATING REVENUES (EXPENSES)

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Appropriations	\$ 346,044,844	\$ 295,424,572	\$ 271,940,479
Gifts	35,838,414	22,504,697	21,086,477
Clinical operations	112,350,113	89,260,571	66,738,725
Investment income	16,148,502	88,477,470	50,580,757
Other non-operating expenses	1,872,106	4,694,158	7,811,150
Capital gifts, grants and appropriations	<u>73,433,362</u>	<u>49,313,017</u>	<u>65,431,767</u>
Net non-operating revenues	<u>\$ 585,687,341</u>	<u>\$ 549,674,485</u>	<u>\$ 483,589,355</u>

Income before other revenues, expenses, gains and losses	<u>\$ 155,543,432</u>	<u>\$ 160,096,857</u>	<u>\$ 118,317,932</u>
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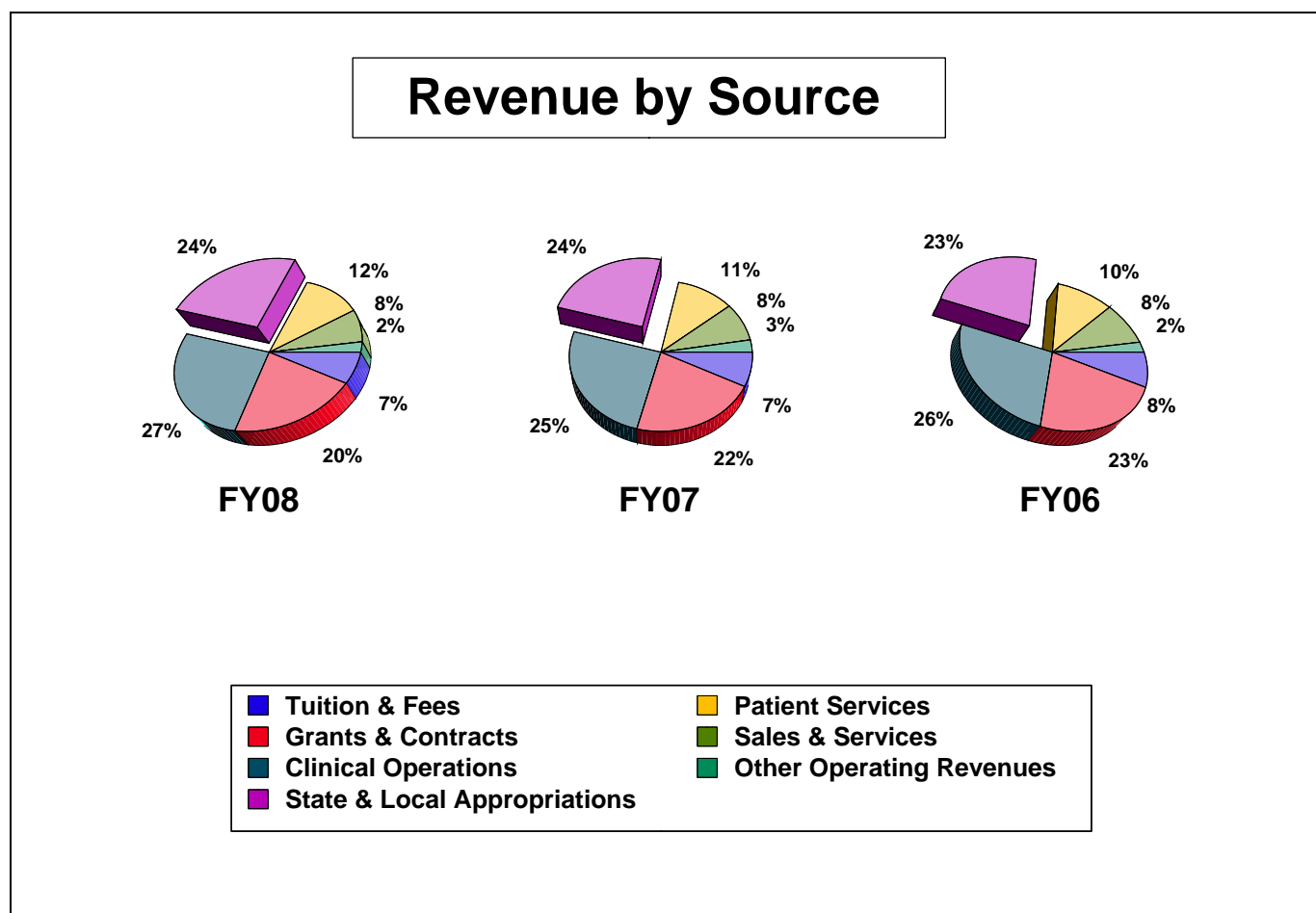
Total increase in net assets	\$ 155,543,432	\$ 160,096,857	\$ 118,317,932
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Net assets at beginning of year	<u>\$1,200,890,406</u>	<u>\$1,040,793,549</u>	<u>\$ 922,475,617</u>
Net assets at end of year	<u>\$1,356,433,838</u>	<u>\$1,200,890,406</u>	<u>\$ 1,040,793,549</u>

Revenues and Expenses

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

Although State of New Mexico appropriations are considered non-operating revenues in the basic financial statements, the University uses these funds to support all instruction and general programs. If state and local appropriations were included in operating revenues, they would comprise 24%, 24%, and 23% of total operating revenues for fiscal years 2008, 2007, and 2006 respectively. The following chart depicts operating revenues (with state and local appropriations) by source (some categories have been combined).



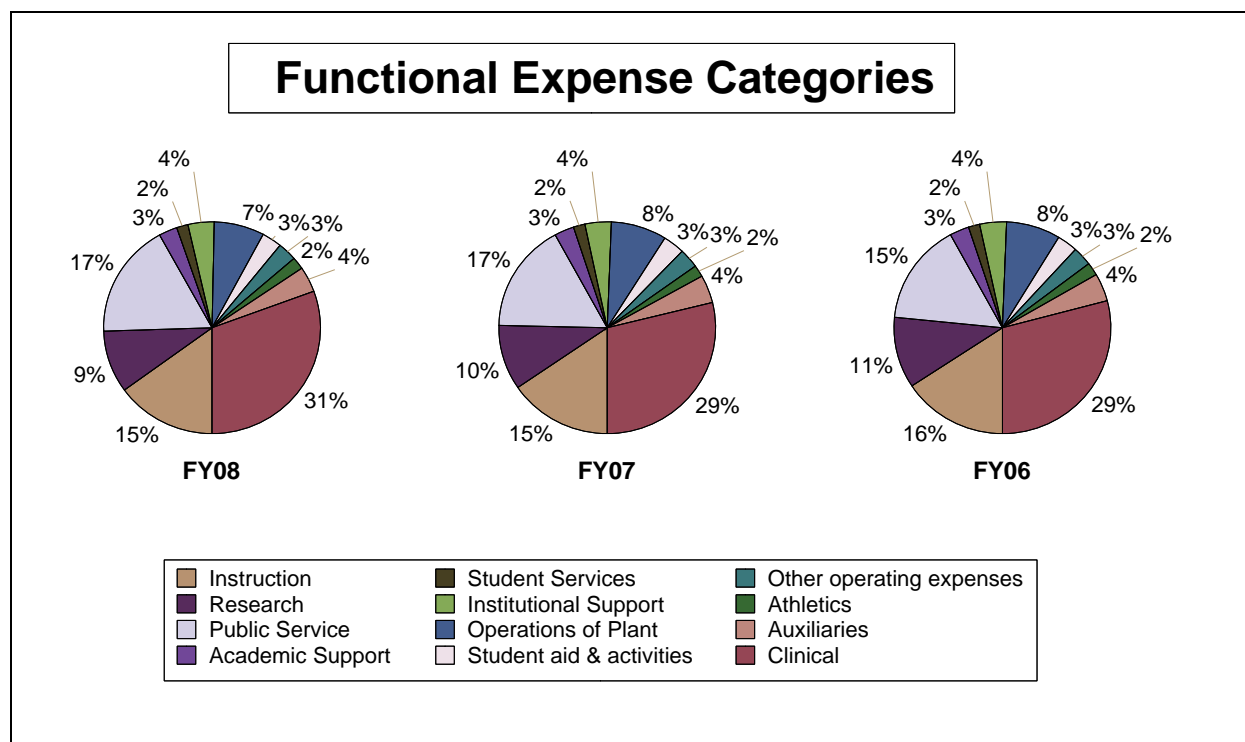
The changes in operating revenues for the University over the fiscal years of 2006, 2007, and 2008 show increases of 6.4% for 2007 over 2006 and 13.2% for 2008 over 2007. Additional enrollment and tuition rate increases in academic functions of the University are:

	<u>Fall 2007</u>	<u>Fall 2006</u>	<u>Fall 2005</u>
Enrollment increase(decrease)	(0.8)%	(1.7)%	(1.1)%
Tuition rate increase	5.4%	5.6%	9.9%

The slight headcount decrease represents a stable Albuquerque Campus enrollment and some continued changes in the Branch Campuses. All forecast a growing headcount and student credit hours in 2008. Branch campuses are essentially community colleges and will always be dependent on population demographics, work force needs, and public school connections to maintain or increase enrollment. They tend to adjust to the market and declines in enrollments are often followed by increases in a cyclical manner. The main campus has renewed emphasis on student success meaning increases in retention and graduation rates are primary goals. This planning will lead to shifts of student populations in an effort to obtain optimal enrollment levels to support students, but careful planning will ensure stable headcount and student credit hour generation as well as healthier, more predictable projections.

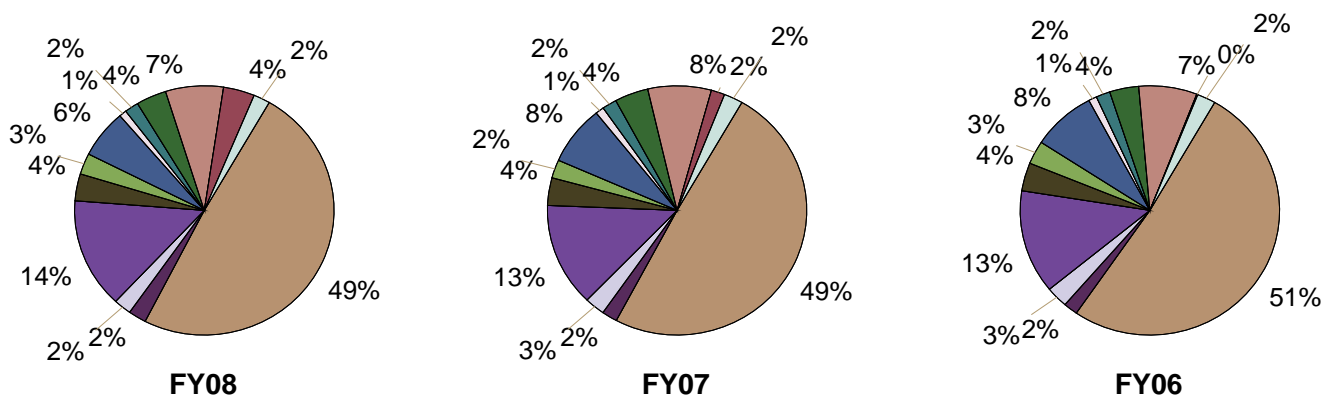
The net non-operating revenue increases of 6.6% and 13.7% for the years ended 2008 and 2007, respectively, are primarily driven by gifts received by the University and state appropriations.

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).



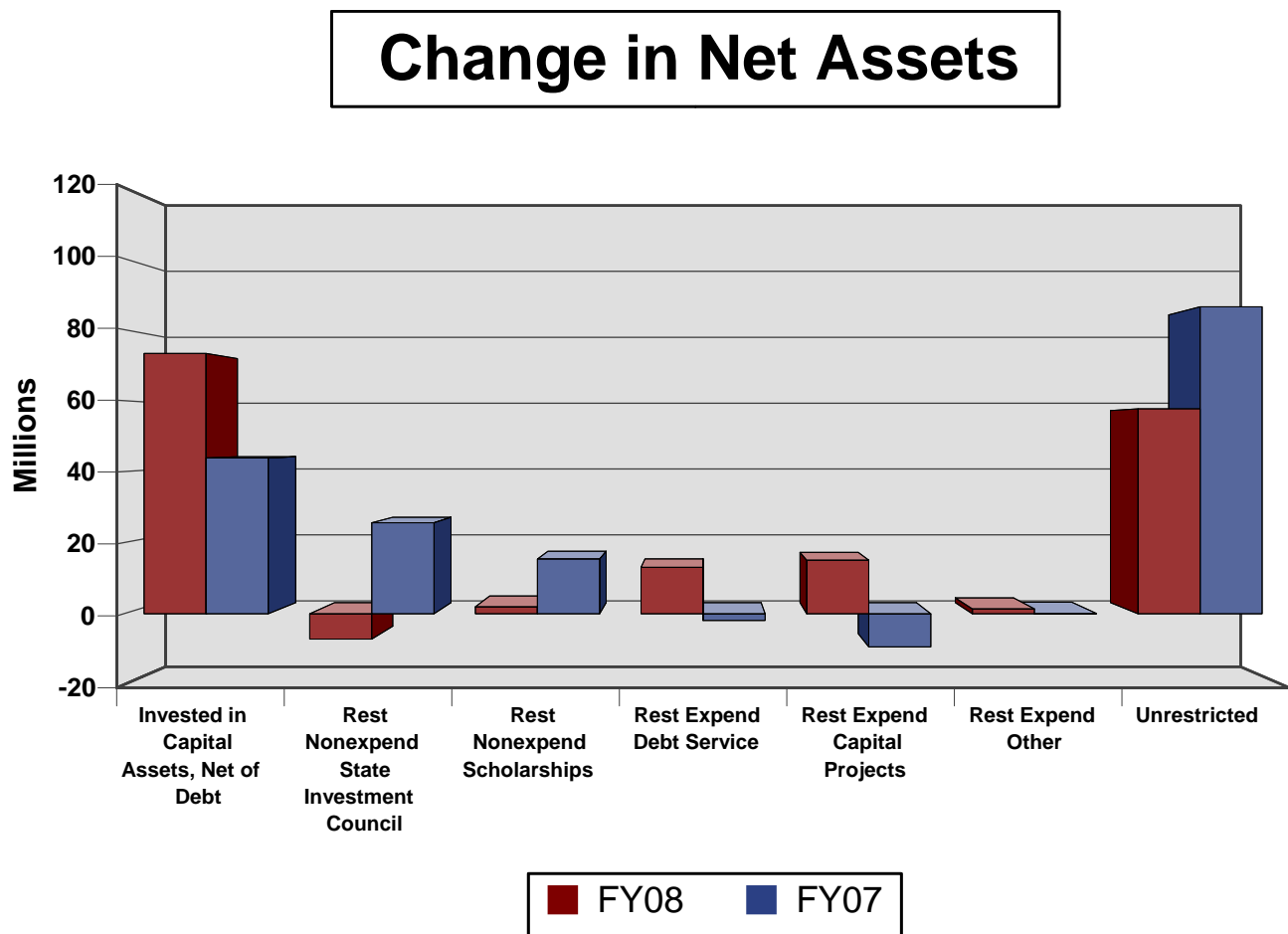
The charts below show total expenses by natural category (excluding clinical operations and component units) for the years ended June 30, 2008, 2007, and 2006.

Natural Expense Categories



Change in Net Assets

The University's total change in net assets showed a net increase for 2008 and 2007. 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 \$159 million in 2008. Two of the major reasons for the increase include a \$73.3 million increase in the capitalization of assets, and a \$57.7 million increase in unrestricted net assets due to the excess of revenues over expenses in fiscal year 2008, primarily in clinical operations and state funded operations. The chart below shows the change in net assets by category for the fiscal years ended June 30, 2008 and 2007.



Budget Activity

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

Some of the more significant changes to the original budget for fiscal year 2008 include adjustments for the UNM 2007 Bond Issue within Main Campus. In regard to Health Sciences Center, adjustments were made to reflect the reclassification of the inflammatory breast cancer appropriation from unrestricted research to restricted research. The public service restricted awards budget was decreased while the unrestricted revenue budget was increased. These increases were due to the patient care equipment appropriation, an increase in patient revenue, increases in clinical expenses, and bad debt expenses. In independent operations, sales and services were greater than the original budget for Carrie Tingley Hospital, Children's Psychiatric Hospital, and UNM Medical Group; likewise, the expenses for Carrie Tingley Hospital, Children's Psychiatric Hospital, and UNM Medical Group were greater than original budget. The instruction and general budget was increased to reflect the Higher Education Department's award to the College of Nursing, the additional Nursing compensation, and an increase in F&A revenue.

Overall, the University's change in net assets on a budgetary basis for unrestricted and restricted funds was an increase of over \$142 million (see Schedule 2). The change is a result of UNM 2007 Bond Issue proceeds received but not spent. These proceeds will be expensed in future fiscal years. However, actual revenues were less than budgeted revenues mainly due to the fact that contract and grant revenues were lower than expected. For Main Campus, actual expenditures were less than budgeted expenditures largely due to the need to budget enough expenditure authority for unanticipated events.

Endowments

At June 30, 2008, the University of New Mexico's endowment assets totaled more than \$508 million including approximately \$330 million in the Consolidated Investment Fund (CIF) and more than \$168 million for the University's share of the State Permanent Fund.

The University of New Mexico Board Of Regents has delegated authority to the UNM Foundation Investment Committee to act as the official "Advisory Committee" to oversee and manage the combined endowment assets of the University and the Foundation. The pooled assets are combined for investment purposes and operated as a unitized pool known as the Consolidated Investment Fund (CIF). Due largely to an increase in new endowment gifts during the year, the market value of the CIF grew from approximately \$324 million at June 30, 2007 to approximately \$330 million at June 30, 2008. In 2007-08, investment returns were led by the fixed income portion of the portfolio at 13.5% and real assets at 14.6% which offset the Domestic and International Equity returns of -11.8% and -8.8% respectively, and allowed the total return of the portfolio to finish the year in positive territory at +0.7%. The alternative investment portion of the portfolio returned 6.6% for the year while the private equity portion of the portfolio is still too new to assess performance. The 3-Year return of 10.6% and the 5-Year return of 10.9% continue to outperform established benchmarks. The CIF is a well-diversified fund with an asset allocation consisting of approximately 21% U.S. equity, 20% international equity, 19% fixed income/cash, 6% private equity, 14% real assets, and 20% alternative investments at June 30, 2008. In addition to the customary investment management expenses, an administrative allocation equivalent to 1.10% of the market value was allocated from each participating fund in the CIF for 2007-08.

The Foundation and the University recognize the need to provide a steady and reasonably predictable stream of income while protecting the real value of the principal of the endowment and has therefore adopted a spending policy that is based on a 12 quarter moving average and a distribution rate in the range of 4 percent to 6 percent. For the year ended June 30, 2008, the spending distribution target rate was set at 4.65 percent, which provided over \$14 million to the beneficiary Schools, Colleges and Programs.

Sponsored Programs

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

During the 2007-08 fiscal year, federal and state agencies, industry, foundations and national laboratories provided \$303 million in contract and grant awards to UNM for sponsored projects ranging from engineering to medicine and education to the humanities. The Main Campus and Branches were awarded \$169 million, and the Health Sciences Center (HSC) was awarded \$134 million.

The majority of contracts and grants, 61%, were awarded by federal agencies, while the remaining came from the following sources: State of New Mexico, 21%; industry, 5%; foundations, 5%; national laboratories, 2%; and other, 6%.

Among UNM Main Campus outstanding research units are the Center for High Technology Materials, the Center for Alcoholism, Substance Abuse and Addictions and the Center for Micro Engineered Materials. HSC's key research programs focus on the health issues of New Mexicans. Major research units at HSC include the Cancer Research and Treatment Center, General Clinical Research Center, and the Center for Infectious Disease and Immunity.

Factors Impacting Future Periods

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. This statement was effective for the University at the beginning of fiscal year 2008 and has had an impact on the way certain employee benefits are presented in the current financial statements, and it is expected to continue to have a significant impact in future 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 has been applied prospectively and does not require the University to fund its existing OPEB plans. The University has established its OPEB liability at zero as of the beginning of the initial year of implementation, and the unfunded liability will require amortization over future periods.

GASB has issued several other statements that will impact the University's financial statements in future periods. GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obli-

gations, effective beginning with the fiscal year 2009 financial statements, will require “all governments to account for pollution remediation obligations in the same manner, including required reporting of pollution remediation obligations that previously may not have been reported.” It also requires more timely and comprehensive reporting of obligations as they become reasonably estimable. GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets, effective beginning with the fiscal year 2010 financial statements, provides guidance as to whether and when an intangible asset should be considered capital assets in the financial statements. The potential impacts of this statement are the identification of intangible assets that were not previously recorded and the need for additional processes, policies, and procedures to properly identify intangible assets and to accurately determine the cost of these assets. GASB Statement No. 52, Land and Other Real Estate Held as Investments by Endowments, effective beginning with the fiscal year 2009 financial statements, will require endowments (excluding quasi-endowments) to report land and other real estate investments at fair value, rather than historical cost. The fair value of these investments will need to be determined on an annual basis through appraisal or some other method, and investment income will be recorded in the year that it occurs, rather than only in the year that the investment is sold. The University has not completed the process of evaluating the impact that will result from adopting GASB 49, 51, and 52 and is therefore unable to disclose the effect that adopting these statements will have on its financial statements.

Subsequent to the end of the 2008 fiscal year, there have been significant fluctuations in investment market values. The ultimate impact of these fluctuations on the value of investments reported in the accompanying financial statements cannot reasonably be determined.

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, 2008 and 2007, 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

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THE UNIVERSITY OF NEW MEXICO

BASIC FINANCIAL STATEMENTS

Statements of Net Assets as of June 30, 2008 and 2007

	PRIMARY INSTITUTION		COMPONENT UNITS	
	2008	2007	2008	2007
ASSETS				
Current assets				
Cash and cash equivalents (note 3)	\$ 216,723,607	\$ 156,081,340	\$ 35,143,300	\$ 40,424,185
Short-term investments (note 3)	326,306,774	213,534,102	5,192,678	6,505,413
Accounts receivable, net (note 4)	69,802,921	75,968,593	1,904,439	1,841,656
Patient receivables, net (note 4)	76,049,549	54,084,290	-	12,052,055
Notes receivable, net (note 5)	6,344,742	5,581,321	-	-
Due from component units	1,118,590	19,668,726	-	-
Estimated third-party payor settlements	23,471,501	13,232,912	-	-
Other receivables, net (note 4)	3,737,631	4,153,591	-	1,108,397
Inventories	12,299,996	12,713,323	20,628	20,671
Due from The University of New Mexico	-	-	57,116	34,301
Other current assets	10,164,054	12,940,299	29,671	423,361
Total current assets	\$ 746,019,365	\$ 567,958,497	\$ 42,347,832	\$ 62,410,039
Non-current assets				
Cash and cash equivalents (note 3)	\$ 3,313,168	\$ -	\$ -	\$ -
Notes receivable - non-current (note 5)	12,056,789	13,535,073	-	-
State Investment Council assets (note 3)	168,211,831	175,313,519	-	-
Deferred bond issuance costs	5,651,151	6,197,105	-	-
Investments (note 3)	248,488,143	241,550,358	128,213,605	121,153,924
Other non-current assets	7,499,558	6,980,480	6,387,587	4,760,019
Capital assets, net (note 6)	1,068,662,755	954,002,967	125,951	477,909
Total non-current assets	\$ 1,513,883,395	\$ 1,397,579,502	\$ 134,727,143	\$ 126,391,852
Total assets	\$ 2,259,902,760	\$ 1,965,537,999	\$ 177,074,975	\$ 188,801,891
LIABILITIES				
Current liabilities				
Accounts payable and accrued payroll (note 7)	\$ 61,351,399	\$ 60,466,723	\$ 484,086	\$ 408,241
Due to The University of New Mexico	-	-	1,118,590	19,668,726
Due to component units	57,116	34,301	-	-
Estimated third-party payor liability	24,001,140	17,425,454	-	-
Accrued compensated absences (note 8)	36,362,136	31,254,280	-	-
Other accrued liabilities (note 9)	38,062,198	36,961,436	-	-
Deferred revenue (note 10)	42,462,316	47,687,261	2,096,053	2,441,634
Bonds payable - current (notes 11 & 12)	14,041,741	12,792,506	-	-
Other current liabilities	3,219,677	2,345,588	701,347	2,767,086
Deposits and funds held for others	7,344,360	9,079,633	-	-
Total current liabilities	\$ 226,902,083	\$ 218,047,182	\$ 4,400,076	\$ 25,285,687
Non-current liabilities (note 11)				
Bonds payable - non-current (notes 11 & 12)	\$ 657,991,804	\$ 530,820,677	\$ -	\$ -
Student loan program (note 11)	14,793,447	15,440,417	-	-
Net OPEB obligation (note 16)	2,918,000	-	-	-
Deferred annuities payable	145,422	339,317	2,547,631	1,634,457
Other non-current liabilities	718,166	-	-	-
Total non-current liabilities	\$ 676,566,839	\$ 546,600,411	\$ 2,547,631	\$ 1,634,457
Total liabilities	\$ 903,468,922	\$ 764,647,593	\$ 6,947,707	\$ 26,920,144

EXHIBIT A

Statements of Net Assets as of June 30, 2008 and 2007

	PRIMARY INSTITUTION		COMPONENT UNITS	
	2008	2007	2008	2007
NET ASSETS				
Invested in capital assets, net of related debt (Primary Institution restated, see note 21)	\$ 572,820,785	\$ 499,489,161	\$ 87,483	\$ 32,034
Restricted for:				
Non-expendable:				
State Investment Council	168,211,831	175,313,519	-	-
Scholarships	117,199,275	115,171,993	-	-
Grants, bequests and contributions	-	-	115,346,088	107,086,236
Expendable:				
Scholarships	3,278,916	3,373,027	-	-
Grants, bequests and contributions	3,472,754	1,959,274	-	-
Debt service				
(Primary Institution restated, see note 21)	20,640,827	7,514,781	-	-
Capital projects				
(Primary Institution restated, see note 21)	48,885,445	33,821,331	-	-
Other	-	-	40,265,771	42,439,942
Unrestricted (Primary Institution restated, see note 21)	421,924,005	364,247,320	14,427,926	12,323,535
Total net assets	<u>\$ 1,356,433,838</u>	<u>\$ 1,200,890,406</u>	<u>\$ 170,127,268</u>	<u>\$ 161,881,747</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, 2008 and 2007

	PRIMARY INSTITUTION		COMPONENT UNITS	
	2008	2007	2008	2007
OPERATING REVENUES				
Student tuition and fees (net of scholarship allowances of \$35,398,573 in 2008 and \$30,667,258 in 2007)	\$ 94,752,894	\$ 91,687,417	\$ -	\$ -
Patient services (net of provision for doubtful accounts of \$23,319,707 in 2008 and \$24,259,191 in 2007) (note 13)	168,189,995	133,379,950	-	-
Federal grants and contracts	203,965,559	195,481,369	-	-
State and local grants and contracts	33,683,548	27,789,682	-	-
State lottery scholarships	22,508,084	20,928,658	-	-
Non-governmental grants and contracts	28,549,340	23,962,495	28,473,828	24,970,345
Sales and services (net of scholarship allowances of \$6,337,933 in 2008 and \$5,317,087 in 2007)	104,881,546	103,402,512	5,585,025	14,805,101
Other operating revenues	31,989,816	32,585,167	6,240,333	6,006,211
Clinical operations				
University of New Mexico Hospital (net of provision for doubtful accounts of \$91,412,617 in 2008 and \$64,932,577 in 2007)	357,842,174	291,602,454	-	-
University of New Mexico Psychiatric Center (net of provision for doubtful accounts of \$704,367 in 2008 and \$1,754,968 in 2007)	15,549,919	16,683,105	-	-
University of New Mexico Children's Psychiatric Center (net of provision for doubtful accounts of \$607,052 in 2008 and \$252,280 in 2007)	8,118,382	7,853,451	-	-
Total operating revenues	\$ 1,070,031,257	\$ 945,356,260	\$ 40,299,186	\$ 45,781,657
OPERATING EXPENSES				
Educational and general				
Instruction	\$ 224,731,491	\$ 208,476,169	\$ -	\$ -
Research	142,389,365	132,105,790	-	-
Public service	262,645,417	222,396,808	-	-
Academic support	40,896,777	39,165,662	-	-
Student services	26,013,764	23,156,558	-	-
Institutional support	58,527,904	52,434,568	-	-
Operations and maintenance of plant	65,504,557	68,281,149	-	-
Depreciation expense	46,993,971	42,699,556	-	-
Student aid	38,494,172	37,352,791	-	-
Student activities	6,122,411	5,662,006	-	-
Intercollegiate athletics	27,856,989	23,885,278	-	-
Auxiliary enterprises	58,249,675	56,900,903	-	-
Other operating expenses	42,619,155	39,477,098	48,928,737	47,736,598
Clinical operations				
University of New Mexico Hospital	419,978,670	343,808,529	-	-
University of New Mexico Psychiatric Center	24,429,970	24,788,414	-	-
University of New Mexico Children's Psychiatric Center	14,720,878	14,342,609	-	-
Total operating expenses	\$ 1,500,175,166	\$ 1,334,933,888	\$ 48,928,737	\$ 47,736,598
Operating loss	\$ (430,143,909)	\$ (389,577,628)	\$ (8,629,551)	\$ (1,954,941)

EXHIBIT B

Statements of Revenues, Expenses and Changes in Net Assets for the years ended June 30, 2008 and 2007

	PRIMARY INSTITUTION		COMPONENT UNITS	
	2008	2007	2008	2007
NON-OPERATING REVENUES (EXPENSES)				
State appropriations	\$ 340,410,735	\$ 291,077,007	\$ -	\$ -
Local appropriations	5,634,109	4,347,565	-	-
Gifts	35,838,414	22,504,697	-	-
Investment income (note 3)	16,148,502	88,477,470	2,786,466	21,244,322
Other non-operating revenues (expenses)	21,256,289	13,262,588	(93,032)	62,638
Interest on capital asset-related debt	(18,291,415)	(15,250,886)	-	-
Gain/(loss) on disposal of capital assets	(1,092,768)	6,682,456	-	-
Clinical operations				
University of New Mexico Hospital	94,997,396	73,700,149	-	-
University of New Mexico Psychiatric Center	10,083,017	9,099,451	-	-
University of New Mexico Children's Psychiatric Center	7,269,700	6,460,971	-	-
Net non-operating revenues	<u>\$ 512,253,979</u>	<u>\$ 500,361,468</u>	<u>\$ 2,693,434</u>	<u>\$ 21,306,960</u>
Income (loss) before other revenues, expenses, gains and losses	<u>\$ 82,110,070</u>	<u>\$ 110,783,840</u>	<u>\$ (5,936,117)</u>	<u>\$ 19,352,019</u>
Capital appropriations	\$ 62,580,953	\$ 41,651,658	\$ -	\$ -
Capital grants and gifts	10,852,409	7,661,359	-	-
Contributions to permanent endowments	-	-	14,181,638	15,721,756
Total other revenues	<u>\$ 73,433,362</u>	<u>\$ 49,313,017</u>	<u>\$ 14,181,638</u>	<u>\$ 15,721,756</u>
Change in net assets	<u>\$ 155,543,432</u>	<u>\$ 160,096,857</u>	<u>\$ 8,245,521</u>	<u>\$ 35,073,775</u>
NET ASSETS				
Net assets at beginning of year	1,200,890,406	1,040,793,549	161,881,747	126,807,972
Net assets at end of year	<u>\$ 1,356,433,838</u>	<u>\$ 1,200,890,406</u>	<u>\$ 170,127,268</u>	<u>\$ 161,881,747</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, 2008 and 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 92,053,801	\$ 93,577,293
Grants and contracts	300,733,566	281,758,855
Insurance and patients	501,010,098	514,938,248
Sales and services	103,175,840	99,993,894
Payments to suppliers	(365,723,650)	(374,752,495)
Payments to employees	(723,145,364)	(709,060,246)
Payments for utilities	(37,162,425)	(35,217,228)
Payments for benefits	(154,571,171)	(130,808,168)
Payments for scholarships and fellowships	(42,231,434)	(42,969,613)
Loans issued to students	(4,309,560)	(4,483,586)
Collection of loans to students	3,915,194	2,356,376
Other payments	(2,146,442)	(6,558,675)
Net cash used by operating activities	<u>\$ (328,401,547)</u>	<u>\$ (311,225,345)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State appropriations	\$ 351,375,152	\$ 295,328,733
Local appropriations	5,634,109	4,347,565
Bernalillo County mill levy	83,734,750	75,922,429
Land and permanent fund	691,416	820,916
Gifts	35,838,414	22,504,697
Other non-operating receipts	16,136,899	43,102,798
Net cash provided by non-capital financing activities	<u>\$ 493,410,740</u>	<u>\$ 442,027,138</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Interest payments on bonds	\$ (26,941,988)	\$ (24,463,427)
Capital appropriations	63,231,134	48,083,438
Capital gifts and grants	14,354,863	18,514,486
Additions to bonds	136,710,000	-
Principal payments of bonds	(11,557,506)	(9,232,741)
Cash received from cigarette tax bonds	22,400,291	2,357,033
Cash received from disposal of capital assets	2,447,000	3,610,000
Purchase of capital assets	(214,524,225)	(221,733,563)
Other receipts	3,720,231	264,227
Net cash used by capital financing activities	<u>\$ (10,160,200)</u>	<u>\$ (182,600,547)</u>

EXHIBIT C

Statements of Cash Flows for the years ended June 30, 2008 and 2007

	2008	2007
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturities of investments	\$ 352,056,158	\$ 384,046,965
Purchase of investments	(478,495,978)	(292,783,877)
State investment income	8,502,365	8,408,285
Investment income	27,043,897	14,141,792
Net cash provided (used) by investing activities	<u>\$ (90,893,558)</u>	<u>\$ 113,813,165</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 63,955,435	\$ 62,014,411
Cash and cash equivalents - beginning of the year	156,081,340	94,066,929
Cash and cash equivalents - end of the year	<u>\$ 220,036,775</u>	<u>\$ 156,081,340</u>
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Assumption of surplus in net assets of CTH as of 7/1/06	\$ -	\$ 3,845,872
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (430,143,909)	\$ (389,577,628)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation expense	77,070,545	62,488,917
Bad debt expense	94,727,895	91,794,961
Gain on retirement of assets	-	1,849,400
Changes in assets and liabilities		
Accounts receivable	5,941,618	(28,740,860)
Patient receivables	(93,840,750)	(67,949,890)
Estimated third-party payor settlements	(10,264,029)	6,387,652
Notes receivable	714,863	(1,418,078)
Inventories	458,273	(753,271)
Other assets	406,553	(55,604)
Due from component units	(164,903)	1,171,849
Accounts payable	9,740,432	(2,739,497)
Accrued expenses and compensated absences	5,340,046	9,607,273
Other current liabilities	(103,435)	605,927
Estimated third-party payor liability	6,601,126	530,718
Deferred revenue	5,114,128	5,572,786
Net cash used by operating activities	<u>\$ (328,401,547)</u>	<u>\$ (311,225,345)</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, 2008 - Discretely Presented Component Units

	The University of New Mexico Foundation, Inc.	The Robert O. Anderson Schools of Management Foundation	STC.UNM
ASSETS			
Current assets			
Cash and cash equivalents	\$ 26,586,413	\$ 1,376,861	\$ 773,835
Short-term investments	-	599,187	-
Accounts receivable, net	-	987,279	356,801
Inventories	-	20,628	-
Due from The University of New Mexico	-	57,116	-
Other current assets	-	5,318	-
Total current assets	<u>\$ 26,586,413</u>	<u>\$ 3,046,389</u>	<u>\$ 1,130,636</u>
Non-current assets			
Investments	\$ 127,721,289	\$ 488,463	\$ 3,853
Other non-current assets	6,387,557	-	-
Capital assets			
Equipment and furnishings, net	-	-	84,550
Other capital assets, net	-	-	-
Total non-current assets	<u>\$ 134,108,846</u>	<u>\$ 488,463</u>	<u>\$ 88,403</u>
Total assets	<u>\$ 160,695,259</u>	<u>\$ 3,534,852</u>	<u>\$ 1,219,039</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	\$ 40,798	\$ 100,080	\$ 241,854
Due to The University of New Mexico	-	927,110	139,341
Deferred revenue	-	922,147	1,000
Other current liabilities	419,342	-	282,005
Total current liabilities	<u>\$ 460,140</u>	<u>\$ 1,949,337</u>	<u>\$ 664,200</u>
Non-current liabilities			
Deferred annuities payable	\$ 2,547,631	\$ -	\$ -
Total non-current liabilities	<u>\$ 2,547,631</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>\$ 3,007,771</u>	<u>\$ 1,949,337</u>	<u>\$ 664,200</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ -	\$ -	\$ 84,550
Restricted non-expendable	115,346,088	-	-
Restricted expendable	39,766,944	443,355	-
Unrestricted	2,574,456	1,142,160	470,289
Total net assets	<u>\$ 157,687,488</u>	<u>\$ 1,585,515</u>	<u>\$ 554,839</u>

See accompanying notes to the basic financial statements.

