

BOARD OF REGENTS

FINANCE & FACILITIES COMMITTEE

MEETING AGENDA

February 7, 2024, 1:30 p.m.

SCHOLES HALL, ROBERTS ROOM



THE UNIVERSITY OF
NEW MEXICO.

TAB 1

#1

Call to Order, Confirmation of a Quorum, and Adoption of Agenda

The University of New Mexico
Board of Regents' Finance and Facilities Committee
February 7, 2024, 1:30 pm
Scholes Hall, Roberts Room
AGENDA

1. **ACTION ITEM:** Call to Order, Confirmation of a Quorum, and Adoption of Agenda
2. **COMMENTS:** Open for Comments
3. **ACTION ITEM:** Approval of Finance and Facilities Committee Meeting Summary from December 6, 2023
4. **ACTION ITEM:** Approval of Disposition of Surplus Property for November and December 2023 (*Presenter: Bruce Cherrin, Chief Procurement Officer, Purchasing Department*)
5. **INFORMATION ITEM:** Information on 2nd Quarter Consolidated Financial Report through December 31, 2023 (*Presenters: Norma Allen, University Controller, Financial Services and Kenny Stansbury, University Treasurer, Financial Services*)
6. **ACTION ITEM:** Approval of the New Mexico Higher Education Department, Institutional Finance Division, 2nd Quarter Financial Actions Report and Certification through December 31, 2023 (*Presenter: Norma Allen, University Controller, Financial Services*)
7. **ACTION ITEM:** Project Construction Approvals:
 1. Center for Collaborative Art and Technology Utilities Extension (*Presenter: Tabia Murray Allred, Strategic Planner, Institutional Support Services*)
8. **ACTION ITEM:** Approval of Naming Request from School of Engineering for Exterior Basketball Hoop (*Presenters: Donna Riley, Jim and Ellen King Dean of Engineering and Computing; Sang Han, Professor and Chair, Chemical and Biological Engineering; and Lisette Miles, Development Director, School of Engineering*)
9. **ACTION ITEM:** Approval of Board Appointment and Reappointments to UNM Rainforest Innovations Board of Directors (*Presenter: Lisa Kuuttilla, CEO & Chief Economic Development Officer, UNM Rainforest Innovations*)
10. **INFORMATION ITEM:** Fixed Income Investment Portfolio Presentation (*Presenters: Kenny Stansbury, University Treasurer, Financial Services and Max Kotary, Aon Investments*)
11. **INFORMATION ITEM:** UNM Rainforest Innovations Annual Meeting of the Member
 - a. Acceptance of the FY 2022-23 Annual Report and Audit Report (*Presenter: Lisa Kuuttilla, CEO & Chief Economic Development Officer, UNM Rainforest Innovations*)

The University of New Mexico
Board of Regents' Finance and Facilities Committee
February 7, 2024, 1:30 pm
Scholes Hall, Roberts Room
AGENDA

12. **INFORMATION ITEM:** Lobo Energy Inc. Annual Meeting of the Member
a. Summarized Minutes of the February 15, 2023 Meeting
b. Acceptance of the FY 2022-23 Audit (*Presenter: Jason Strauss, President/CEO, Lobo Energy Inc.*)
13. **INFORMATION ITEM:** Lobo Development Annual Meeting of the Member
a. Summarized Minutes of the February 15, 2023 Meeting
b. Acceptance of the FY 2022-23 Audit (*Presenters: David Campbell, Executive Director, Lobo Development Corporation, and Teresa Costantinidis, CEO, LDC and EVPFA*)
14. **ACTION ITEM RECOMMENDATIONS:** Recommendations for Action Items for Consent Agenda on Full Board of Regents' Agenda (*Bill Payne, Chair, Regents' Finance & Facilities Committee*)
15. **INFORMATION ITEM RECOMMENDATIONS:** Recommendations for Information Items for Full Board of Regents' Agenda (*Bill Payne, Chair, Regents' Finance & Facilities Committee*)
16. **EXECUTIVE SESSION:** None

TAB 2

#2

Open for Comments

COMMENTS:

Open for Comments

TAB 3

#3

Approval of Finance and Facilities Committee Meeting
Summary from December 6, 2023

THE UNIVERSITY OF NEW MEXICO
Board of Regents' Finance and Facilities (F&F) Committee
December 6, 2023
Meeting Summary
DRAFT

Committee Members Present:

Regent Bill Payne, Chair Regent Paula Tackett (Zoom)
Regent Kim Sanchez Rael (Zoom) Regent Paul Blanchard (Zoom)

Executive Administration Present: Garnett Stokes, University President; EVP for Academic Affairs; and Teresa Constantinidis, EVP for Finance and Administration

ACTION ITEMS:

1. **Call to Order, Confirmation of a Quorum, and Adoption of Agenda.** Regent Payne called the meeting to order at 1:30 p.m. and confirmed that a quorum was established with Regent Blanchard and Regent Tackett. **Regent Tackett moved to adopt the agenda and Regent Blanchard seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**

COMMENTS:

2. There were no public comments.

ACTION ITEMS (Continued):

3. **Approval of Finance and Facilities Committee Meeting Summary from August 2 and October 18, 2023.** Regent Blanchard moved to approve and Regent Tackett seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.
4. **Approval of Disposition of Surplus Property for July through October 2023.** Bruce Cherrin gave the presentation. Regents' approval was requested for the disposition of surplus property for July through October 2023. Items listed in the E-Book are either obsolete or beyond repair. The detailed report is in the E-book. **Regent Tackett moved to approve, and Regent Blanchard seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**

INFORMATION ITEMS (Continued):

5. **1st Quarter Consolidated Financial Report through September 30, 2023.** Norma Allen, Kenny Stansbury and Maria Dion gave the presentation. The detailed report is in the E-book.
6. **UNM Treasurer Cash and Investment Advisory Report.** Norma Allen and Kenny Stansbury gave the presentation. The detailed report is in the E-book.
7. **Debt Advisory Plan.** Vahid Staples gave the presentation. The detailed report is in the E-book.

ACTION ITEMS (Continued):

8. Project Construction Approvals/Reapprovals:

1. **Popejoy Hall – Renovation Improvements.** Tabia Murray Allred and Maria Dion gave the presentation. Regents' approval was requested for the Popejoy Hall renovation improvements. The total estimated project budget is \$2.3M. The detailed report is in the E-book.
2. **Demolition of Building #67-Re-Approval.** Tabia Murray Allred and Maria Dion gave the presentation.

Regents' re-approval was requested for the Demolition of Building #67. The total estimated project budget is \$2.2M. The detailed report is in the E-book.

Regent Tackett moved to approve, and Regent Sanchez Blanchard seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.

9. **Approval of Appointments to the UNM Rainforest Innovations (UNMRI) Board of Directors.** Lisa Kuuttila gave the presentation. Regents' approval was requested for the appointments to the UNM Rainforest Innovations (UNMRI) Board of Directors. Approval is requested for Dr. Hengameh Raissy, who will serve until her appointment as Interim Vice President for Research with UNM Health Sciences concludes. Approval for Dr. Shery Welsh is requested for a four-year term ending on June 30, 2027. **Regent Blanchard moved to approve, and Regent Tackett seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**
10. **Approval of Request to Name the Existing Batting Cage Building at the Santa Ana Star Field.** Teresa Costantinidis gave the presentation. Regents' approval was requested to name the existing batting cage building at the Santa Ana Star Field. The detailed report is in the E-book. **Regent Tackett moved to approve, and Regent Blanchard seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**
11. **Approval of Harwood Foundation Governing Board Nominations.** Teresa Costantinidis gave the presentation. Regents' approval was requested for the Harwood Foundation Governing Board Nominations. Approval of three-year term positions are requested for Romy Colonius, Liz Neely, and Laurie Medley to the Harwood Foundation Governing Board. The detailed report is in the E-book. **Regent Blanchard moved to approve, and Regent Tackett seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**

ACTION ITEM RECOMENDATIONS:

12. **Recommendations for Action Items for Consent Agenda on Full Board of Regents' Agenda.** Regent Payne recommended agenda items 8, 9, 10 and 11 be placed on the full Board of Regents' consent agenda. **Regent Blanchard moved to approve, and Regent Tackett seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**

INFORMATION ITEM RECOMMENDATIONS:

13. **Recommendations for Information Items to be placed on the Full Board of Regents' Agenda.** Regent Payne recommended agenda items 5, 6, and 7 be placed on the full Board of Regents' agenda, with no presentation. **Regent Blanchard moved to approve, and Regent Tackett seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**

EXECUTIVE SESSION:

14. **Executive Session:** None.

Regent Blanchard moved to adjourn at 3:12 p.m. and Regent Tackett seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.

TAB 4

#4

Approval of Disposition of Surplus Property for November and December 2023 (Presenter: Bruce Cherrin, Chief Procurement Officer, Purchasing Department)



Disposition of Surplus Property Approval
November 2023 – December 2023

Date: January 10, 2024

To: Bruce Cherrin
Chief Procurement Officer
Purchasing Department

From: Marcos Roybal
Associate Director – Finance & Administration
Purchasing Department
University Services

Attached for your review and submission to the Board of Regents is the Surplus Property Disposition detail list for the months of November 2023 – December 2023.

Consistent with UNM Board of Regents Policy 7.9 and the NM Disposition of Surplus Property Act, 13-6-1, NMSA 1978, and based upon documentation submitted by the UNM departments responsible for the equipment, I certify that the equipment identified on the monthly list is worn-out, unusable or obsolete to the extent that the items are no longer economical or safe for continued use by the University. I recommend that the items be deleted from UNM's inventory and disposed of in accordance with the above noted Regents Policy and NM Surplus Property Act.



PURCHASING DEPARTMENT – DISPOSITION OF SURPLUS PROPERTY

NOVEMBER 2023 – DECEMBER 2023

Surplus Property Disposition - November 2023

Asset Tag	Department	Description	Manufacturer	Purchased	Total Cost (\$)	NBV (\$)	Disposal Method
N00031420	Pathology Faculty #C09	Freezer	BioExp ULT 10140-9-D18	6/24/2011	\$23,489.00	\$0.00	Beyond Repair
N00023993	CASAA Clinical Research	Vehicle 2007 Toyota Prius VIN JTDKB20U177	Toyota	1/14/2010	\$18,949.51	\$0.00	Too Costly to Repair
N00069626	SOL Academic	Server/PowerEdgeR840	Dell	4/19/2019	\$17,896.09	\$0.00	Obsolete
N00069627	SOL Academic	Server/PowerEdgeR840	Dell	4/19/2019	\$17,896.09	\$0.00	Obsolete
N00055152	Safety and Risk Services Gen Admin	Vehicle/2015GemE4S	Solaris	2/9/2016	\$16,874.00	\$0.00	Obsolete
N00058968	COP PS Chair's Office Admin	PCRDetectionSystem/CFXConnect	Bio Rad Real-Time PCR Detection System	10/25/2016	\$15,150.00	\$0.00	Beyond Repair
N00080084	Safety and Risk Services Gen Admin	Vehicle/2014GEMe2	Polaris	5/20/2021	\$14,353.00	\$0.00	Obsolete
263236	Pathology Department	TISSUE PROCESSOR	UNKNOWN/OTHER	9/26/2003	\$10,738.00	\$0.00	Obsolete
N00060407	NM Center for Memory and Aging	UprightUltraLowFreezer/TSU500AW	ThermoFisher Scientific	3/14/2017	\$9,228.73	\$0.00	Too Costly to Repair
228317	Pathology Department	FREEZER	VWR	9/22/1997	\$7,579.00	\$0.00	Beyond Repair
N00009829	AS Biology Faculty #109	Printer	HewlettPac	11/15/2006	\$6,832.00	\$0.00	Too Costly to Repair
229692	Los Alamos Branch	GARDEN TRACTOR	JohnDeer	2/10/1998	\$6,197.00	\$0.00	Too Costly to Repair
N00038033	School of Law	Computer/NX300	Dell	9/22/2012	\$5,362.71	\$0.00	Obsolete
Total Asset Disposition (#)							13
Total Capitalization (\$)							\$170,545.13
Total Net Book Value (\$)							\$0.00



Surplus Property Disposition - December 2023

Asset Tag	Department	Description	Manufacturer	Purchased	Total Cost (\$)	NBV (\$)	Disposal Method
217995	FM Recycling	MV VAN	Dodge	4/29/1996	\$19,831.00	\$0.00	Too Costly to Repair
246077	Ctr for Adv. Research Computing	NETWORKING SWITCH	Alpine	3/25/2001	\$14,172.00	\$0.00	Obsolete
N00040150	OMI Faculty #5	Freezer/UprightIsotempUltra-lowTemp	FisherHeal/Fisher Healthcare	3/27/2013	\$7,382.19	\$0.00	Beyond Repair
134001	OMI Medical/Academic	MACHINE X-RAY	HewlettPac	1/1/1979	\$6,985.00	\$0.00	Obsolete
N00033640	COP PS Faculty #26	Autoclave	Tuttnauer	11/9/2011	\$5,711.95	\$0.00	Beyond Repair
N00019992	Global Education Office	Scanner	Fujitsu	3/10/2009	\$5,446.97	\$0.00	Obsolete
152632	Biochemistry Molec Biol Faculty#04	ULTRACENTRIFUGE	Beckman	1/1/1983	\$5,350.00	\$0.00	Obsolete
Total Asset Disposition (#)							7
Total Capitalization (\$)							\$64,879.11
Total Net Book Value (\$)							\$0.00



New Mexico Compilation Commission

13-6-1 . Disposition of obsolete, worn-out or unusable tangible personal property.

A. The governing authority of each state agency, local public body, school district and state educational institution may dispose of any item of tangible personal property belonging to that authority and delete the item from its public inventory upon a specific finding by the authority that the item of property is:

- (1) of a current resale value of five thousand dollars (\$5,000) or less; and
- (2) worn out, unusable or obsolete to the extent that the item is no longer economical or safe for continued use by the body.

B. The governing authority shall, as a prerequisite to the disposition of any items of tangible personal property:

- (1) designate a committee of at least three officials of the governing authority to approve and oversee the disposition; and
- (2) give notification at least thirty days prior to its action making the deletion by sending a copy of its official finding and the proposed disposition of the property to the state auditor and the appropriate approval authority designated in Section 13-6-2 NMSA 1978, duly sworn and subscribed under oath by each member of the authority approving the action.

C. A copy of the official finding and proposed disposition of the property sought to be disposed of shall be made a permanent part of the official minutes of the governing authority and maintained as a public record subject to the Inspection of Public Records Act [Chapter 14, Article 2 NMSA 1978].

D. The governing authority shall dispose of the tangible personal property by negotiated sale to any governmental unit of an Indian nation, tribe or pueblo in New Mexico or by negotiated sale or donation to other state agencies, local public bodies, school districts, state educational institutions or municipalities or through the central purchasing office of the governing authority by means of competitive sealed bid or public auction or, if a state agency, through the surplus property bureau of the transportation services division of the general services department.

E. A state agency shall give the surplus property bureau of the transportation services division of the general services department the right of first refusal when disposing of obsolete, worn-out or unusable tangible personal property of the state agency.

F. If the governing authority is unable to dispose of the tangible personal property pursuant to Subsection D or E of this section, the governing authority may sell or, if the property has no value, donate the property to any organization described in Section 501(c)(3) of the Internal Revenue Code of 1986.

G. If the governing authority is unable to dispose of the tangible personal property pursuant to Subsection D, E or F of this section, it may order that the property be destroyed or otherwise permanently disposed of in accordance with applicable laws.

H. If the governing authority determines that the tangible personal property is hazardous or contains hazardous materials and may not be used safely under any circumstances, the property shall be destroyed and disposed of pursuant to Subsection G of this section.

I. No tangible personal property shall be donated to an employee or relative of an employee of a state agency, local public body, school district or state educational institution; provided that nothing in this subsection precludes an employee from participating and bidding for public property at a public auction.