EXHIBIT D

University of New Mexico Lobo Club	Lobo Development Corp	Lobo Energy, Inc.	The University of New Mexico Alumni Association	Total
\$ 2,140,569	\$ 427,274	\$ 537,192	\$ 3,301,156	\$ 35,143,300
-	-	-	4,593,491	5,192,678
240,011	-	-	320,348	1,904,439
-	-	-	-	20,628
-	-	-	-	57,116
5,281	-	-	19,072	29,671
<u>\$ 2,385,861</u>	<u>\$ 427,274</u>	<u>\$ 537,192</u>	<u>\$ 8,234,067</u>	<u>\$ 42,347,832</u>
\$ -	\$ -	\$ -	\$ -	\$ 128,213,605
-	-	30	-	6,387,587
2,933	-	-	-	87,483
-	-	38,468	-	38,468
<u>\$ 2,933</u>	<u>\$ -</u>	<u>\$ 38,498</u>	<u>\$ -</u>	<u>\$ 134,727,143</u>
<u>\$ 2,388,794</u>	<u>\$ 427,274</u>	<u>\$ 575,690</u>	<u>\$ 8,234,067</u>	<u>\$ 177,074,975</u>
\$ 62,235	\$ 54	\$ 34,065	\$ 5,000	\$ 484,086
52,139	-	-	-	1,118,590
714,334	-	-	458,572	2,096,053
-	-	-	-	701,347
<u>\$ 828,708</u>	<u>\$ 54</u>	<u>\$ 34,065</u>	<u>\$ 463,572</u>	<u>\$ 4,400,076</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,547,631
\$ -	\$ -	\$ -	\$ -	\$ 2,547,631
<u>\$ 828,708</u>	<u>\$ 54</u>	<u>\$ 34,065</u>	<u>\$ 463,572</u>	<u>\$ 6,947,707</u>
\$ 2,933	\$ -	\$ -	\$ -	\$ 87,483
-	-	-	-	115,346,088
26,216	-	-	29,256	40,265,771
1,530,937	427,220	541,625	7,741,239	14,427,926
<u>\$ 1,560,086</u>	<u>\$ 427,220</u>	<u>\$ 541,625</u>	<u>\$ 7,770,495</u>	<u>\$ 170,127,268</u>

THE UNIVERSITY OF NEW MEXICO

BASIC FINANCIAL STATEMENTS

Combining Statement of Net Assets as of June 30, 2007 - Discretely Presented Component Units

	University Physician Associates	The University of New Mexico Foundation, Inc.	The Robert O. Anderson Schools of Management Foundation
ASSETS			
Current assets			
Cash and cash equivalents	\$ 4,829,636	\$ 28,288,970	\$ 1,427,699
Short-term investments	-	-	656,725
Accounts receivable, net	-	-	1,251,828
Patient receivables, net	12,052,055	-	-
Other receivables, net	1,108,397	-	-
Inventories	-	-	20,671
Due from The University of New Mexico	-	-	15,417
Other current assets	-	-	1,900
Total current assets	<u>\$ 17,990,088</u>	<u>\$ 28,288,970</u>	<u>\$ 3,374,240</u>
Non-current assets			
Investments	\$ 1,619,700	\$ 119,075,665	\$ 454,729
Other non-current assets	86,077	4,673,912	-
Capital assets			
Equipment and furnishings, net	445,875	-	-
Total non-current assets	<u>\$ 2,151,652</u>	<u>\$ 123,749,577</u>	<u>\$ 454,729</u>
Total assets	<u>\$ 20,141,740</u>	<u>\$ 152,038,547</u>	<u>\$ 3,828,969</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	\$ -	\$ 4,809	\$ 167,510
Due to The University of New Mexico	18,351,324	23,376	1,068,732
Deferred revenue	-	-	1,064,494
Other current liabilities	1,790,416	323,800	-
Total current liabilities	<u>\$ 20,141,740</u>	<u>\$ 351,985</u>	<u>\$ 2,300,736</u>
Non-current liabilities			
Deferred annuities payable	\$ -	\$ 1,634,457	\$ -
Total non-current liabilities	<u>\$ -</u>	<u>\$ 1,634,457</u>	<u>\$ -</u>
Total liabilities	<u>\$ 20,141,740</u>	<u>\$ 1,986,442</u>	<u>\$ 2,300,736</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -
Restricted non-expendable	-	107,086,236	-
Restricted expendable	-	41,955,297	438,665
Unrestricted	-	1,010,572	1,089,568
Total net assets	<u>\$ -</u>	<u>\$ 150,052,105</u>	<u>\$ 1,528,233</u>

See accompanying notes to the basic financial statements.

EXHIBIT E

STC.UNM	University of New Mexico Lobo Club	Lobo Energy, Inc.	The University of New Mexico Alumni Association	Total
\$ 729,313	\$ 2,141,023	\$ 729,407	\$ 2,278,137	\$ 40,424,185
-	-	-	5,848,688	6,505,413
211,584	162,488	-	215,756	1,841,656
-	-	-	-	12,052,055
-	-	-	-	1,108,397
-	-	-	-	20,671
-	-	18,884	-	34,301
1,000	6,665	406,317	7,479	423,361
<u>\$ 941,897</u>	<u>\$ 2,310,176</u>	<u>\$ 1,154,608</u>	<u>\$ 8,350,060</u>	<u>\$ 62,410,039</u>
\$ 3,830	\$ -	\$ -	\$ -	\$ 121,153,924
-	-	30	-	4,760,019
28,871	3,163	-	-	477,909
<u>\$ 32,701</u>	<u>\$ 3,163</u>	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ 126,391,852</u>
<u>\$ 974,598</u>	<u>\$ 2,313,339</u>	<u>\$ 1,154,638</u>	<u>\$ 8,350,060</u>	<u>\$ 188,801,891</u>
\$ 100,671	\$ 50,785	\$ 71,498	\$ 12,968	\$ 408,241
136,934	88,360	-	-	19,668,726
1,280	759,431	-	616,429	2,441,634
246,553	-	406,317	-	2,767,086
<u>\$ 485,438</u>	<u>\$ 898,576</u>	<u>\$ 477,815</u>	<u>\$ 629,397</u>	<u>\$ 25,285,687</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,634,457
\$ -	\$ -	\$ -	\$ -	\$ 1,634,457
<u>\$ 485,438</u>	<u>\$ 898,576</u>	<u>\$ 477,815</u>	<u>\$ 629,397</u>	<u>\$ 26,920,144</u>
\$ 28,871	\$ 3,163	\$ -	\$ -	\$ 32,034
-	-	-	-	107,086,236
-	16,812	-	29,168	42,439,942
460,289	1,394,788	676,823	7,691,495	12,323,535
<u>\$ 489,160</u>	<u>\$ 1,414,763</u>	<u>\$ 676,823</u>	<u>\$ 7,720,663</u>	<u>\$ 161,881,747</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, 2008 -
Discretely Presented Component Units

	The University of New Mexico Foundation, Inc.	The Robert O. Anderson Schools of Management Foundation	STC.UNM
REVENUES			
Operating revenues			
Fees	\$ -	\$ 2,203,896	\$ 2,605,276
Grants, bequests and contributions	22,992,282	245,095	-
Operational support	4,338,881	-	-
Other operating revenues	753,626	25,466	-
Total operating revenues	<u>\$ 28,084,789</u>	<u>\$ 2,474,457</u>	<u>\$ 2,605,276</u>
EXPENSES			
Operating expenses			
General and administrative	\$ 5,259,189	\$ 1,708,932	\$ 2,574,005
Program expenses	-	547,419	-
Distributions to the University of New Mexico	32,183,259	-	-
Total operating expenses	<u>\$ 37,442,448</u>	<u>\$ 2,256,351</u>	<u>\$ 2,574,005</u>
Net operating income (loss)	<u>\$ (9,357,659)</u>	<u>\$ 218,106</u>	<u>\$ 31,271</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	\$ 2,811,404	\$ 18,592	\$ 27,200
Other non-operating revenues	-	(179,416)	7,208
Total non-operating revenues	<u>\$ 2,811,404</u>	<u>\$ (160,824)</u>	<u>\$ 34,408</u>
Income (loss) before other revenues	<u>\$ (6,546,255)</u>	<u>\$ 57,282</u>	<u>\$ 65,679</u>
Contributions to permanent endowments	\$ 14,181,638	\$ -	\$ -
Total other revenues	<u>\$ 14,181,638</u>	<u>\$ -</u>	<u>\$ -</u>
Change in net assets	<u>\$ 7,635,383</u>	<u>\$ 57,282</u>	<u>\$ 65,679</u>
Net assets at beginning of year	<u>\$ 150,052,105</u>	<u>\$ 1,528,233</u>	<u>\$ 489,160</u>
Net assets at end of year	<u><u>\$ 157,687,488</u></u>	<u><u>\$ 1,585,515</u></u>	<u><u>\$ 554,839</u></u>

See accompanying notes to the basic financial statements.

EXHIBIT F

University of New Mexico Lobo Club	Lobo Development Corp	Lobo Energy, Inc.	The University of New Mexico Alumni Association	Total
\$ 240,463	\$ -	\$ 535,390	\$ -	\$ 5,585,025
4,851,451	385,000	-	-	28,473,828
-	-	-	-	4,338,881
2,866	-	-	1,119,494	1,901,452
<u>\$ 5,094,780</u>	<u>\$ 385,000</u>	<u>\$ 535,390</u>	<u>\$ 1,119,494</u>	<u>\$ 40,299,186</u>
\$ 820,998	\$ 1,799	\$ 706,093	\$ 33,110	\$ 11,104,126
4,315,552	-	-	778,381	5,641,352
-	-	-	-	32,183,259
<u>\$ 5,136,550</u>	<u>\$ 1,799</u>	<u>\$ 706,093</u>	<u>\$ 811,491</u>	<u>\$ 48,928,737</u>
<u>\$ (41,770)</u>	<u>\$ 383,201</u>	<u>\$ (170,703)</u>	<u>\$ 308,003</u>	<u>\$ (8,629,551)</u>
\$ 187,093	\$ 44,019	\$ 35,505	\$ (337,347)	\$ 2,786,466
-	-	-	79,176	(93,032)
<u>\$ 187,093</u>	<u>\$ 44,019</u>	<u>\$ 35,505</u>	<u>\$ (258,171)</u>	<u>\$ 2,693,434</u>
<u>\$ 145,323</u>	<u>\$ 427,220</u>	<u>\$ (135,198)</u>	<u>\$ 49,832</u>	<u>\$ (5,936,117)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,181,638</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,181,638</u>
\$ 145,323	\$ 427,220	\$ (135,198)	\$ 49,832	\$ 8,245,521
\$ 1,414,763	\$ -	\$ 676,823	\$ 7,720,663	\$ 161,881,747
<u>\$ 1,560,086</u>	<u>\$ 427,220</u>	<u>\$ 541,625</u>	<u>\$ 7,770,495</u>	<u>\$ 170,127,268</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, 2007 -
Discretely Presented Component Units

	University Physician Associates	The University of New Mexico Foundation, Inc.	The Robert O. Anderson Schools of Management Foundation
REVENUES			
Operating revenues			
Fees	\$ 8,779,043	\$ -	\$ 2,283,835
Grants, bequests and contributions	-	20,909,962	359,938
Operational support	-	4,056,741	-
Other operating revenues	-	649,211	24,731
Total operating revenues	<u>\$ 8,779,043</u>	<u>\$ 25,615,914</u>	<u>\$ 2,668,504</u>
EXPENSES			
Operating expenses			
General and administrative	\$ 9,292,870	\$ 4,587,132	\$ 1,849,704
Program expenses	-	-	538,462
Distributions to the University of New Mexico	-	23,263,099	-
Total operating expenses	<u>\$ 9,292,870</u>	<u>\$ 27,850,231</u>	<u>\$ 2,388,166</u>
Net operating income (loss)	<u>\$ (513,827)</u>	<u>\$ (2,234,317)</u>	<u>\$ 280,338</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	\$ 513,827	\$ 19,571,802	\$ 151,495
Other non-operating revenues	-	-	(19,694)
Total non-operating revenues	<u>\$ 513,827</u>	<u>\$ 19,571,802</u>	<u>\$ 131,801</u>
Income before other revenues	<u>\$ -</u>	<u>\$ 17,337,485</u>	<u>\$ 412,139</u>
Contributions to permanent endowments	<u>\$ -</u>	<u>\$ 15,721,756</u>	<u>\$ -</u>
Total other revenues	<u>\$ -</u>	<u>\$ 15,721,756</u>	<u>\$ -</u>
Change in net assets	<u>\$ -</u>	<u>\$ 33,059,241</u>	<u>\$ 412,139</u>
Net assets at beginning of year	<u>\$ -</u>	<u>\$ 116,992,864</u>	<u>\$ 1,116,094</u>
Net assets at end of year	<u><u>\$ -</u></u>	<u><u>\$ 150,052,105</u></u>	<u><u>\$ 1,528,233</u></u>

See accompanying notes to the basic financial statements.

EXHIBIT G

STC.UNM	University of New Mexico Lobo Club	Lobo Energy, Inc.	The University of New Mexico Alumni Association	Total
\$ 2,764,508	\$ 210,787	\$ 766,928	\$ -	\$ 14,805,101
-	3,700,445	-	-	24,970,345
-	-	-	-	4,056,741
-	27,320	-	1,248,208	1,949,470
<u>\$ 2,764,508</u>	<u>\$ 3,938,552</u>	<u>\$ 766,928</u>	<u>\$ 1,248,208</u>	<u>\$ 45,781,657</u>
\$ 2,753,568	\$ 543,378	\$ 700,346	\$ 66,045	\$ 19,793,043
-	3,481,375	-	660,619	4,680,456
-	-	-	-	23,263,099
<u>\$ 2,753,568</u>	<u>\$ 4,024,753</u>	<u>\$ 700,346</u>	<u>\$ 726,664</u>	<u>\$ 47,736,598</u>
<u>\$ 10,940</u>	<u>\$ (86,201)</u>	<u>\$ 66,582</u>	<u>\$ 521,544</u>	<u>\$ (1,954,941)</u>
\$ 35,348	\$ 147,626	\$ 34,096	\$ 790,128	\$ 21,244,322
-	-	-	82,332	62,638
<u>\$ 35,348</u>	<u>\$ 147,626</u>	<u>\$ 34,096</u>	<u>\$ 872,460</u>	<u>\$ 21,306,960</u>
<u>\$ 46,288</u>	<u>\$ 61,425</u>	<u>\$ 100,678</u>	<u>\$ 1,394,004</u>	<u>\$ 19,352,019</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,721,756</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,721,756</u>
\$ 46,288	\$ 61,425	\$ 100,678	\$ 1,394,004	\$ 35,073,775
<u>\$ 442,872</u>	<u>\$ 1,353,338</u>	<u>\$ 576,145</u>	<u>\$ 6,326,659</u>	<u>\$ 126,807,972</u>
<u><u>\$ 489,160</u></u>	<u><u>\$ 1,414,763</u></u>	<u><u>\$ 676,823</u></u>	<u><u>\$ 7,720,663</u></u>	<u><u>\$ 161,881,747</u></u>

THE UNIVERSITY OF NEW MEXICO

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2008 and 2007

(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**

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 GASB 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. These entities are discretely presented in the financial statements as component units: The University of New Mexico Foundation, Inc.; The Robert O. Anderson Schools of Management Foundation; STC.UNM (formerly known as Science & Technology Corporation @ UNM); The University of New Mexico Lobo Club; Lobo Energy, Inc; The University of New Mexico Alumni Association and the University Physician Associates (2007 only). The University of New Mexico Medical Group (UNMMG) is a blended presented component unit. In addition, there are various component units operating as foundations that are not included in the financial statements as discretely presented component units due to materiality.

The University 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 UNIVERSITY OF NEW MEXICO

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2008 and 2007

The University adopted GASB 45, Accounting and Financial Reporting by Employers for Post employment Benefits Other Than Pensions. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, required supplementary information (RSI) in the financial reports of state and local governmental employers. This Statement generally provides for prospective implementation—that is, that employers set the beginning net OPEB obligation at zero as of the beginning of the initial year. This Statement is effective for periods beginning after December 15, 2006, for phase 1 governments (those with total annual revenues of \$100 million or more), and therefore applicable for the University's 2008 fiscal year.

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 is the University of New Mexico Children's Psychiatric Center that shares a common purpose compatible with the University. The clinical operations, when combined with the University's School of Medicine, College of Nursing and College of Pharmacy, are referred to as the University of New Mexico Health Sciences Center and are included in the Primary Institution financial statement information.

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

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.

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.

THE UNIVERSITY OF NEW MEXICO

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2008 and 2007

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>2008</u>	<u>2007</u>
Medicare and Medicaid	44%	35%
Other third-party payors	42%	45%
Others	14%	20%
	<u>100%</u>	<u>100%</u>

Investments: Stocks, bonds and similar investments are recorded at fair value as determined by quoted market prices. The alternative investments are carried at an estimated fair value that is determined by third-party administrators and University management. The income from the University's interest in the State of New Mexico Permanent Fund, 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 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, the Consolidated Investment Fund Investment Committee will determine the actual distribution.

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

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

Capital assets: Capital assets are recorded at original cost, or fair value if donated. Per Section 12-6-10 NMSA 1978, the University's capitalization policy for moveable equipment includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. The University includes software purchased with a piece of equipment in the cost of capitalization. This total cost is depreciated over the useful life of the equipment. In compliance with New Mexico Administrative Code, Title 2 Public Finance, Chapter 20 Accounting by Governmental Entities, Part 1 Accounting and Control of Fixed Assets of State Government, Section 9, software purchased for internal use is capitalized and depreciated. Renovations to buildings, infrastructure

THE UNIVERSITY OF NEW MEXICO

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2008 and 2007

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 \$4,450,078 and \$7,222,470 at June 30, 2008 and 2007, 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 \$156,637,000 and \$70,000,000 at June 30, 2008 and 2007, respectively. The Hospital had no unspent bond proceeds at June 30, 2008 and had \$1,491,000 at June 30, 2007.

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.

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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.

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

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

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Deferred revenue consists primarily of advances from contracts and grants.

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

Operating expenses include activities that have the characteristics of an exchange transaction, such as

a) employee salaries, benefits and related expense; b) scholarships and fellowships, net of scholarship discounts and allowances; c) utilities, supplies and other services; d) 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.

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 Children's Psychiatric Center and University of New Mexico Psychiatric 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).

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.

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

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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.

- (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.
- (4) The University, New Mexico Department of Health Developmental Disabilities Supports Division and Public Education Department entered into a Joint Powers Agreement effective July 1, 2007. This agreement is an Amendment (15) to JPA #95.665.6200.0949. The purpose of this agreement is for each party to provide a staff person to assist with the Early Childhood Evaluation Program (ECEP) and amends the annual budget of this JPA through June 30, 2008 in the amount of \$1,269,750. Funding comes from the NM Department of Health, State General Funds and IDEA Part C Funds and NM Public Education Department, IDEA Part B Funds. The ECEP provides statewide developmental evaluations and assessments for children who are referred to or who are currently eligible for the Family Infant Toddler Program.

Reclassifications

Certain 2007 amounts have been reclassified in order to be consistent with the 2008 presentation.

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.

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(3) Cash, Cash Equivalents and Investments

(A) Cash and Cash Equivalents Custodial Credit Risk

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

Collateralization of deposits: The carrying amounts of the primary institution's deposits with financial institutions at June 30, 2008 and 2007 were \$216,723,607 and \$156,081,340, respectively. The carrying amounts of the component units' deposits with financial institutions at June 30, 2008 and 2007 were \$35,143,300 and \$40,424,185, respectively. Bank balances are categorized as follows:

June 30, 2008

	Cash	Deposits Classified as Investments	Total
Primary Institution			
Amount insured by the FDIC	\$ 283,385	\$ 100,000	\$ 383,385
Amount collateralized with securities held in the University's name by their agent	267,694,590	4,270,923	271,965,513
	<u>\$ 267,977,975</u>	<u>\$ 4,370,923</u>	<u>\$ 272,348,898</u>
Component Units			
Amount insured by the FDIC for Public Money Entity Component Units	\$ 428,915		\$ 428,915
Amount covered by the SIPC Public Money Entity Component Units	607,591		607,591
Amount collateralized with securities held in the University's name by their agent	606,754		606,754
Amount exposed to custodial risk	360,037		360,037
	<u>\$ 2,003,297</u>		<u>\$ 2,003,297</u>
Amount insured by the FDIC for Non Public Money Entity Component Units	\$ 600,000		\$ 600,000
Amount collateralized with securities held in the University's name by their agent	Not required		Not required
Amount exposed to custodial risk	N/A		N/A
Amount not covered by insurance	4,988,466		4,988,466
	<u>\$ 5,588,466</u>		<u>\$ 5,588,466</u>
	<u>\$ 7,591,763</u>		<u>\$ 7,591,763</u>

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June 30, 2007

	Cash	Deposits Classified as Investments	Total
Primary Institution			
Amount insured by the FDIC	\$ 241,678		\$ 241,678
Amount collateralized with securities held in the University's name by their agent	189,838,454		189,838,454
	<u>\$ 190,080,132</u>		<u>\$ 190,080,132</u>
Component Units			
Amount insured by the FDIC for Public Money Entity Component Units	\$ 271,000		\$ 271,000
Amount covered by the SIPC Public Money Entity Component Units	382,599		382,599
Amount collateralized with securities held in the University's name by their agent	558,377		558,377
Amount exposed to custodial risk	495,540		495,540
	<u>\$ 1,707,516</u>		<u>\$ 1,707,516</u>
Amount insured by the FDIC for Non Public Money Entity Component Units	\$ 400,000		\$ 400,000
Amount collateralized with securities held in the University's name by their agent	Not required		Not required
Amount exposed to custodial risk	N/A		N/A
Amount not covered by insurance	7,460,239		7,460,239
	<u>\$ 7,860,239</u>		<u>\$ 7,860,239</u>
	<u>\$ 9,567,755</u>		<u>\$ 9,567,755</u>

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

As of June 30, 2008, the primary institution's and the component units' bank deposits were not exposed to custodial credit risk.

(B) *Investment Custodial Credit Risk*

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

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underlying reverse repurchase agreements. The summary of investments schedule provides the detail for investments exposed to custodial credit risk.

The University's custodial risk policy for 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.

In accordance with UNM and the Foundation's Memorandum of Agreement, the endowment assets of the Foundation and UNM are commingled for investment purposes whenever possible in the CIF. The investment of UNM and foundation endowment funds is in accordance with Sections 6-8-10 and 46-9-1 through 46-9-12, NMSA 1978. At June 30, 2008 and 2007, UNM's portion of the CIF was \$205,797,406 and \$211,856,952, respectively.

Net appreciation on investments of donor-restricted endowments of \$112,378,209 are available for authorization for expenditure by the governing board, which are reported in net assets as restricted for purposes for which the endowment was established. The Governing Board, in accordance with NMSA 46-9.6, has determined that distributions shall not exceed 6% nor be less than 4% of the Average Market Value of a unit of the CIF. The University has established a CIF Endowment and Management Investment Policy for authorizing and spending investment income.

During the year ended June 30, 2006, the University of New Mexico Board of Regents and Foundation approved several changes to the University's Consolidated Investment Fund Endowment Investment Management Policy. These included changes to the asset allocation policy establishing new minimum and maximum ranges for the various asset classes. The policy allows for maximum allocations of 20% each to real assets, private equity and hedge funds. The hedge fund allocation may include directional strategies, event driven strategies, relative value strategies and fund of hedge funds. The investment policy has been structured in accordance with the Uniform Prudent Investor Act, NMSA 45-7 (601-612).

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A summary of the investments at June 30, 2008 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
Short-term Investments			
<i>Primary Institution</i>			
Money Market Deposit	\$ -	\$ -	\$ 38,288
U.S. Treasury Securities			123,701,432
U.S. Government Agency Obligations			77,945,471
Corporate Bonds			34,184,330
Municipal Bonds			33,623,282
Money Market			3,759,082
Repurchase Agreements			34,236,792
Commercial Paper			16,805,816
Equity			2,012,281
Total Short-term Investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 326,306,774</u>
<i>Component Units</i>			
U.S. Government Agency Obligations	\$ 50,657		\$ 77,762
Corporate Bonds	49,972		49,972
Money Market			130,189
Certificate of Deposit			814,227
Mutual Funds			167,673
Equity	3,752,158		3,952,855
Total Short-term Investments	<u>\$ 3,852,787</u>	<u>\$ -</u>	<u>\$ 5,192,678</u>

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	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	
Long-term Investments			
<i>Primary Institution</i>			
Money Market-Deposits	\$ -	\$ -	\$ 2,112,583
Money Market			18,398,851
Certificate of Deposit			957,755
Mutual Funds			38,828,169
Repurchase Agreements			13,452,613
Equity			94,927,208
Alternative Investments			79,810,964
Total Long-term Investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 248,488,143</u>
<i>Component Units</i>			
U.S. Government Agency Obligations	\$ 130,913	\$ -	\$ 130,913
Corporate Bonds	456,734		456,734
Municipal Bonds	2,553,977		2,553,977
Money Market			1,594,991
Mutual Funds			24,874,318
Equity	1,331,807		51,217,435
Alternative Investments			47,137,355
Other			157,053
Real Estate			90,829
Total Long-term Investments	<u>\$ 4,473,431</u>	<u>\$ -</u>	<u>\$ 128,213,605</u>

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June 30, 2008 and 2007

A summary of the investments at June 30, 2007 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
Short-term Investments			
<i>Primary Institution</i>			
U.S. Treasury Securities	\$ -	\$ -	\$ 56,736,230
U.S. Government Agency Obligations			74,022,512
Money Market			1,142,508
Repurchase Agreements			69,065,511
Commercial Paper			10,176,006
Equity			2,391,335
			<hr/>
Total Short-term Investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 213,534,102</u>
<i>Component Units</i>			
U.S. Treasury Securities	\$ -	\$ -	\$ 27,017
Money Market			237,606
Certificate of Deposit			763,552
Mutual Funds			361,767
Equity	5,115,471		5,115,471
	<hr/>	<hr/>	<hr/>
Total Short-term Investments	<u>\$ 5,115,471</u>	<u>\$ -</u>	<u>\$ 6,505,413</u>

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June 30, 2008 and 2007

	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	
Long-term Investments			
<i>Primary Institution</i>			
U.S. Government Agency Obligations	\$ -	\$ -	\$ 2,393,023
Cash			333,910
Money Market			5,785,653
Mutual Funds			36,729,608
Repurchase Agreements			13,513,150
Equity			116,749,987
Alternative Investments			66,045,027
Total Short-term Investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 241,550,358</u>
<i>Component Units</i>			
U.S. Government Agency Obligations	\$ 324,980	\$ -	\$ 324,980
Corporate Bonds	620,440		620,440
Municipal Bonds	2,594,884		2,594,884
Money Market			272,779
Certificate of Deposit			1,619,700
Mutual Funds			21,661,251
Equity	1,129,699		58,350,486
Alternative Investments			35,215,684
Real Estate			493,720
Total Short-term Investments	<u>\$ 4,670,003</u>	<u>\$ -</u>	<u>\$ 121,153,924</u>

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State Investment Council Assets: The University has an undivided interest in assets of the State of New Mexico Permanent Fund. The cost of such interest is \$128,315,964 and \$113,845,111 at June 30, 2008 and 2007, respectively. The fair value is \$168,211,831 and \$175,313,519 at June 30, 2008 and 2007, respectively. These investments are not categorized by custodial risk.

(C) *Derivatives*

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

- (D) *Credit Risk—Debt Investments.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University is required to disclose credit ratings of debt investments in order to assess credit risk. U.S. obligations, investments explicitly guaranteed by the U.S. Government, and non-debt investments are excluded from this requirement. Currently, the University does have a policy that restricts long-term investments to specific investment ratings issued by nationally recognized statistical rating organizations.