J. This section shall not apply to any property acquired by a museum through abandonment procedures pursuant to the Abandoned Cultural Properties Act [18-10-1 to 18-10-5 NMSA 1978].

K. Notwithstanding the provisions of Subsection A of this section, the department of transportation may sell through public auction or dispose of surplus tangible personal property used to manage, maintain or build roads that exceeds five thousand dollars (\$5,000) in value. Proceeds from sales shall be credited to the state road fund. The department of transportation shall notify the department of finance and administration regarding the disposition of all property.

L. If the secretary of public safety finds that the K-9 dog presents no threat to public safety, the K-9 dog shall be released from public ownership as provided in this subsection. The K-9 dog shall first be offered to its trainer or handler free of charge. If the trainer or handler does not want to accept ownership of the K-9 dog, then the K-9 dog shall be offered to an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 free of charge. If both of the above fail, the K-9 dog shall only be sold to a qualified individual found capable of providing a good home to the animal.

History: 1953 Comp., § 6-1-7.1, enacted by Laws 1961, ch. 100, § 1; 1979, ch. 195, § 2; 1984, ch. 47, § 1; 1987, ch. 15, § 1; 1989, ch. 211, § 6; 1995, ch. 181, § 1; 1998, ch. 16, § 1; 2001, ch. 317, § 1; 2007, ch. 57, § 4; 2012, ch. 10, § 1; 2013, ch. 9, § 1.

TAB 5

#5

Information on 2nd Quarter Consolidated Financial Report through December 31, 2023 (Presenters: Norma Allen, University Controller, Financial Services and Kenny Stansbury, University Treasurer, Financial Services)



CONSOLIDATED FINANCIAL REPORT

FISCAL YEAR 2023-2024

2nd Quarter Financial Report
through December 31, 2023



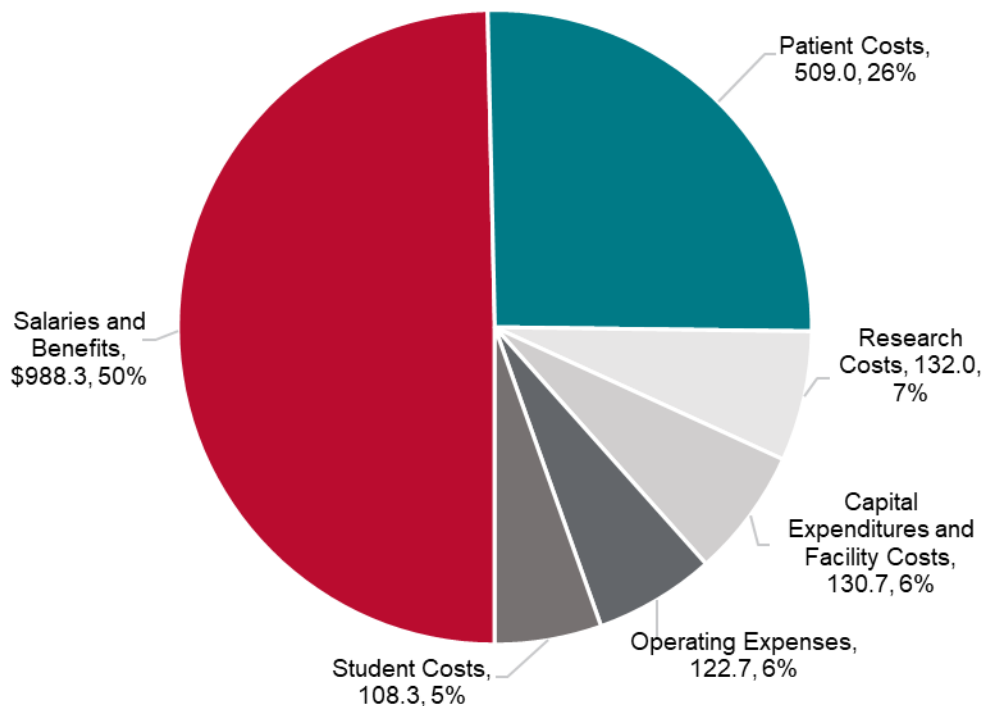
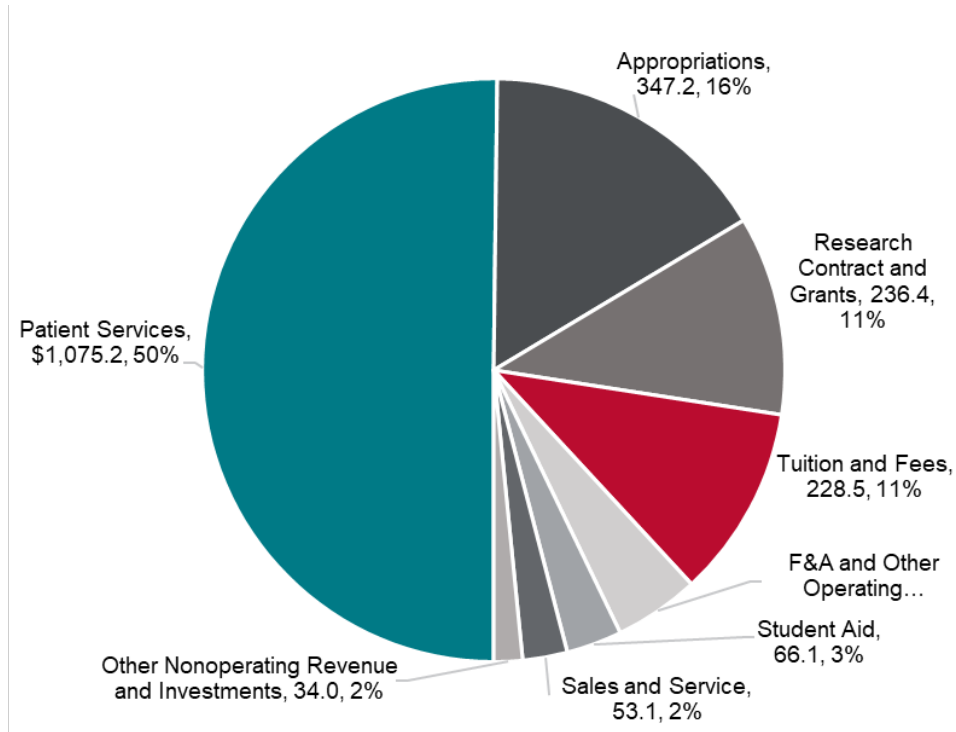
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Consolidated – Actuals Through 12/31/23

FYTD Revenue and Expense Graphs

Presented in millions, figures are unaudited



BUDGET TO ACTUALS

UNM Consolidated

Budget to Actual Income Statement

Presented in millions, figures are unaudited
Consolidated FYTD as of December 31, 2023

	As of December 31, 2023				As of December 31, 2022				CY vs. PY Actuals	
	Fiscal Year to Date		Variance		Fiscal Year to Date		Variance		Variance	
	<i>Budget</i>	<i>Actuals</i>	\$	%	<i>Budget</i>	<i>Actuals</i>	\$	%	\$	%
Patient Services	\$1,085.3	\$1,075.2	(10.1)	(0.9%)	\$1,065.4	\$1,047.0	(18.4)	(1.7%)	28.2	2.7%
Appropriations	302.8	347.2	44.4	14.7%	270.7	284.1	13.4	4.9%	63.2	22.2%
Research Contract and Grants	220.2	236.4	16.2	7.4%	206.8	194.0	(12.7)	(6.2%)	42.4	21.8%
Tuition and Fees	215.8	228.5	\$12.7	5.9%	203.9	211.4	\$7.5	3.7%	\$17.1	8.1%
F&A and Other Operating Revenue	101.7	101.3	(.3)	(0.3%)	91.2	79.0	(12.2)	(13.4%)	22.3	28.3%
Student Aid	97.1	66.1	(31.1)	(32.0%)	55.5	74.2	18.7	33.6%	(8.1)	(10.9%)
Sales and Service	41.8	53.1	11.4	27.2%	39.6	45.7	6.1	15.5%	7.5	16.4%
Other Nonoperating Revenue and Investments	53.5	34.0	(19.5)	(36.5%)	36.3	8.2	(28.1)	(77.4%)	25.8	315.0%
Total Revenues	\$2,118.2	\$2,141.8	\$23.7	1.1%	\$1,969.3	\$1,943.5	(\$25.9)	-1.3%	\$198.4	10.2%
Salaries and Benefits	\$988.3	\$988.3	(\$0.0)	(0.0%)	\$975.2	\$953.8	\$21.4	2.2%	\$34.5	3.6%
Patient Costs	498.9	509.0	(10.1)	(2.0%)	476.9	457.4	19.5	4.1%	51.6	11.3%
Research Costs	168.7	132.0	36.7	21.8%	159.8	114.2	45.5	28.5%	17.8	15.6%
Capital Expenditures and Facility Costs	155.6	130.7	24.9	16.0%	86.6	112.3	(25.7)	(29.7%)	18.4	16.4%
Operating Expenses	133.0	122.7	10.2	7.7%	161.7	107.1	54.6	33.8%	15.6	14.6%
Student Costs	116.9	108.3	8.6	7.4%	74.2	92.5	(18.2)	(24.6%)	15.8	17.0%
Total Expenses	\$2,061.4	\$1,991.0	\$70.4	3.4%	\$1,934.4	\$1,837.3	\$97.1	5.0%	\$153.7	8.4%
Net Income	\$56.8	\$150.8	\$94.1	165.7%	\$34.9	\$106.1	\$71.2	203.7%	\$44.7	42.1%

Executive Summary

Net Income for the combined enterprise is \$150.8M as of December 31, 2023.

Total Revenues are up compared to budget by \$23.7M or 1.1%. On the campus side, tuition and fees and sales and services are up due to increases in enrollment. Appropriations are up on the campus side due to the capital general fund allotment and compensation for the full year coming in. On the UNM Health and Health Sciences side, research revenues are above budget due to the non-recurring FEMA payment. Compared to prior year Quarter 2, all revenues have improved by 10.2% in all categories except Student Aid. This is due to timing differences related to the Lottery Scholarship.

Total Expenses have a favorable budget variance of \$70.4M. Research costs and capital expenditures make up the majority of the variance. The research costs variance is related to contract and grant expenses within UNM Health and Health Sciences. The capital expenditure variance is expected to trend down as spending ramps up on projects funded with capital general fund appropriations. Compared to prior year Quarter 2, total expenses are up \$153.7M or 8.4%. Patient costs and salaries and benefits increased considerably from prior year.

UNM Campus

Budget to Actual Income Statement

Presented in millions, figures are unaudited
UNM Main, Branches and Plant Funds FYTD as of December 31, 2023

	As of December 31, 2023				As of December 31, 2022				CY vs. PY Actuals	
	Fiscal Year to Date		Variance		Fiscal Year to Date		Variance		Variance	
	Budget	Actuals	\$	%	Budget	Actuals	\$	%	\$	%
Tuition and Fees	\$199.6	\$212.2	\$12.7	6.3%	\$187.6	\$194.5	\$6.9	3.7%	\$17.7	9.1%
Appropriations	161.1	203.3	42.1	26.2%	138.9	154.1	15.1	10.9%	49.2	31.9%
Research Contract and Grants	74.3	75.0	.7	1.0%	58.2	86.8	28.6	49.1%	(11.7)	(13.5%)
Student Aid	96.0	65.2	(30.8)	(32.1%)	54.5	73.8	19.3	35.4%	(8.5)	(11.6%)
Sales and Service	41.8	53.1	11.4	27.2%	39.6	45.7	6.1	15.5%	7.5	16.4%
Other Nonoperating Revenue and Investments	50.5	32.1	(18.5)	(36.6%)	33.3	5.8	(27.5)	(82.5%)	26.2	449.5%
F&A and Other Operating Revenue	21.1	16.8	(4.2)	(20.1%)	19.9	15.0	(4.9)	(24.5%)	1.8	12.2%
Patient Services	8.1	11.9	3.8	46.5%	7.0	9.5	2.5	36.6%	2.4	25.0%
Total Revenues	\$652.5	\$669.6	\$17.2	2.6%	\$538.9	\$585.1	\$46.2	8.6%	\$84.6	14.5%
Salaries and Benefits	\$283.9	\$272.0	\$11.9	4.2%	\$262.4	\$246.9	\$15.5	5.9%	\$25.1	10.2%
Student Costs	115.8	107.4	8.4	7.3%	73.2	92.1	(18.9)	(25.8%)	15.4	16.7%
Capital Expenditures and Facility Costs	105.2	86.2	19.0	18.1%	42.5	72.0	(29.5)	(69.5%)	14.1	19.6%
Operating Expenses	50.4	37.1	13.2	26.3%	73.3	26.4	46.9	64.0%	10.7	40.7%
Research Costs	31.4	27.3	4.1	13.2%	23.9	23.0	.9	3.8%	4.2	18.4%
Patient Costs	.4	.4	(.0)	(4.0%)	.3	.4	(.0)	(0.04)	.0	0.09
Total Expenses	\$587.1	\$530.4	\$56.7	9.7%	\$475.6	\$460.8	\$14.8	3.1%	\$69.6	15.1%
Net Income	\$65.4	\$139.3	\$73.8	112.9%	\$63.3	\$124.3	\$61.0	96.4%	\$15.0	12.0%

Executive Summary

At the end of Quarter 2 fiscal year 2024, UNM Campus is at a \$139.3M favorable impact to reserves, which is \$73.8M greater than originally estimated for this period.

Total revenues exceeded the same period in the prior fiscal year 2023 by \$84.6M or 14.5%. For this fiscal year total revenues are showing a favorable variance of \$17.2M or 2.6%. The budget for tuition considered a flat enrollment. However, this year UNM has boasted its largest first year class in school history. Main campus headcount and student credit hours are up for the fall and spring. Therefore, tuition and fees are showing a favorable budget variance of \$12.7M or 6.3%. Appropriations up compared to budget by \$42.1M. This is due to the capital general fund allotment and compensation for the full year coming in Quarter 2. The unfavorable budget variance of \$30.8M is primarily due to timing differences in Lottery Scholarship. Sales and services are trending upwards with a favorable budget variance of \$11.4M. Residence Halls, Parking, Dining, and Bookstore revenues make up the majority of sales and services revenue. The unfavorable variance of \$18.5M in Other non-operating revenues is due timing differences in project drawdowns from the state and the need to have enough capital budget authority.

Total expenses are showing a favorable budget variance of \$56.7M or 9.7%. Compared to prior year, total expenses are up \$69.6M or 15.1% and this primarily due to the increase in enrollment, compensation increases and capital spending. Salaries and benefits have a \$11.9M budget variance or 4.2%. Overall, the budget variance percentage for salaries and benefits is down compared to last year. Vacancies are slowly being filled as we return to full operations. Operating expenses are showing a favorable variance of 13.2M. Student costs are up compared to prior year by 15.4M. This can be explained by enrollment increases. Capital expenditures are up compared to the prior year by \$14.1M. This is primarily due to the College of Nursing and College of Public Health building construction and Taos Infrastructure project. Operating expenses and capital expenditure budget variances can be explained by the need to have enough budget authority. Also, it is expected that the capital projects funded by general fund appropriations will be spent down over the course of the fiscal year.