The policy states that cash equivalent reserves shall consist of interest bearing or discount instruments of the U.S. Government or agencies thereof; money market funds, corporate discounted instruments, corporate issued commercial paper rated at least A-1 by Standard & Poors and P-1 by Moody's, time deposits of U.S. or foreign banks, bankers acceptances and fully collateralized repurchase agreements. Both U.S. and foreign offerings are permissible. Exclusive of the U.S. government and agency issues, all other fixed income 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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A summary of the investments at June 30, 2008 and their exposure to credit risk are as follows:

	Rating	Fair Value
Short-term Investments		
<i>Primary Institution</i>		
Items not subject to credit risk: N/A		
Money Market Deposit		\$ 38,288
U.S. Treasuries		123,701,432
Equity		<u>2,012,281</u>
Total items not subject to credit risk		<u>\$ 125,752,001</u>
Items subject to credit risk:		
U.S. Government Securities		
FFCB Moody's - Aaa		\$ 2,052,748
FHLB Moody's - Aaa		17,299,155
FHLB Not Rated		7,393,080
FHLMC Fitch -AAA		2,747,224
FHLMC Moody's - Aaa		12,703,350
FHLMC Not Rated		13,044,428
FNMA Fitch -AAA		3,182,956
FNMA Moody's - Aaa		12,756,730
FNMA Not Rated		<u>6,765,800</u>
		<u>\$ 77,945,471</u>
Money Market Not Rated		<u>3,759,082</u>
Repurchase Agreements Not Rated		<u>\$ 34,236,792</u>
Commercial Paper		
AIG Funding Fitch - F1		\$ 8,452,240
American Honda Finance Fitch - F1		1,097,356
Disney (Walt) Company Fitch - F1		997,870
Disney Co Not Rated		1,245,113
Illinois Tool Work Not Rated		999,440
Met-Life Funding Inc Fitch - F1+		399,324
Natl Rural Corp Not Rated		2,246,010
Nestle Fin Intl Ltd Fitch - F1+		1,248,575
Toyota Motor Credit Co Not Rated		<u>119,888</u>
		<u>\$ 16,805,816</u>

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	Rating	Fair Value
Short-term Investments (con't)		
<i>Primary Institution</i>		
Items subject to credit risk:		
Corporate Bonds		
Abbott Labs S&P - A1	\$	1,251,688
American Honda Finance S&P - A-1		1,245,694
Amgen, Inc. S&P - A3		2,002,160
Bellsouth Capital Funding Corp S&P - A2		1,008,600
Bellsouth Telecommunication S&P - A2		2,706,537
Berkshire Hathaway Corp S&P - AAA		2,001,360
Boeing Cap Corp S&P - A2		2,258,573
Catepillar Fin Svc Corp S&P - A2		4,581,318
Du Pont E I Denemours Debs-Reg S&P - A2		3,029,790
Emersen Electric Co S&P - A2		1,272,765
General Electric Capital Corp S&P - AAA		994,260
IBM Corp Notes S&P - A1		2,274,185
John Deere Capital Corp S&P - A2		1,542,644
Proctor & Gamble Co Global S&P - AA3		1,753,465
Target Corp S&P - A2		1,757,823
US Bank S&P - AA1		1,238,713
Wal-Mart Stores S&P - AA2		3,264,755
	\$	<u>34,184,330</u>
Municipal Bonds		
City S&P - A1	\$	1,011,160
City S&P - AA2		5,448,547
City S&P - AAA		1,254,763
County S&P - AAA		4,189,923
State S&P - AA2		738,782
State S&P - A1		508,050
Other S&P - A1		6,797,190
Other S&P - A2		1,103,960
Other S&P - AA		1,268,363
Other S&P - AA3		3,015,740
Other S&P - AAA		8,286,804
	\$	<u>33,623,282</u>
Total items subject to credit risk	\$	<u>200,554,773</u>
Total Short-term Investments	\$	<u><u>326,306,774</u></u>

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Short-term Investments (con't)

Component Units

Items not subject to credit risk: N/A	
U.S. Treasuries	\$ -
Mutual Funds	167,673
Equity	3,952,855
	<u>.</u>
Total items not subject to credit risk	<u>\$ 4,120,528</u>
 Items subject to credit risk:	
Money Market Not Rated	<u>\$ 130,189</u>
Certificates of Deposit Not Rated	<u>\$ 814,227</u>
U.S. Government Securities	
Morgan Stanley Dean Witter US	
Govt Sec Trust Not Rated	\$ 27,105
FNMA S&P - AAA	50,657
	<u>\$ 77,762</u>
Corporate Bonds	
Merrill Lynch & Co Inc Med Term Note S&P - A	<u>\$ 49,972</u>
Total items subject to credit risk	<u>\$ 1,072,150</u>
 Total short-term Investments	 <u><u>\$ 5,192,678</u></u>

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	Rating	Fair Value
Long-term Investments		
<i>Primary Institution</i>		
Items not subject to credit risk: N/A		
Equity		\$ 94,927,208
Mutual Funds		<u>38,828,169</u>
Total items not subject to credit risk		<u>\$ 133,755,377</u>
Items subject to credit risk:		
Money Market Not Rated		<u>\$ 18,398,851</u>
Money Market-Deposits Not Rated		<u>\$ 2,112,583</u>
Certificates of Deposit Not Rated		<u>\$ 957,755</u>
Repurchase Agreements Moody's - Aa2		<u>\$ 13,452,613</u>
Alternative Investments Not Rated		
Hedge Funds		\$ 44,289,227
Private Equity		12,078,113
Real Assets		<u>23,443,624</u>
		<u>\$ 79,810,964</u>
Total items subject to credit risk		<u>\$ 114,732,766</u>
Total Long-term Investments		<u><u>\$ 248,488,143</u></u>

THE UNIVERSITY OF NEW MEXICO

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2008 and 2007

	Rating	Fair Value
Long-term Investments (con't)		
<i>Component Units</i>		
Items not subject to credit risk: N/A		
Equity		\$ 51,217,435
Mutual Funds		24,874,318
Real Estate		90,829
Other		157,053
Total items not subject to credit risk		<u>\$ 76,339,635</u>
Items subject to credit risk:		
U.S. Government Securities		
FHLB Moody's - AAA		<u>\$ 130,913</u>
Corporate Bonds		
Bellsouth Corp Moody's - A2		\$ 75,153
Catepillar Financial Services Moody's - A2		51,360
Coca-Cola Enterprises Moody's - A3		20,144
General Electric Capital Moody's - AAA		20,896
Goldman Sachs Group, Inc. Moody's - AA3		60,188
HSBC Finance Corporation Moody's - AA3		50,120
Lehman Bros. Holdings, Inc. Moody's - A1		128,414
Met Life Moody's - A2		50,459
		<u>\$ 456,734</u>
Municipal Bonds		
City Moody's - Aaa		\$ 60,017
City Moody's - Aa2		296,204
City Moody's - Aa1		15,217
City Moody's - Aa3		198,725
City Moody's - Aaa		73,087
County Moody's - A1		154,197
State Moody's - A1		75,731
State Moody's - Aa1		151,490
State Moody's - Aaa		25,370
Other Moody's - A1		76,539
Other Moody's - A2		259,483
Other Moody's - Aa2		112,101
Other Moody's - Aa3		268,083
Other Moody's - Aaa		743,831
Other Moody's - AAA		43,902
		<u>\$ 2,553,977</u>

THE UNIVERSITY OF NEW MEXICO

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2008 and 2007

	Rating	Fair Value
Long-term Investments (con't)		
<i>Component Units</i>		
Money Market	Not Rated	<u>\$ 1,594,991</u>
Alternative Investments	Not Rated	
Hedge Funds		\$ 28,467,205
Private Equity		7,257,080
Real Assets		<u>11,413,070</u>
		<u>\$ 47,137,355</u>
Total items subject to credit risk		<u>\$ 51,873,970</u>
Total Long-term Investments		<u><u>\$ 128,213,605</u></u>

THE UNIVERSITY OF NEW MEXICO

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2008 and 2007

A summary of the investments at June 30, 2007 and their exposure to credit risk are as follows:

	Rating	Fair Value
Short-term Investments		
<i>Primary Institution</i>		
Items not subject to credit risk:	N/A	
U.S. Treasuries		\$ 56,736,230
Equity		<u>2,391,335</u>
Total items not subject to credit risk		<u>\$ 59,127,565</u>
Items subject to credit risk:		
U.S. Government Securities		
FFCB	Moody's - AAA	\$ 1,098,790
FHLB	Moody's - AAA	7,833,750
FHLMC	Moody's - AAA	19,437,730
FNMA	Moody's - AAA	38,104,961
FNMA	Moody's - AA2	2,956,890
FNMA	Fitch-AAA	4,590,391
		<u>\$ 74,022,512</u>
Money Market	Not Rated	1,142,508
Repurchase Agreements	Not Rated	\$ 69,065,511
Commercial Paper		
General Electric Capital Corp	Not Rated	\$ 8,373,109
United Credit ITA Bank	Not Rated	<u>1,802,897</u>
		<u>\$ 10,176,006</u>
Total items subject to credit risk		<u>\$ 154,406,537</u>
Total Short-term Investments		<u><u>\$ 213,534,102</u></u>

THE UNIVERSITY OF NEW MEXICO

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2008 and 2007

Short-term Investments (con't)		Rating	Fair Value
<i>Component Units</i>			
Items not subject to credit risk:		N/A	
U.S. Treasuries			\$ 27,017
Mutual Funds			361,767
Equity			<u>5,115,471</u>
Total items not subject to credit risk			<u>\$ 5,504,255</u>
Items subject to credit risk:			
Money Market	Not Rated		<u>\$ 237,606</u>
Certificates of Deposit	Not Rated		<u>\$ 763,552</u>
Total items subject to credit risk			<u>\$ 1,001,158</u>
Total Short-term Investments			<u><u>\$ 6,505,413</u></u>

THE UNIVERSITY OF NEW MEXICO

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2008 and 2007

	Rating	Fair Value
Long-term Investments		
<i>Primary Institution</i>		
Items not subject to credit risk: N/A		
Mutual Funds		\$ 36,729,608
Equity		<u>116,749,987</u>
Total items not subject to credit risk		<u>\$ 153,479,595</u>
Items subject to credit risk:		
U.S. Government Securities		
FNMA AAA		<u>\$ 2,393,023</u>
Money Market Not Rated		<u>\$ 5,785,653</u>
Cash Not Rated		<u>\$ 333,910</u>
Repurchase Agreements Moody's - Aa2		<u>\$ 13,513,150</u>
Alternative Investments Not Rated		
Hedge Funds		\$ 39,186,253
Private Equity		5,118,022
Real Assets		<u>21,740,752</u>
		<u>\$ 66,045,027</u>
Total items subject to credit risk		<u>\$ 88,070,763</u>
Total Long-term Investments		<u><u>\$ 241,550,358</u></u>

THE UNIVERSITY OF NEW MEXICO

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2008 and 2007

	Rating	Fair Value
Long-term Investments		
<i>Component Units</i>		
Items not subject to credit risk: N/A		
Mutual Funds		\$ 21,661,251
Equity		58,350,486
Real Estate		493,720
		<u> </u>
Total items not subject to credit risk		<u>\$ 80,505,457</u>
Items subject to credit risk:		
U.S. Government Securities		
FHLB Moody's - AAA	\$	225,197
FHLMC Moody's - AAA		49,783
FNMA Moody's - AAA		50,000
		<u>\$ 324,980</u>
Corporate Bonds		
American Express Moody's - AA3	\$	19,770
Catepillar Financial Services Moody's - A2		49,537
CIT Group Moody's - A2		48,493
Coca-Cola Enterprises Moody's - A3		20,087
Discover Bank Fitch - F2		32,873
General Electric Capital Moody's - AAA		20,386
Goldman Sachs Group, Inc. Moody's - AA3		59,963
HSBC Finance Corporation Moody's - AA3		49,414
Lehman Bros. Bk DE US Moody's - A1		86,051
Lehman Bros. Holdings, Inc. Moody's - A1		134,927
Merrill Lynch & Co., Inc Moody's - AA3		49,546
Met Life Moody's - A2		49,393
		<u>\$ 620,440</u>
Municipal Bonds		
City Moody's - Aaa	\$	1,349,162
City Moody's - Aa1		15,255
City Moody's - Aa2		126,981
City Moody's - Aa3		10,822
County Moody's - Aaa		187,717
County Moody's - Aa3		73,541
State Moody's - Aaa		287,208
State Moody's - Aa1		20,684
State Moody's - A1		107,849
Other Moody's - Aaa		405,656
Other Moody's - Aa3		10,009
		<u>\$ 2,594,884</u>

THE UNIVERSITY OF NEW MEXICO

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2008 and 2007

	Rating	Fair Value
Long-term Investments (con't)		
<i>Component Units</i>		
Items subject to credit risk:		
Money Market	Not Rated	<u>\$ 272,779</u>
Certificates of Deposit	Not Rated	<u>\$ 1,619,700</u>
Alternative Investments	Not Rated	
Hedge Funds		\$ 20,878,925
Private Equity		2,725,098
Real Assets		<u>11,611,661</u>
		<u>\$ 35,215,684</u>
Total items subject to credit risk		<u>\$ 40,648,467</u>
 Total Long-term Investments		<u><u>\$ 121,153,924</u></u>

THE UNIVERSITY OF NEW MEXICO

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2008 and 2007

(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, 2008 and their exposure to interest rate risk are as follows:

		Investment Maturities				
		Less than 1				Greater than 10
Short-term Investments	Fair Value	Year	1-5 Years	5-10 Years		Years
<i>Primary Institution</i>						
Items not subject to interest rate risk:						
Money Market Deposit	\$ 38,288					
Equity	2,012,281					
	<u>\$ 2,050,569</u>					
Items subject to interest rate risk:						
U.S. Treasury securities	<u>\$ 123,701,432</u>	<u>\$ 5,639,550</u>	<u>\$ 118,061,882</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
U.S. Gov't Obligations						
FFCB	\$ 2,052,748	\$ 2,052,748	\$ -	\$ -	\$ -	-
FHLB	24,692,235	22,181,285	2,510,950			
FHLMC	28,495,002	28,495,002				
FNMA	22,705,486	22,705,486				
	<u>\$ 77,945,471</u>	<u>\$ 75,434,521</u>	<u>\$ 2,510,950</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
Money Market	<u>\$ 3,759,082</u>	<u>\$ 3,759,082</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
Repurchase Agreements	<u>\$ 34,236,792</u>	<u>\$ 34,236,792</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
Commercial Paper						
AIG Funding	\$ 8,452,240	\$ 8,452,240	\$ -	\$ -	\$ -	-
American Honda Finance	1,097,356	1,097,356				
Disney (Walt) Company	997,870	997,870				
Disney Co	1,245,113	1,245,113				
Illinois Tool Work	999,440	999,440				
Met-Life Funding Inc	399,324	399,324				
Natl Rural Corp	2,246,010	2,246,010				
Nestle Fin Intl Ltd	1,248,575	1,248,575				
Toyota Motor Credit Co	119,888	119,888				
	<u>\$ 16,805,816</u>	<u>\$ 16,805,816</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

THE UNIVERSITY OF NEW MEXICO

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2008 and 2007

Short-term Investments <i>Primary Institution (con't)</i> Items subject to interest rate risk:	Fair Value	Investment Maturities			
		Less than 1 Year	1-5 Years	5-10 Years	Greater than 10 Years
Corporate Bonds					
Abbott Labs	\$ 1,251,688	\$ 1,251,688	\$ -	\$ -	\$ -
American Honda Finance	1,245,694	1,245,694			
Amgen, Inc.	2,002,160		2,002,160		
Bellsouth Capital Funding Corp	1,008,600	1,008,600			
Bellsouth Telecommunication	2,706,537	702,457	2,004,080		
Berkshire Hathaway Corp	2,001,360	2,001,360			
Boeing Cap Corp	2,258,573	2,258,573			
Catepillar Fin Svc Corp	4,581,318	4,581,318			
Du Pont E I Denemours Debs-Reg	3,029,790		3,029,790		
Emersen Electric Co	1,272,765	1,272,765			
General Electric Capital Corp	994,260	994,260			
IBM Corp Notes	2,274,185	2,274,185			
John Deere Capital Corp	1,542,644	1,542,644			
Proctor & Gamble Co Global	1,753,465	1,753,465			
Target Corp	1,757,823	1,757,823			
US Bank	1,238,713	1,238,713			
Wal-Mart Stores	3,264,755	1,251,075	2,013,680		
	<u>\$ 34,184,330</u>	<u>\$ 25,134,620</u>	<u>\$ 9,049,710</u>	<u>\$ -</u>	<u>\$ -</u>
Municipal Bonds					
City	\$ 7,714,470	\$ 5,595,172	\$ 2,119,298	\$ -	\$ -
County	4,189,923		4,189,923		
State	1,246,832	508,050	738,782		
Other	20,472,057	10,890,931	9,581,126		
	<u>\$ 33,623,282</u>	<u>\$ 16,994,153</u>	<u>\$ 16,629,129</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>\$ 324,256,205</u>	<u>\$ 178,004,534</u>	<u>\$ 146,251,671</u>	<u>\$ -</u>	<u>\$ -</u>
Total Short-term Investments	<u><u>\$ 326,306,774</u></u>				

THE UNIVERSITY OF NEW MEXICO

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2008 and 2007

Short-term Investments Component Units	Fair Value	Investment Maturities			
		Less than 1 Year	1-5 Years	5-10 Years	Greater than 10 Years
Items not subject to interest rate risk:					
Mutual Funds	\$ 167,673				
Equity	3,952,855				
	<u>\$ 4,120,528</u>				
Items subject to interest rate risk:					
Money Market	<u>\$ 130,189</u>	<u>\$ 130,089</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Certificates of Deposit	<u>\$ 814,227</u>	<u>\$ 814,227</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
U.S. Government Securities					
Morgan Stanley Dean Witter					
US Govt Sec Trust	<u>\$ 27,105</u>	<u>\$ 27,105</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FNMA	<u>50,657</u>	<u>50,657</u>			
	<u>\$ 77,762</u>	<u>\$ 77,762</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Corporate Bonds					
ch & Co Inc Med Term Note	<u>\$ 49,972</u>	<u>\$ 49,972</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>\$ 1,072,150</u>	<u>\$ 1,072,050</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Short-term Investments	<u>\$ 5,192,678</u>				

THE UNIVERSITY OF NEW MEXICO

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2008 and 2007

Long-term Investments Primary Institution	Fair Value	Investment Maturities			
		Less than 1 Year	1-5 Years	5-10 Years	Greater than 10 Years
Items not subject to interest rate risk:					
Mutual Funds	\$ 38,828,169				
Equity	94,927,208				
Alternative Investments	79,810,964				
	<u>\$ 213,566,341</u>				
Items subject to interest rate risk:					
Money Market	<u>\$ 18,398,851</u>	<u>\$ 18,398,851</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Money Market-Deposits	<u>\$ 2,112,583</u>	<u>\$ 2,112,583</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Certificates of Deposit	<u>\$ 957,755</u>	<u>\$ 957,755</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Repurchase Agreements	<u>\$ 13,452,613</u>	<u>\$ 13,452,613</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>\$ 34,921,802</u>	<u>\$ 34,921,802</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Long-term Investments	\$ 248,488,143	\$ -			

THE UNIVERSITY OF NEW MEXICO

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2008 and 2007

Long-term Investments	Fair Value	Less than 1 Year	1-5 Years	5-10 Years	Greater than 10 Years
<i>Component Units</i>					
Items not subject to interest rate risk:					
Mutual Funds	\$ 24,874,318				
Equity	51,217,435				
Alternative Investments	47,137,355				
Real Estate	90,829				
Other	157,053				
	<u>\$ 123,476,990</u>				
Items subject to interest rate risk:					
U.S. Gov't Obligations					
FHLB	\$ 130,913	\$ -	\$ 81,475	\$ 49,438	\$ -
Corporate Bonds					
Bellsouth Corp	\$ 75,153	\$ -	\$ 75,153	\$ -	\$ -
Catepillar Financial Services	51,360		51,360		
Coca-Cola Enterprises	20,144	20,144			
General Electric Capital	20,896		20,896		
Goldman Sachs Group, Inc.	60,188		60,188		
HSBC Finance Corporation	50,120		50,120		
Lehman Bros. Holdings, Inc.	128,414		128,414		
Met Life	50,459		50,459		
	<u>\$ 456,734</u>	<u>\$ 20,144</u>	<u>\$ 436,590</u>	<u>\$ -</u>	<u>\$ -</u>
Municipal Bonds					
City	\$ 643,250	\$ 50,004	\$ -	\$ 15,217	\$ 578,029
County	154,197				154,197
State	252,591				252,591
Other	1,503,939	5,036	76,953	115,759	1,306,191
	<u>\$ 2,553,977</u>	<u>\$ 55,040</u>	<u>\$ 76,953</u>	<u>\$ 130,976</u>	<u>\$ 2,291,008</u>
Money Market	\$ 1,594,991	\$ 1,594,991	\$ -	\$ -	\$ -
Certificates of Deposit					
	<u>\$ 4,736,615</u>	<u>\$ 1,670,175</u>	<u>\$ 595,018</u>	<u>\$ 180,414</u>	<u>\$ 2,291,008</u>
Total Long-term Investments	<u><u>\$ 128,213,605</u></u>				

THE UNIVERSITY OF NEW MEXICO

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2008 and 2007

A summary of the investments and their respective maturities at June 30, 2007 and their exposure to interest rate risk are as follows:

		Investment Maturities			
Short-term Investments	Fair Value	Less than 1 Year	1-5 Years	5-10 Years	Greater than 10 Years
<i>Primary Institution</i>					
Items not subject to interest rate risk:					
Equity	\$ 2,391,335				
Items subject to interest rate risk:					
U.S. Treasury securities	\$ 56,736,230	\$ 5,438,670	\$ 51,297,560	\$ -	\$ -
U.S. Gov't Obligations					
FFCB	\$ 1,098,790	\$ 1,098,790	\$ -	\$ -	\$ -
FHLB	7,833,750		7,833,750		
FHLMC	19,437,730	5,448,915	13,988,815		
FNMA	45,652,242	16,113,816	29,538,426		
	\$ 74,022,512	\$ 22,661,521	\$ 51,360,991	\$ -	\$ -
Money Market	\$ 1,142,508	\$ 1,142,508	\$ -	\$ -	\$ -
Repurchase Agreements	\$ 69,065,511	\$ 69,065,511	\$ -	\$ -	\$ -
Commercial Paper					
General Electric Capital Corp	\$ 8,373,109	\$ 8,373,109	\$ -	\$ -	\$ -
United Credit ITA Bank	1,802,897	1,802,897			
	\$ 10,176,006	\$ 10,176,006	\$ -	\$ -	\$ -
	\$ 211,142,767	\$ 108,484,216	\$ 102,658,551	\$ -	\$ -
Total Short-term Investments	\$ 213,534,102				

THE UNIVERSITY OF NEW MEXICO

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2008 and 2007

Short-term Investments <i>Component Units</i>	Fair Value	Investment Maturities			
		Less than 1 Year	1-5 Years	5-10 Years	Greater than 10 Years
Items not subject to interest rate risk:					
Mutual Funds	\$ 361,767				
Equity	5,115,471				
	<u>\$ 5,477,238</u>				
Items subject to interest rate risk:					
U.S. Treasury securities	<u>\$ 27,017</u>	<u>\$ 27,017</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Money Market	<u>\$ 237,606</u>	<u>\$ 237,606</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Certificates of Deposit	<u>\$ 763,552</u>	<u>\$ 763,552</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>\$ 1,028,175</u>	<u>\$ 1,028,175</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Short-term Investments	<u>\$ 6,505,413</u>				

THE UNIVERSITY OF NEW MEXICO

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2008 and 2007

Long-term Investments	Fair Value	Less than 1 Year	Investment Maturities		Greater than 10 Years
			1-5 Years	5-10 Years	
<i>Primary Institution</i>					
Items not subject to interest rate risk:					
Mutual Funds	\$ 36,729,608				
Equity	116,749,987				
Alternative Investments	66,045,027				
	<u>\$ 219,524,622</u>				
Items subject to interest rate risk:					
U.S. Gov't Obligations					
FNMA	<u>\$ 2,393,023</u>	<u>\$ 2,393,023</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Money Market	<u>\$ 5,785,653</u>	<u>\$ 5,785,653</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash	<u>\$ 333,910</u>	<u>\$ 333,910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Repurchase Agreements	<u>\$ 13,513,150</u>	<u>\$ 13,513,150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>\$ 22,025,736</u>	<u>\$ 22,025,736</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Long-term Investments	<u>\$ 241,550,358</u>				

THE UNIVERSITY OF NEW MEXICO

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2008 and 2007

Long-term Investments Component Units	Fair Value	Less than 1 Year	Investment Maturities		Greater than 10 Years
			1-5 Years	5-10 Years	
Items not subject to interest rate risk:					
Mutual Funds	\$ 21,661,251				
Equity	58,350,486				
Alternative Investments	35,215,684				
Real Estate	493,720				
	<u>\$ 115,721,141</u>				
Items subject to interest rate risk:					
U.S. Gov't Obligations					
FHLB	\$ 225,197	\$ -	\$ 77,525	\$ 147,672	\$ -
FHLMC	49,783		49,783		
FNMA	50,000		50,000		
	<u>\$ 324,980</u>	<u>\$ -</u>	<u>\$ 177,308</u>	<u>\$ 147,672</u>	<u>\$ -</u>
Items subject to interest rate risk:					
Corporate Bonds					
American Express	\$ 19,770	\$ -	\$ 19,770	\$ -	\$ -
Catepillar Financial Services	49,537		\$ 49,537		
CIT Group	48,493		48,493		
Coca-Cola Enterprises	20,087		20,087		
Discover Bank	32,873				32,873
General Electric Capital	20,386		20,386		
Goldman Sachs Group, Inc.	59,963			59,963	
HSBC Finance Corporation	49,414		49,414		
Lehman Bros. Bk DE US	86,051			86,051	
Lehman Bros. Holdings, Inc.	134,927			134,927	
Merrill Lynch & Co., Inc	49,546		49,546		
Met Life	49,393			49,393	
	<u>\$ 620,440</u>	<u>\$ -</u>	<u>\$ 257,233</u>	<u>\$ 330,334</u>	<u>\$ 32,873</u>

THE UNIVERSITY OF NEW MEXICO

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2008 and 2007

Long-term Investments <i>Component Units (con't)</i> Items subject to interest rate risk:	Fair Value	Investment Maturities			
		Less than 1 Year	1-5 Years	5-10 Years	Greater than 10 Years
Municipal Bonds					
City	\$ 1,502,220		\$ 61,481	\$ 15,255	\$ 1,425,484
County	261,258				261,258
State	415,741		10,164	63,359	342,218
Other	415,665			52,844	362,821
	<u>\$ 2,594,884</u>	<u>\$ -</u>	<u>\$ 71,645</u>	<u>\$ 131,458</u>	<u>\$ 2,391,781</u>
Money Market	\$ 272,779	\$ 272,779	\$ -	\$ -	\$ -
Certificates of Deposit	\$ 1,619,700	\$ 1,619,700	\$ -	\$ -	\$ -
	<u>\$ 5,432,783</u>	<u>\$ 1,892,479</u>	<u>\$ 506,186</u>	<u>\$ 609,464</u>	<u>\$ 2,424,654</u>
Total Long-term Investments	<u><u>\$ 121,153,924</u></u>				

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- (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 has no exposure to concentrated credit risk for the primary institution and component units for the year ending June 30, 2008.

- (G) *Foreign Currency Risk—Investments and Deposits.* Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Currently, the University does have a long-term investment policy that limits its exposure to foreign currency risk. As of June 30, 2008 the University was not exposed to foreign currency fluctuations.

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(H) Investment Income (Loss)

At June 30, 2008 and 2007, investment income (loss) consists of the following:

	<u>2008</u>	<u>2007</u>
Primary Institution Investment Income (Loss)		
<i>Investment Revenue</i>		
Investment income	\$ 18,261,942	\$ 21,650,513
State Investment Council Permanent Fund distribution	8,502,365	8,408,286
<i>Realized Gains</i>		
State Investment Council Permanent Fund distribution	0	0
<i>Realized Gains/Losses</i>		
Endowments-Common Investment Fund	9,628,100	11,870,171
Non-Endowment Investments	7,634	0
<i>Unrealized Gains/Losses</i>		
State Investment Council Permanent Fund distribution	(7,101,688)	25,670,282
<i>Unrealized Gains/Losses</i>		
Endowments-Common Investment Fund	(13,054,195)	20,223,613
Non-Endowment Investments	(95,656)	654,605
	<u>\$ 16,148,502</u>	<u>\$ 88,477,470</u>
Component Units Investment Income (Loss)	<u>\$ 2,786,466</u>	<u>\$ 21,244,322</u>

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June 30, 2008 and 2007

(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, 2008 and 2007, receivables consisted of the following:

	2008	2007
Primary Institution		
Contracts and grants	\$ 33,199,358	\$ 34,924,781
HSC health services	1,183,713	2,640,390
Sales and services	17,604,483	15,739,813
Auxiliaries	11,948,178	12,642,398
Tuition and fees	9,418,266	6,828,034
State of New Mexico bonds	4,194,914	15,184,168
Other	852,167	552,810
	<u>\$ 78,401,079</u>	<u>\$ 88,512,394</u>
Less: Allowances for doubtful accounts	<u>(8,598,158)</u>	<u>(12,543,801)</u>
	<u>\$ 69,802,921</u>	<u>\$ 75,968,593</u>
Component Units accounts receivable, net	<u>\$ 1,904,439</u>	<u>\$ 1,841,656</u>
Primary Institution patient receivables, net		
Patient receivables	264,651,135	\$ 142,290,974
Less: Allowance for doubtful accounts	<u>(188,601,587)</u>	<u>(88,206,684)</u>
	<u>\$ 76,049,549</u>	<u>\$ 54,084,290</u>
Component Units patient receivables, net	<u>\$ -</u>	<u>\$ 12,052,055</u>
Primary Institution other receivables		
Bernalillo County Treasurer	\$ 1,190,664	\$ 1,113,798
Other receivables	2,546,967	3,039,793
	<u>\$ 3,737,631</u>	<u>\$ 4,153,591</u>
Component Units other receivables	<u>\$ -</u>	<u>\$ 1,108,397</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, 2008 and 2007, notes receivable consisted of the following:

	2008	2007
Primary Institution notes receivable, net		
Current notes receivable		
Student loans	<u>\$ 6,344,742</u>	<u>\$ 5,581,321</u>
Non-Current notes receivable		
Student loans	<u>\$ 12,056,789</u>	<u>\$ 13,535,073</u>

Federal Perkins Loans make up approximately 72% and 67% of the student loans at June 30, 2008 and 2007, 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2008 and 2007

(6) Capital Assets (in thousands)

	Year Ended June 30, 2008				
	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
University Capital assets not being depreciated					
Land	\$ 36,722	1,701		(499)	\$ 37,924
Construction in-progress	103,501	109,155	(97,548)		115,108
	<u>\$ 140,223</u>	<u>110,856</u>	<u>(97,548)</u>	<u>(499)</u>	<u>\$ 153,032</u>
University depreciable capital assets					
Land improvements	\$ 37,550	-	850	-	\$ 38,400
Infrastructure	112,654	-	13,223	-	125,877
Buildings	600,918	14,582	83,475	(258)	698,717
Equipment and furnishings	230,744	18,907	447	(23,433)	226,665
Equip. and Furn. - Purchased Non-Titled	-	-	-	-	-
Library books	114,729	8,069	-	-	122,798
Total depreciable capital assets	<u>\$ 1,096,595</u>	<u>41,558</u>	<u>97,995</u>	<u>(23,691)</u>	<u>\$ 1,212,457</u>
Less: accumulated depreciation for					
Land improvements	\$ (27,688)	(753)	-	-	\$ (28,441)
Infrastructure	(33,275)	(6,000)	-	-	(39,275)
Buildings	(239,849)	(17,365)	-	258	(256,956)
Equipment and furnishings	(167,229)	(17,180)	-	21,485	(162,924)
Equip. and Furn. - Purchased Non-Titled	-	-	-	-	-
Library books	(104,053)	(5,696)	-	-	(109,749)
Total accumulated depreciation	<u>\$ (572,094)</u>	<u>(46,994)</u>	<u>-</u>	<u>21,743</u>	<u>\$ (597,345)</u>
University depreciable capital assets, net	<u>\$ 524,501</u>	<u>(5,436)</u>	<u>97,995</u>	<u>(1,948)</u>	<u>\$ 615,112</u>
Capital asset summary					
University capital assets not being depreciated	\$ 140,223	110,856	(97,548)	(499)	\$ 153,032
University depreciable capital assets at cost	1,096,595	41,558	97,995	(23,691)	1,212,457
University total cost of capital assets	\$ 1,236,818	152,414	447	(24,190)	\$ 1,365,489
Less: Accumulated depreciation	(531,606)	(45,317)	-	18,197	(558,726)
Less: Accumulated depreciation-Auxiliaries	(40,488)	(1,677)	-	3,546	(38,619)
University capital assets, net	<u>\$ 664,724</u>	<u>105,420</u>	<u>447</u>	<u>(2,447)</u>	<u>\$ 768,144</u>
Clinical Operations capital assets	\$ 479,813	41,317		-	\$ 521,130
Less: accumulated depreciation	(190,534)	(30,077)	-	-	(220,611)
Clinical Operations capital assets, net	<u>\$ 289,279</u>	<u>11,240</u>	<u>-</u>	<u>-</u>	<u>\$ 300,519</u>
Primary Institution capital assets, net	<u>\$ 954,003</u>	<u>116,660</u>	<u>447</u>	<u>(2,447)</u>	<u>\$ 1,068,663</u>
Component Units capital assets, net	<u>\$ 478</u>	<u>95</u>	<u>(447)</u>	<u>-</u>	<u>\$ 126</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, 2008 and 2007, the University capitalized interest expense of approximately \$631,000 and \$1,109,000,

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respectively. The Hospital expensed interest expense beginning June 2007 due to the completion of the CHCCP, and capitalized interest expense of approximately \$5,711,000 for the year ended June 30, 2007.