UNM Health & Health Sciences

Budget to Actual Income Statement

Presented in millions, figures are unaudited
UNM Health & Health Sciences FYTD as of December 31, 2023

	As of December 31, 2023				As of December 31, 2022				CY vs. PY Actuals	
	Fiscal Year to Date		Variance		Fiscal Year to Date		Variance		Variance	
	<i>Budget</i>	<i>Actuals</i>	\$	%	<i>Budget</i>	<i>Actuals</i>	\$	%	\$	%
Patient Services	\$1,077.2	\$1,063.3	(\$13.9)	(1.3%)	\$1,058.5	\$1,037.5	(\$21.0)	(2.0%)	\$25.8	2.5%
Research Contract and Grants	145.9	161.4	15.5	10.6%	148.6	107.2	(41.3)	(27.8%)	54.1	50.5%
Appropriations	141.7	144.0	2.3	1.6%	131.8	130.0	(1.8)	(1.3%)	14.0	10.8%
F&A and Other Operating Revenue	80.6	84.5	3.9	4.8%	71.3	64.0	(7.3)	(10.2%)	20.5	32.0%
Tuition and Fees	16.3	16.3	.0	0.0%	16.3	16.9	.6	3.7%	(.7)	(3.9%)
Other Nonoperating Revenue and Investments	3.0	2.0	(1.0)	(34.8%)	3.0	2.4	(.6)	(21.3%)	(.4)	(17.1%)
Student Aid	1.1	0.8	(.2)	(22.7%)	1.1	0.4	(.6)	(60.4%)	.4	96.1%
Total Revenues	\$1,465.7	\$1,472.2	\$6.5	0.4%	\$1,430.4	\$1,358.4	(\$72.0)	(5.0%)	\$113.8	8.4%
Salaries and Benefits	\$704.4	\$716.3	(12.0)	(1.7%)	\$712.8	\$706.9	\$5.9	0.8%	\$9.4	1.3%
Patient Costs	498.6	508.6	(10.1)	(2.0%)	476.6	457.0	19.5	4.1%	51.6	11.3%
Research Costs	137.3	104.8	32.6	23.7%	135.8	91.2	44.6	32.9%	13.5	14.8%
Operating Expenses	82.6	85.6	(3.0)	(3.6%)	88.4	80.7	7.7	8.7%	4.9	6.1%
Capital Expenditures and Facility Costs	50.4	44.5	5.9	11.7%	44.1	40.3	3.8	8.6%	4.2	10.5%
Student Costs	1.1	0.8	.2	22.7%	1.1	0.4	.6	60.4%	.4	96.1%
Total Expenses	\$1,474.3	\$1,460.6	(\$13.7)	(0.9%)	\$1,458.8	\$1,376.5	\$82.2	5.6%	\$84.1	6.1%
Net Income	(\$8.6)	\$11.6	\$20.2	234.1%	(\$28.3)	(\$18.1)	\$10.2	(36.0%)	\$29.7	(163.8%)

Executive Summary

UNM Health & Health Sciences -The net income fiscal year to date as of December 31, 2023, is \$11.6M.

UNM Health Sciences

The net margin is \$10.6M as of December 2023. In December, the School of Medicine recorded additional revenue of \$9.5M YTD from the UNM Medical Group to fund on-going operations. F&A revenue is \$2.5M above YTD budget. The budgeted net margin YTD through December 2023 is \$(5.5M).

UNM Hospitals

UNM Hospitals has net income of \$9.3M through December FY24. The Hospitals are behind on operating revenues due to lower than budgeted patient revenues. Operating expenses are higher than budget, primarily in medical supplies, salaries, and benefits, as a result of increased supply costs and continued use of contract nursing labor due to the current labor market. December results were improved by non-recurring FEMA approved projects of \$48.4M.

UNM Sandoval Regional Medical Center

The YTD net loss is \$(1.3M) due to contract labor, charity care and pending Medicaid rate increases related to the acquisition. Current month net loss is \$(654K) due primarily to charity care in December.

UNM Medical Group

The net margin for the six-months ending 12/31/2023 is \$(7.0M). There was a net gain of \$2.0M coming from earnings in the Lovelace/UNM joint venture. A distribution of \$9.5M of the UNM Medical Group reserves was submitted to the School of Medicine in December.

KEY METRICS

Key metrics - combined enterprise FY19-23						
Metric	Best Practice	FY19	FY20	FY21	FY22	FY23
Primary Reserve Ratio	> .4	0.38 🟡	0.40 🟢	0.44 🟢	0.40 🟢	0.37 🟡
Net Operating Revenue Ratio	> 0	0.02 🟢	0.04 🟢	0.07 🟢	0.03 🟢	0.01 🟢
Return on Net Assets Ratio	0.03 - .04 (3-4%)	0.06 🟢	0.07 🟢	0.14 🟢	0.12 🟢	0.04 🟢
Viability Ratio	> 1.0	1.49 🟢	1.79 🟢	2.78 🟢	2.14 🟢	1.63 🟢
Composite Financial Index (CFI)	≥ 1.1	2.9 🟢	3.5 🟢	5.5 🟢	3.4 🟢	🟡

Note: FY23 metrics are draft until final acceptance by Higher Learning Commission. CFI calculated as part of final submission.

Primary Reserve Ratio = *Unrestricted Net Assets / Total Expenses*

The primary reserve ratio is designed to assess if resources are sufficient and flexible for the operating size of an institution.

Net Operating Revenue Ratio = *Income / Revenue*

The net operating revenues ratio gages if an institution is operating within its means. Ideally, to optimize financial health, annual results should contribute to and not subtract from resources.

Return on Net Assets Ratio = *Change in Net Assets / Total Net Assets*

The return on net assets ratio evaluates whether financial performance supports institutional objectives. Essentially, institutions must generate a return on net assets that leads to capital reinvestment and financial sustainability.

Viability Ratio = *Expendable Net Assets / Long Term Debt*

The viability ratio measures if debt resources are strategically managed. The ratio evaluates the extent to which the financial burden of debt outweighs its strategic usefulness.

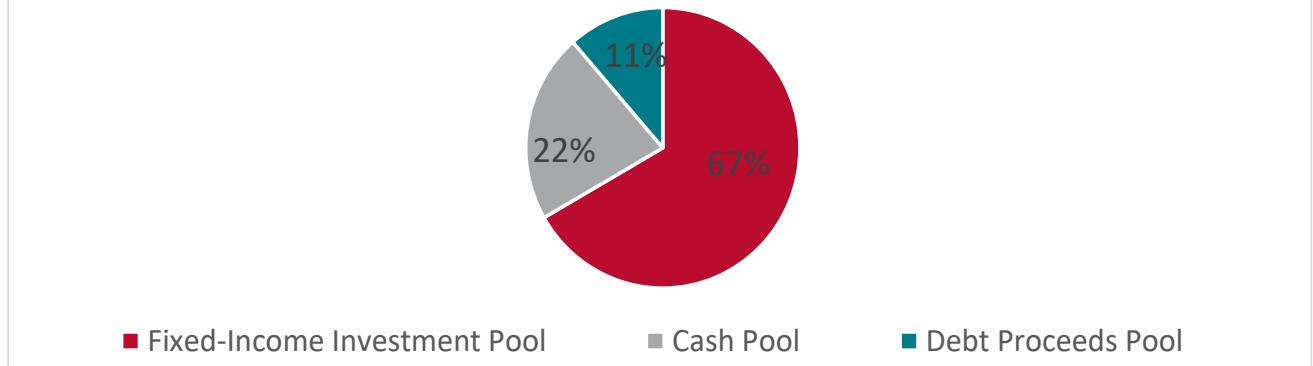
Composite Financial Index (CFI) Score

The four core ratios above are computed and these figures are converted to strength factors along a common scale. Strength factors are then multiplied by specific weighting factors. The resulting four calculations are totaled into one CFI score.

Above the Zone:	CFI of 1.1 to 10.0---No follow-up required.
In the Zone:	CFI of 0 to 1.0 – 1 st year a letter of concern will be issued from HLC.
Below the Zone:	CFI of -.1 to -4.0 – The institution must submit a report and additional financial documents for review by a panel of HLC peer reviewers

Ratios presented are calculated without GASB adjustments, in accordance with guidance from the Higher Learning Commission

UNM (Main and Health Sciences) Cash and Investment Pools at December 31, 2023



Q2 Highlights

- The Operating Investment Pool is invested primarily in high quality short-term fixed-income investments.
- Operating Investment Pool performance was +2.9% (total return) vs. the benchmark return of +3.2%. The Operating Fixed Income Portfolio earned its highest calendar return of the last decade in 2023, at 4.7%
- The portfolio's return was driven by lower interest rates as the U.S. Federal Reserve (Fed) held rates steady at a range of 5.25%-5.5%, and signaled that it may pause, gather data and then possibly lower rates in 2024. Market rates decreased in Q4 based on the Fed's signal.
- The U.S. Treasury yields fell significantly across maturities except at the shortest end of the curve as the yield curve shifted downwards over the quarter and the yield curve continues to be inverted. The 10-year Treasury yield fell by 71bps to 3.88%, and the 30-year Treasury yield fell by 70bps to 4.03% over the quarter.
- Cash Balances increased by \$36 million in Q2 FY2024 with the receipt of fall 2023 opportunity scholarship payments and with planned transferred from fixed income investments.
- The annualized rate for the overnight commercial paper sweep is 4.5%.
- The annualized yield on the Insured Cash Sweep - Operating account remained at 4.0% during Q2.
- The annualized (fixed) yield on the Societe Generale - Flexible Repurchase (Debt Proceeds) account is 3.91%.

SELECT PROJECTS IN CONSTRUCTION

University of New Mexico

Active Projects						
Project Name	Campus	Total Project Costs	Target Completion	Scope	Schedule	Budget
New Hospital Tower	UNMH	\$752,124,556	11/1/2024	●	●	●
College of Nursing and Public Health Excellence Building	Health Sciences	\$43,000,000	6/30/2024	●	●	●
Behavioral Health Crisis Triage Center	UNMH	\$40,000,000	6/30/2024	●	●	●
Lobo Welcome Center	Main	\$10,040,889	3/29/2024	●	●	●
Gurley Career and Technical Education Center	Gallup	\$8,205,300	7/1/2025	●	●	●

Risk Assessment

- No Impact
- Minor Potential Impact
- Potential Major Impact

We prioritize in-process projects exceeding \$5M. Additionally, projects that are aligned with the 2040 plan, the integrated Campus Plan, or those holding historical and/or cultural significances, and projects that have garnered specific interested from Regents, the President, or Executive Vice Presidents (EVPs).

UNM Welcome Center



UNMH Tower



UNM College of Nursing and Public Health Excellence



UNMH Crisis Triage Center



APPENDIX

UNM HEALTH & HEALTH SCIENCES - Consolidated							
Fiscal Year 2024 Year-to-Date Summary through December 31, 2023 (Preliminary and Unaudited)							
DOES NOT INCLUDE INTERCOMPANY ELIMINATIONS							
UNM HEALTH SCIENCES UNM HEALTH							
Clinical and Academic Operations							
	Consolidated FY 2024 YTD 12/31/2023 Original Budget	Consolidated FY 2024 YTD 12/31/2023 Actual	Consolidated FY 2023 YTD 12/31/2022 Actual	Ytd Actual % of Full Year Budget	Consolidated FY 2024 YTD Actual to FY 2024 YTD Original Budget \$ Variance Favrb/(Unfavrb)	Consolidated FY 2024 YTD Actual to FY 2023 YTD Actual \$ Variance Favrb/(Unfavrb)	Original Full Year Budget
1 UNM MEDICAL GROUP REVENUES	246,330,048	243,393,879	238,969,846	49%	(2,936,169)	4,424,033	492,660,095
2 UNM HOSPITALS REVENUES	768,714,063	758,377,913	740,345,685	49%	(10,336,149)	18,032,228	1,537,428,125
3 SRMC REVENUES	62,132,384	61,545,997	58,166,758	50%	(586,387)	3,379,239	124,264,767
4 TUITION AND FEES (EARNED ONLY)	16,252,152	16,252,152	16,903,486	50%	0	(651,335)	32,504,303
5 CIGARETTE TAX REVENUES	1,243,220	774,326	1,094,197	31%	(468,894)	(319,871)	2,486,440
6 RPSAP APPROPRIATIONS	30,287,800	31,612,983	26,400,538	52%	1,325,183	5,212,445	60,575,600
7 I&G APPROPRIATIONS	44,963,300	45,038,285	40,263,596	50%	74,985	4,774,689	89,926,600
8 CAPITAL APPROPRIATIONS	0	679,947	0	#DIV/0!	679,947	679,947	0
9 I&G MAIN CAMPUS TRANSFERS (FORMULA)	5,220,850	5,220,848	5,165,602	50%	(2)	55,246	10,441,700
10 F&A REVENUES (OH RETURN)	15,750,000	18,251,444	15,263,024	58%	2,501,444	2,988,420	31,500,000
11 HSC/UNM INTERNAL TRANSFERS	(1,163,074)	(3,446,367)	(3,098,049)	148%	(2,283,293)	(348,318)	(2,326,148)
12 MILL LEVY	65,179,810	65,861,371	62,229,006	51%	681,562	3,632,365	130,359,619
13 CARES ACT FUNDING	0	0	0	#DIV/0!	0	0	0
14 FEMA FUNDING	0	48,439,632	8,522,954	#DIV/0!	48,439,632	39,916,678	0
15 EQUITY IN INCOME OF LOVELACE/UNM JOINT VENTURE	3,000,000	1,956,590	2,361,364	33%	(1,043,410)	(404,774)	6,000,000
16 OTHER REVENUES	58,230,474	52,700,092	44,551,904	45%	(5,530,382)	8,148,188	116,460,947
17 CONTRACT AND GRANT REVENUES	149,549,061	125,538,824	101,266,643	42%	(24,010,236)	24,272,181	299,098,121
TOTAL REVENUES	1,465,690,085	1,472,197,915	1,358,406,554	50%	6,507,830	113,791,361	2,931,380,169
18 TOTAL COMPENSATION EXPENSES	704,380,476	716,331,783	706,938,698	51%	(11,951,307)	(9,393,085)	1,408,760,951
19 SUPPLIES/MEDICAL SUPPLIES	149,463,282	159,810,597	143,065,478	53%	(10,347,315)	(16,745,119)	298,926,564
20 UNIVERSITY CLINICIANS PROGRAM	72,505,839	73,993,892	61,746,342	51%	(1,488,053)	(12,247,550)	145,011,678
21 HOUSESTAFF	22,186,826	21,575,277	20,746,833	49%	611,549	(828,444)	44,373,651
22 PATIENT CARE COSTS	73,413,166	73,077,561	67,960,228	50%	335,604	(5,117,333)	146,826,331
23 PURCHASED SERVICES	162,919,800	165,008,788	151,520,833	51%	(2,088,988)	(13,487,955)	325,839,599
24 OTHER MEDICAL SERVICES	26,467,841	22,639,114	18,821,687	43%	3,828,727	(3,817,427)	52,935,681
25 SUB AWARDS/SERVICE CONTRACTS	8,942,632	11,703,577	8,660,901	65%	(2,760,946)	(3,042,676)	17,885,263
26 OCCUPANCY	27,917,844	29,143,390	23,669,719	52%	(1,225,546)	(5,473,671)	55,835,688
27 PLANT RENEWAL/DEPRECIATION	22,868,940	23,852,738	24,783,062	52%	(983,798)	930,324	45,737,880
28 USE OF UNMMG RESERVES	962,500	1,161,000	966,000	60%	(198,500)	(195,000)	1,925,000
29 OTHER EXPENSES	64,115,312	57,563,913	56,795,742	45%	6,551,399	(768,171)	128,230,624
30 CONTRACT AND GRANT EXPENSES	138,184,553	104,753,907	90,873,362	38%	33,430,646	(13,880,545)	276,369,106
31 COMMITTED FOR CAPITAL PROJECTS	0	0	0	#DIV/0!	0	0	0
TOTAL EXPENSES	1,474,329,008	1,460,615,537	1,376,548,885	50%	13,713,471	(84,066,652)	2,948,658,016
NET INCOME/(USE OF RESERVES)	(8,638,924)	11,582,378	(18,142,331)		20,221,302	29,724,709	(17,277,847)