(6) Capital Assets (in thousands)

	Year Ended June 30, 2007				
	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
University Capital assets not being depreciated					
Land	\$ 25,026	11,804	-	(108)	\$ 36,722
Construction in-progress	56,789	82,878	(36,166)	-	103,501
	<u>\$ 81,815</u>	<u>94,682</u>	<u>(36,166)</u>	<u>(108)</u>	<u>\$ 140,223</u>
University depreciable capital assets					
Land improvements	\$ 37,550	-	-	-	\$ 37,550
Infrastructure	101,242	-	11,412	-	112,654
Buildings	576,615	-	24,754	(451)	600,918
Equipment and furnishings	231,583	16,292	-	(17,131)	230,744
Equip. and Furn. - Purchased Non-Titled	-	-	-	-	-
Library books	108,144	6,585	-	-	114,729
Total depreciable capital assets	<u>\$ 1,055,134</u>	<u>22,877</u>	<u>36,166</u>	<u>(17,582)</u>	<u>\$ 1,096,595</u>
Less: accumulated depreciation for					
Land improvements	\$ (26,978)	(710)	-	-	\$ (27,688)
Infrastructure	(27,847)	(5,428)	-	-	(33,275)
Buildings	(225,175)	(15,101)	-	427	(239,849)
Equipment and furnishings	(164,410)	(16,472)	-	13,653	(167,229)
Equip. and Furn. - Purchased Non-Titled	-	-	-	-	-
Library books	(99,064)	(4,989)	-	-	(104,053)
Total accumulated depreciation	<u>\$ (543,474)</u>	<u>(42,700)</u>	<u>-</u>	<u>14,080</u>	<u>\$ (572,094)</u>
University depreciable capital assets, net	<u>\$ 511,660</u>	<u>(19,823)</u>	<u>36,166</u>	<u>(3,502)</u>	<u>\$ 524,501</u>
Capital asset summary					
University capital assets not being depreciated	\$ 81,815	94,682	(36,166)	(108)	\$ 140,223
University depreciable capital assets at cost	1,055,134	22,877	36,166	(17,582)	1,096,595
University total cost of capital assets	<u>\$ 1,136,949</u>	<u>117,559</u>	<u>-</u>	<u>(17,690)</u>	<u>\$ 1,236,818</u>
Less: Accumulated depreciation	(504,041)	(40,858)	-	13,293	(531,606)
Less: Accumulated depreciation-Auxiliaries	(39,433)	(1,842)	-	787	(40,488)
University capital assets, net	<u>\$ 593,475</u>	<u>74,859</u>	<u>-</u>	<u>(3,610)</u>	<u>\$ 664,724</u>
Clinical Operations capital assets	\$ 391,613	110,114	-	(21,914)	\$ 479,813
Less: accumulated depreciation	(178,264)	(28,982)	-	16,712	(190,534)
Clinical Operations capital assets, net	<u>\$ 213,349</u>	<u>81,132</u>	<u>-</u>	<u>(5,202)</u>	<u>\$ 289,279</u>
Primary Institution capital assets, net	<u>\$ 806,824</u>	<u>155,991</u>	<u>-</u>	<u>(8,812)</u>	<u>\$ 954,003</u>
Component Units capital assets, net	<u>\$ 664</u>	<u>(186)</u>	<u>-</u>	<u>-</u>	<u>\$ 478</u>

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(7) Accounts Payable and Accrued Payroll

At June 30, 2008 and 2007, accounts payable and accrued payroll consisted of the following:

	2008	2007
Primary Institution accounts payable		
Trade payables	\$ 14,324,786	\$ 14,508,016
Clinical operations-trade payables	22,159,834	25,822,603
Accrued Payroll and benefits	6,272,057	3,912,099
Clinical operations-accrued payroll and benefits	18,594,723	16,224,005
	<u>\$ 61,351,399</u>	<u>\$ 60,466,723</u>
Component Units accounts payable	<u>\$ 484,086</u>	<u>\$ 408,241</u>

(8) Accrued Compensated Absences

During the years ended June 30, 2008 and 2007, the following changes occurred in accrued compensated absences:

Fiscal Year	Balance July 1	Additions	Deductions	Balance June 30
2008	\$31,254,280	\$48,477,619	\$ (43,369,763)	\$ 36,362,136
2007	29,106,738	41,886,435	(39,738,893)	31,254,280

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

(9) Other Accrued Liabilities

At June 30, 2008 and 2007, other accrued liabilities consisted of the following:

	2008	2007
Primary Institution other accrued liabilities		
Employer/Employee - payroll tax liability	\$ 18,404,626	\$ 19,941,974
Clinical operations - payroll tax liability	600,173	1,674,053
Utilities	2,070,038	1,382,302
Bond Interest	6,414,014	5,914,032
Other	10,573,347	8,049,075
	<u>\$ 38,062,198</u>	<u>\$ 36,961,436</u>

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June 30, 2008 and 2007

(10) Deferred Revenue

At June 30, 2008 and 2007, deferred revenue consisted of the following:

	2008	2007
Primary Institution deferred revenue		
Contracts and grants	\$31,210,905	\$29,365,873
Prepaid tuition and fees	5,944,154	4,487,959
Sales and service	5,055,934	3,207,223
Capital projects	-	10,339,073
Prepaid auxiliary operations sales	251,323	287,133
	<u>\$42,462,316</u>	<u>\$47,687,261</u>
Component Units deferred revenue	<u>\$2,096,053</u>	<u>\$2,441,634</u>

(11) Long-Term Liabilities

At June 30, 2008 and 2007, long-term liabilities consisted of the following:

	Year Ended June 30, 2008				
	Beginning Balance	Additions	Deductions	Ending Balance	Amount Due within One Year
Primary Institution long-term liabilities					
Bonds payable	\$ 530,820,677	\$ 136,710,000	\$ (9,538,873)	\$ 657,991,804	\$ 14,041,741
Student loan programs	15,440,417	731,027	(1,377,997)	14,793,447	-
Deferred annuities payable	339,318		(193,896)	145,422	-
Net OPEB obligation	-	2,918,000	-	2,918,000	
Other	-	718,166	-	718,166	
	<u>\$ 546,600,412</u>	<u>\$ 141,077,193</u>	<u>\$ (11,110,766)</u>	<u>\$ 676,566,839</u>	<u>\$ 14,041,741</u>
Component Units long-term liabilities					
Deferred annuities payable	\$ 1,634,457	\$ 913,174	\$ -	2,547,631	\$ 419,342
	<u>\$ 1,634,457</u>	<u>\$ 913,174</u>	<u>\$ -</u>	<u>\$ 2,547,631</u>	<u>\$ 419,342</u>
	Year Ended June 30, 2007				
	Beginning Balance	Additions	Deductions	Ending Balance	Amount Due within One Year
Primary Institution long-term liabilities					
Bonds payable	\$ 543,789,681	\$ -	\$ (12,969,004)	\$ 530,820,677	\$ 12,792,506
Student loan programs	15,173,807	497,858	(231,248)	15,440,417	-
Deferred annuities payable	-	339,318	-	339,318	-
	<u>\$ 558,963,488</u>	<u>\$ 837,176</u>	<u>\$ (13,200,252)</u>	<u>\$ 546,600,412</u>	<u>\$ 12,792,506</u>
Component Units long-term liabilities					
Deferred annuities payable	\$ 1,541,399	\$ 160,067	\$ (67,009)	\$ 1,634,457	\$ 323,800
	<u>\$ 1,541,399</u>	<u>\$ 160,067</u>	<u>\$ (67,009)</u>	<u>\$ 1,634,457</u>	<u>\$ 323,800</u>

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June 30, 2008 and 2007

(12) Bonds Payable

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

	<u>2008</u>	<u>2007</u>
Subordinate Lien System Improvement Revenue Bonds Series 2007 A&B with interest ranging from 4.096% to 5.28% - final maturity 2036	\$136,710,000	N/A
Subordinate Lien System Improvement Revenue Bonds Series 2005 with interest ranging from 3.0% to 4.5% - final maturity 2035	124,490,000	124,965,000
FHA Insured Hospital Mortgage Revenue Bonds Series 2004 with interest ranging from 2.00% to 5.00% - final maturity 2031	190,210,000	192,225,000
Subordinate Lien System Refunding Revenue Bonds Series 2003A with interest ranging from 2.00% to 5.25% - final maturity 2018.	16,555,000	18,380,000
Subordinate Lien System Revenue Bonds (Taxable) Series 2003B with interest ranging from 1.35% to 5.625% - final maturity 2024	5,585,000	5,585,000
Subordinate Lien System Revenue Bonds Series 2003C with interest ranging from 4.5% to 4.6% - final maturity 2033	5,170,000	5,395,000
Subordinate Lien System Refunding & Improvement Revenue Bonds Series 2002A with interest ranging from 2.5% to 5.25% - final maturity 2032	51,200,000	52,980,000
Subordinate Lien System Refunding Revenue Bonds Series 2002B (Variable) with a synthetic fixed interest rate of 3.83% achieved through an interest rate exchange agreement with final maturity 2026	25,375,000	25,475,000
Subordinate Lien System Refunding Revenue Bonds Series 2002C (Variable) with a synthetic fixed interest rate of 3.94% achieved through an interest rate exchange agreement - final maturity 2030	36,840,000	36,940,000
Subordinate Lien System Improvement Revenue Bonds Series 2001 with interest at a variable rate with a ceiling of 12% - final maturity 2026	44,470,000	46,090,000
System Revenue Bonds Series 2000 with interest ranging from 4.65% to 6.35% - final maturity 2029	7,136,424	9,273,930
System Revenue Refunding Bonds Series 1992-A with interest ranging from 5.60% to 6.25% - final maturity 2021	<u>25,175,000</u>	<u>26,455,000</u>
	<u>\$668,916,424</u>	<u>\$543,763,930</u>

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Add: Bond premium	13,232,894	8,637,542
Less: Loss on defeased bonds	(5,062,694)	(5,486,230)
Bond discounts	(2,423,212)	(1,620,023)
Current portion of bonds payable	(14,041,741)	(12,792,506)
Bond insurance and surety premiums	(1,497,730)	(548,941)
Original issue discount	<u>(1,132,137)</u>	<u>(1,133,095)</u>
Long term bonds payable	<u>\$657,991,804</u>	<u>\$530,820,677</u>

Future debt service as of June 30, 2008 for the bonds follows:

Year ending June 30	Principal	Interest	Total
2009	14,041,741	31,714,418	45,756,159
2010	14,722,739	31,120,768	45,843,507
2011	16,947,231	30,511,896	47,459,127
2012	17,676,584	29,790,045	47,466,629
2013	18,404,310	29,063,908	47,468,218
2014-2018	105,272,010	132,401,617	237,673,627
2019-2023	135,841,809	101,350,540	237,192,349
2024-2028	150,580,000	66,351,331	216,931,331
2029-2033	153,220,000	31,642,852	184,862,852
2034-2036	42,210,000	3,731,250	45,941,250
	<u>\$ 668,916,424</u>	<u>\$ 487,678,625</u>	<u>\$ 1,156,595,049</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, 2008 is \$30,030,000.

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. However, during the term of the swap agreements, the University effectively pays a fixed rate on the debt. 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; 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.

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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, 2008. As a result, the University is not exposed to credit risk as of June 30, 2008. However, should interest rates change and the fair values of the swaps become positive, the University would be exposed to credit rate risk in the amount of the interest swaps' fair value.

The swap agreements are summarized as follows:

	Fixed interest rate per swap <u>agreement</u>	Portion of outstanding bond issue protected by swap <u>agreement</u>	Swap agreement <u>expiration date</u>	Counter party Standard & Poor's <u>rating</u>
Subordinate Lien System Refunding Revenue Bonds Series 2002B	3.83%	100%	Expires in 2026. May be terminated by either party after 2006 if specified conditions are met.	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-

2006 Repurchase Agreement – The University of New Mexico entered into a Repurchase Agreement with JPMorgan Chase, N.A. on its 2005 bond proceeds (through the competitive bid process) on November 16, 2006. Through JPMorgan, the University invested unspent bond proceeds of \$92,962,539. The yield on the Repurchase Agreement is 4.911% and it expires on September 2008.

2006 Constant Maturity Basis Swaps (the “Five-Year LIBOR Swaps”) – In addition to existing interest rate swap agreements on the Series 2001 and 2002C bonds, the University of New Mexico entered into two Constant Maturity Basis Overlay Swap agreements (through the competitive bid process) with JPMorgan Chase, N.A. for notional amounts of \$23,820,000 and \$36,940,000 respectively. (Notional principal amount – in a constant maturity basis swap is predetermined DOLLAR amount on which the exchanged interest payments are based.) The effective date for these agreements is September 15, 2006 and terminates on June 1, 2026 subject to adjustment in accordance with the Modified Following Business Day Convention.

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(13) Health Care Revenue

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

Primary Institution	2008	2007
Charges at established rates	\$ 325,334,961	\$ 277,099,850
Charity care	(39,121,826)	(32,531,252)
Contractual adjustments	(94,703,433)	(86,929,457)
Provision for doubtful accounts, net	(23,319,707)	(24,259,191)
Total net patient services revenues	<u>\$ 168,189,995</u>	<u>\$ 133,379,950</u>

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

Clinical Operations	2008	2007
Charges at established rates	\$ 943,078,371	\$ 764,452,902
Charity care	(145,430,642)	(141,941,377)
Contractual adjustments	(336,878,076)	(252,808,456)
Provision for doubtful accounts, net	(92,724,036)	(66,939,825)
Net patient services revenues	<u>\$ 368,045,617</u>	<u>\$ 302,763,244</u>
Other operating revenues	<u>13,464,858</u>	<u>13,375,766</u>
Total operating revenues	<u>\$ 381,510,475</u>	<u>\$ 316,139,010</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. 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.

THE UNIVERSITY OF NEW MEXICO

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2008 and 2007

(14) Leases

At June 30, 2008 and 2007, 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, 2008 and 2007.

(b) Operating Leases

The University's rent expense for operating leases amounted to \$6,646,047 and \$7,004,571 for the years ended June 30, 2008 and 2007, 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 \$9,399,000 and \$7,830,500 in 2008 and 2007, respectively.

(c) Minimum Lease Payments

The following is a schedule of future minimum lease payments for Primary Institution operating leases at June 30, 2008:

Year ending	Lease
<u>June 30</u>	<u>Payments</u>
2009	\$10,273,951
2010	5,528,892
2011	3,343,752
2012	2,908,108
2013	2,601,066
2014-2018	11,393,708
2019-2023	940,628
2024-2028	1,197,595
2029-2033	1,197,595
2034-2038	1,080,268
	<hr/>
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	\$40,465,563

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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(B) *University as Lessor*

The University is lessor of various properties. For the years ended June 30, 2008 and 2007, respectively, total lease income, which includes annually renewable lease agreements, was \$5,781,907 and \$5,317,506.

The following is a schedule of minimum future lease income under lease terms exceeding one year as of June 30, 2008:

Year ending <u>June 30</u>	Lease <u>Payments</u>
2009	\$4,544,570
2010	2,426,612
2011	2,385,223
2012	2,385,223
2013	2,349,214
2014-2018	39,781
2019-2023	24,483
2024-2028	22,590
2029-2033	22,590
2034-2038	22,590
	<hr/>
	<u>\$14,222,876</u>

(15) **Risk Management**

The University currently is a party to various litigation claims in the ordinary course of business. The University participates in the State of New Mexico Risk Management Program (Risk Management) that provides general liability, auto liability, medical malpractice, physical damage and workers' compensation insurance. The Risk Management program liability insurance coverage includes most employee liability claims; those claims falling outside this state program are in limited amounts and are covered by the University from its operating budget. During fiscal year 2007-2008, the University paid Risk Management \$17,049,466 in insurance premiums. During fiscal year 2006-2007, the University paid Risk Management \$11,632,949 in insurance premiums. The University's exposure is limited to \$1,000 per any first party incurred property loss, with the exception of theft, which has a \$5,000 deductible. After conferring with legal counsel concerning pending litigation and claims, the University administration believes that the outcome of pending litigation should not have a materially adverse effect on the financial position or operations of the University.

As a part of the University of New Mexico, the Hospital enjoys sovereign immunity from suit for tort liability except as waived by the New Mexico legislature. In this connection, under the New Mexico Tort Claims Act, the New Mexico Legislature waived the State's and the Hospital's sovereign immunity for claims arising out of negligence out of the operation of the Hospital, the treatment of the Hospital's patients, and the healthcare services provided by Hospital employees. In addition, the New Mexico Tort Claims Act limits, as an integral part of this waiver of sovereign immunity, the amount of damages that can be assessed against the Hospital on any tort claim including medical malpractice or professional liability claims. In this connection, the New Mexico Tort Claims Act allows damages to be awarded as follows: (a) up to \$300,000 for past and future reasonable economic or property losses incurred or to be incurred by the claimant; (b) up to \$400,000 for past and future non-economic losses (such as pain and suffering) incurred or to be incurred by the claimant; and (c) up to \$350,000 for family members of the claimant (to the extent they qualify therefore) for loss of consortium. The New Mexico Tort Claims Act also prohibits the award of punitive or exemplary damages against the Hospital. The New Mexico Tort Claims Act requires the Risk Management Division of the State of New Mexico General Services Department (State RMD) to provide coverage to the Hospital for those torts where the Legislature has waived the State's sovereign immunity up to the damages limits of the New Mexico Tort Claims Act plus the cost incurred in defending any claims and/or lawsuits (including attorney's fees and expenses), with no deductible and with no self-insured retention by the Hospital. As a result of the foregoing, the Hospital is fully covered for claims and/or lawsuits relating medical malpractice or professional liability.

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June 30, 2008 and 2007

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

The Hospital self-insures its own health plan. Blue Cross and Blue Shield of New Mexico, HMO New Mexico (BCBSNM and HMONM) provides administrative claims 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, 2008 and 2007, the estimated amount of the Hospital's claims and accrued invoices was \$3.0 and \$2.7 million, respectively. The liability balance for the self-insurance plan is included in accrued payroll. The incurred but not reported liability for 2007 was calculated using information provided by Gallagher Benefit Services, Inc. and BCBSNM. Changes in the reported liability since June 30, 2006 resulted from the following:

	Beginning of Fiscal -Year Liability	Claims and Changes in Estimates	Claim Payments	Balance at Fiscal-Year End
2007-2008	\$ 2,697,823	\$ 19,704,287	\$ (19,434,329)	2,967,781
2006-2007	\$ 2,406,243	18,696,634	(18,405,054)	2,697,823

(16) Retirement Plans and Post-Employment Benefits

(A) University

Plan Description

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

Funding Policy

Plan members are required to contribute 7.42% of their gross salary. The University is required to contribute 10.9% of the gross covered salary. Effective July 1, 2008, plan members are required to contribute 7.9% of their gross salary. The employer contribution will increase .75% each year until July 1, 2011 when the employer contribution will be 13.9%. The contribution requirements of plan members and the University are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The University's contributions to ERB for the fiscal years ending June 30, 2008, 2007, and 2006, were \$38,968,790, \$34,005,127, and \$30,361,486, respectively, which equal the amount of the required contributions for each fiscal year.

THE UNIVERSITY OF NEW MEXICO

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2008 and 2007

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.

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.

(B) Hospital

The Hospital has a defined contribution plan covering eligible employees, which provides retirement benefits. The name of the plan is UNM Hospital Tax Sheltered Annuity Plan, formerly known as the University of New Mexico Hospital/Bernalillo Medical Center Tax Sheltered Annuity Plan. The Hospital contributes either 5.5% or 7.5% 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. The Plan is administered by UNM Hospitals Human Resources Department.

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

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 and had completed a year of service prior to June 30, 1977. The name of the plan is University of New Mexico/BCMC Retirement Plan B. There are currently 121 participants included in this plan. Actuarial pension data for this plan may be obtained by writing to UNM Hospitals Human Resources Department, P.O. Box 80600, Albuquerque, NM 87198-0600.

Total employer expense under the plans was \$7,934,000 and \$6,647,000 in 2008 and 2007, respectively. Total employee contributions under the plans were \$11,140,000 and \$9,618,000 in 2008 and 2007, respectively.

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(C) Other Post Employment Benefits

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

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

Employees of the University who choose to participate in the New Mexico Educational Retirement Board pension plan are eligible to retire when one of the following criteria is met:

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

Employees who choose to participate in the alternative Retirement Plan defined contribution plan are eligible to retire when all the following criteria are met:

- Completion of 5 consecutive years of service with the University immediately prior to retirement
- At least age 50 ½ at the time of application for retirement
- Have been actively enrolled in health, dental and life insurance by a local group health insurance policy for at least 4 of the last 5 years and are presently enrolled in one of UNM's health insurance plans during the last 12 consecutive months of employment at UNM

For the University, at the valuation date of July 1, 2007, there were 1,908 retirees, 5,666 not fully eligible active employees, and 742 fully eligible employees.

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

Employees are eligible to retire from UNM Hospital when:

- The employee reaches the minimum age of 50; and
- The employee has at least five years of continuous employment; and
- The employee has a combined age plus year of service sum of at least 70.

For the Hospital, at the date of valuation July 1, 2007, there were a total of 37 retirees, 322 active fully eligible and 3,544 not fully eligible plan participants.

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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The University and Hospital fund the plans on a pay-as-you-go basis. The pay-as-you-go expense is the net expected cost of providing retiree benefits, and includes all expected claims and related expenses and is offset by retiree contributions. The pay-as-you-go expense of the University for fiscal year 2008 was \$5,261,000, net of retiree contributions. The pay as you go expense of the Hospital for fiscal year 2008 was \$98,000, net of retiree contributions.

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

In the July 1, 2007 actuarial valuations, the unit credit actuarial cost method was used. The actuarial assumptions included a 5.0% percent annual discount rate assuming that the Primary Institution funds the retirement benefit on a pay-as-you go basis. Currently, the plans are considered to be unfunded as there are no assets, and retiree benefits are expected to be paid annually on a cash basis. The actuarial valuation assumes an annual health care cost trend on a select and ultimate basis: medical benefits on a select basis at 11% and on an ultimate basis at 6%, and dental benefits on a select and ultimate basis at 6%. The select trend rates are reduced .5% each year until reaching the ultimate trend. The unfunded actuarial accrued liability (UAAL) is amortized over the maximum acceptable period of 30 years and is calculated assuming a level percentage of projected payroll. Payroll is projected to increase 4% per year.

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

	University	Hospital
Annual required contribution	\$ 8,179,000	\$ 583,000
Interest on net OPEB obligation	-	-
Adjustment to annual required contribution	-	-
Annual OPEB cost (expense)	8,179,000	583,000
Contributions made	5,261,000	98,000
Increase in net OPEB obligation	2,918,000	485,000
Net OPEB obligation beginning of year	-	-
Net OPEB obligation end of year	\$ 2,918,000	\$ 485,000

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the OPEB obligation for fiscal year 2008 is as follows:

	University	Hospital
Annual OPEB Cost	\$ 8,179,000	\$ 583,000
% of Annual OPEB Cost Contributed	64.3%	16.8%
Net OPEB Obligation	\$ 2,918,000	\$ 485,000

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Funded Status and Funding Progress. As of July 1, 2007, the initial actuarial valuation date, the plans were not funded. The University's actuarial accrued liability (AAL), the present value of all future expected postretirement health payments and administrative costs attributable to past service, was \$91,344,000, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of the full \$91,344,000, or a funded ratio of 0%. The covered payroll (annual payroll of active employees covered by the plan) was \$438,870,293, and the ratio of the UAAL to the covered payroll was 21%.

The Hospital's AAL was \$4,353,000, and the actuarial value of assets was zero, resulting in an UAAL of the full \$4,353,000 or a funded ratio of 0%. The covered payroll was \$194,841,644 and the ratio of the UAAL to the covered payroll was 2.2%.

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

(17) Commitments and Contingencies

Commitments

In addition to the lease commitments in Note 13, the Primary Institution had commitments totaling \$456,664,645 and \$433,680,284 for the years ended June 30, 2008 and 2007, respectively. These commitments consisted of the following:

	2008	2007
Materials and Services	\$ 154,089,462	\$ 170,018,495
Construction Projects	302,575,183	263,661,789
Total	<u>\$ 456,664,645</u>	<u>\$ 433,680,284</u>

(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:

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	<u>Annual</u> <u>Contribution</u>
2009	\$ 2,420,313
2010	2,518,920
2011	2,621,545
2012	2,728,351
2013	2,325,566
2014-2017	10,289,130
	<u>\$ 22,903,825</u>

(18) Component Units

Blended Component Units

(A) University of New Mexico Medical Group

University of New Mexico Medical Group (UNMMG) is a non-profit corporation that was organized to promote, advance, and support the clinical scientific, educational, research, and charitable purposes of the School of Medicine (SOM) and the University of New Mexico Health Sciences Center (UNM HSC). UNMMG is a blended component unit of the University of New Mexico (UNM) and is reported as such in the basic financial statements of UNM. University of New Mexico Medical Group, 1650 University Boulevard, NE, Albuquerque, NM 87102.

In June 2007, Regents of the University of New Mexico and the faculty members of University Physicians Associates and the Regents of the University of New Mexico voted to approve the merger of UPA into the newly formed University of New Mexico Medical Group, Inc. (UNMMG), a New Mexico nonprofit corporation organized under and pursuant to the New Mexico University Research Park Act and Development Act. The purpose of the merger was to align the clinical, educational, and operational mission of the UPA with the strategic goals of the University of New Mexico Health Sciences in advancing leading healthcare services across New Mexico through the establishment of an integrated medical practice. The effective date of the Merger was July 1, 2007. At the effective date, all the property, rights, privileges, debts, liabilities, and duties of the UPA were assumed by the UNMMG. Therefore UNMMG assumed all assets and liabilities of UPA as of July 1, 2007, which were recorded by UNMMG as the beginning balances for the fiscal year 2008. As UPA's assets equaled its liabilities, there were no net assets assumed by UNMMG. UNMMG is the surviving corporation and Regents of UNM are its sole members. Pursuant to an agreement with UNM Regents, UNMMG is responsible for the practice oversight and management of the professional medical practice of UNM.

Discretely Presented Component Units

(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. For FY07, ASMF completed a FASB to GASB reporting model conversion. As a result of this conversion, FY06 balances were reclassified to conform to FY07 GASB standards.

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

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

(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 both June 2007 and 2008, the Lobo Club made payments of \$2.3 million and \$2.69 million, respectively, to the University. These payments are reflected in the Lobo Club 2007 and 2008 presentation 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 that was incorporated August 29, 1962 to provide and coordinate events and activities for the purpose of maintaining a positive relationship between the University and its alumni. The University of New Mexico Alumni Association at Hodgkin 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. Additionally, UNMMG meets the requirements for blended presentation under GASB 14, The Financial Reporting Entity.

(19) Impact of Recently Issued Accounting Standards

- (A) GASB 52 - The GASB issued GASB Statement No. 52, Land and Other Real Estate Held as Investments by Endowments. This new accounting standard aims to improve the quality of financial reporting by requiring state and local government endowments to report their land and other real estate investments at fair value, with changes in fair value reported in investment income. Previously, such endowments were required to report land and other real estate investments at historical cost. GASB Statement No. 52 is effective for periods beginning after June 15, 2008. Once implemented, some state and local government endowments may experience greater volatility in income from period to period due to fluctuations in the fair value of their real estate investments. The University is currently evaluating the impact GASB Statement No. 52 will have on the financial statements.
- (B) GASB 53 - The GASB issued GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments. This new accounting standard aims to improve the quality of financial reporting by requiring state and local government to measure derivative instruments, with the exception of synthetic guaranteed investment contracts that are fully benefit-responsive, at fair value in their economic resources measurement focus financial statements.

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GASB Statement No. 53 requires changes in the fair value of hedging derivative instruments to be recognized under hedge accounting, whereby the changes in fair values are reported as either deferred inflows or deferred outflows in the statement of net assets. Changes in the fair value of investment derivative instruments are reporting within the investment revenue classification in the statement of revenues, expenses, and changes in net assets. GASB Statement No. 53 is effective for periods beginning after June 15, 2009, and earlier application is encouraged. The University is currently evaluating the impact GASB Statement No. 53 will have on the financial statements.

(20) Subsequent Events

Subsequent to year end there have been significant fluctuations in investment market values. The ultimate impact of these fluctuations on the value of investments reported in the accompanying financial statements cannot reasonably be determined.

(21) Restatement of Certain June 30, 2008 and 2007 Financial Statement Balances

In the process of preparing the June 30, 2009 financial statements, certain misstatements to the June 30, 2008 and 2007 financial statements were identified. The misstatements affected components within the net assets of the Primary Institution and did not impact total net assets or the change in net assets in either period. Their impact to classifications within net assets as of June 30, 2008 and 2007 is summarized as follows:

June 30, 2008

	As Previously Reported	As Restated	Increase / (Decrease)
Invested in capital assets, net of related debt	\$ 267,418,948	\$ 572,820,785	\$ 305,401,837
Restricted for:			
Non-expendable:			
State Investment Council	168,211,831	168,211,831	-
Scholarships	117,199,275	117,199,275	-
Grants, bequests, and contributions	-	-	-
Expendable:			
Scholarships	3,278,916	3,278,916	-
Grants, bequests, and contributions	3,472,754	3,472,754	-
Debt service	33,367,353	20,640,827	(12,726,526)
Capital projects	293,236,639	48,885,445	(244,351,194)
Unrestricted	470,248,122	421,924,005	(48,324,117)
Total net assets	\$ 1,356,433,838	\$ 1,356,433,838	\$ -

June 30, 2007

	As Previously Reported	As Restated	Increase / (Decrease)
Invested in capital assets, net of related debt	\$ 284,379,306	\$ 499,489,161	\$ 215,109,855
Restricted for:			
Non-expendable:			
State Investment Council	175,313,519	175,313,519	-
Scholarships	115,171,993	115,171,993	-
Grants, bequests, and contributions	-	-	-
Expendable:			
Scholarships	3,373,027	3,373,027	-
Grants, bequests, and contributions	1,959,274	1,959,274	-
Debt service	27,815,597	7,514,781	(20,300,816)
Capital projects	194,810,083	33,821,331	(160,988,752)
Unrestricted	398,067,607	364,247,320	(33,820,287)
Total net assets	\$ 1,200,890,406	\$ 1,200,890,406	\$ -

THE UNIVERSITY OF NEW MEXICO

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REQUIRED SUPPLEMENTAL INFORMATION

Schedule of Funding Progress and Employer Contributions

For the year ended June 30, 2008

The Schedule of Funding Progress and the Schedule of Employer Contributions present multi-year trend information comparing the actuarial value of plan assets to the actuarial accrued liability, and the actual contributions of UNM to the annual required contributions. The plan received its first actuarial valuation as of July 1, 2007, and therefore, this information is presented for one year.

Schedule of Funding Progress

	Fiscal Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
University	6/30/2008	\$ -	\$ 91,344,000	\$ 91,344,000	0%	\$ 438,870,293	20.8%
Hospital	6/30/2008	\$ -	\$ 4,353,000	\$ 4,353,000	0%	\$ 194,841,644	2.2%

Schedule of Employer Contributions

	Fiscal Year Ending	Annual Required Contributions (ARC)	Actual Contributions	% Contributed
University	6/30/2008	\$ 8,179,000	\$ 5,261,000	64%
Hospital	6/30/2008	\$ 583,000	\$ 98,000	17%

Summary of Key Actuarial Methods and Assumptions

Valuation Year	July 1, 2007 to June 30, 2008
Actuarial Cost Method	Unit Credit Actuarial Cost Method
Amortization Method	30 Years
Discount Rate	5%
Projected Payroll Growth Rate	4%
Health Care Cost Trend Rate	Medical on a select basis at 11% and on an ultimate basis at 6%, and dental benefits on a select and ultimate basis at 6%. The select trend rates are reduced .5% each year until reaching the ultimate trend.

THE UNIVERSITY OF NEW MEXICO

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THE UNIVERSITY OF NEW MEXICO

SCHEDULE 2

Budget Comparison - Unrestricted and Restricted - All Operations For the year ended June 30, 2008

	Original Budget	Final Budget	Actuals	Final Budget Less Actuals
Unrestricted and Restricted Beginning Net Assets	\$ 211,874,889	\$ 276,474,606	\$ 276,342,768	\$ (131,838)
Unrestricted and Restricted Revenues:				
Tuition and Fees	\$ 98,173,984	\$ 98,937,570	\$ 99,679,792	\$ 742,222
Miscellaneous Fees	24,607,894	23,916,807	23,866,972	(49,835)
Federal Government Appropriations	27,701,181	28,538,632	26,313,623	(2,225,009)
State Government Appropriations	331,054,595	337,742,729	340,346,829	2,604,100
State Lottery Appropriations	22,060,491	22,060,491	22,508,084	447,593
Local Government Appropriations	5,105,280	5,276,280	5,604,108	327,828
Federal Government Contracts/Grants	175,737,206	164,623,124	152,600,445	(12,022,679)
State Government Contracts/Grants	64,808,742	68,972,305	65,315,081	(3,657,224)
Local Government Contracts/Grants	5,766,517	5,580,352	4,592,224	(988,128)
Private Contracts/Grants	42,696,905	59,246,278	32,050,092	(27,196,186)
Endowments	5,458,731	6,290,000	5,032,396	(1,257,604)
Land and Permanent Fund	8,344,902	8,396,985	9,317,795	920,810
Private Gifts	-	-	-	-
Sales and Services	282,444,352	303,461,842	285,992,009	(17,469,833)
Other	151,789,443	282,502,633	327,904,808	45,402,175
Total Unrestricted and Restricted Revenues	\$ 1,245,750,223	\$ 1,415,546,028	\$ 1,401,124,258	\$ (14,421,770)
Unrestricted and Restricted Expenditures:				
Instruction	\$ 235,058,025	\$ 237,286,818	\$ 225,454,391	\$ 11,832,427
Academic Support	45,896,396	48,809,521	46,471,239	2,338,282
Student Services	25,033,695	27,030,088	26,362,721	667,367
Institutional Support	55,561,027	62,607,757	58,824,620	3,783,137
Operations and Maintenance	46,013,211	44,896,336	46,280,048	(1,383,712)
Student Social and Cultural	7,247,923	8,185,650	6,480,454	1,705,196
Research	168,117,000	172,209,300	159,818,657	12,390,643
Public Service	278,918,394	299,811,145	269,436,890	30,374,255
Internal Services	3,971,134	7,874,603	4,024,750	3,849,853
Student Aid, Grants & Stipends	82,517,341	86,222,321	78,494,012	7,728,309
Auxiliary Services	56,082,953	58,732,953	54,831,459	3,901,494
Intercollegiate Athletics	27,361,313	28,042,742	27,575,270	467,472
Independent Operations	73,534,600	79,936,700	79,665,480	271,220
Capital Outlay	167,234,797	155,672,812	142,134,816	13,537,996
Building Renewal & Replacement	24,672,201	18,672,201	10,214,035	8,458,166
Retirement of Indebtedness	27,398,221	31,808,534	29,942,193	1,866,341
Total Unrestricted and Restricted Expenditures	\$ 1,324,618,231	\$ 1,367,799,481	\$ 1,266,011,035	\$ 101,788,446
Net Transfers	\$ 5,811,000	\$ 5,498,500	\$ 7,229,434	\$ 1,730,934
Change in Net Assets (Budgetary Basis)	\$ (73,057,008)	\$ 53,245,047	\$ 142,342,657	\$ (114,479,282)
Ending Net Assets	\$ 138,817,881	\$ 329,719,653	\$ 418,685,425	\$ (114,611,120)

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 3

Budget Comparison - Unrestricted - Non-Instruction & General For the year ended June 30, 2008

	Original Budget	Final Budget	Actuals	Final Budget Less Actuals
Unrestricted Beginning Net Assets	\$ 198,862,506	\$ 256,078,232	\$ 255,946,413	\$ (131,819)
Unrestricted Revenues:				
Tuition and Fees	\$ 162,500	\$ 162,500	\$ 142,557	\$ (19,943)
Miscellaneous Fees	19,164,862	19,164,862	18,910,480	(254,382)
Federal Government Appropriations	-	-	-	-
State Government Appropriations	61,224,751	63,833,552	69,920,950	6,087,398
Local Government Appropriations	-	-	-	-
Federal Government Contracts/Grants	6,033,327	6,787,269	7,652,486	865,217
State Government Contracts/Grants	40,763,898	41,378,402	40,102,668	(1,275,734)
Local Government Contracts/Grants	87,400	201,941	425,856	223,915
Private Contracts/Grants	28,445,391	31,269,272	14,112,037	(17,157,235)
Endowments	2,600,000	2,600,000	1,095,671	(1,504,329)
Land and Permanent Fund	667,657	719,740	815,430	95,690
Private Gifts	-	-	-	-
Sales and Services	281,488,052	302,790,785	284,738,844	(18,051,941)
Other	101,578,095	226,475,208	277,054,561	50,579,353
Total Unrestricted Revenues	\$ 542,215,933	\$ 695,383,531	\$ 714,971,540	\$ 19,588,009
Unrestricted Expenditures:				
Student Social and Cultural	\$ 6,897,923	\$ 7,735,650	\$ 6,159,465	\$ 1,576,185
Research	43,894,300	43,834,300	37,628,407	6,205,893
Public Service	214,186,881	235,020,881	221,943,793	13,077,088
Internal Services	3,531,434	5,958,203	2,311,920	3,646,283
Student Aid, Grants & Stipends	43,479,492	45,174,472	44,036,246	1,138,226
Auxiliary Services	55,878,953	58,378,953	54,647,389	3,731,564
Intercollegiate Athletics	27,321,313	28,002,742	27,565,998	436,744
Independent Operations	73,534,600	79,936,700	79,634,155	302,545
Capital Outlay	167,234,797	155,672,812	142,134,816	13,537,996
Building Renewal & Replacement	24,672,201	18,672,201	10,214,035	8,458,166
Retirement of Indebtedness	27,398,221	31,808,534	29,942,193	1,866,341
Total Unrestricted Expenditures	\$ 688,030,115	\$ 710,195,448	\$ 656,218,417	\$ 53,977,031
Net Transfers	\$ 72,914,640	\$ 69,632,562	\$ 75,273,925	\$ 5,641,363
Change in Net Assets (Budgetary Basis)	\$ (72,899,542)	\$ 54,820,645	\$ 134,027,048	\$ (28,747,659)
Ending Net Assets	\$ 125,962,964	\$ 310,898,877	\$ 389,973,461	\$ (28,879,478)

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 - Restricted - Non-Instruction & General For the year ended June 30, 2008

	Original Budget	Final Budget	Actuals	Final Budget Less Actuals
Restricted Beginning Net Assets	\$ -	\$ -	\$ -	\$ -
Restricted Revenues:				
Tuition and Fees	\$ -	\$ -	\$ -	\$ -
Miscellaneous Fees	-	-	-	-
Federal Government Appropriations	27,701,181	28,538,632	26,186,528	(2,352,104)
State Government Appropriations	-	3,054,500	161,681	(2,892,819)
Local Government Appropriations	-	-	-	-
Federal Government Contracts/Grants	159,027,661	146,019,137	134,329,250	(11,689,887)
State Government Contracts/Grants	20,850,589	23,960,701	21,956,802	(2,003,899)
Local Government Contracts/Grants	4,525,317	4,227,211	3,232,604	(994,607)
Private Contracts/Grants	13,566,014	27,053,632	17,105,773	(9,947,859)
Endowments	-	-	-	-
Land and Permanent Fund	-	-	-	-
Private Gifts	-	-	-	-
Sales and Services	-	-	-	-
Other	-	10,000	50,084	40,084
Total Restricted Revenues	\$ 225,670,762	\$ 232,863,813	\$ 203,022,722	\$ (29,841,091)
Restricted Expenditures:				
Student Social and Cultural	\$ 350,000	\$ 450,000	\$ 320,989	\$ 129,011
Research	124,222,700	128,375,000	122,190,250	6,184,750
Public Service	64,731,513	64,790,264	47,493,097	17,297,167
Internal Services	439,700	1,916,400	1,712,830	203,570
Student Aid, Grants & Stipends	39,037,849	41,047,849	34,457,766	6,590,083
Auxiliary Services	204,000	354,000	184,070	169,930
Intercollegiate Athletics	40,000	40,000	9,272	30,728
Independent Operations	-	-	31,325	(31,325)
Capital Outlay	-	-	-	-
Building Renewal & Replacement	-	-	-	-
Retirement of Indebtedness	-	-	-	-
Total Restricted Expenditures	\$ 229,025,762	\$ 236,973,513	\$ 206,399,599	\$ 30,573,914
Net Transfers	\$ 3,355,000	\$ 4,109,700	\$ 3,374,129	\$ (735,571)
Change in Net Assets (Budgetary Basis)	\$ -	\$ -	\$ (2,748)	\$ (61,150,576)
Ending Net Assets	\$ -	\$ -	\$ (2,748)	\$ (61,150,576)

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 - Unrestricted - Instruction & General For the year ended June 30, 2008

	Original Budget	Final Budget	Actuals	Final Budget Less Actuals
Unrestricted Beginning Net Assets	\$ 13,012,383	\$ 20,396,374	\$ 20,396,355	\$ (19)
Unrestricted Revenues:				
Tuition and Fees	\$ 98,011,484	\$ 98,775,070	\$ 99,537,235	\$ 762,165
Miscellaneous Fees	5,443,032	4,751,945	4,956,492	204,547
Federal Government Appropriations	-	-	127,095	127,095
State Government Appropriations	269,829,844	270,854,677	270,264,198	(590,479)
State Lottery Appropriations	22,060,491	22,060,491	22,508,084	447,593
Local Government Appropriations	5,105,280	5,276,280	5,604,108	327,828
Federal Government Contracts/Grants	250,000	250,000	249,231	(769)
State Government Contracts/Grants	-	-	277,220	277,220
Local Government Contracts/Grants	-	-	-	-
Private Contracts/Grants	-	-	24,262	24,262
Endowments	2,858,731	3,690,000	3,936,725	246,725
Land and Permanent Fund	7,677,245	7,677,245	8,502,365	825,120
Private Gifts	-	-	-	-
Sales and Services	956,300	671,057	1,253,165	582,108
Other	50,211,348	56,017,425	50,800,163	(5,217,262)
Total Unrestricted Revenues	\$ 462,403,755	\$ 470,024,190	\$ 468,040,343	\$ (1,983,847)
Unrestricted Expenditures:				
Instruction	\$ 222,151,121	\$ 222,986,993	\$ 213,177,100	\$ 9,809,893
Academic Support	45,219,980	48,033,105	45,866,540	2,166,565
Student Services	23,403,094	25,153,087	24,382,707	770,380
Institutional Support	55,194,376	62,141,106	58,582,680	3,558,426
Operations and Maintenance	45,912,010	44,795,135	46,252,046	(1,456,911)
Total Unrestricted Expenditures	\$ 391,880,581	\$ 403,109,426	\$ 388,261,073	\$ 14,848,353
Net Transfers	\$ (70,680,640)	\$ (68,490,362)	\$ (71,476,027)	\$ (2,985,665)
Change in Net Assets (Budgetary Basis)	\$ (157,466)	\$ (1,575,598)	\$ 8,303,243	\$ (19,817,865)
Ending Net Assets	\$ 12,854,917	\$ 18,820,776	\$ 28,699,598	\$ (19,817,884)

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 6

Budget Comparison - Restricted - Instruction & General For the year ended June 30, 2008

	Original Budget	Final Budget	Actuals	Final Budget Less Actuals
Restricted Beginning Net Assets	\$ -	\$ -	\$ -	\$ -
Restricted Revenues:				
Tuition and Fees	\$ -	\$ -	\$ -	\$ -
Miscellaneous Fees	-	-	-	-
Federal Government Appropriations	-	-	-	-
State Government Appropriations	-	-	-	-
Local Government Appropriations	-	-	-	-
Federal Government Contracts/Grants	10,426,218	11,566,718	10,369,478	(1,197,240)
State Government Contracts/Grants	3,194,255	3,633,202	2,978,391	(654,811)
Local Government Contracts/Grants	1,153,800	1,151,200	933,764	(217,436)
Private Contracts/Grants	685,500	923,374	808,020	(115,354)
Endowments	-	-	-	-
Land and Permanent Fund	-	-	-	-
Private Gifts	-	-	-	-
Sales and Services	-	-	-	-
Other	-	-	-	-
Total Restricted Revenues	\$ 15,459,773	\$ 17,274,494	\$ 15,089,653	\$ (2,184,841)
Restricted Expenditures:				
Instruction	\$ 12,906,904	\$ 14,299,825	\$ 12,277,291	\$ 2,022,534
Academic Support	676,416	776,416	604,699	171,717
Student Services	1,630,601	1,877,001	1,980,014	(103,013)
Institutional Support	366,651	466,651	241,940	224,711
Operations and Maintenance	101,201	101,201	28,002	73,199
Total Restricted Expenditures	\$ 15,681,773	\$ 17,521,094	\$ 15,131,946	\$ 2,389,148
Net Transfers	\$ 222,000	\$ 246,600	\$ 57,407	\$ (189,193)
Change in Net Assets (Budgetary Basis)	\$ -	\$ -	\$ 15,114	\$ (4,763,182)
Ending Net Assets	\$ -	\$ -	\$ 15,114	\$ (4,763,182)

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

Reconciliation of Budgetary Basis to Financial Statement Basis Unrestricted and Restricted - All Operations For the year ended June 30, 2008

Total Unrestricted and Restricted Revenues:

Budgetary Basis	\$ 1,401,124,258
Reconciling items:	
Bond proceeds (not in financial statements)	(140,368,406)
University of New Mexico Hospital (not in budgetary basis)	430,809,742
University of New Mexico Psychiatric Center (not in budgetary basis)	25,632,936
University of New Mexico Children's Psychiatric Center (not in budgetary basis)	(3,450,388)
University of New Mexico Medical Group (not in budgetary basis)	3,860,430
Scholarship allowance (not in budgetary basis)	(41,736,506)
Endowment fund items (not in budgetary basis)	7,034,527
Land and permanent fund loss (not in budgetary basis)	(7,101,688)
Other fund items (not in budgetary basis)	4,229,701
Adjustments subsequent to Actuals submission to HED (not in budgetary basis)	804,385
Revenue/expenditure classification differences	(6,642,549)
Other	125,695
Total reconciling items	\$ 273,197,879
Total reconciled unrestricted and restricted revenues per Budgetary Basis	\$ 1,674,322,137
Basic Financial Statements	
Operating revenues	\$ 1,070,031,257
Non-operating revenues	530,857,518
Other revenues	73,433,362
Total unrestricted and restricted revenues per Financial Statements	\$ 1,674,322,137
Difference	\$ -

Total Unrestricted and Restricted Expenditures:

Budgetary Basis	\$ 1,266,011,035
Reconciling items:	
Capital outlay/renewal & replacement (not in financial statements)	(158,598,931)
University of New Mexico Hospital (not in budgetary basis)	401,826,229
University of New Mexico Psychiatric Center (not in budgetary basis)	24,429,970
University of New Mexico Children's Psychiatric Center (not in budgetary basis)	(4,117,592)
University of New Mexico Medical Group (not in budgetary basis)	(13,157,448)
Scholarship allowance (not in budgetary basis)	(41,736,506)
Endowment fund items (not in budgetary basis)	(780,643)
Other fund items (not in budgetary basis)	2,554,984
Depreciation expense (not in budgetary basis)	46,649,216
Adjustments subsequent to Actuals submission to HED (not in budgetary basis)	3,035,994
Revenue/expenditure classification differences	(6,642,549)
Other	(695,054)
Total reconciling items	\$ 252,767,670
Total reconciled unrestricted and restricted expenditures per Budgetary Basis	\$ 1,518,778,705
Basic Financial Statements	
Operating expenditures	\$ 1,500,175,166
Non-operating expenditures	18,603,539
Total unrestricted and restricted expenditures per Financial Statements	\$ 1,518,778,705
Difference	\$ -

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 of Pledged Collateral as of June 30, 2008

Pledged Collateral					
Financial Institution	CUSIP Identification	Maturity Date	Type of Securities	Account Type	Account Name
Bank of America	31385XAZ0	05/01/2033	U.S. FNMA	Checking	General Depository
	31410KEQ3	04/01/2038	FNCL POOL-889443		
Wells Fargo Bank	31409VDH3	3/01/2036	FNCL 879504	Checking	UNMMG Operating Account
	31410EN46	6/01/2036	FNCL 887011	Checking	UNMMG Board Designated Assets
	36202DPS4	9/20/2031	G2SF 3133	CD	UNMMG Board Designated Assets
	36202DT68	8/20/2032	G2SF 3273		
Bank of America*	31402QWA5	10/01/2035	U.S. FNMA	Checking	UNMH Operating Account
				Repo Agreement	Consolidated Automated Overnight Investment
				Checking	Other Clinical Operation Account
First Community Bank				Checking	UNMH Change Campaign
First Community Bank	3133X4ZC8	4/15/2009	FHLB	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 Depository
				Checking	Gallup Campus Petty Cash
Total					
Component Unit deposits held by UNM					
UNMH Petty Cash					
Net non-depository cash and cash equivalents					
Total Cash and Cash Equiv. Primary Institution					
Foundation (see Schedule 8)					
Lobo Development					
Lobo Energy					
STC.UNM					
Component Units - Public Money Entities					
Component Units - Non--Public Money Entities					
Total Component Units					

* UNM Hospital

See accompanying Independent Auditors' Report.

SCHEDULE 7

Bank	FDIC	SIPC	Repurchase Agreement	Uninsured	50%		Fair Value of	Over (under)
					Collateral	Requirement		
Balance	Insurance	Insurance	Collateral	Public Funds			Collateral	Collateralized
\$ 173,156,672	\$ 100,000	\$ -	\$ -	\$ 173,056,672	\$ 86,528,336			\$ (86,528,336)
							\$ 52,283,059	52,283,059
							167,230,273	167,230,273
\$ 173,156,672	\$ 100,000	\$ -	\$ -	\$ 173,056,672	\$ 86,528,336		\$ 219,513,332	\$ 132,984,996
\$ 16,730,015	\$ 100,000		\$ 9,781,841	\$ 6,848,174	\$ 3,424,087			\$ (3,424,087)
\$ 3,313,168				3,313,168	1,656,584			(1,656,584)
957,755				957,755	478,878			(478,878)
						\$ 6,196,787		6,196,787
						5,459,908		5,459,908
						130,153		130,153
						234,387		234,387
\$ 21,000,938	\$ 100,000	\$ -	\$ 9,781,841	\$ 11,119,097	\$ 5,559,549		\$ 12,021,235	\$ 6,461,686
\$ 76,465,709	\$ 100,000		\$ -	\$ 76,365,709	\$ 38,182,854			\$ (38,182,854)
1,639,069			1,639,069	-	\$ -			-
3,125				3,125	1,563			(1,563)
						\$ 68,694,601		68,694,601
\$ 7,970	\$ 7,970			\$ -	\$ -		\$ -	\$ -
\$ 78,115,873	\$ 107,970	\$ -	\$ 1,639,069	\$ 76,368,834	\$ 38,184,417		\$ 68,694,601	\$ 30,510,184
						\$ 150,217		\$ 150,217
\$ 2,488	\$ 2,488	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
42	42	-	-	-	-		-	-
29,352	29,352	-	-	-	-		-	-
5,305	5,305	-	-	-	-		-	-
5,145	5,145	-	-	-	-		-	-
8,776	8,776	-	-	-	-		-	-
\$ 51,108	\$ 51,108	\$ -	\$ -	\$ -	\$ -		\$ 150,217	\$ 150,217
\$ 11,331	\$ 11,331	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
9,944	9,944	-	-	-	-		-	-
\$ 21,275	\$ 21,275	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
3,032	3,032	-	-	-	-		-	-
\$ 3,032	\$ 3,032	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
\$ 272,348,898	\$ 383,385	\$ -	\$ 11,420,910	\$ 260,544,603	\$ 130,272,302		\$ 300,379,385	\$ 170,107,083

\$ 272,348,898

\$ 836,236	\$ 228,645	\$ 607,591	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
49,965	49,965	-	-	-	-	-	-	-
50,305	50,305	-	-	-	-	-	-	-
1,069,791	100,000	-	-	969,791	484,896	609,754	124,858	
2,006,297	428,915	\$ 607,591	\$ -	\$ 969,791	\$ 484,896	\$ 609,754	\$ 124,858	
\$ 4,988,466	\$ 600,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$ 6,994,763	\$ 1,028,915	\$ 607,591	\$ -	\$ 969,791	\$ 484,896	\$ 609,754	\$ 124,858	

THE UNIVERSITY OF NEW MEXICO

Schedule of Individual Deposit and Investment Accounts as of June 30, 2008

Individual Deposit Accounts

Name of Bank/Broker	Account Type	Balance per statement	Reconciled balance per books
Primary Institution			
Bank of America			
General Depository	Checking	\$ 173,156,672	181,179,861
UNMH Operating Account	Checking	76,465,709	49,798,876
UNMH consolidated Automated Overnight Investment	Repo Agreement	1,639,069	1,639,051
Other Clinical Operation Account	Checking	3,125	3,125
First Community Bank			
UNMH Change Campaign	Checking	7,970	7,970
Taos Harwood Depository	Checking	2,488	2,452
Taos Harwood Petty Cash	Checking	42	42
Taos Education Center Depository	Checking	29,352	27,827
Taos Education Center Petty Cash	Checking	5,305	5,305
Valencia Campus Depository	Checking	5,145	19,188
Valencia Campus Petty Cash	Checking	8,776	8,776
Los Alamos National Bank			
Los Alamos Campus Depository	Checking	11,331	11,121
Los Alamos Campus Petty Cash	Checking	9,944	9,944
Wells Fargo Bank			
UNMMG Operating Accounting	Checking	16,730,015	16,091,416
UNMMG Board Designated Assets	Checking	3,313,168	3,313,168
UNMMG Board Designated Assets	CD	957,755	957,755
Gallup Campus Depository	Checking	-	1,790
Gallup Campus Petty Cash	Checking	3,032	3,032
Other			
UNMH Petty Cash	Cash on Hand	-	26,026
Component Unit deposits held by UNM			(27,543,528)
Net non-depository cash and cash equivalents			(8,839,590)
Primary Institution - Cash		\$ 272,348,898	216,723,607

Component Units

Component Units - Public Money Entities

University of New Mexico Foundation, Inc.

Morgan Stanley			
UNM Foundation Inc. TTEE	Money Market	\$ 18,401	18,401
Bank of America			
Scholarship Fund	Money Market	99,215	99,045
Scholarship Trust	Money Market	29,430	29,378
Wells Fargo			
Irrevocable Trust Fund	Money Market	133,182	133,182
UBS Financial Services			
Endowed Chair	Money Market	493,996	493,996
Endowed Professorship	Money Market	62,012	62,012
Other*			
UNM Operating	Cash	-	2,590,018
UNM Development	Cash	-	23,089,430
UNM Development - Specific uses	Cash	-	70,951
University of New Mexico Foundation, Inc. - Cash		\$ 836,236	26,586,413

Lobo Development, Inc.

Compass Bank			
Business Checking	Checking	\$ 49,965	49,965
Other*			
UNM Operating	Cash	-	377,309
Lobo Development, Inc. - Cash		\$ 49,965	427,274

Lobo Energy, Inc.

Compass Bank			
Business Checking	Checking	\$ 50,305	49,388
Other*			
UNM Operating	Cash	-	487,804
Lobo Energy, Inc. - Cash		\$ 50,305	537,192

STC.UNM

Bank of America			
Operating	Checking	\$ 1,052,699	756,743
Payroll	Checking	17,092	17,092
STC.UNM - Cash		\$ 1,069,791	773,835

Component Units - Public Money Entities

Component Units - Non-Public Money Entities

Total Component Units - Cash

Component Units - Public Money Entities	\$ 2,006,297	28,324,714
Component Units - Non-Public Money Entities	\$ 4,988,466	6,818,586
Total Component Units - Cash	\$ 6,994,763	35,143,300

* - Held by Primary Institution in General Depository Account

- Listed as Non-Current Asset - Cash/CE on Balance Sheet

SCHEDULE 8

Individual Investment Accounts

Name of Bank/Broker		Account Type	Balance per statement	Reconciled balance per books
Primary Institution				
Citi Smith Barney	UNMH Investment Account	Money Market	\$ 221,011	221,011
Citi Smith Barney	UNMH Investment Account	U.S. Gov't Obligations	625,974	625,974
Citi Smith Barney	UNMH Investment Account	U.S. Treasury Securities	30,496,936	30,496,936
Citi Smith Barney	Endowment Investments	Money Market	552,290	552,290
Citi Smith Barney	Endowment Investments	U.S. Gov't Obligations	2,101,485	2,101,485
Citi Smith Barney	Endowment Investments	Corporate Bonds	9,036,510	9,036,510
Citi Smith Barney	Endowment Investments	U.S. Treasury Securities	93,204,496	93,204,496
Citi Smith Barney	Bond Proceeds	Money Market	8,601,696	8,601,696
Citi Smith Barney	Bond Proceeds	Corporate Bonds	25,147,820	25,147,820
Citi Smith Barney	Bond Proceeds	U.S. Gov't Obligations	68,091,806	68,091,806
Citi Smith Barney	Bond Proceeds	Municipal Bonds	33,623,282	33,623,282
Fidelity Investments	ASM FSC Investment Program	Equity	2,012,281	2,012,281
Fidelity Investments	ASM FSC Investment Program	Money Market	154,530	154,530
JP Morgan	Bond Proceeds	Repurchase Agreement	34,236,792	34,236,792
Northern Trust	Consolidated Investment Fund	Alternative Investments	79,810,964	79,810,964
Northern Trust	Consolidated Investment Fund	Equity	84,159,737	84,159,737
Northern Trust	Consolidated Investment Fund	Money Market	2,571,694	2,571,694
Northern Trust	Consolidated Investment Fund	Mutual Funds	38,828,169	38,828,169
Wells Fargo	Bond Proceeds	Commercial Paper	8,452,240	8,452,240
Wells Fargo	Bond Proceeds	Money Market	20,432,282	18,319,699
Wells Fargo	Bond Proceeds	Repurchase Agreement	13,452,613	13,452,613
Wells Fargo	Bond Proceeds	U.S. Gov't Obligations	7,126,206	7,126,206
Wells Fargo	Consolidated Investment Fund	Equity	297,964	297,964
Wells Fargo	Consolidated Investment Fund	Money Market	128,877	128,877
Investment in TLSC	UNMH Investment Account	Equity	3,627,423	3,627,423
Investment in TriWest	UNMH Investment Account	Equity	2,612,500	2,612,500
Investment in TRL (TriCore)	UNMH Investment Account	Equity	4,229,583	4,229,583
Wells Fargo	UNMMG	Certificate of Deposit	957,755	957,755
			\$ 574,794,917	572,682,334
State Investment Council			\$ 168,211,831	168,211,831
Primary Institution - Investments			\$ 743,006,748	740,894,165
Component Units - Public Money Entities				
University of New Mexico Foundation, Inc.				
Bank of America	Scholarship Trust	Mutual Funds, Equity	\$ 361,605	361,605
Bank of America	Scholarship Trust	Mutual Funds, Fixed	166,441	166,441
Bank of America	Scholarship Fund	Mutual Funds, Equity	731,069	731,069
Bank of America	Scholarship Fund	Mutual Funds, Fixed	287,524	287,524
Northern Trust	Consolidated Investment Fund	Alternative Investments	47,137,355	47,137,355
Northern Trust	Consolidated Investment Fund	Equity	49,705,794	49,705,794
Northern Trust	Consolidated Investment Fund	Money Market	1,518,875	1,518,875
Northern Trust	Consolidated Investment Fund	Mutual Funds	22,932,402	22,932,402
Southwest Securities	Charitable Trust Fund	Domestic Corporate Stock	364,660	364,660
UBS Financial Services	Endowed Chair	Other	33,785	33,785
UBS Financial Services	Endowed Chair	Municipal Bonds	2,191,288	2,191,288
UBS Financial Services	Endowed Professorship	Municipal Bonds	312,686	312,686
Wells Fargo	Charitable Trust Fund	Domestic Corporate Bonds	237,993	237,993
Wells Fargo	Charitable Trust Fund	Domestic Corporate Stock	719,983	719,983
Wells Fargo	Charitable Trust Fund	FHLB US Agency Bonds	130,913	130,913
Wells Fargo	Charitable Trust Fund	Municipal Bonds	50,004	50,004
Wells Fargo	Charitable Trust Fund	Mutual Funds, Fixed	361,491	361,491
Wells Fargo	Charitable Trust Fund	Other	157,053	157,053
Wells Fargo	Charitable Trust Fund	Real Estate	68,270	68,270
Wells Fargo	Consolidated Investment Fund	Equity	175,981	175,981
Wells Fargo	Consolidated Investment Fund	Money Market	76,116	76,116
University of New Mexico Foundation, Inc. - Investments			\$ 127,721,289	127,721,289
STC.UNM				
Other		Private Equity	3,853	3,853
STC.UNM - Investments			\$ 3,853	3,853
Component Units - Public Money Entities			\$ 127,725,142	127,725,142
Component Units - Non-Public Money Entities			\$ 5,681,141	5,681,141
Total Component Unit - Investments			\$ 133,406,283	133,406,283

Note: The University has an undivided interest in the State of New Mexico Land Grant Permanent Fund. For further detail for the types of investments held in the Land Grant Permanent Fund, please refer to the separately issued June 30, 2008 financial statements of the State Investment Council.

THE UNIVERSITY OF NEW MEXICO

SCHEDULE 9

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2008

	FEDERAL CFDA NUMBER	CONTRACT/GRANT NUMBER	YEAR TO DATE EXPENDITURES
MAJOR PROGRAMS			
<i>Research & Development</i>			
Department of Agriculture	10		\$ 344,170
Department of Commerce	11		\$ 85,821
Department of Defense			
DARPA	12		\$ 1,670,890
DTRA	12		5,669,474
Department of the Air Force	12		5,117,952
Department of the Army	12		1,284,943
Department of the Navy	12		2,983,919
Other Departments	12		4,340,725
Total Department of Defense			\$ 21,067,903
Department of Education	84		\$ 198,175
Department of Energy	81		\$ 12,545,014
Department of Health & Human Services			
AHRQ	93		\$ 1,213
Centers for Disease Control	93		1,220,736
Health Resources & Services Admin	93		261,368
Indian Health Services	93		852,453
National Institutes of Health	93		72,275,583
Other Departments	93		2,737,540
Total Department of Health & Human Services			\$ 77,348,893
Department of the Interior	15		\$ 3,231,039
Department of Justice	16		\$ 146,542
Department of Transportation	20		\$ 1,128,027
National Aeronautics & Space Administration	43		\$ 2,983,511
National Foundation on the Arts & the Humanities	45		\$ 936
National Science Foundation	47		\$ 16,633,535
Department of Veterans Affairs	64		\$ 106,897
U.S. Environmental Protection Agency	66		\$ 281,142
Other Agencies			\$ 23,798
<i>Total Research and Development</i>			\$ 136,125,403
<i>Student Financial Aid</i>			
Department of Education			
Federal Supplemental Educational Opportunity Grants	84.007	P007A072658	\$ 822,445
Federal Supplemental Educational Opportunity Grants	84.007	P007A042658	(917)
Federal Supplemental Educational Opportunity Grants	84.007	P007A062658	652
Federal Work-Study Program	84.033	P033A072658	2,606,058
Federal Work-Study Program	84.033	P033A062658	19,465
Pell Grants	84.063	P063P070276	24,777,352
Pell Grants	84.063	P063P040276	(800)
Pell Grants	84.063	P063P060276	105,837
Academic Competitiveness Grants	84.375	P375A070276	315,051
SMART	84.376	P376S070276	351,382
Total Department of Education			\$ 28,996,525
Department of Health & Human Services	93.358		64,032
Department of Health & Human Services	93.925		697,884
<i>Total Student Financial Aid</i>			\$ 29,758,441
TOTAL MAJOR PROGRAMS			\$ 165,883,844

THE UNIVERSITY OF NEW MEXICO

SCHEDULE 9

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2008

	FEDERAL CFDA NUMBER	CONTRACT/GRANT NUMBER	YEAR TO DATE EXPENDITURES
NONMAJOR PROGRAMS			
Department of Agriculture	10.000	0577	\$ 4,302
Department of Agriculture	10.000	06-521-0400-0026	73,838
Department of Agriculture	10.000	AGMT NSYC 07	2,275
Department of Agriculture	10.000	AGREEMENT 3177	7,990
Department of Agriculture	10.000	AGREEMENT 3178	13,752
Agricultural Research_Basic and Applied Research	10.001	7016201930	18,927
Grants for Agricultural Research Competitive Research	10.206	2006-55215-16721	(28)
Hispanic Serving Institutions Education Grants	10.223	2005-38422-15954	27,044
Food Distribution	10.550	NMSU SUB-H12, Q00958	(582)
Distance Learning and Medical Link Grants	10.855	DISTANCE LEARNING & TELEMEDICI	133,635
International Agricultural Research Program	10.961	58-3148-4-083	12,194
Economic Development Grants for Public Works and	11.300	08-01-04119	256,052
Public Telecommunications Facilities Planning and Construction	11.550	35-02-N05057	2,998
Technology Opportunities Program	11.552	35-60-I01068	831
Department of Defense	12.000	DAMD17-00-1-0369	(996)
Department of Defense	12.000	F29601-01D-0083 TO 0023	(10,992)
Department of Defense	12.000	F2KBAB5298MD01 IPA 303	77,834
Department of Defense	12.000	F2KBAB6025MD04 IPA 026	7,417
Department of Defense	12.000	FA3300-04-P-0226	(62)
Department of Defense	12.000	FA9401-06-C-0022, MOD P0002	18,175
Department of Defense	12.000	FA9401-06-P-0005	2,837
Department of Defense	12.000	FA9401-07-P-0247	4,578
Department of Defense	12.000	IPA WELCH	160,432
Department of Defense	12.000	IPA 258 SHAY F2KBAB6040MD02	(59)
Department of Defense	12.000	IPA 266 SHEDD	52,072
Department of Defense	12.000	IPA 288 - SHARMA	18,855
Department of Defense	12.000	IPA 298 MERRITTF2KBAB6040MD01	15,699
Department of Defense	12.000	IPA- GLASS	32,067
Department of Defense	12.000	IPA-HAGER/AFIT	29,289
Department of Defense	12.000	IPA-RAZANI	88,922
Department of Defense	12.000	LTR 12/1/06	3,341
Department of Defense	12.000	LTR DATED 9/28/07	13,964
Department of Defense	12.000	UNUM SC#FMAC-06-01	3,777
Department of Defense	12.000	W81G6932613771	274
Department of Defense	12.000	W81G6990197885	687
Department of Defense	12.000	W81G6992354350	1,587
Department of Defense	12.000	W912PP-06-P-0068	5,849
Basic and Applied Scientific Research	12.300	N00014-07-1-0604	15,000
Basic Scientific Research	12.431	W911NF-07-01-0590	4,000
Air Force Defense Research Sciences Program	12.800	FA3300-07-P-0112	35,981
Air Force Defense Research Sciences Program	12.800	FA3300-07-P-0113	63,556
Air Force Defense Research Sciences Program	12.800	FA9550-08-1-0162	5,000
Air Force Defense Research Sciences Program	12.800	IPA 306 BOWERS F2KBAB6025MD06	13,212
Air Force Defense Research Sciences Program	12.800	IPA-PETER JONES	190,968
Air Force Defense Research Sciences Program	12.800	RTSF DATED 5/22/08	19,102
Department of Housing and Urban Development	14.000	HSIAC-04-NM-03	595,560
Department of the Interior	15.000	04-VCT-CA-001 T.O.07-C03	12,897
Department of the Interior	15.000	06-061,07-037	77,749
Department of the Interior	15.000	07CRGR0007	14,214
Department of the Interior	15.000	8356/WALLERSTEIN	10,667
Department of the Interior	15.000	C06524 (14432-OB)	(1,152)
Department of the Interior	15.000	H1212060017	35,661
Department of the Interior	15.000	NONE	437
Department of the Interior	15.000	SML0E050711	(3,102)
Aid To Tribal Governments	15.020	MULLOY/LAGUNA	3
Bureau of Indian Affairs	15.100	WALLERSTEIN/8240	4,010
Department of Justice	16.000	08-690-6126	49,705
Department of Justice	16.000	2005-VA-944	(356)
Department of Justice	16.000	AGREEMENT 09/18/06	76,060
Desegregation of Public Education	16.100	07/PAUL COVERDELL/LATHROP	171,633
Desegregation of Public Education	16.100	5P-CIV01-0050,6P-CIV01-1032	589

THE UNIVERSITY OF NEW MEXICO

SCHEDULE 9

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2008

	FEDERAL CFDA NUMBER	CONTRACT/GRANT NUMBER	YEAR TO DATE EXPENDITURES
Crime Victim Assistance	16.575	2004-VA-GX-0049, 2007-VA-276	\$ (180)
Crime Victim Assistance	16.575	2008-VA-341, 2009-VA-440	28,521
Crime Victim Assistance	16.575	2008-VA-344, A	12,412
Crime Victim Assistance	16.575	2008-VA-344A	12,044
Violence Against Women Formula Grants	16.588	2005-WF-924	(3)
Violence Against Women Formula Grants	16.588	2006-WF-121	12,126
Violence Against Women Formula Grants	16.588	2006-WF-122	(3)
Violence Against Women Formula Grants	16.588	2007-WF-223	23,380
Department of Labor	17.000	MOU 6/1/03	240
Department of State	19.000	S-NEAPI-06-CA-182	301,731
International Education Training and Research (B)	19.430	MEMO DATED 1/4/07	33,332
Department of Transportation	20.000	CO4545	650
Department of Transportation	20.000	CO4547	892
Department of Transportation	20.000	CO4653	47,191
Department of Transportation	20.000	CO4772	10,366
Department of Transportation	20.000	DTNH22-05-H-05066	2,159
Highway Training and Education	20.215	C05020	37,290
Public Transportation for Nonurbanized Areas	20.509	741-99-0159/LA-18-X019	58,418
Department of the Treasury	21.000	20008089	8,610
Low Income Taxpayer Clinics	21.008	2007087	27,481
National Aeronautics and Space Administration	43.000	SPAS #18741/NAG5-11980	2,000
National Aeronautics and Space Administration	43.000	SPAS 22407	6,440
Aerospace Education Services Program	43.001	05-007 NNG04G093G	(239)
Aerospace Education Services Program	43.001	NNJ04JL36G	344
Technology Transfer	43.002	HST-ED-90253.01-A	3,656
Technology Transfer	43.002	NAG5-12796	9,559
National Foundation on the Arts and the Humanities	45.000	GRANT #EE-50182-05	259
Promotion of the Arts_Grants to Organizations and Individuals	45.024	07-3446-7132	9,744
Promotion of the Arts_Grants to Organizations and Individuals	45.024	LETTER DATED 8/09/06	8,718
Promotion of the Arts_Partnership Agreements	45.025	CUGE #05-121	(7)
Promotion of the Arts_Partnership Agreements	45.025	CUGE 06-101	(239)
Promotion of the Humanities Challenge Grants	45.130	CH-20719-00	(142)
Promotion of the Humanities_Professional Development	45.163	NO. FS-50093-06	17,783
Museums for America	45.301	ML-02-03-0109-03	(3)
National Science Foundation	47.000	#07-857/SC34108M00077	29,582
National Science Foundation	47.000	#07-859/SC 34108M00064	35,439
National Science Foundation	47.000	071029	6,165
National Science Foundation	47.000	CBET-0736692	188,748
National Science Foundation	47.000	CF65C-2004	68,542
National Science Foundation	47.000	DGE-9616155	(23)
National Science Foundation	47.000	PREAWARD 7/10/07	39,355
National Science Foundation	47.000	Q00469 AMEND4	(1,380)
National Science Foundation	47.000	Q00894	32,620
Mathematical and Physical Sciences	47.049	DMS-0086986	(3)
Mathematical and Physical Sciences	47.049	DMS-0431484	(250)
Computer and Information Science and Engineering	47.070	CNS-0539982	77,900
Computer and Information Science and Engineering	47.070	HS-0734784	65,620
Computer and Information Science and Engineering	47.070	IIS-0723374	546
Biological Sciences	47.074	99-007	1,874
Biological Sciences	47.074	DEB-0516468	69
Biological Sciences	47.074	DUE-0433818	10,000
Biological Sciences	47.074	OISE-0436605	10,016
Social Behavioral and Economic Sciences	47.075	BCS-0505107	52,046
Education and Human Resources	47.076	07-722/PO #SC31407M00277	170,838
Education and Human Resources	47.076	DGE-0114319	122,247
Education and Human Resources	47.076	DGE-0237002	311,856
Education and Human Resources	47.076	DGE-0338283	330,881
Education and Human Resources	47.076	DGE-0504276	427,539
Education and Human Resources	47.076	DGE-0538396	352,723
Education and Human Resources	47.076	DGE-0549500	431,238
Education and Human Resources	47.076	DUE-0422096	94,116
Education and Human Resources	47.076	DUE-0630836	116,979
Education and Human Resources	47.076	KMS0019-21-45/SUB	233
Education and Human Resources	47.076	Q01173	6,064