Source: December Consolidated HSC statement, Consolidated No Elims

TAB 6

#6

Approval of the New Mexico Higher Education Department,
Institutional Finance Division, 2nd Quarter Financial Actions
Report and Certification through December 31, 2023
(Presenter: Norma Allen, University Controller, Financial
Services)

University of New Mexico

Quarterly Financial Actions Report

Fiscal year 2024

Date 2/7/2024

Period (check one)

Quarter 1 Quarter 2 Quarter 3 Quarter 4

During the period of time covered by this report; did your institution:

- | | | | | |
|---|-----|--------------------------|----|-------------------------------------|
| (1) Request an advance of state subsidy? | Yes | <input type="checkbox"/> | No | <input checked="" type="checkbox"/> |
| (2) Fail to make its required payments, as scheduled, to appropriate retirement system(s)? | Yes | <input type="checkbox"/> | No | <input checked="" type="checkbox"/> |
| (3) Fail to make its payroll payments, as scheduled? | Yes | <input type="checkbox"/> | No | <input checked="" type="checkbox"/> |
| (4) Fail to make its scheduled debt service payments? | Yes | <input type="checkbox"/> | No | <input checked="" type="checkbox"/> |
| (5) Fail to make payments to vendors, as scheduled, due to a cash deficiency or a substantial deficiency in the payment processing system? | Yes | <input type="checkbox"/> | No | <input checked="" type="checkbox"/> |
| (6) Relative to the original fiscal year budget, experience any significant actual or anticipated financial changes that are not reflected in a submitted Budget Adjustment Request (BAR). Significant financial changes refers to fiscal activity that will result in a substantially reduced year-end fund balance or any increase in a fund balance deficit. | Yes | <input type="checkbox"/> | No | <input checked="" type="checkbox"/> |

If the answer to any of the above questions is "Yes," please describe in a separate document:

- (i) the reason for the occurrence,
- (ii) the actions taken by your institution to resolve this particular occurrence, and
- (iii) the actions taken by your institution to prevent events such as this from occurring again.

In addition, if the answer to number 6 is "Yes," please describe in a separate document the nature of the financial changes and describe and assess the impact that the changes will have on your institution's planned year-end financial position. (See attached.)

TAB 7

#7

Project Construction Approvals:

1. Center for Collaborative Art and Technology Utilities Extension (Presenter: Tabia Murray Allred, Strategic Planner, Institutional Support Services)



INSTITUTIONAL
SUPPORT
SERVICES

**MEMORANDUM TO ADVANCE
COMMITTEE AGENDA ITEM TO
THE BOARD OF REGENTS
THE UNIVERSITY OF NEW MEXICO**

DATE: February 7, 2024

TO: Teresa Costantinidis, Executive VP of Finance &
Administration

FROM: Tabia Murray Allred, Strategic Planner, Vice President Office for
Institutional Support Services

RE: Requested Approval

RECOMMENDED ACTION:

Recommend to the Board of Regents Finance and Facilities Committee the following requests for Project Construction Approval:

1. Center for Collaborative Art & Technology Utilities Extension

cc: J. Shaw, B. Adams, J. Zumwalt- Utility Services

**REQUEST FOR CAPITAL PROJECT CONSTRUCTION APPROVAL for
CENTER for COLLABORATIVE ART & TECHNOLOGY UTILITIES EXTENSION
UNIVERSITY OF NEW MEXICO**

February 7, 2024

REQUESTED ACTION:

In accordance with Section 7.12 of the Board of Regents Policy Manual and as required by the New Mexico Higher Education Department and New Mexico State Board of Finance, project approval is requested for the **Center for Collaborative Art & Technology Utilities Extension Project on the Albuquerque Central Campus.**

PROJECT DESCRIPTION:

This project will extend the UNM utility systems to the southeast corner of the Central Campus to support the Center for Collaborative Arts & Technology (CCAT). The utilities will be sized to serve the eventual build-out of the SE quadrant of the Central campus. The utilities in this project include electricity, heating, and cooling. The electric duct bank will come from the north through Johnson Field. The heating and cooling will be routed from the tunnel northwest of Pearl Hall (Building #195).

PROJECT RATIONALE:

The UNM utility services do not currently exist to serve the southeast corner of the Central Campus. This project will extend UNM utilities to this area to support the CCAT facility and any other future development of that corner of campus. UNM utilities are lower in cost and greenhouse gas emissions than public utilities. Additionally, using UNM utilities reduces the square footage needed for mechanical spaces for heating and cooling.

FUNDING:

The total estimated Project Budget is \$2,130,000:

- \$2,000,000 is funded from FY24 General Fund, Campus Infrastructure Improvements Appropriation*
- \$130,000 is funded from FY24 Building Renewal & Replacement funds (BR&R)

* FY24 General Fund Campus Infrastructure Improvements Appropriation total appropriation is \$4,900,000 and is funding three infrastructure projects:

- 1) CCAT Utility Extension,
- 2) Tie-Feeder Upgrade (\$2M) approved by Regents in August 2023, and
- 3) IT Cooper Cabling and Fiber Optic Cabling (\$900K) approved by Regents in August 2023.

The University of New Mexico - Central Campus



TAB 8


#8

Approval of Naming Request from School of Engineering for Exterior Basketball Hoop (Presenters: Donna Riley, Jim and Ellen King Dean of Engineering and Computing; Sang Han, Professor and Chair, Chemical and Biological Engineering; and Lisette Miles, Development Director, School of Engineering)

MEMORANDUM

DATE: January 22, 2024

TO: UNM Board of Regents Finance and Facilities Committee

FROM: Nancy D. Middlebrook, Ph.D., University Secretary 

SUBJECT: Approval Request from the UNM School of Engineering to name a basketball hoop

Upon recommendation from the School of Engineering, the University Naming Committee reviewed and voted to recommend approval for the following request:

Request approval to name the basketball hoop that stands between the Farris Engineering Center and the Mechanical Engineering Building the **‘Fred and Dorothy Armijo Hoop’**
(3.2.1 Exterior Space)

The request was then forwarded to President Stokes for her review and approval. Materials for the request and approvals as well as a copy of the UAP policy are attached for reference.

With the recommended approvals from the University Naming Committee and President Stokes, we respectfully request that this item be placed on the Finance and Facilities Committee’s meeting agenda for consideration by the Regents.

Attachments

MEMORANDUM

Date: January 17, 2024
To: Dr. Garnett S. Stokes, President, The University of New Mexico
From: Cinnamon Blair, Chair, UNM Naming Committee
Re: UNM Naming Committee Approvals from January 17, 2024

The University Naming Committee has reviewed and voted on the following requests and recommends your approval. Copies of the departmental requests, along with UNM Policy 1020, are attached for your reference.

Naming Request from the School of Engineering:

Approved.

Request approval to name the basketball hoop that stands between the Farris Engineering Center and the Mechanical Engineering Building the **'Fred and Dorothy Armijo Hoop'**
(3.2.1 Exterior Space)

Naming Request from Popejoy Hall:

Approved.

Request approval to name the classroom located on the lower level of the theater the **'Bella Vida Healthcare Working Classroom'**
(3.2.2 Interior Space)

Naming Request from the College of Arts and Sciences:

Approved.

Request approval to create an endowed chairship **'The Robert L. Rausch Chair of Parasitology'**
(3.2.6. Endowed Faculty Positions)

Naming Requests from the Health Sciences Center:

Approved.

Request approval to appoint **Jonathan Bolton MD** as the holder of the **'Jack and Donna Rust Endowed Professorship in Biomedical Ethics'**
(3.2.6. Endowed Faculty Positions)

Approved.