THE UNIVERSITY OF NEW MEXICO

SCHEDULE 9

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2008

	FEDERAL CFDA NUMBER	CONTRACT/GRANT NUMBER	YEAR TO DATE EXPENDITURES
Small Business Administration	59.000	5-603001-Z-0032-17	\$ (26,335)
Small Business Administration	59.000	6-603001-Z-0032-18	18,910
Small Business Administration	59.000	7-603001-Z-0032-19	14,950
Small Business Administration	59.000	LETTER DATED 6/7/06	498
Small Business Development Center	59.037	4603001Z003216	(1,761)
Department of Veterans Affairs	64.000	9957/MA	52,157
Department of Veterans Affairs	64.000	9959/MA IPA/DOKLADNY	38,288
Department of Veterans Affairs	64.000	V501P-2636 S/A #7	(730)
Department of Veterans Affairs	64.000	VETERANS/	45,933
Environmental Protection Agency	66.000	2008 HSC-11239 EERG, TO#1,2	199
Environmental Protection Agency	66.000	2510	2
Environmental Protection Agency	66.000	PO 81687/AMD #4	2,177
Department of Energy	81.000	01-4-23147	(4)
Department of Energy	81.000	04-444203-NEP-UNM-NM	95,976
Department of Energy	81.000	14780-001-05	2,868
Department of Energy	81.000	2000070550	54,770
Department of Energy	81.000	408825	85,437
Department of Energy	81.000	61241-001-08	470
Department of Energy	81.000	739523	37,304
Department of Energy	81.000	739618	27,895
Department of Energy	81.000	74351-001-04-2H	18,585
Department of Energy	81.000	770508	9,245
Department of Energy	81.000	7910-16126-9, MOD 13	(5,803)
Department of Energy	81.000	793958	51,998
Department of Energy	81.000	AGMT 68732	30,645
Department of Energy	81.000	AGR DATED 9/23/02	(2,588)
Department of Energy	81.000	AWARD LTR 05/25/06	11,196
Department of Energy	81.000	CONTRACT DATED 11/19/03	(10,217)
Department of Energy	81.000	CONTRACT NO. 00044825	(23,976)
Department of Energy	81.000	DOCUMENT NO. 751878	5,812
Department of Energy	81.000	LANS IA-0050	28,030
Department of Energy	81.000	LTR DATED 9/29/04	(744)
Department of Energy	81.000	PO 99112	22,889
Department of Energy	81.000	PSA-06-45	(378)
Department of Energy	81.000	PSA-06-60	4,309
Basic Energy Sciences University and Science Education	81.049	DE-FG02-04CH11207	6,478
Basic Energy Sciences University and Science Education	81.049	DE-FG03-00ER63052	(804)
Basic Energy Sciences University and Science Education	81.049	MSU SHELL FY09	27,928
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and	81.106	DEFC28-05RW12347	141,279
Epidemiology and Other Health Studies Financial Assistance	81.108	10861	15,892
Nuclear Energy Research, Development and Demonstration	81.121	08-7396-00	2,964
Federal Emergency Management Agency	83.000	EMT-2005-GR-0116	(101)
Federal Emergency Management Agency	83.000	PSA-05-45 06-790-5000-0027	3,256
Federal Emergency Management Agency	83.000	PSA-07-02	125,648
Department of Education	84.000	#07-924-0074	143,982
Department of Education	84.000	014.4.1.855 PERKINS	2,898
Department of Education	84.000	016-7-6-1-858	182,650
Department of Education	84.000	04-924-P527-0160	100,687
Department of Education	84.000	06-NM07	46,033
Department of Education	84.000	07-924-P527-0097	162,548
Department of Education	84.000	07UNM/07.0005 A1, A2	420,556
Department of Education	84.000	07UNM/07.0009 A1	16,285
Department of Education	84.000	07UNM/07.0010 A1	126,019
Department of Education	84.000	07UNM/07.0012 A2	106,758
Department of Education	84.000	07UNM/07.0014 A1	99,543
Department of Education	84.000	089240114	69,551
Department of Education	84.000	089240115	37,041
Department of Education	84.000	208043	(2,605)
Department of Education	84.000	21406	2,595
Department of Education	84.000	2477	(218)
Department of Education	84.000	251844	(194)
Department of Education	84.000	6.29.06 BUDGET APPROVAL EMAIL	1,178
Department of Education	84.000	96-NM04	23,911
Department of Education	84.000	ABE: 2006-2008	102,294

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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	FEDERAL CFDA NUMBER	CONTRACT/GRANT NUMBER	YEAR TO DATE EXPENDITURES
Department of Education	84.000	AGREEMENT DATED 10/23/07	\$ 24,225
Department of Education	84.000	AMERICAN INDIAN TEACHER QUALIT	147,493
Department of Education	84.000	BAR 06/26/06	600
Department of Education	84.000	BAR 07/12/07	67,169
Department of Education	84.000	BAR DATED 07/05/07	116,688
Department of Education	84.000	BAR DATED 07/05/2007	56,758
Department of Education	84.000	BAR DATED 6/30/06	(693)
Department of Education	84.000	CONTRACT #06-NM07	(5,773)
Department of Education	84.000	H324R020030	(5,312)
Department of Education	84.000	H325D020033-03	47,475
Department of Education	84.000	H325E010013-04	(69)
Department of Education	84.000	ID 24151.03.013	(1)
Department of Education	84.000	N01-LM6-3505 HHSN276200663505C	11,440
Department of Education	84.000	P0053809	11,658
Department of Education	84.000	P031S060059	237,045
Department of Education	84.000	P335A030077-05	(446)
Department of Education	84.000	P335A050374	223,946
Department of Education	84.000	PED#92086	145,296
Department of Education	84.000	T195N070259	186,000
Adult Education State Grant Program	84.002	006-01-01	(244)
Adult Education State Grant Program	84.002	ABE - INSTRUCTIONAL MATERIALS	22,654
Adult Education State Grant Program	84.002	ABE 05/06	(1,316)
Adult Education State Grant Program	84.002	ABE 0607	(4,249)
Adult Education State Grant Program	84.002	ABE 879882	(2,765)
Adult Education State Grant Program	84.002	BAR	(889)
Adult Education State Grant Program	84.002	BAR 6/29/05	(1,279)
Adult Education State Grant Program	84.002	NMSDE ALLOCATION LTR	(207)
National Resource Centers and Fellowships Program for	84.015	P0155B030096-04	4,384
National Resource Centers and Fellowships Program for	84.015	P015A030096-05	(5,166)
Undergraduate International Studies and Foreign Language	84.016	P016A070093	65,494
Overseas-Doctoral Dissertation	84.022	P022A060036	7,688
Overseas-Doctoral Dissertation	84.022	P022A070027	26,247
Special Education Grants to States	84.027	673/24108.03.061	(672)
Special Education Grants to States	84.027	CONTRACT #08-243-0193	34,448
Special Education Grants to States	84.027	CONTRACT #08-924-0195	149,636
Special Education Grants to States	84.027	FUND # 673/24136	93,308
Special Education Grants to States	84.027	IGA#08-924-0200	99,177
Special Education Grants to States	84.027	PED FUND 673/24108 DISCRETION	3,184
Higher Education Institutional Aid	84.031	P031A040058	360,333
Higher Education Institutional Aid	84.031	P031S010008-05	153
Higher Education Institutional Aid	84.031	P031S040017-05	508,237
Higher Education Institutional Aid	84.031	P031S060009	628,376
Higher Education Institutional Aid	84.031	P031S060022	600,193
TRIO Student Support Services	84.042	P042A050666	276,911
TRIO Student Support Services	84.042	P042A051018	246,826
TRIO Upward Bound	84.047	P047A030165	149,913
TRIO Upward Bound	84.047	P047A030194-05	107,012
TRIO Upward Bound	84.047	P047A070127	139,617
TRIO Upward Bound	84.047	P047A070683	272,786
Indian Education Grants to Local Educational Agencies	84.060	CHECK#871631	73
TRIO Educational Opportunity Centers	84.066	P042A050588	225,728
TRIO Educational Opportunity Centers	84.066	P066A02011903	43,106
TRIO Educational Opportunity Centers	84.066	P066A070157	157,626
Fund for the Improvement of Postsecondary Education	84.116	P116N070002 (ACTION NO. 03)	5,033
Fund for the Improvement of Postsecondary Education	84.116	P116Z050310	74,400
Fund for the Improvement of Postsecondary Education	84.116	SUBAWARD #1304/C649-01	918
Migrant Education High School Equivalency Program	84.141	S141A020003-03	35,940
Migrant Education High School Equivalency Program	84.141	S141A070006	258,539
Migrant Education College Assistance Migrant Program	84.149	S149A060032	334,930
Business and International Education	84.153	P153A060041	47,732
Special Education Preschool Grants	84.173	673/24136.03.003	(1,664)
Special Education Preschool Grants	84.173	673/24136.03.004, NM PED GRANT	(3,182)
Special Education Preschool Grants	84.173	NM PED 673/24136	281,154
Vocational Education Community Based Organizations	84.174	0018001	688

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	FEDERAL CFDA NUMBER	CONTRACT/GRANT NUMBER	YEAR TO DATE EXPENDITURES
Vocational Education Community Based Organizations	84.174	2007-2008 PERKINS	\$ 69,557
Bilingual Education Training Grants	84.195	T195B010022-03	110,107
Bilingual Education Training Grants	84.195	T195NO20043-06	210,816
Fund for the Improvement of Education	84.215	Q 125 MO 70027	48,962
McNair Post-Baccalaureate Achievement	84.217	P217A030012	122,148
McNair Post-Baccalaureate Achievement	84.217	P217A070135	111,759
Tech-Prep Education	84.243	016-5-1-1-855	(5)
Ready to Teach	84.286	R286A000003	(3,025)
Ready to Teach	84.286	SUBCONTRACT AGMT 5/31/06	16
Ready-To-Learn Television	84.295	LTR DATED 9/11/03	(368)
Ready-To-Learn Television	84.295	U295A05004	57,429
Special Education - Personnel Development to Improve Services and Result	84.325	H325E040062-05,07	206,320
Special Education Technical Assistance and Dissemination to Improve Serv	84.326	H326C030020-06, 07	101,809
Special Education-Studies and Evaluations (B)	84.329	PRE-AWARD	59,250
International Education-Technological Innovation and Cooperation for Fore	84.337	P337A050005	196,386
Department of Health & Human Services	93.000	# 04HPA24392	16,884
Department of Health & Human Services	93.000	03.665.6200.326 AIII, 17 & 21	(2,162)
Department of Health & Human Services	93.000	04/665.4200.0097	(1,827)
Department of Health & Human Services	93.000	04-0037, U01 DK066143-02	14,140
Department of Health & Human Services	93.000	05 & 06UNM/07.0002	55
Department of Health & Human Services	93.000	05UNM/02.0006	1,177
Department of Health & Human Services	93.000	05UNM/03.0001 04/665.4200.0454	1,050
Department of Health & Human Services	93.000	05UNM/03.0012	1,123
Department of Health & Human Services	93.000	05UNM/07.0012	(3,980)
Department of Health & Human Services	93.000	06.UNNM/05.0001R	(87)
Department of Health & Human Services	93.000	06UNM/01.0006R	8,968
Department of Health & Human Services	93.000	06UNM/01.0007R.01	1,465
Department of Health & Human Services	93.000	06UNM/01.0023.A1	(3,675)
Department of Health & Human Services	93.000	06UNM/01.005 & 06UNM/01.005R	(519)
Department of Health & Human Services	93.000	06UNM/01.011R	(629)
Department of Health & Human Services	93.000	06UNM/01/0024RA1	7,638
Department of Health & Human Services	93.000	06UNM/03.0014R	(10,147)
Department of Health & Human Services	93.000	06UNM/03.0020R	(4)
Department of Health & Human Services	93.000	06UNM/05.0004R	(19,023)
Department of Health & Human Services	93.000	06UNM/05.0514R	7,506
Department of Health & Human Services	93.000	06UNM/07.0015R	42
Department of Health & Human Services	93.000	07 UNNM/03.0081	586
Department of Health & Human Services	93.000	07UNM.02.0045, 08UNM.02.1004	51,807
Department of Health & Human Services	93.000	07UNM/02.0007	146,970
Department of Health & Human Services	93.000	07UNM/02.0008 A1, A2	72,308
Department of Health & Human Services	93.000	07UNM/02.0009, A1	7,157
Department of Health & Human Services	93.000	07UNM/02.0010 A1,A2	11,027
Department of Health & Human Services	93.000	07UNM/02.0011.A1	33,176
Department of Health & Human Services	93.000	07UNM/02.0013 A1	45,319
Department of Health & Human Services	93.000	07UNM/02.0014 A2	106,226
Department of Health & Human Services	93.000	07UNM/02.0016/AMENDMENT 1,A2	10,394
Department of Health & Human Services	93.000	07UNM/02.0019 A4	17,517
Department of Health & Human Services	93.000	07UNM/02.0020 A1,A2	14,121
Department of Health & Human Services	93.000	07UNM/02.0025	(6,249)
Department of Health & Human Services	93.000	07UNM/02.0027	91,181
Department of Health & Human Services	93.000	07UNM/02.0030	343
Department of Health & Human Services	93.000	07UNM/02.0031 A2	42,937
Department of Health & Human Services	93.000	07UNM/02.0037	(662)
Department of Health & Human Services	93.000	07UNM/02.0048, A1	99,207
Department of Health & Human Services	93.000	07UNM/02.0049	360
Department of Health & Human Services	93.000	07UNM/02.0053	15,000
Department of Health & Human Services	93.000	07UNM/02/.0002A3	44,462
Department of Health & Human Services	93.000	07UNM/03.0009	81,224
Department of Health & Human Services	93.000	07UNM/03.002	224,615
Department of Health & Human Services	93.000	07UNM/03.0021	19,053
Department of Health & Human Services	93.000	07UNM/03.0021.A1	2,480
Department of Health & Human Services	93.000	07UNM/03.0025.A1	38,919
Department of Health & Human Services	93.000	07UNM/03.0033,A1	32,243
Department of Health & Human Services	93.000	07UNM/03.0080, A1, A2	16,164

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	FEDERAL CFDA NUMBER	CONTRACT/GRANT NUMBER	YEAR TO DATE EXPENDITURES
Department of Health & Human Services	93.000	07UNM/03.0088	\$ 2,264
Department of Health & Human Services	93.000	07UNM/07.0001	65,820
Department of Health & Human Services	93.000	07UNM/07.0001 A1,A2,A3	823,395
Department of Health & Human Services	93.000	07UNM/07.0008 A1	47,878
Department of Health & Human Services	93.000	081PA 899126	5,582
Department of Health & Human Services	93.000	08-647-P727-0203	53,741
Department of Health & Human Services	93.000	08-647-P747-0200	90,158
Department of Health & Human Services	93.000	08UNM/02.1002	27,692
Department of Health & Human Services	93.000	08UNM/03.0032A1	76,967
Department of Health & Human Services	93.000	08UNM/03.0090	23,583
Department of Health & Human Services	93.000	122211/122209	40,874
Department of Health & Human Services	93.000	1H79SP10315-01	931
Department of Health & Human Services	93.000	200-2006-M-17365	425
Department of Health & Human Services	93.000	242-00-0011 MOD#4 TO 300102180	(2,199)
Department of Health & Human Services	93.000	242-03-0055	96,971
Department of Health & Human Services	93.000	242-04-0028, MOD#2, MOD#4	(2,850)
Department of Health & Human Services	93.000	2507044-08	12,970
Department of Health & Human Services	93.000	4021026700	4,474
Department of Health & Human Services	93.000	467-MZ-501807	182
Department of Health & Human Services	93.000	467-MZ-601754	28,479
Department of Health & Human Services	93.000	5 MRCSG030055-03	(118)
Department of Health & Human Services	93.000	5H4BH00001-06-00	14,100
Department of Health & Human Services	93.000	7020046000	13,918
Department of Health & Human Services	93.000	95.665.6200.0949 A12, A14,A15	207,416
Department of Health & Human Services	93.000	AK 003-UNM	(6,451)
Department of Health & Human Services	93.000	BEI-1033-2007-UNM	35,263
Department of Health & Human Services	93.000	CA 98543-05 /16602	19,935
Department of Health & Human Services	93.000	CFDA 93.853	465
Department of Health & Human Services	93.000	DHHS/APHPA #601901, MOD #1	13,920
Department of Health & Human Services	93.000	FY08.003.008	24,267
Department of Health & Human Services	93.000	FY09 MSU SHELL	105
Department of Health & Human Services	93.000	GSA 05-0001	3
Department of Health & Human Services	93.000	GSA-04-16-A1	(1,132)
Department of Health & Human Services	93.000	MCC-05-01	1,445
Department of Health & Human Services	93.000	MUNK/SSS	(2,606)
Department of Health & Human Services	93.000	N01-LM-1-3515	(1,456)
Department of Health & Human Services	93.000	N01-LM-6-3505 HHSN27620066 350	1,471
Department of Health & Human Services	93.000	N01-LM-6-3505 HHSN276200663505	19,927
Department of Health & Human Services	93.000	NO2-CO-51111	103,291
Department of Health & Human Services	93.000	PO #30061170-01	42,203
Department of Health & Human Services	93.000	PSA-2007-44	18,746
Department of Health & Human Services	93.000	R25 ES013292-01	73,832
Department of Health & Human Services	93.000	SHELL	(860)
Department of Health & Human Services	93.000	SHELL - FY07	(717)
Department of Health & Human Services	93.000	SHELL FY08	27,003
Department of Health & Human Services	93.000	SHELL FY09 MSU	715
Department of Health & Human Services	93.000	SUBCONTRACT 0146A	9
Department of Health & Human Services	93.000	UNMHSLIC-02	985
Department of Health & Human Services	93.000	VEN 54450 - CON 2122 - PO 3603	31,788
Medical Reserve Corps Small Grant Program (B)	93.008	MRC 07409	9,182
Medical Reserve Corps Small Grant Program (B)	93.008	MRC 08 0014	461
Area Health Education Centers - Model Programs	93.107	6U77HP03032(09,10)-11-00,12-01	162,542
Maternal and Child Health Federal Consolidated Programs	93.110	1 T79 MC 00027-01	130,955
Maternal and Child Health Federal Consolidated Programs	93.110	1H02MC0078-03	(3,073)
Maternal and Child Health Federal Consolidated Programs	93.110	2 T73 MC00025-09, 10, 11,12-01	543,879
Maternal and Child Health Federal Consolidated Programs	93.110	5-T72-MC00004-18-00	271,081
Maternal and Child Health Federal Consolidated Programs	93.110	FY07.003.003	1,238
Biological Response to Environmental Health Hazards	93.113	R25 ES014347-01,03	30,177
Emergency Medical Services for Children	93.127	1H33MC07873-01-00	96,702
Emergency Medical Services for Children	93.127	5 H33MC02539-03-00	(15,033)
Emergency Medical Services for Children	93.127	5 H34MC02542-03-00	(16,277)
Centers for Research and Demonstration for Health	93.135	07UNM/03.0083 A1	9,342
Centers for Research and Demonstration for Health	93.135	08 UNM/03.0091	102,769
National AIDS Education and Training Centers	93.145	FY06.163.007 2H4AHA00064-06-00	233,348

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	FEDERAL CFDA NUMBER	CONTRACT/GRANT NUMBER	YEAR TO DATE EXPENDITURES
HIV Demonstration Program for Children Adolescents and	93.153	5 H12HA23021-06-00, 07	\$ (6,325)
Programs of Excellence in Health Professions Education for	93.157	D34HP04055-07	2,833
Disabilities Prevention	93.184	07/UNM.02.0054 (SEE TEXT)	(5,326)
Urban Indian Health Services	93.193	242-06-0021	49,409
Telehealth Network Grants	93.211	H2ATH00989-01	747
Family Planning Services	93.217	07UNM/02.0037	72,389
Health Services Research and Development Grants	93.226	1R24HS016510-01A1	243,978
Health Services Research and Development Grants	93.226	5 UC1 HS015135-03	305,321
Mental Health Research Grants	93.242	2 R25 MH060288-07	259,697
Substance Abuse and Mental Health Services-Projects of Regional and Nati	93.243	07-690 -7000-7060, -1366-1	121,867
Substance Abuse and Mental Health Services-Projects of Regional and Nati	93.243	1H79TI019218-01	38,619
Substance Abuse and Mental Health Services-Projects of Regional and Nati	93.243	5U795M57464-02 MOD #1,2	267,567
Poison Control Stabilization and Enhancement Grants (B)	93.253	H4BHS00001-07-00	89,654
Poison Control Stabilization and Enhancement Grants (B)	93.253	U4BHS08565-01-00	33,745
Department of Health and Human Services	93.257	H1GCS00007 AND H1GRH00007	151,977
Occupational Safety and Health Program	93.262	5 U60 OH008486-02, 03	114,637
Alcohol National Research Service Awards for Research	93.272	1F31AA017001-01	17,168
Alcohol National Research Service Awards for Research	93.272	5F31AA016880-02	24,081
Mental Health National Research Service Awards for Research Training	93.282	07UNM/02.0001	75,000
Centers for Disease Control and Prevention Investigations	93.283	07UNM/03.0029, A-1, A-2	570,327
Centers for Disease Control and Prevention Investigations	93.283	08UNM/03.0092	52,229
Centers for Disease Control and Prevention Investigations	93.283	FY 07.003.007,FY.08.003.004	25,582
Centers for Disease Control and Prevention Investigations	93.283	R06/CCR621570-02	112
Centers for Disease Control and Prevention Investigations	93.283	RS20051890-08, RS20080230-01	86,092
Centers for Disease Control and Prevention Investigations	93.283	U36/CCU319276	36,672
Biomedical Research Support	93.337	5T34GM00875106-06 THRU 08	317,677
Cancer Cause and Prevention Research	93.393	PO V970838	32
Cancer Treatment Research	93.395	U10 CA98543-03, 05/16526	35,607
Cancer Treatment Research	93.395	U10 CA98543-04/15339,05/16532	12,401
Cancer Research Manpower	93.398	1F31CA132628-01	21,101
Abandoned Infants	93.551	90CB0098/04	(50)
Temporary Assistance for Needy Families	93.558	GSA 04-09	912
Temporary Assistance for Needy Families	93.558	MOU 09-04-00001	(130)
Child Care Mandatory and Matching Funds of the Child Care and Developn	93.596	06-690-0817-1	2,299
Child Care Mandatory and Matching Funds of the Child Care and Developn	93.596	08-690-4712	181,353
Child Care Mandatory and Matching Funds of the Child Care and Developn	93.596	08-690-5418	237,146
Child Care Mandatory and Matching Funds of the Child Care and Developn	93.596	CONTRACT #0822 / PO #1058	(1)
Developmental Disabilities Projects of National	93.631	90DN0187 / 05	239,872
Developmental Disabilities University Affiliated Programs	93.632	90DD0544/05	4,371
Developmental Disabilities University Affiliated Programs	93.632	90DD0611/01,02	484,244
Children's Justice Grants to States	93.643	NO. 08-690-4515	55,000
State Children's Insurance Program (A)	93.767	GSA 05-0001 AMENDMENT NO. 1	627,559
Medicaid Infrastructure Grants To Support the Competitive Employment of	93.768	06.665.0007.3080	6,481
Medical Assistance Program	93.778	06.665.0007.3080	836,241
Medical Assistance Program	93.778	GSA 06-630-8000-0015	(51,907)
Health Careers Opportunity Program	93.822	2 D18HP03088-04	(3,278)
Heart and Vascular Diseases Research	93.837	11211/IMEDIATETRIAL/RICHARDS	106,415
Heart and Vascular Diseases Research	93.837	1K01HL092598-01	8,620
Lung Diseases Research	93.838	23063609	27,067
Lung Diseases Research	93.838	5 U01 HL075420-04, 05A1	130,692
Lung Diseases Research	93.838	5U01HL75420-04 REVISED	4,800
Blood Diseases and Resources Research	93.839	1 F31 H2090024-01	24,218
Blood Diseases and Resources Research	93.839	5T35HL076595-03, 04,05	78,532
Arthritis Musculoskeletal and Skin Diseases Research	93.846	PO 1000606133	5,292
Clinical Research Related to Neurological Disorders	93.853	002072J/5U01NS04335304/AMEND#2	121,032
Clinical Research Related to Neurological Disorders	93.853	R01 NS044876-02,03, A06760	4,094
Clinical Research Related to Neurological Disorders	93.853	SA-NIH 5U01NS042167	14,746
Clinical Research Related to Neurological Disorders	93.853	U01 NS 045719	101,737
Pharmacology Physiology and Biological Chemistry	93.859	1R25GM075149-01	364,858
Child Health and Human Development Extramural Research	93.865	1G11HD046327	(268)
Child Health and Human Development Extramural Research	93.865	5 U10 HD05308952-02 REV,03	330,607
Grants for Training in Primary Care Medicine and Dentistry	93.884	1 D56HP08339-01-00	170,114
Grants for Training in Primary Care Medicine and Dentistry	93.884	1 D58HP08296-01-00	84,316
Grants for Training in Primary Care Medicine and Dentistry	93.884	D54 HP00032-04, 05, 06,07	164,916

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	FEDERAL CFDA NUMBER	CONTRACT/GRANT NUMBER	YEAR TO DATE EXPENDITURES
Grants for Training in Primary Care Medicine and Dentistry	93.884	D57HP19164-03,04,05, 06	\$ 691
Project Grants for Renovation or Construction of Non-Acute	93.887	1 C76HF00754-01-00	110,812
Project Grants for Renovation or Construction of Non-Acute	93.887	1 C76HF03493-01, 02	250
Grants for Faculty Development in Family Medicine	93.895	5D14HP00100	(1,824)
Grants to Provide Outpatient Early Intervention Services	93.918	5 H76HA00130-15-01,16-00,17-00	673,015
Special Projects of National Significance	93.928	4CC, 1 H97 HA00254-01	6,219
Research and Demonstration Projects for Indian Health	93.933	070042002	301,776
Research and Demonstration Projects for Indian Health	93.933	N01-A1-45250	82,772
Trauma Care Systems Planning and Development	93.952	07UNM/03.0082	111,282
Block Grants for Community Mental Health Services	93.958	MCC-05-01	635,093
Block Grants for Prevention and Treatment of Substance Abuse	93.959	MCC-05-01	835,099
Grants for Geriatric Education Centers	93.969	D31 HP08820-01	227,246
Grants for Geriatric Education Centers	93.969	D31HP70143-03, 04, 05	(1,195)
Preventive Health and Health Services Block Grant	93.991	07UNM/02.0024	584,180
Maternal and Child Health Services Block Grant to the States	93.994	07UNM/02.0025	188,892
Maternal and Child Health Services Block Grant to the States	93.994	07UNM/02.0026	40,000
Bioterrorism Training and Curriculum Development Program (B)	93.996	5T01HP01421-04,05	1,300,709
Planning and Program Development Grants	94.007	05EDHNM001	16,968
Homeland Security	97.000	2005-GE-T5-0012	76,864
Map Modernization Management Support (B)	97.070	EMT-2006-CA-0012	32,363
Map Modernization Management Support (B)	97.070	EMT-2007-GR-001	77,283
USAID Foreign Assistance for Programs Overseas (B)	98.001	A04-0152	60,373
Federal Appropriation	99.999	1507	184,230
Federal Appropriation	99.999	77000767	10,634
Federal Appropriation	99.999	AGMT 11/24/03	42,537
Federal Appropriation	99.999	CHECK NO. 201153	8,682
Federal Appropriation	99.999	CONTRACT 10727	3,512
Federal Appropriation	99.999	CPB # 11463	8,237
Federal Appropriation	99.999	CPB 7653	(5,200)
Federal Appropriation	99.999	GRANT 1810	922,925
Federal Appropriation	99.999	ID 1507	19,517
Federal Appropriation	99.999	LETTER DATED MAY 2007	7,497
Federal Appropriation	99.999	REQ. 44001673	3,775
TOTAL NONMAJOR PROGRAMS			\$ 35,243,770
TOTAL FEDERAL AWARDS			\$ 201,127,614

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

Federal awards (per Exhibit B):

Federal grants and contracts revenues	\$ 203,965,559
Portion of capital grants and gifts revenues that are federal	10,634,963
Total federal awards	214,600,522

Reconciling items:

Fee for service federal contract revenues - not reportable on Schedule 9	(11,291,383)
Residual balances on federal grants and contracts	(2,181,525)
Total Federal Expenditures per Schedule 9	\$ 201,127,614

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THE UNIVERSITY OF NEW MEXICO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2008

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 2008 totaled \$1,034,279. The outstanding Perkins loan balance at June 30, 2008 was \$13,284,037. FFEL loans advanced to students in fiscal year 2008 totaled \$75,423,164.

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>
Air Force Office of Scientific Research	12.000	\$ 710,849
Army Corps of Engineers	12.000	23,710
Sarnoff Corporation	12.000	306,786
Army Research Office	12.300	122,282
Office of Naval Research	12.300	830,962
Defense Threat Reduction Agency	12.351	2,043,696
Army Research Office	12.431	108,397
Air Force Office of Scientific Research	12.800	352,531
Defense Advanced Research Projects Agency	12.910	395,148
Department of State	19.000	107,586
Department of Transportation	20.000	734,187
NASA - Stennis	43.002	232,411
National Science Foundation	47.000	154,653
National Science Foundation	47.041	5,574
SeaFire Micros	47.041	25,960
National Science Foundation	47.049	77,146
National Science Foundation	47.070	135,242
National Science Foundation	47.074	17,405
National Science Foundation	47.076	1,302,659
National Science Foundation	47.079	28,986
Environmental Protection Agency	66.509	114,151
Department of Energy	81.000	187,762
Los Alamos National Laboratory	81.000	35,008
National Energy Technology Lab	81.000	146,938
Sandia National Laboratories	81.000	186,810
Department of Energy	81.049	182,247
Department of Energy	81.121	93,047
Department of Education	84.000	15,779
NM Public Education Department	84.000	76,047
Department of Health & Human Services	93.000	3,573,007
National Institute of General Medical Sciences	93.000	36,993
Health Resources and Services Administration, Public Health Service	93.107	115,975
National Institutes of Health, Public Health Service	93.113	153,251
National Institutes of Health, Public Health Service	93.115	275,326
Health Resources and Services Administration, Public Health Service	93.153	160,599
National Institute of Mental Health	93.242	75,038
National Institutes of Health, Public Health Service	93.242	234,380
Centers for Disease Control and Prevention, Public Health Service	93.262	114,595
Department of Health & Human Services	93.273	199,671
National Institute on Alcohol Abuse and Alcoholism	93.273	528,443
National Institutes of Health	93.273	165,283

THE UNIVERSITY OF NEW MEXICO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2008

<u>GRANTORS</u>	<u>CFDA NUMBER</u>	<u>YEAR TO DATE EXPENDITURES</u>
National Institutes of Health, Public Health Service	93.273	\$ 57,379
Department of Health & Human Services	93.279	102,505
National Institute on Drug Abuse	93.279	30,000
National Institutes of Health, Public Health Service	93.279	13,975
National Institutes of Health	93.310	225,937
National Institutes of Health, Public Health Service	93.361	14,375
Department of Health & Human Services	93.389	373,298
National Institutes of Health, Public Health Service	93.389	102,010
National Institutes of Health, Public Health Service	93.393	208,875
National Institutes of Health, Public Health Service	93.394	681,705
National Institutes of Health, Public Health Service	93.395	4,368
National Institutes of Health, Public Health Service	93.396	23,482
National Institutes of Health, Public Health Service	93.397	66,998
Administration for Children and Families	93.631	115,228
National Institutes of Health, Public Health Service	93.837	229,433
National Institutes of Health, Public Health Service	93.838	2,803
National Institutes of Health, Public Health Service	93.839	48,846
National Institutes of Health, Public Health Service	93.847	6,035
National Institutes of Health, Public Health Service	93.848	67,471
National Institutes of Health, Public Health Service	93.849	404,264
National Institutes of Health, Public Health Service	93.855	991,552
National Institute of Allergy and Infectious Diseases	93.856	66,178
National Institutes of Health, Public Health Service	93.856	1,029,928
National Institutes of Health, Public Health Service	93.859	(1,016)
National Institutes of Health, Public Health Service	93.865	13,275
National Institutes of Health, Public Health Service	93.866	25,609
National Institutes of Health, Public Health Service	93.960	123,962
Health Resources and Services Administration, Public Health Service	93.969	9,281
National Institutes of Health, Public Health Service	93.989	17,514
Department of Health & Human Services	93.996	610,993
TOTAL PASSED THROUGH TO SUBRECIPIENTS		<u><u>\$ 20,052,783</u></u>

THE UNIVERSITY OF NEW MEXICO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2008

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 Collegiate Athletic Association	10.000	AGMT NSYC 07	\$ 2,275
New Mexico Children Youth and Family Department	10.000	0577	4,302
New Mexico Children Youth and Family Department	10.000	AGREEMENT 3177	7,990
New Mexico Children Youth and Family Department	10.000	AGREEMENT 3178	13,752
New Mexico Energy Minerals and Natural Resources Dept	10.000	06-521-0400-0026	73,838
Universidad Nacional Autonoma de Mexico	10.000	LETTER DATED 6/20/05	(3,258)
University of Nebraska	10.000	25-0511-0053-008	31,754
Dine College	10.206	NONE	(1,545)
University of California Riverside	10.219	S-00000166 & AMD 1	2,887
New Mexico State University	10.550	NMSU SUB-H12, Q00958	(582)
Academy of Applied Science	12.000	LTR 12/1/06	3,341
Avacore Technologies	12.000	30185	4,689
BAE Systems	12.000	316097	8,973
BAE Systems	12.000	PO RP6899/DAAD19-01-2-0008	78,175
Boeing Company	12.000	PO#Q05895741	3,161
Catholic University of America	12.000	408264	49,266
CU Aerospace	12.000	SUBAWARD #07-01-UNM	5,599
Gulf South Research Corporation	12.000	80301025S-UNM	143,595
Gulf South Research Corporation	12.000	8030202S - UNM	1,505
Gulf South Research Corporation	12.000	80302308S-UNM	14,917
Higher Performance Technologies Inc	12.000	2006-UNM-2001-001	23,586
Higher Performance Technologies Inc	12.000	GS04T01BFC0061	28,049
Honeywell Corporation	12.000	A007381	9,926
Honeywell Corporation	12.000	DAAD19-01-2-0010;GPA#A004608	32,520
Johns Hopkins University	12.000	CONTRACT NO. 939973	5,315
KTECH Corporation	12.000	SUBAWARD NO. KS07-015	101,185
Lite Cycle	12.000	P.O. 2564	(13,537)
Lockheed Martin Corporation	12.000	PO# 88MHTIR01	252,821
Miratek Corporation	12.000	SC AGMT DTD 10/25/02	67,489
New Mexico Military Affairs Department	12.000	CONTRACT NO. 07-03	36,596
New Mexico Military Affairs Department	12.000	CONTRACT NO. 07-04	36,370
New Mexico Military Affairs Department	12.000	CONTRACT NO. 07-05	600
New Mexico Military Affairs Department	12.000	CONTRACT NO. 07-06	71,556
New Mexico Military Affairs Department	12.000	CONTRACT NO. 07-07	1,931
QmagiQ LLC	12.000	2007-UNM-1	49,624
Redondo Optics Inc	12.000	ROI-06-UNM-1C/W911NF-06-C-0047	81,235
Sarnoff Corporation	12.000	PO 4900000282 / RTVGN-07-1257	362,233
Southwest Sciences	12.000	22180/10/24/06	(1,510)
Texas Tech University	12.000	SC AGMT 1303/C125-01	(2,436)
The Research Corporation of the University of Hawaii	12.000	F29601-01D-0083 TO 0023	(10,992)
University of Illinois	12.000	SUBAWARD NO 2003-08000-02	136,845
University of Louisville	12.000	01-175-2 AMD #4 YR 03	(13,942)
Virtual EM	12.000	SUBCON DTD 6/21/07	33,346
Ecology & Environment Inc	12.100	#001515.5V11	5,277
Hawks Aloft Inc	12.100	AWARD# 10302006-NH	4,157
Colorado State University	12.300	G-2400-1/N00014-07-1-1068	114,557
RDRTEC, Inc	12.300	PHASE I SUB DTD 122106	2,773
University of Texas Austin	12.300	UTA05-404	(20)
New Mexico Military Affairs Department	12.401	07-08 TASK 1	20,774
New Mexico Military Affairs Department	12.401	07-08 TASK 2	3,541

THE UNIVERSITY OF NEW MEXICO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2008

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 Military Affairs Department	12.401	07-08 TASK 3	\$ 6,491
New Mexico Military Affairs Department	12.401	07-08 TASK 4	15,454
Boeing Company	12.800	Q07897000	19,700
California Institute of Technology	12.800	67F-1080970/FA9550-06-1-0443	153,170
Luna Innovations	12.800	NO.1452.01-001	113,337
Management Sciences	12.800	05-1259	47,621
Schafer Corporation	12.800	SC-04A-57-12, TO #0002	31,542
Southwest Sciences	12.800	5/2/07 AGMT/FA8650-07-M-1182	34,500
University of Texas Austin	12.800	UTA04-498	499,180
University of Virginia	12.800	GG10959-128685[FA9550-07-1-053	83,957
Integrated Management Services Inc	12.910	SC-RD11-UNM	1,047
Hopi Tribe	15.000	06-061,07-037	77,749
Navajo Nation	15.000	C06524 (14432-OB)	(1,152)
Navajo Nation	15.000	C06753	82,391
New Mexico Energy Minerals and Natural Resources Dept	15.000	06-521-06EE-0024	10,510
URS Corporation	15.000	SC SERVICES, WORK ORDER 1	(2)
URS Corporation	15.000	WORK ORDER # 3	38,568
New Mexico Game and Fish Department	15.611	05-516-0000-0060	(10)
City of Albuquerque	16.000	PO# 0000688969	19,491
CSR Inc	16.000	1705-207	18,690
Justice Research & Statistics Association	16.000	NM12-2008-001	1,836
Justice Research & Statistics Association	16.000	NM26-2005-001	1
Legal Momentum	16.000	AGREEMENT 09/18/06	76,060
National Opinion Research Center	16.000	ADAM LTR. 10/1/03	(1)
New Mexico Crime Victims Reparation Commission	16.000	2005-VA-944	(356)
New Mexico Public Safety Department	16.000	06-ANTI-GANG-UNM-ISR-FY07	9,557
New Mexico Public Safety Department	16.100	07/PAUL COVERDELL/LATHROP	171,633
University of Missouri - Columbia	16.100	C00000814-1	(2,107)
Pacific Institute for Research & Evaluation	16.541	2007-JF-FX-0064, 0353.01.01	1,885
New Mexico Crime Victims Reparation Commission	16.575	2004-VA-GX-0049, 2007-VA-276	(180)
New Mexico Crime Victims Reparation Commission	16.575	2008-VA-341, 2009-VA-440	28,521
New Mexico Crime Victims Reparation Commission	16.575	2008-VA-344, A	12,412
New Mexico Crime Victims Reparation Commission	16.575	2008-VA-344A	12,044
New Mexico Crime Victims Reparation Commission	16.588	2005-WF-924	(3)
New Mexico Crime Victims Reparation Commission	16.588	2006-WF-121	12,126
New Mexico Crime Victims Reparation Commission	16.588	2006-WF-122	(3)
Pacific Institute for Research & Evaluation	16.728	PIRE 496447	(9,187)
NM Telecommunications & Call Center Training Consortium	17.000	SUBAWARD AGMT DTD 2/23/04	1,185
Northern Area Local Workforce Development Board	17.000	MOU 6/1/03	240
New Mexico Department of Transportation	20.000	CO 4109	(310)
New Mexico Department of Transportation	20.000	CO 4817; CN CA612; TPA 7500(52	75,670
New Mexico Department of Transportation	20.000	CO4653	47,191
New Mexico Department of Transportation	20.000	CO4817-2	109
New Mexico Traffic Safety Bureau	20.000	CO4545	650
New Mexico Traffic Safety Bureau	20.000	CO4547	892
New Mexico Traffic Safety Bureau	20.000	CO4772	10,366
New Mexico Department of Transportation	20.215	C05020	37,290
State of Louisiana	20.509	741-99-0159/LA-18-X019	58,418
California Institute of Technology	43.000	6A-1084376/NAG3-2900	4,784
Jet Propulsion Lab	43.000	1276893	556

THE UNIVERSITY OF NEW MEXICO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2008

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

<u>GRANTORS</u>	<u>CFDA NUMBER</u>	<u>CONTRACTOR/GRANTOR NUMBER</u>	<u>YEAR TO DATE EXPENDITURES</u>
Jet Propulsion Lab	43.000	1314087	\$ 53,116
Jet Propulsion Lab	43.000	CONTRACT NO. 1258945	(1,103)
Jet Propulsion Lab	43.000	SUBCONTRACT #1278568	6,521
Northwest Research Associates	43.000	NWRA-04-S-078/NNH04CC45C	20,448
Regional Development Corp	43.000	SPAS #18741/NAG5-11980	2,000
Regional Development Corp	43.000	SPAS 22407	6,440
University of Arizona	43.000	Y712242	48,393
University of California Los Angeles	43.000	2090-S-JB-690	1,264
University of Maryland	43.000	Z609004	4,258
University of Puerto Rico	43.000	2002-000644	(7,497)
University of Puerto Rico	43.000	2004-000299	(16,574)
George Mason University	43.001	SUB AGR NO E201216-1	32,063
New Mexico State University	43.001	SUBAWARD #Q01130	44,000
University of Alabama	43.001	05-007 NNG04G093G	(239)
Space Telescope Science Institute	43.002	HST-ED-90253.01-A	3,656
University of Colorado	43.002	SPO #30390	13,066
Dance/USA	45.024	LETTER DATED 8/09/06	8,718
New Mexico Arts Division	45.025	CUGE #05-121	(7)
New Mexico Arts Division	45.025	CUGE 06-101	(239)
Arizona State University	47.000	#07-857/SC34108M00077	29,582
Arizona State University	47.000	#07-859/SC 34108M00064	35,439
Arizona State University	47.000	KMD5276-21-44/SUB/F06UR016	39
Arizona State University	47.000	KMD5276-21-44/SUB/F06UR020	(4)
Gallaudet University	47.000	SBE-0541953	17,787
New Mexico State University	47.000	Q00469 AMEND4	(1,380)
New Mexico State University	47.000	Q00894	67,372
New Mexico State University	47.000	Q01179	13,100
Pueblo of Laguna	47.000	CF65C-2004	68,542
University of Notre Dame	47.000	#201215	14,248
Arizona State University	47.041	#07-839/SC 34107M00289	111,189
Cornell University	47.041	44771-7478/0335765	537,821
Cornell University	47.041	52120-8456	24,057
Arizona State University	47.049	06-625	33,547
University of Virginia	47.049	GA10468-129582	20,887
University of Virginia	47.049	GA10561-129546	40,293
University of Arizona	47.050	Y414421	161,518
Columbia University	47.070	PO# 541117	102,949
University of Oklahoma	47.070	SUBAWARD #2005-35	15,474
Regents of the University of Minnesota	47.074	X4166454101	25,716
University of Alabama	47.074	99-007	1,874
University of Kansas Center for Research	47.074	FY2006-005	(659)
University of Puerto Rico	47.074	SS66-0433760	(3,275)
Gallaudet University	47.075	SBE-0541953	74,774
New Mexico State University	47.075	Q01157	24,647
Arizona State University	47.076	07-722/PO #SC31407M00277	170,838
Arizona State University	47.076	KMS0019-21-45/SUB	93
Central New Mexico Community College	47.076	PO#B0304175	46,598
New Mexico State University	47.076	Q01173	6,064
University of Arizona	47.076	Y410675	351,569
New Mexico Small Business Development Center	59.000	5-603001-Z-0032-17	(26,335)

THE UNIVERSITY OF NEW MEXICO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2008

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 Small Business Development Center	59.000	6-603001-Z-0032-18	\$ 18,910
New Mexico Small Business Development Center	59.000	7-603001-Z-0032-19	14,950
New Mexico Small Business Development Center	59.000	LETTER DATED 6/7/06	498
New Mexico Small Business Development Center	59.037	4603001Z003216	(1,761)
New Mexico Environment Department	66.000	2510	2
University of Texas Health Center at Tyler	66.000	PO 81687/AMD #4	2,177
Albuquerque Partnership	81.000	CONTRACT DATED 11/19/03	(10,217)
Battelle Memorial Institute	81.000	CONTRACT NO. 00044825	114,091
Brookhaven Science Associates LLC	81.000	95247	131,287
Johns Hopkins University	81.000	2000070550	54,770
Johns Hopkins University	81.000	7910-16126-9, MOD 13	(5,803)
Lawrence Berkeley National Laboratory	81.000	6720467	47,009
Lawrence Livermore National Laboratory	81.000	B565062	26,809
Lawrence Livermore National Laboratory	81.000	B566263	4,443
Los Alamos National Laboratory	81.000	0409J-10603 3C	437
Los Alamos National Laboratory	81.000	09166-001-05	103,705
Los Alamos National Laboratory	81.000	09538-001-05 3F	9,448
Los Alamos National Laboratory	81.000	14780-001-05	2,868
Los Alamos National Laboratory	81.000	17457-001-05	(590)
Los Alamos National Laboratory	81.000	22616-001-05	8,864
Los Alamos National Laboratory	81.000	35248-001-06	579
Los Alamos National Laboratory	81.000	44628-001-07	41,234
Los Alamos National Laboratory	81.000	49379-001-07	57,486
Los Alamos National Laboratory	81.000	49702-001-07	713,943
Los Alamos National Laboratory	81.000	53184-001-078	123,128
Los Alamos National Laboratory	81.000	54015-001-07 BA# RSG-01-07	116,730
Los Alamos National Laboratory	81.000	54614-001-07	1,995
Los Alamos National Laboratory	81.000	57461-001-07	302,138
Los Alamos National Laboratory	81.000	59030-001-07	12,437
Los Alamos National Laboratory	81.000	61241-001-08	470
Los Alamos National Laboratory	81.000	61869-001-08	10,588
Los Alamos National Laboratory	81.000	74351-001-04-2H	18,585
Los Alamos National Laboratory	81.000	97364-001-04 3C	(89)
Los Alamos National Laboratory	81.000	IA-0015	145,669
Los Alamos National Laboratory	81.000	LANS IA-0050	28,030
Los Alamos National Laboratory	81.000	PO 57414-001-07	28,711
Los Alamos National Laboratory	81.000	PO 57630-001-07	75,365
Los Alamos National Laboratory	81.000	SC NO 27726-001-06	1,267
Los Alamos National Laboratory	81.000	SC15860-001-05	50,379
Los Alamos National Laboratory	81.000	SRSC 05989-002-05	29,921
Los Alamos National Laboratory	81.000	STB-UC: 06-36	53,095
Los Alamos National Laboratory	81.000	SUBCONTRACT 25829-001-05	4,848
Medical College of Wisconsin	81.000	DE-FG02-04ER63772	44,839
MIND Research Network	81.000	06-300H-MEG	(5,841)
MIND Research Network	81.000	06-300H-N1	10,303
MIND Research Network	81.000	06-400M-NI	70,041
MIND Research Network	81.000	06-453H-NI	(1,829)
MIND Research Network	81.000	06-510H-N1 M1	(4,153)
MIND Research Network	81.000	06-511H-N1	(4,538)
MIND Research Network	81.000	06-552H-N1	(2,931)

THE UNIVERSITY OF NEW MEXICO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2008

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>
MIND Research Network	81.000	10421//WILLIAMSON	\$ 40,932
MIND Research Network	81.000	2304	(1)
MIND Research Network	81.000	2508	(1,887)
MIND Research Network	81.000	PSA-06-45	(378)
MIND Research Network	81.000	PSA-06-60	4,309
New Mexico State University	81.000	01-4-23147	31,698
Oak Ridge Associated Universities	81.000	SUBCONTRACT 2-16994	61,170
Oak Ridge Associated Universities	81.000	SUBCONTRACT 2-17028	74,368
Rebuild New Mexico	81.000	AGR DATED 9/23/02	(2,588)
Sandia National Laboratories	81.000	DOCUMENT 674005 / PO# 438290	60,454
Sandia National Laboratories	81.000	117817	91,038
Sandia National Laboratories	81.000	13557	(260)
Sandia National Laboratories	81.000	140284	11,491
Sandia National Laboratories	81.000	204543	(716)
Sandia National Laboratories	81.000	27505	(422)
Sandia National Laboratories	81.000	28503	(3,254)
Sandia National Laboratories	81.000	372141	(2)
Sandia National Laboratories	81.000	408825	85,437
Sandia National Laboratories	81.000	474270	45,570
Sandia National Laboratories	81.000	479926	(139)
Sandia National Laboratories	81.000	480373	(251)
Sandia National Laboratories	81.000	480480	(1,489)
Sandia National Laboratories	81.000	484161	2,251
Sandia National Laboratories	81.000	50615	30,930
Sandia National Laboratories	81.000	507728	7,553
Sandia National Laboratories	81.000	543234	89,303
Sandia National Laboratories	81.000	544979	16,063
Sandia National Laboratories	81.000	559476	195
Sandia National Laboratories	81.000	570462	226,000
Sandia National Laboratories	81.000	593116	31,832
Sandia National Laboratories	81.000	606096	40,926
Sandia National Laboratories	81.000	609050	570
Sandia National Laboratories	81.000	609116	34,753
Sandia National Laboratories	81.000	614645	22,654
Sandia National Laboratories	81.000	614819	11,142
Sandia National Laboratories	81.000	615096	10,212
Sandia National Laboratories	81.000	616772	6,170
Sandia National Laboratories	81.000	618627	23,927
Sandia National Laboratories	81.000	618649	18,671
Sandia National Laboratories	81.000	618664	10,221
Sandia National Laboratories	81.000	618971 PO#438290, 719295	39,555
Sandia National Laboratories	81.000	633537	47,073
Sandia National Laboratories	81.000	649223	5,378
Sandia National Laboratories	81.000	660193	77,682
Sandia National Laboratories	81.000	665142	73,417
Sandia National Laboratories	81.000	667014	87,110
Sandia National Laboratories	81.000	669152	40,254
Sandia National Laboratories	81.000	673371	(2,208)
Sandia National Laboratories	81.000	673390	89,108
Sandia National Laboratories	81.000	678280	171,030

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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	679762	\$ 18,055
Sandia National Laboratories	81.000	682269 PO# 438290	21,704
Sandia National Laboratories	81.000	682282	2,715
Sandia National Laboratories	81.000	685890	51,657
Sandia National Laboratories	81.000	689442	3,178
Sandia National Laboratories	81.000	692463	65,532
Sandia National Laboratories	81.000	692514	20,010
Sandia National Laboratories	81.000	694196	1,650
Sandia National Laboratories	81.000	696997	99,764
Sandia National Laboratories	81.000	699182	129,421
Sandia National Laboratories	81.000	702794	40,989
Sandia National Laboratories	81.000	706862	14,527
Sandia National Laboratories	81.000	714196	5,448
Sandia National Laboratories	81.000	715738	46,133
Sandia National Laboratories	81.000	719287	64,495
Sandia National Laboratories	81.000	727112	38,450
Sandia National Laboratories	81.000	739523	37,304
Sandia National Laboratories	81.000	739561	35,820
Sandia National Laboratories	81.000	739565 PO # 438290	38,556
Sandia National Laboratories	81.000	739574	27,694
Sandia National Laboratories	81.000	739575	19,096
Sandia National Laboratories	81.000	739577	24,276
Sandia National Laboratories	81.000	739618	27,895
Sandia National Laboratories	81.000	749073	4,963
Sandia National Laboratories	81.000	752554	43,047
Sandia National Laboratories	81.000	752594	119,784
Sandia National Laboratories	81.000	752885	16,573
Sandia National Laboratories	81.000	753838	12,523
Sandia National Laboratories	81.000	754862	6,659
Sandia National Laboratories	81.000	767334	30,379
Sandia National Laboratories	81.000	770508	9,245
Sandia National Laboratories	81.000	772629	469
Sandia National Laboratories	81.000	773576	3,720
Sandia National Laboratories	81.000	775091	19,479
Sandia National Laboratories	81.000	779126	2,363
Sandia National Laboratories	81.000	790762	21,008
Sandia National Laboratories	81.000	793958	51,998
Sandia National Laboratories	81.000	795706	16,653
Sandia National Laboratories	81.000	796180	4,436
Sandia National Laboratories	81.000	803797	24,598
Sandia National Laboratories	81.000	808467	43,356
Sandia National Laboratories	81.000	AM-3455	2
Sandia National Laboratories	81.000	AW-2080	(1,328)
Sandia National Laboratories	81.000	AWARD LTR 05/25/06	11,196
Sandia National Laboratories	81.000	DOC #458228	16,914
Sandia National Laboratories	81.000	DOC 739562	29,942
Sandia National Laboratories	81.000	DOC ID:786454	9,884
Sandia National Laboratories	81.000	DOC NO. 726494	13,558
Sandia National Laboratories	81.000	DOC#512556	6,201
Sandia National Laboratories	81.000	DOC#713387 PO#438290	207,324

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Sandia National Laboratories	81.000	DOC. 128242	\$ 54,452
Sandia National Laboratories	81.000	DOCUMENT # 713355 / PO# 438290	27,746
Sandia National Laboratories	81.000	DOCUMENT NO. 658697	29,027
Sandia National Laboratories	81.000	DOCUMENT NO. 667077	182,489
Sandia National Laboratories	81.000	DOCUMENT NO. 673382	81,577
Sandia National Laboratories	81.000	DOCUMENT NO. 673387	155,889
Sandia National Laboratories	81.000	DOCUMENT NO. 751878	5,812
Sandia National Laboratories	81.000	LTR DATED 9/29/04	(744)
Sandia National Laboratories	81.000	PO 124354	20,768
Sandia National Laboratories	81.000	PO 438290 AWARD # 739576	9,750
Sandia National Laboratories	81.000	PO 549621	(6,755)
Sandia National Laboratories	81.000	PO 549681	152,427
Sandia National Laboratories	81.000	PO 594550	12,275
Sandia National Laboratories	81.000	PO 8509, NEW IS 547588	6,493
Sandia National Laboratories	81.000	PO 99112	22,889
Sandia National Laboratories	81.000	PO438290 DOC 749169	59,571
Sandia National Laboratories	81.000	PO524375 MOD1	34,437
Sandia National Laboratories	81.000	SPO AR-8834, REV NO 15	(227)
South Carolina State University	81.000	04-444203-NEP-UNM-NM	95,976
State University of New York	81.000	PO# R404499	72,893
Texas Engineering Experiment Station	81.000	AGMT 68732	30,645
William Marsh Rice University	81.000	R7B12H	24,386
Los Alamos National Laboratory	81.049	W-7405-ENG-36	57,929
Louisiana State University	81.049	11762	73,841
MIND Research Network	81.049	,HSC-11656	71,701
MIND Research Network	81.049	06-450H-TRANSITION	34,187
MIND Research Network	81.049	6002 024 SUB-N1 M1	1,794
MIND Research Network	81.049	6002-007 SUB-N1 (M2)	143,054
MIND Research Network	81.049	6002-031 SUB-N1	36,255
MIND Research Network	81.049	6002-043 SUB-N1	14,448
MIND Research Network	81.049	6002-055 (BUSTILLO)	24,222
MIND Research Network	81.049	6002-056 FIRST CLINICAL CORE	7,250
MIND Research Network	81.049	6002-058	91,129
MIND Research Network	81.049	MSU SHELL FY09	27,928
MIND Research Network	81.049	TASK ORDER DOE #6002-023	52,560
University of Delaware	81.049	CCST372128 - SUBGRANT 10697	59,695
Los Alamos National Laboratory	81.064	NO. 09566-002-05	(783)
National Securities Technologies	81.108	PO# 90501	16,998
Sandia National Laboratories	81.108	10861	15,892
MIND Research Network	83.000	PSA-07-02	125,648
New Mexico Public Safety Department	83.000	PSA-05-45 06-790-5000-0027	3,256
Gallup McKinley County School District	84.000	251844	(194)
Houston Academy of Medicine - Texas Medical Center	84.000	N01-LM6-3505 HHSN276200663505C	11,440
National Writing Project Corp	84.000	06-NM07	46,033
National Writing Project Corp	84.000	96-NM04	23,911
National Writing Project Corp	84.000	CONTRACT #06-NM07	(5,773)
New Mexico Department of Health	84.000	07UNM/07.0005 A1, A2	420,556
New Mexico Department of Health	84.000	07UNM/07.0009 A1	16,285
New Mexico Department of Health	84.000	07UNM/07.0010 A1	126,019
New Mexico Department of Health	84.000	07UNM/07.0012 A2	106,758

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New Mexico Department of Health	84.000	07UNM/07.0014 A1	\$ 99,543
New Mexico Higher Education Department	84.000	21406	2,595
New Mexico Higher Education Department	84.000	ABE: 2006-2008	102,294
New Mexico Higher Education Department	84.000	AMERICAN INDIAN TEACHER QUALIT	147,493
New Mexico Higher Education Department	84.000	BAR 06/26/06	600
New Mexico Higher Education Department	84.000	BAR 07/12/07	67,169
New Mexico Higher Education Department	84.000	BAR DATED 07/05/07	116,688
New Mexico Higher Education Department	84.000	BAR DATED 6/30/06	(693)
New Mexico Highlands University	84.000	P0053809	11,658
NM Public Education Department	84.000	#07-924-0074	143,982
NM Public Education Department	84.000	014.4.1.855 PERKINS	2,898
NM Public Education Department	84.000	016-7-6-1-858	182,650
NM Public Education Department	84.000	04-924-P527-0160	100,687
NM Public Education Department	84.000	07-924-P527-0097	162,548
NM Public Education Department	84.000	089240114	69,551
NM Public Education Department	84.000	208043	(2,605)
NM Public Education Department	84.000	2477	(218)
NM Public Education Department	84.000	6.29.06 BUDGET APPROVAL EMAIL	1,178
NM Public Education Department	84.000	ID 24151.03.013	(1)
NM Public Education Department	84.000	PED#92086	145,296
Northern New Mexico College	84.000	P031S060059	237,045
Public Broadcasting Service	84.000	AGREEMENT DATED 10/23/07	24,225
New Mexico Commission on Higher Education	84.002	BAR	(2,793)
New Mexico Higher Education Department	84.002	ABE - INSTRUCTIONAL MATERIALS	22,654
New Mexico Higher Education Department	84.002	ABE 05/06	(1,316)
New Mexico Higher Education Department	84.002	ABE 0607	(4,249)
New Mexico Higher Education Department	84.002	ABE 879882	(2,765)
New Mexico Higher Education Department	84.002	BAR 6/29/05	(1,279)
NM Public Education Department	84.002	006-01-01	(244)
NM Public Education Department	84.002	NMSDE ALLOCATION LTR	(207)
NM Public Education Department	84.027	673/24108.03.061	(672)
NM Public Education Department	84.027	CONRTACT #08-243-0193	34,448
NM Public Education Department	84.027	CONTRACT #08-924-0195	149,636
NM Public Education Department	84.027	FUND # 673/24136	93,308
NM Public Education Department	84.027	IGA#08-924-0200	99,177
NM Public Education Department	84.027	PED FUND 673/24108 DISCRETION	3,184
Los Alamos National Laboratory	84.060	CHECK#871631	73
Texas Tech University Health Science Center	84.116	SUBAWARD #1304/C649-01	918
NM Public Education Department	84.173	673/24136.03.003	(1,664)
NM Public Education Department	84.173	673/24136.03.004, NM PED GRANT	(3,182)
NM Public Education Department	84.173	NM PED 673/24136	281,154
NM Public Education Department	84.174	0018001	688
NM Public Education Department	84.174	2007-2008 PERKINS	69,557
NM Public Education Department	84.243	016-5-1-1-855	(5)
Public Broadcasting Service	84.286	R286A000003	(3,025)
Public Broadcasting Service	84.286	SUBCONTRACT AGMT 5/31/06	16
Michael Cohen Group, LLC	84.295	U295A05004	57,429
Public Broadcasting Service	84.295	LTR DATED 9/11/03	(368)
Washington University	84.305	WU-HT-07-02/PO 29088Y	200,079
University of Maryland	84.329	PRE-AWARD	59,250

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Alzheimer's Association	93.000	NIRG-05-12717	\$ 29,936
American Cancer Society Inc	93.000	SIRGS-06-281-01	62,428
American Psychiatric Institute for Research & Educ	93.000	BRETT YUAN-HSIANG LU	16,515
Association for Prevention Teaching & Research	93.000	TS-1022	76,668
BEI Resources	93.000	BEI-1033-2007-UNM	35,263
Booz Allen Hamilton Inc.	93.000	91242CBS17/TASK 1	26,085
Case Western Reserve University	93.000	N01-DK-6-2203 AMD 14/15	156,536
Catholic University of America	93.000	RAO-901 AI056443-5	54,190
Cerus Corporation	93.000	U01 AI061199-01	25,322
Cheyenne River Sioux Tribe	93.000	R25 ES013292-01	73,832
Clarity Counseling Inc	93.000	AGREEMENT DATED 03/24/08	3,277
Coley Pharmaceutical Group	93.000	HHSN266200400044C/N01-AI-40044	71,209
Columbia University	93.000	CFDA 93.853	465
DeCode Genetics	93.000	HHS200400064C AB N01-AI40064	702,998
First Choice Community Healthcare	93.000	AK 003-UNM	(6,451)
General Hospital Corp	93.000	HHSN261200744000C	60,194
George Washinton University	93.000	U01-DK61055, SITE# 801	100
Hidalgo Medical Services	93.000	DHHS/APHPA #601901, MOD #1	49,865
Hidalgo Medical Services	93.000	HMS 2010 REACH, MOD 1 & 2	62,784
Houston Academy of Medicine - Texas Medical Center	93.000	N01-LM-1-3515	(1,456)
Houston Academy of Medicine - Texas Medical Center	93.000	N01-LM-6-3505 HHSN27620066 350	1,471
Houston Academy of Medicine - Texas Medical Center	93.000	N01-LM-6-3505 HHSN276200663505	19,927
Houston Academy of Medicine - Texas Medical Center	93.000	UNMHSLIC-02	985
Kestrel Corporation	93.000	SUBCONTRACT 0146A	9
LigoCyte Pharmaceuticals	93.000	LYONS/9940	6,000
LigoCyte Pharmaceuticals	93.000	VCI AI067-156-01	4,331
Lovelace Biomedical & Environmental Research Inst	93.000	LV060019	7,654
Lovelace Biomedical & Environmental Research Inst	93.000	LV060442	205,829
Lovelace Respiratory Research Institute	93.000	PO# JK060406	13,078
Lovelace Respiratory Research Institute	93.000	U01CA097356-03	289,964
McKing Consulting Corporation	93.000	SUBAWARD NO. 22199	8,197
National Childhood Cancer Foundation	93.000	CA 98543-05 /16602	(94,347)
New Mexico Children Youth and Family Department	93.000	VEN 54450 - CON 2122 - PO 3603	31,788
New Mexico Department of Health	93.000	03.665.6200.326 AIII, 17 & 21	(2,162)
New Mexico Department of Health	93.000	04/665.4200.0097	(1,827)
New Mexico Department of Health	93.000	05 & 06UNM/07.0002	55
New Mexico Department of Health	93.000	05UNM/02.0006	1,177
New Mexico Department of Health	93.000	05UNM/03.0004,07UNM/03.0018,A1	82,068
New Mexico Department of Health	93.000	05UNM/03.0012	1,123
New Mexico Department of Health	93.000	05UNM/07.0012	(3,980)
New Mexico Department of Health	93.000	06.UNM/05.0001R	(87)
New Mexico Department of Health	93.000	06UNM/01.0006R	8,968
New Mexico Department of Health	93.000	06UNM/01.0023.A1	(3,675)
New Mexico Department of Health	93.000	06UNM/01.005 & 06UNM/01.005R	(519)
New Mexico Department of Health	93.000	06UNM/01.011R	(629)
New Mexico Department of Health	93.000	06UNM/01/0024RA1	7,638
New Mexico Department of Health	93.000	06UNM/03.0014R	(10,147)
New Mexico Department of Health	93.000	06UNM/03.0015R.A2	492
New Mexico Department of Health	93.000	06UNM/03.0020R	(4)
New Mexico Department of Health	93.000	06UNM/05.0004R	(19,023)

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New Mexico Department of Health	93.000	06UNM/05.0514R	\$ 7,506
New Mexico Department of Health	93.000	06UNM/07.0015R	42
New Mexico Department of Health	93.000	07 UNM/03.0081	586
New Mexico Department of Health	93.000	07UNM.02.0045, 08UNM.02.1004	51,807
New Mexico Department of Health	93.000	07UNM/02.0007	146,970
New Mexico Department of Health	93.000	07UNM/02.0008 A1, A2	72,308
New Mexico Department of Health	93.000	07UNM/02.0009, A1	7,157
New Mexico Department of Health	93.000	07UNM/02.0010 A1,A2	11,027
New Mexico Department of Health	93.000	07UNM/02.0011.A1	33,176
New Mexico Department of Health	93.000	07UNM/02.0013 A1	45,319
New Mexico Department of Health	93.000	07UNM/02.0014 A2	106,226
New Mexico Department of Health	93.000	07UNM/02.0016/AMENDMENT 1,A2	10,394
New Mexico Department of Health	93.000	07UNM/02.0019 A4	17,517
New Mexico Department of Health	93.000	07UNM/02.0020 A1,A2	14,121
New Mexico Department of Health	93.000	07UNM/02.0025	(6,249)
New Mexico Department of Health	93.000	07UNM/02.0027	91,181
New Mexico Department of Health	93.000	07UNM/02.0030	343
New Mexico Department of Health	93.000	07UNM/02.0031 A2	42,937
New Mexico Department of Health	93.000	07UNM/02.0037	(662)
New Mexico Department of Health	93.000	07UNM/02.0046	564
New Mexico Department of Health	93.000	07UNM/02.0049	360
New Mexico Department of Health	93.000	07UNM/02.0053	15,000
New Mexico Department of Health	93.000	07UNM/02/.0002A3	44,462
New Mexico Department of Health	93.000	07UNM/03.0009	81,224
New Mexico Department of Health	93.000	07UNM/03.002	224,615
New Mexico Department of Health	93.000	07UNM/03.0021	19,053
New Mexico Department of Health	93.000	07UNM/03.0021.A1	2,480
New Mexico Department of Health	93.000	07UNM/03.0025.A1	38,919
New Mexico Department of Health	93.000	07UNM/03.0031.A1	27,606
New Mexico Department of Health	93.000	07UNM/03.0033,A1	32,243
New Mexico Department of Health	93.000	07UNM/03.0080, A1, A2	16,164
New Mexico Department of Health	93.000	07UNM/03.0088	2,264
New Mexico Department of Health	93.000	07UNM/07.0001	65,820
New Mexico Department of Health	93.000	07UNM/07.0001 A1,A2,A3	823,395
New Mexico Department of Health	93.000	07UNM/07.0008 A1	47,878
New Mexico Department of Health	93.000	08-647-P727-0203	53,741
New Mexico Department of Health	93.000	08UNM/02.1002	27,692
New Mexico Department of Health	93.000	08UNM/03.0032A1	76,967
New Mexico Department of Health	93.000	08UNM/03.0090	23,583
New Mexico Department of Health	93.000	FY09 MSU SHELL	105
New Mexico Department of Health	93.000	SHELL	(860)
New Mexico Department of Health	93.000	SHELL - FY07	(717)
New Mexico Department of Health	93.000	SHELL FY08	27,003
New Mexico Department of Health	93.000	SHELL FY09 MSU	715
New Mexico Developmental Disabilities Planning Cncl	93.000	08-647-P747-0200	90,158
New Mexico Human Services Department	93.000	GSA 05-0001	3
New Mexico Human Services Department	93.000	GSA 08-630-7903-0013	13,320
New Mexico Human Services Department	93.000	GSA-04-16-A1	(1,132)
New Mexico Public Health Services	93.000	05UNM/03.0001 04/665.4200.0454	1,050
New Mexico Public Health Services	93.000	06UNM/01.0007R.01	1,465

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NM Public Education Department	93.000	95.665.6200.0949 A12, A14,A15	\$ 207,416
NMDOH Long Term Services	93.000	07UNM/02.0048, A1	99,207
Northern Arizona University	93.000	SHELL	4,878
NSABP Foundation	93.000	PFED20-NMX-01	685
Pennsylvania State University	93.000	WATTERBERG/6068-A	3,648
Penrose-St. Francis Health Services	93.000	NO2-CO-51111	103,291
Pfizer Inc	93.000	SHELL FY09	39
Research Triangle Institute	93.000	PO 14501S	3,627
San Diego State University Foundation	93.000	LETTER DATED 10/11/07	1,940
Senior Scientific	93.000	LARSON	65,714
Senior Scientific	93.000	SENIOR SCIENTIFIC/LARSON	60,910
Senior Scientific	93.000	SUBCONTRACT NO. 8093	21,379
Sloan Kettering Institute for Cancer Research	93.000	5R01AR049342-03 & 02, 05	19,625
Social & Scientific Systems	93.000	MUNK/SSS	(2,606)
Technology Research Collaborative	93.000	BAA TRC 100 06 PO P0004673	142,558
The Children's Mercy Hospital	93.000	04-0037, U01 DK066143-02	14,140
The Hope Foundation	93.000	WILLMAN/10042	9,087
The McLean Hospital	93.000	5R01 DA14178-05 MOD 2	(3,382)
The University of Texas Health Science Center at San Antonio	93.000	122211/122209	40,874
TKC Integration Services	93.000	PO #30061170-01	42,203
University of Alabama	93.000	NO1 AI30025	46,069
University of California Los Angeles	93.000	05-69, 06-82, 06-113, 07-186	2,040
University of Colorado	93.000	FY08.003.008	24,267
University of Maryland-Baltimore	93.000	SR00000241	38,102
University of Utah	93.000	2507044-08	12,970
University of Virginia	93.000	CG11287.123479	(1,003)
ValueOptions of New Mexico	93.000	MCC-05-01	1,445
Wake Forest University	93.000	HSC9638/HARKINS	412
Yale University	93.000	A06657 (M-08-042)	21,718
National Association of County & City Health Official	93.008	MRC 07409	9,182
National Association of County & City Health Official	93.008	MRC 08 0014	461
Sandoval County	93.110	H74MC03603-01-00	7,167
Stanford University	93.110	15036910-34054-C	(4,875)
University of Colorado	93.110	FY07.003.003	1,238
Rio Grande Community Development Corp	93.113	R25 ES014347-01,03	30,175
University of Medicine & Dentistry of NJ	93.113	7R01ES008353-12	2,691
University of Texas at El Paso	93.113	5S11 ES0133339-01A1,02,03	320,605
University of Washington	93.113	342678, MOD 6,7	15,887
Bates College	93.114	1135-2303-0505 (R15 ES011806)	(881)
Case Western Reserve University	93.115	1 R21 ES-013507-01	16,959
New York University	93.121	F5315-14, PO#127394	139,966
Centers for Disease Control and Prevention	93.135	08 UNM/03.0091	102,769
New Mexico Department of Health	93.135	07UNM/03.0083 A1	9,342
Oklahoma State Department of Health	93.136	PO#Z030580, AMD.#2	(1,247)
University of Colorado	93.145	FY06.163.007 2H4AHA00064-06-00	233,348
New Mexico Department of Health	93.184	07/UNM.02.0054 (SEE TEXT)	(5,326)
Department of Health and Human Services	93.211	H2ATH00989-01	747
University of North Carolina	93.213	UNC-CH 5-50141 R01AT000212	(4,942)
New Mexico Department of Health	93.217	07UNM/02.0037	72,389
Medical College of Wisconsin	93.242	1R01MH074080-01A2, 02	149,470

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Pacific Institute for Research & Evaluation	93.242	0254.01.01 R01MH076084-01 MOD2	\$ 5,759
Department of Health and Human Services	93.243	1H79TI019218-01	38,619
New Mexico Children Youth and Family Department	93.243	07-690 -7000-7060, -1366-1	121,867
New Mexico Higher Education Department	93.243	5U795M57464-02 MOD #1,2	267,567
University of Texas Health Center at Tyler	93.262	1U50OH07541, AMD 3	186,406
Loyola University Chicago	93.273	SUBAWARD NO. 2 506100	22,786
MIND Research Network	93.273	6048 SUB N2	4,805
Research Triangle Institute	93.273	8-42U-7901	(1)
San Diego State University Foundation	93.273	53311D P1650 7803211/ E0005882	14,035
University of California San Diego	93.273	PO# 10279384	6,347
Sangre de Cristo Community Health Partnership	93.276	AGREEMENT 09/14/05	(43)
Medical College of Wisconsin	93.279	R01 DA013139	1
University of Maryland-Baltimore	93.279	SR00000307	1,581
New Mexico Department of Health	93.282	07UNM\02.0001	75,000
Association for Prevention Teaching & Research	93.283	TS-1412	99,099
Association of American Medical Colleges	93.283	U36/CCU319276	36,672
New Mexico Department of Health	93.283	07UNM/03.0029, A-1, A-2	573,119
New Mexico Department of Health	93.283	08UNM/03.0092	52,229
University of Colorado	93.283	FY 07.003.007,FY.08.003.004	25,582
University of Oklahoma	93.283	RS20051890-08, RS20080230-01	86,092
MIND Research Network	93.286	6043-001 SUB N1	14,822
The Chem21 Group	93.310	9119/MARCUS GM075775	18,404
National Center for Research Resources	93.333	M01 RR000997	(475)
Harvard University	93.361	1R01NR010006-01A1, 02	113,342
New Mexico State University	93.389	Q00923, Q01020,Q01090, Q01232	580,097
University of California Irvine	93.389	2006-1729 AMD 1,1U24RR021992	145,527
Group Health Cooperative	93.393	2007125776	10,254
Northwestern University	93.393	0600 370 F081 782	(312)
Regents of the University of Minnesota	93.393	Q66364782 01,02,03,04	54,190
University of Arizona	93.393	PO V970838	32
University of North Carolina	93.393	1R01CA112243-01,02,03,5-50057	13,712
University of Southern California	93.393	H37983 - R01 CA114524-01A2	50,989
University of Utah	93.393	9709055-2 AMD.10.11.12	1,748
University of Washington	93.393	279965 FROM 1R01CA8439	(214)
National Childhood Cancer Foundation	93.394	U24 CA114766-01,02, 03 (16359)	79,944
American College of Obstetricians & Gynecologists	93.395	GOG LAB LESLIE, CA27469	46,818
Gynecologic Oncology Group	93.395	27469-64	151,850
Johns Hopkins University	93.395	8609-03183-X / 2000056537	6,733
National Childhood Cancer Foundation	93.395	U10 CA98543-03, 05/16526	26,534
National Childhood Cancer Foundation	93.395	U10 CA98543-04/15339,05/16532	12,401
Senior Scientific	93.395	R44CA105742	712
Southwest Oncology Group	93.395	SWOG-04033	43,605
University of Louisville	93.395	SUBCONTRACT 05-1233	23,506
University of Michigan	93.395	CA32102-27,28,29-F0212S	109,694
University of Missouri - Columbia	93.396	CA109545/C00015709 SHELLFY09	70,584
University of Texas HSC Houston	93.398	18537-2000	30,454
Eastern New Mexico University	93.558	MOU 09-04-00001	(130)
New Mexico Human Services Department	93.558	GSA 04-09	912
New Mexico Children Youth and Family Department	93.596	06-690-0817-1	2,299
New Mexico Children Youth and Family Department	93.596	08-690-4712	181,353

THE UNIVERSITY OF NEW MEXICO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2008

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 Children Youth and Family Department	93.596	08-690-5418	\$ 237,146
New Mexico Children Youth and Family Department	93.596	CONTRACT #0822 / PO #1058	(1)
Administration for Children & Families	93.631	90DN0187 / 05	239,872
New Mexico Human Services Department	93.767	GSA 05-0001 AMENDMENT NO. 1	627,559
New Mexico Department of Health	93.768	06.665.0007.3080	6,481
New Mexico Department of Health	93.778	06.665.0007.3080	846,769
New Mexico Human Services Department	93.778	GSA 06-630-8000-0015	(51,907)
Duke University	93.837	117161 1U01 HL63747 01A2	1,442
Magee-Women's Hospital	93.837	26-3301-5809	(6,746)
New England Medical Center	93.837	11211/IMEDIATETRIAL/RICHARDS	106,415
Duke University	93.838	134912	(1,593)
Johns Hopkins University	93.838	5U01HL75420-04 REVISED	4,800
National Jewish Medical & Research Center	93.838	23063609	27,067
Oregon Research Institute	93.838	5R01 HL064677	42,810
University of Virginia	93.839	GC10941-119528 MOD 3	65,796
University of Iowa	93.846	PO 1000606133	10,195
Johns Hopkins University	93.848	2000010973	12,949
The Children's Mercy Hospital	93.849	03-0030 / U01 DK066143	(128)
The Children's Mercy Hospital	93.849	5 U01 DK066143-03/04-0044 AMD3	28,405
Mount Sinai School of Medicine	93.853	U01 NS 045719	101,737
Tristan Technologies	93.853	GRANT#5R44NS046964-03	8,232
Tristan Technologies	93.853	R 44 NS38806-04	1,724
University of California Los Angeles	93.853	1580-G-FD-161	1,154
University of North Carolina	93.853	SA-NIH 5U01NS042167	14,746
University of Texas HSC Houston	93.853	002072J/5U01NS04335304/AMEND#2	121,032
Yale University	93.853	R01 NS044876-02,03, A06760	4,094
Baylor College of Medicine	93.855	5 U19 AI57234-2, -04 PROJECT 2	187,790
Lovelace Respiratory Research Institute	93.855	JK070803	32,230
Macrogenics	93.855	1U01A1070504-01	29,272
University of Alabama	93.855	5U AI070386-01 SUB K 002, 02	4,253
University of Alabama at Birmingham	93.855	SUBAWARD NO. 006	7,174
University of Wisconsin	93.855	X087813	47,810
Arizona State University	93.856	06-667/7U01AI05010-04	45,648
Chiron Corporaton	93.856	U01 AI054779-03,05	202,093
Macrogenics	93.856	SM IU54 AI1057156-02	124
State University of New York	93.856	R374365 PTAE0#1049054-2-36705	48,513
University of California Irvine	93.856	2007-1869	71,673
University of Maryland-Baltimore	93.856	SC03520082	237,818
University of Nevada System	93.856	PO18GC000065 UNR.08-61	207,691
University of Nevada System	93.856	UNR-05-02, AMD 2	124,675
University of Texas HSC Houston	93.856	0004024 AMD1&2&B,SUB0004024B,4	95,055
University of Texas Medical Branch	93.856	07-014/5U54 AI057156-04,07-056	250,291
University of Texas Medical Branch	93.856	UOSPC-0000000207, 07-043 AMD#3	859,518
University of Texas Southwestern	93.856	GMO-600301 MOD 1, MOD 2	41,000
University of Wisconsin	93.856	NONE	478
Boston University	93.859	PO # MC-522612-BAJ (7313-5)	157,103
Dartmouth College	93.859	500469.5000.L00389	(325)
Rules-Based Medicine Inc.	93.859	1R44GM082038-01	33,286
University of California San Francisco	93.859	48125C	69,118
MIND Research Network	93.865	6063-001	1,533

THE UNIVERSITY OF NEW MEXICO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2008

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>
Pennsylvania State University	93.865	NO. 3056-UNM-DHHS-1542	\$ 123,530
Santa Fe Institute	93.866	1R01AGO24119-04	394,735
University of Colorado	93.866	FY08.001.001 AMD 3 UNM YR10	20,697
University of Illinois	93.867	2006-00139-06	211,877
Na'nizhoozhi Center	93.928	4CC, 1 H97 HA00254-01	(2,896)
Saint Louis University	93.933	N01-A1-45250	82,772
Utah State University	93.933	070042002	301,776
New Mexico Department of Health	93.952	07UNM/03.0082	111,282
Value Options	93.958	MCC-05-01	635,093
Value Options	93.959	MCC-05-01	835,099
New Mexico Department of Health	93.991	07UNM/02.0024	584,180
New Mexico Department of Health	93.991	09UNM/03.0035	11,905
New Mexico Department of Health	93.994	07UNM\02.0025	188,892
New Mexico Department of Health	93.994	07UNM\02.0026	40,000
Cntr for Service Learning Opportunities in Ed	94.004	LTR DATED 9/27/01	65
Adherent Technologies	97.000	AT-332-7064	10,382
Gulf South Research Corporation	97.000	80302020S-UNM	12,048
Eurasia Foundation	98.001	A04-0152	60,373
Corporation for Public Broadcasting	99.999	1507	(11,212)
Corporation for Public Broadcasting	99.999	AGMT 11/24/03	42,537
Corporation for Public Broadcasting	99.999	CONTRACT 10727	3,512
Corporation for Public Broadcasting	99.999	CPB 7653	(5,200)
Corporation for Public Broadcasting	99.999	GRANT 1810	922,925
Corporation for Public Broadcasting	99.999	ID 1507	19,517
KCET	99.999	LETTER DATED MAY 2007	7,497
TOTAL AMOUNT PASSED THROUGH TO UNM FROM OTHER PRIME CONTRACTORS			\$ 36,668,830

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

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

We have audited the basic financial statements of University of New Mexico (University) and its aggregate discretely presented component units, and the budget comparisons presented as supplemental information as of and for the year ended June 30, 2008, and have issued our report thereon dated October 29, 2009. Our report was modified to include a reference to other auditors and to emphasize the restatement of certain components within net assets. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the UNM Hospital, UNM Psychiatric Center, and UNM Children's Psychiatric Center, collectively known as the clinical operations of the University, and the UNM Medical Group, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

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

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New Mexico State Auditor

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the University's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the University's financial statements that is more than inconsequential will not be prevented or detected by the University's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as finding number 2008-07 to be a significant deficiency in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency described above (finding 2008-07) to be a material weakness.

Compliance and Other Matters

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

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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*.

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 questioned costs as items 2008-02, 2008-03, 2008-04, 2008-05, and 2008-06.

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

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

Moss Adams LLP

Albuquerque, New Mexico
October 29, 2009

THE UNIVERSITY OF NEW MEXICO

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

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

Compliance

We have audited the 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, 2008. Other auditors audited the compliance of the UNM Hospital, UNM Psychiatric Center, UNM Children's Psychiatric Center, and UNM Medical Group, collectively known as the clinical operations of the University (clinical operations), 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, 2008. The compliance of the clinical operations were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the clinical operations, is based solely on the reports of the other auditors. 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 and the reports of other auditors.

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,

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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 and the reports of other auditors provide a reasonable basis for our opinion. Our audit and the reports of other auditors do not provide a legal determination of the University's compliance with those requirements.

In our opinion the University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

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

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the

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Mr. Hector H. Balderas
New Mexico State Auditor

University's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the University's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2008-01 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the University's internal control. We did not consider the deficiency described in the accompanying schedule of findings and questions costs to be a material weakness.

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

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.

Moss Adams LLP

Albuquerque, New Mexico
October 29, 2009

THE UNIVERSITY OF NEW MEXICO

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THE UNIVERSITY OF NEW MEXICO

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2008

Finding 2007-01. Compliance with Davis-Bacon Requirements

Current Status: Resolved.

Finding 2007-02. Return of Title IV Funds

Current Status: Resolved.

Finding 2007-03. Professional Services Contracts

Current Status: Resolved.

Finding 2007-04. Outdated Telecom Rate Charges

Current Status: Resolved.

Finding 2007-05. Timely Responsiveness and Resolution to Internal Audit Findings

Current Status: Resolved.

Finding 2007-06. IT Security Recommendations

Current Status: Resolved.

Finding 2007-07. IT Business Continuity and Data Recovery Recommendations – Main Campus

Current Status: Resolved.

Finding 2007-08. Timely Completion of Financial Statements – The Robert O. Anderson Schools of Management Foundation

Current Status: Resolved.

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THE UNIVERSITY OF NEW MEXICO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2008

Section I—Summary of Auditors' Results

Basic Financial Statements

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

Internal control over financial reporting:

- Material weaknesses identified? ☒ yes ☐ no
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to basic financial statements noted?

☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? ☐ yes ☒ no
- Significant deficiencies identified that are not considered to be material weaknesses? ☒ yes ☐ none reported

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

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

☒ yes ☐ no

Identification of major programs:

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

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

\$3,000,000

Auditee qualified as low-risk auditee?

☒ yes ☐ no

THE UNIVERSITY OF NEW MEXICO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2008

Section II—Basic Financial Statement Findings

2008-07. Misstatements within June 30, 2008 and 2007 Components of Net Assets

Condition

In the June 30, 2008 and 2007 financial statements of the University, there were misstatements within certain components of net assets. While the misstatements did not affect total net assets of the University in either of those years, the following components within net assets of the Primary Institution were impacted:

- Invested in Capital Assets, Net of Related Debt: Understated by \$305.4 million and \$215.1 million, for 2008 and 2007 respectively
- Restricted for Debt Service: Overstated by \$12.7 million and \$20.3 million, for 2008 and 2007 respectively
- Restricted for Capital projects: Overstated by \$244.4 million and \$161.0 million, for 2008 and 2007 respectively
- Unrestricted: Overstated by \$48.3 million and \$33.8 million, for 2008 and 2007 respectively

Criteria

GASB 34, paragraph 33, prescribes the proper determination of “Invested in Capital Assets, Net of Related Debt”. This component of net assets presents the amount of restricted capital assets, net of related accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Effect

The misstatements within the components of net assets as described have the potential of influencing individuals who may be relying on such amounts.

Cause

Management was knowledgeable of the calculation prescribed by GASB 34, paragraph 33, yet there were undetected errors in the calculations. The calculations were largely based on coding built into the system, and the coding and related computations appeared complicated and date back to when the system conversion took place.

Recommendation

Management identified the 2008 and 2007 misstatements during 2009. The June 30, 2008 and 2007 financial statements have been restated. We recommend management ensure the calculations of the components within net assets are appropriately reviewed and approved.

University Response

Management has modified and streamlined the coding in the system and put in place appropriate reviews and approvals to ensure these calculations are appropriate and consistently applied.

THE UNIVERSITY OF NEW MEXICO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2008

Section III—Federal Award Findings and Questioned Costs

2008-01. Cost of Attendance Calculations

Student Financial Aid Cluster, Various CFDA numbers

Condition

The cost of attendance calculation unique to the Gallup Campus for the summer session was applied to the Taos and Valencia campuses incorrectly.

Criteria

The University Student Financial Aid Office, in accordance Department of Education Federal Student Aid Handbook, have the responsibility to establish budgeted costs of attendance for each branch which covers educational expenses as well as the costs of a modest but adequate standard of living. Costs are campus-based and are used to determine financial aid eligibility and include tuition, fees, books and supplies, room and board, and miscellaneous expenses. The University has chosen to use standardized costs of attendance for students and costs of attendance vary depending on the student's residency, enrollment status, living situation and the campus that they attend classes. The budgeted cost of attendance is determined by campus and allocated accordingly.

Cause

Budget calculations for the summer session are performed for the each campus through the use of an Excel spreadsheet. The formulas are then copied to each respective branch and the fall/spring calculations are then added in for the branch. When the summer calculation occurred, the system updated the fall/spring tuition to reflect Gallup's tuition rate (approximately \$90 higher per credit hour per semester). The Gallup tuition rate was then manually carried forward to the Taos and Valencia campuses, causing an error in the budgeted cost of attendance calculation.

Questioned Costs

None.

Effect

Posted budgeted cost of attendance for the Taos and Valencia campuses were incorrect. The budget recalculations, however, did not affect the aid awarded to students.

Recommendation

We recommend that management implement a secondary review process for all manual calculations to mitigate the risk of the misapplication of rates across the campuses.

University Response

Management concurs with this finding and recommendation. Student Financial Aid will implement a secondary review process for manual calculations to mitigate the risk of this misapplication of tuition rates occurring in the future.

THE UNIVERSITY OF NEW MEXICO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2008

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

2008-02. IT Security

Condition

The University currently does not have security governance in place that monitors campus departments to ensure that workstations and servers are adequately protected and maintained or that user accounts are regularly audited for appropriateness. There are policies in place regarding encryption software for laptop hard drives, regular patching of operating systems, and running anti-virus software on laptops and servers but there is no monitoring to ensure that policies in effect and operating effectively.

Criteria

Control Objectives for Information & Related Technologies or CobiT framework is used to for IT assurance guidance on developing, evaluating, and testing internal controls. CobiT guidelines require that an organization should take all measures available to them to secure and protect proprietary information. Identity theft has increased considerably in the past few years and states are passing legislation to impose a monetary liability on organizations because theft of sensitive data is a foreseeable risk. In addition, the occurrence of malicious activity has also increased.

Per the UNM IT Policy #2560.5

“UNM IT standards are based on industry best practices designed to ensure that IT resources are effectively managed in support of the University's mission of education, research, and public service. IT standards define procedures, processes, and practices designed to provide an efficient, effective IT system; protect confidential information; minimize security risks; ensure compliance with federal and state laws and regulations, and facilitate an open, interoperable, accessible IT infrastructure that meets the needs of students, faculty, staff, and the University community”

Cause

While UNM IT is undergoing many initiatives to meet or exceed best practices, campus-wide security governance is not in place to ensure security of data and systems on department workstations, laptops, and servers.

Effect

The University is exposed to the risk that proprietary or personal information is accessed by unauthorized individuals or that workstations and servers are more vulnerable to attack. In addition, the University could be held liable in the event that personal or proprietary information is fraudulently used.

Recommendation

We recommend that controls be implemented at the department level to ensure that server and workstation anti-virus software is current, operating systems are regularly patched, laptop hard drives are encrypted, unauthorized software is not loaded onto workstations, and that audits of user account access rights for all critical applications are performed to ensure that access is appropriate and unauthorized users are restricted. We further recommend UNM IT implement monitoring controls to ensure these procedures are

THE UNIVERSITY OF NEW MEXICO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2008

implemented on a consistent basis and are effectively mitigating the risk to the University's systems.

University Response

The Chief Information Officer concurs that a baseline configuration in support of desktop and server operations is required to improve service and to reduce security risks where University operations is concerned. The current Information Technology operational environment at the University allows for the independent and de-centralized funding, hiring, training, deployment, and management of desktops and servers with inconsistent practices regarding security and operations. The CIO will initiate the standardized requirements for ITS managed desktops and servers, as well as to design and deploy common software loadsets that allow for patch management, application management, and data security. The CIO will also deliver a recommendation to adopt desktop and server operations best practices for all University operations by May 15, 2009 in collaboration with University administration.

THE UNIVERSITY OF NEW MEXICO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2008

2008-03. Business Continuity and Disaster Recovery Plan

Condition

The University Main Campus is lacking business continuity plan and a comprehensive disaster plan to assist in recovering critical systems in the event of a disaster. A business continuity plan must first be developed to assess risk and determine critical IT needs of each campus organization. A disaster recovery plan should then be developed based upon the needs determined in the business continuity plan. The current draft disaster recovery plan is missing key information.

Criteria

Control Objectives for Information & Related Technologies or CobiT framework is used to for IT assurance guidance on developing, evaluating, and testing internal controls. CobiT guidelines recommend a business continuity plan and a disaster recovery plan developed to ensure that procedures are in place to continue business operations in the event of a disaster and that the recovery of critical systems can be performed in a timely manner.

Per the UNM IT Policy #2560.5

“UNM IT standards are based on industry best practices designed to ensure that IT resources are effectively managed in support of the University's mission of education, research, and public service. IT standards define procedures, processes, and practices designed to provide an efficient, effective IT system; protect confidential information; minimize security risks; ensure compliance with federal and state laws and regulations, and facilitate an open, interoperable, accessible IT infrastructure that meets the needs of students, faculty, staff, and the University community”

Cause

The University has not approved and implemented a business continuity plan and UNM IT has not implemented a comprehensive disaster recovery plan, which addresses all the critical needs of the University in the event of a business interruption or natural disaster.

Effect

The University may be unable to recover essential systems and data in an acceptable and appropriate manner should there be a business interruption or natural disaster, exposing the University to unacceptable risks in business operations.

Recommendation

We recommend that the University develop a comprehensive business continuity plan which will provide information necessary to develop a feasible disaster recovery plan. Consideration should be given to document critical business needs of the University and their priorities. The disaster recovery plan that currently exists should then be evaluated to ensure it is comprehensive, addresses all the critical needs of the University from an IT perspective, and appropriately prioritizes recovery efforts in a manner acceptable to the University. The disaster recover plan should be reviewed and approved by non-technology management and the plan should be tested annually using a structured walkthrough to ensure its timeliness and viability. Results of testing should be formalized and included with the business continuity plan.

THE UNIVERSITY OF NEW MEXICO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2008

University Response

The Chief Information Officer concurs that the current ITS Disaster Recovery Plan should be aligned and validated based on the University's business needs articulated in a Business Continuity Plan. Under the direction of the EVP for Business and Finance, the CIO will collaborate with the VP for HSC/UNM Finance and University Controller to plan and complete a University Business Continuity Plan that will be used to inform and validate the ITS Disaster Recovery Plan by September 15, 2009.

THE UNIVERSITY OF NEW MEXICO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2008

2008-04. Independent Security Assessment

Condition

An independent security assessment has not reviewed the University's external network connections or performed firewall penetration and vulnerability testing. A security assessment by an independent consultant would provide an objective and unbiased analysis of network access points, uncover potential weaknesses and vulnerabilities, and provide an accurate picture of the University's overall security position.

Criteria

Control Objectives for Information & Related Technologies or CobiT framework is used to for IT assurance guidance on developing, evaluating, and testing internal controls. CobiT guidelines recommend that regular auditing of all network devices, external network connections, and operating systems be reviewed to ensure that network traffic is appropriately restricted to increase the security of systems and data.

Per the UNM IT Policy #2560.5

“UNM IT standards are based on industry best practices designed to ensure that IT resources are effectively managed in support of the University's mission of education, research, and public service. IT standards define procedures, processes, and practices designed to provide an efficient, effective IT system; protect confidential information; minimize security risks; ensure compliance with federal and state laws and regulations, and facilitate an open, interoperable, accessible IT infrastructure that meets the needs of students, faculty, staff, and the University community”

Cause

While UNM IT is undergoing many initiatives to meet or exceed best practices, the department has not had the opportunity to have an independent security assessment performed.

Effect

The University is exposed to the risk of unauthorized access to sensitive data or possible malicious attack if network devices are not properly configured or if servers are vulnerable due to unpatched operating systems. These risks could compromise critical systems on the network.

Recommendation

The University should have a security assessment performed by an independent security consultant to thoroughly analyze all external access points, including e-commerce transactions. The assessment should include a review of firewall, router and server operating system configurations and identify weaknesses and vulnerabilities so they can be resolved and reduce the risk of unauthorized access and malicious attacks.

THE UNIVERSITY OF NEW MEXICO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2008

University Response

The Chief Information Officer concurs that an independent assessment of all external access points is needed. This assessment will be completed by June 30, 2009. The Director of Information Assurance will coordinate the selection, coordination, and audit finding review.

THE UNIVERSITY OF NEW MEXICO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2008

2008-05. Timely Reconciliations of Subsidiary Ledgers – Lobo Club

Condition

We noted that during the year, the Lobo Club's annual fund contribution subsidiary ledgers were not reconciled with the general ledger and that there was no formal, written procedure for the annual fund contribution posting process. Also, multiple employees had access to post transactions.

Criteria

Formal reconciliations help ensure that errors and fraud are detected timely. Formal written procedures help ensure that control activities are communicated to employees so that they are performed as intended. Access to record keeping functions should be limited to reduce the potential for issues related to the segregation of duties.

Cause

It was apparent that the recent vacancy of accounting staff and the lack of a formalized, written procedure process resulted in inaccurate adjustments to past donor payment and changes to prior reconciliation which resulted in an increased effort to reconcile the year end annual fund contribution subsidiary ledgers.

Effect

There is an increased risk that errors or fraud may not be detected timely. Management may not be receiving accurate financial information. The completion of the audit was delayed while the reconciliations were performed.

Recommendation

The Lobo Club should develop a written procedure for the reconciliation of all balance sheet accounts to their subsidiary ledgers in order to ensure that accuracy of the monthly financial statements and underlying subsidiary ledgers. This will help to ensure the accuracy of the monthly financial statements and underlying subsidiary ledgers. Proper segregation is not always possible in a small organization, but limiting the amount of employees able to post transaction to the annual fund contribution subsidiary ledgers with segregation to the extent possible can and should be implemented. The level of staffing should be evaluated to determine that there is adequate staffing available to perform reconciliations.

University Response

The recent vacancy of staff made it apparent to management that there is a need for formal, written procedures for making correcting entries to the annual fund contribution subsidiary ledgers. While this information is included in the instruction that is provided to new staff during training, a procedure manual will provide readily available answers to data entry questions and will help to insure that each step of the process is performed as intended.

THE UNIVERSITY OF NEW MEXICO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2008

2008-06. Timely Reconciliation of Accounts - UNMMG

Condition

During fiscal year 2008, UNM Medical Group (UNMMG) did not perform reconciliations throughout the year or at year-end on the cash transfer account and did not perform a timely review of reconciliations of other account balances such as other accounts receivable, deferred revenue, and miscellaneous income. In addition, the forgiveness of liability reconciliation related to the merger of UPA into UNMMG was not completed in a timely manner.

Criteria

Timely and accurate financial reporting is an integral component of an effective financial management system.

Cause

UNMMG did not perform and/or review account reconciliations for key accounts in a timely manner.

Effect

The lack of proper and timely reconciliations resulted in several audit adjustments being recorded.

Recommendation

We recommend that UNMMG perform and review all key account reconciliations in a timely manner (i.e. monthly) in order to ensure the accuracy of interim as well as year-end financial information.

University Response

Management agrees that reconciliations for the accounts noted above should be performed accurately and corrections posted in a timely manner. While reconciliations were performed and reviewed, Management concurs that final reconciliations and follow-up on account corrections were not completed. Management will implement procedures in FY09 to review reconciliations and ensure corrections are posted to accounts in a timely manner. The transition and merger of UPA into UNMMG in FY 08 and the accounting treatment of the surviving entity was still being finalized through the end of the fiscal year. This resulted in a delay of the final forgiveness determination. The forgiveness of liability was a one-time non-recurring event; therefore no further action is required.

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Schedule of Pledged Revenues for the year ended June 30, 2008 Unaudited

	Tuition and Fees	Patient Services	Clinical Operations	Contracts and Grants
Revenues	\$ 94,752,894	\$ 168,189,995	\$ 493,860,588	\$ 288,706,531
Excluded Revenues:				
State Appropriations				
Local Appropriations				
Patient Services		168,189,995		
Restricted Funds	9,983,326			
Federal Contracts & Grants				192,592,104
State Contracts & Grants				32,566,578
Local Contracts & Grants				23,301,675
Facilities and Administrative Cost Recovery				(37,486,924)
University of New Mexico Hospital			452,839,570	
University of New Mexico Psychiatric Center			25,632,936	
University of New Mexico Children's Psychiatric Center			15,388,082	
Total Excluded Revenues	\$ 9,983,326	\$ 168,189,995	\$ 493,860,588	\$ 210,973,433
Pledged Revenues	\$ 84,769,568	\$ -	\$ -	\$ 77,733,098

Resources Available to Cover Debt Service	FY08
Pledged Revenues	\$ 313,029,927
Less FY08 Debt Service	
Interest on Debts	26,941,988
Principal Repayments on Debts	11,557,506
Excess of Pledged Revenues over Debt Service	\$ 274,530,433
Future average annual debt service through year ended June 30, 2036	\$ 41,306,966
Future highest annual debt service year ended June 30, 2033	\$ 47,827,700

See accompanying Independent Auditors' Report.

SCHEDULE 10

Sales and Services	Appropriations	Investments	Capital	Gifts	Other	Total
\$ 104,881,546	\$ 346,044,844	\$ 16,148,502	\$ 73,433,362	\$ 35,838,414	\$ 53,246,105	\$ 1,675,102,781
	340,410,735					340,410,735
	5,634,109					5,634,109
						168,189,995
4,836,415		9,839,646	73,433,362	3,315,355	41,595,890	143,003,994
						192,592,104
						32,566,578
						23,301,675
						(37,486,924)
						452,839,570
						25,632,936
						15,388,082
\$ 4,836,415	\$ 346,044,844	\$ 9,839,646	\$ 73,433,362	\$ 3,315,355	\$ 41,595,890	\$ 1,362,072,854
\$ 100,045,131	\$ -	\$ 6,308,856	\$ -	\$ 32,523,059	\$ 11,650,215	\$ 313,029,927

THE UNIVERSITY OF NEW MEXICO

Schedule of Campus Statistics for the year ended June 30, 2008
Unaudited

Degrees and Certificates

Main Campus	2004	2005	2006	2007	2008
Certificate	-	-	15	11	16
Associate	10	12	7	10	9
Bachelor's	2,777	2,818	2,890	2,996	3,052
Master's	1,073	1,197	1,215	1,110	1,110
Education Specialist	14	5	26	16	9
Doctorate	195	205	181	185	166
Professional (Law, Medicine and Pharmacy)	243	250	250	293	269
Post Master's Certificate	4	8	6	6	5
Total	4,316	4,495	4,590	4,627	4,636

Fall Head Count

Main Campus	2004	2005	2006	2007	2008
Professional (Law, Medicine and Pharmacy)	981	1,018	1,009	1,008	1,006
Undergraduate	20,274	20,358	19,973	19,986	20,109
Graduate	5,084	4,904	4,835	4,755	4,705
Total	26,339	26,280	25,817	25,749	25,820
Resident	22,731	22,838	22,583	22,611	22,568
Non-resident	3,608	3,442	3,234	3,138	3,252
Total	26,339	26,280	25,817	25,749	25,820
Total FTE	20,425	20,561	20,289	20,307	20,581

SCHEDULE 11

Libraries

Number of volumes:	June 2004	June 2005	June 2006	June 2007	June 2008*
General Library	2,138,756	2,211,213	2,192,349	2,232,097	2,258,000
Law Library	238,034	239,970	235,592	236,734	238,000
Health Sciences Library and Informatics Center	171,577	171,223	162,384	154,242	148,000
Other main campus libraries	59,256	59,498	84,757	84,757	85,000
Total	2,607,623	2,681,904	2,675,082	2,707,830	2,729,000

Number of current periodical subscriptions:

General Library	10,074	10,021	19,243	34,880	35,000
Law Library	3,249	3,239	3,281	3,296	3,300
Health Sciences Library and Informatics Center	1,576	1,734	1,790	2,198	2,000
Other main campus libraries	132	133	9	-	
Total	15,031	15,127	24,323	40,374	40,300

* - Estimated

Facilities

Net Square Footage

Main Campus Space Use	2004	2005	2006	2007	2008
Classroom	314,018	306,808	312,203	324,476	362,643
Common	3,005,474	3,162,069	3,225,952	3,345,685	2,681,348
Gymnasium	363,034	363,034	363,123	363,123	425,317
Laboratory	681,872	689,744	707,190	731,586	760,566
Library	312,118	312,118	313,337	330,898	379,532
Office	1,081,998	1,107,940	1,147,007	1,163,202	1,425,778
Residential	826,826	826,826	826,826	828,567	830,043
Shop	60,879	61,333	57,936	58,626	85,357
Storage	272,220	285,297	285,535	283,578	438,490
Theater	39,238	40,088	40,192	10,192	128,245
Total	6,957,677	7,155,257	7,279,301	7,439,933	7,517,319

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EXIT CONFERENCE

June 30, 2008

The financial statements were prepared by the financial officials of the University of New Mexico. An exit conference was conducted on October 21, 2008, in which the contents of this report were discussed with the following:

UNIVERSITY OF NEW MEXICO

Raymond G. Sanchez	Chair, UNM Board of Regents Audit Committee
John M. "Mel" Eaves	Vice Chair, UNM Board of Regents Audit Committee
Carolyn J. Abeita	UNM Board of Regents Audit Committee
David J. Schmidly	President
David W. Harris	Executive Vice President for Administration, COO and CFO
Ava J. Lovell	Vice President for HSC/UNM Finance & University Controller
Helen Gonzales	Vice President, Human Resources
Elizabeth Metzger	Chief Accounting and Treasury Officer, Main Campus
Ella B. Watt	Chief Financial Officer, UNM Hospital
Valri Ward	Executive Director of Finance & Controller, UNM Hospital
Robert Fondino	Chief Accounting and Budget Officer, HSC
Gilbert Gonzales	CIO, Information Technology Services
Ron Martinez	Director, Student Financial Aid
Mary Kenney	Director, Facilities Planning
Sandra Liggett	Senior Associate, University Council & General Law Section Leader
Christine Chavez	Director, Internal Audit
Yvonne Cox	Manager, Internal Audit
Lisa Wauneka	Information Systems Auditor, Internal Audit
Avedona Lucero	Internal Auditor 3, Internal Audit

MOSS ADAMS LLP

Wayne Brown	Managing Partner
Larry Carmony	Partner, Component Units
Brandon Fryar	Partner

KPMG

John Kennedy	Partner
Suzette Longfellow	Senior Manager, UPA
Jaime Clark	Manager, UNM Hospital/Other Clinical Operations