Request approval to create an endowed professorship the **'Peter A. Winograd Endowed Research Professorship in Cancer Niche Signaling'**
(3.2.6. Endowed Faculty Positions)

Approved
Request approval to appoint **Dr. Jennifer Gillette**, as the inaugural holder of the
'Peter A. Winograd Endowed Research Professorship in Cancer Niche Signaling'
(3.2.6 Endowed Faculty Positions)

Approved.
Request approval to appoint **Dr. Viswanathan Palanisamy**, as holder of the
'Victor and Ruby Hansen Surface Professorship in Cancer Epigenetics'
(3.2.6 Endowed Faculty Positions)

Approved.
Request approval to create an endowed professorship the
**'Cowboys for Cancer Research/Elsie P. Barry Memorial Endowed Professorship for
Cancer Epidemiology and Surveillance'**
(3.2.6. Endowed Faculty Positions)

Approved
Request approval to appoint **Dr. Charles Wiggins**, as the inaugural holder of the
**'Cowboys for Cancer Research/Elsie P. Barry Memorial Endowed Professorship for
Cancer Epidemiology and Surveillance'**
(3.2.6 Endowed Faculty Positions)

Please let me know if you have any questions or wish to discuss them in further detail.

*All approved.
SS Stokes
6/19/2024*

To: UNM Naming Committee
From: Donna Riley, Jim and Ellen King Dean of the School of Engineering
Sang Han, Professor and Chair, Chemical and Biological Engineering
Date: November 16, 2023
RE: Request to name the basketball hoop in the engineering complex

On behalf of the School of Engineering, I request approval to honor the generosity of Fred and Dorothy Armijo by installing a plaque naming the basketball hoop that stands between the Farris Engineering Center and the Mechanical Engineering Building, the Fred and Dorothy Armijo Hoop.

In 2023 Fred and Dorothy Armijo contributed \$120K to their named scholarship fund. They plan on making annual grants from a donor-advised fund of at least \$100K until one of them passes, at which time the annual amount will increase to approximately \$375K, and then \$750K after the second spouse passes.

Fred Armijo graduated from UNM with a bachelor's degree in chemical engineering in 1969. He and his wife Dorothy recently established a scholarship fund to support UNM undergraduate students with financial need (priority is for chemical engineering, then other School of Engineering programs, then other UNM majors). Fred's family has deep roots in New Mexico. Fred enrolled at UNM, majoring in Chemical Engineering. As a student Fred worked multiple jobs to support himself because his family did not have the means to do so. He remembers Dr. Castonguay, who not only was a professor but also a friend. It was Castonguay that helped him secure his first job after he graduated, a job where he stayed his entire career.

During a recent visit to campus, Fred marveled at the new engineering buildings—including the Farris Engineering Center—and reminisced about playing basketball outside of the old building and how much that meant to him. He said he and his fellow chemical engineers played basketball in between classes. For Fred, playing basketball was one of his only respites from his work and school demands. As he mentioned this, the tour guide pointed out the basketball hoop between Farris and the Mechanical Engineering Building. Fred hopes that his scholarship is a respite for UNM students who need it the most, like playing basketball was for him. In this spirit, we propose that the basketball hoop be named after Fred and Dorothy Armijo, and a plaque placed nearby.



Donna Riley

Donna Riley

Nov 30, 2023

TAB 9

#9

Approval of Board Appointment and Reappointments to
UNM Rainforest Innovations Board of Directors
(Presenter: Lisa Kuuttilla, CEO & Chief Economic
Development Officer, UNM Rainforest Innovations)

TO: The University of New Mexico Board of Regents
Finance & Facilities Committee Meeting

FROM: UNM Rainforest Innovations (UNMRI)
Board of Directors

DATE: February 7, 2024

RE: Approval of Board Appointment(s): Mr. Michael Buehler
Approval of Board Reappointment(s): Ms. Maria Griego-Raby, Mr. Riis
Gonzales, and Mr. Robert Nath
Appointed by President Stokes, per the UNMRI Bylaws: Dr. Donald Godwin,
replacing Dr. Julie Coonrod as the Academic Dean Member

The UNMRI Board of Directors submits for approval the appointment of Mr. Michael Buehler to its Board of Directors for a four-year term, beginning July 1, 2024 and ending on June 30, 2028. Mr. Buehler was recommended for appointment by the UNMRI Nominations Committee and approved by the UNMRI Board of Directors at its January 26, 2024 Board meeting, subject to Board of Regents' approval.

Mr. Michael Buehler

Bio Attached

The UNMRI Board of Directors submits for approval the reappointments of Ms. Maria Griego-Raby, Mr. Riis Gonzales, and Mr. Robert Nath to its Board of Directors for a four-year term, beginning July 1, 2024 and ending June 30, 2028. These Board members were recommended for reappointment by the UNMRI Nominations Committee and approved by the UNMRI Board of Directors at its January 26, 2024 Board meeting, subject to Board of Regents' approval.

Ms. Maria Griego-Raby

Bio Attached

Mr. Riis Gonzales

Bio Attached

Mr. Robert Nath

Bio Attached

Appointed by President Stokes, per the UNMRI Bylaws for approval of Dr. Donald Godwin, Dean of the College of Pharmacy, Executive Associate Dean for Education and Associate Professor for the Department of Pharmaceutical Studies with UNM Health Sciences as the academic dean member of the UNMRI Board of Directors. Dr. Godwin replaces Dr. Julie Coonrod. Dr. Godwin will serve a four-term, beginning July 1, 2024 and ending June 30, 2028. His appointment was recommended by President Stokes, the UNMRI Nominations Committee and approved by the UNMRI Board of Directors at its January 26, 2024 Board meeting, subject to Board of Regents' approval.

Dr. Donald Goodwin

Recommendation Letter & Bio Attached

Mr. Michael F. Buehler



Executive Vice President of Finance and Lending, Nusenda Credit Union

Education

BBA – Accounting, Anderson School of Management, University of New Mexico

MBA – Anderson School of Management, University of New Mexico

CUNA Certified Credit Union Executive (CCUE)

Business/Research Background

Mr. Buehler plays a critical role in the leadership, strategy, and performance of the 260,000-member, \$4.3 billion, Nusenda Credit Union. He has broad experience encompassing lending, retail and back-office operations, finance, marketing, compliance, human resources, information technology, and risk management.

In his previous roles with Nusenda, he served as the Executive Vice President/Chief Financial Officer for seven years and was Vice President, Senior Analyst for two years.

Particular Knowledge and Skills

Mr. Buehler has served on the UNM Anderson School of Management Foundation, Greater Albuquerque Chamber of Commerce, and the InnovateABQ Advisory Board of Directors.

Ms. Maria Griego-Raby



President, Principal, Contract Associates, Inc.

Education

BBA - Marketing, University of New Mexico

MBA - University of New Mexico

Studied at La Universidad de Las Americas in Puebla, Mexico

Business/Research Background

Ms. Griego-Raby is President and Principal of Contract Associates, Inc., managing and leading a 40-member company with offices in Albuquerque and Santa Fe, New Mexico. Contract Associates provides contract furniture throughout the Southwest and Mexico. Ms. Griego-Raby also has experience as a professional fundraiser for Stanford University's Office of Development, training and directing alumni volunteers for the University's annual fund campaign, and as an administrative analyst for Amoco Production Company in Denver, Colorado, where she managed gas and oil field activities in northern Colorado, Kansas and Nebraska.

Particular Knowledge and Skills

Ms. Griego-Raby's many awards and recognitions include *Hispanic Business Magazine's* Top 500 List for Largest U. S. Hispanic Owned Companies for 2002, 2003, 2004, 2005 and 2006; the Greater Albuquerque Chamber of Commerce Maxie Anderson Small Business Award for 2002; induction into the UNM Robert O. Anderson School of Management Hall of Fame for 2001; and the U. S. Hispanic Chamber of Commerce Business Woman of the Year award for 1999.

Ms. Griego-Raby currently serves on the New Mexico Mutual Board of Directors. She has also served on the State of New Mexico Board of Finance, UNM Hospital Clinical Operations Board of Directors, UNM Anderson School National Advisory Board, Mountain States Insurance Board of Directors, NM Student Loans Guarantee Corporation Board of Directors, and was recently appointed to the Board of Directors of the Federal Reserve Bank, Kansas City Branch. Ms. Griego-Raby is a former member of the UNM Board of Regents.

Mr. Riis Gonzales



President & CEO, Sandia Foundation

Education

BA – University of New Mexico, 2000

MA – Communications, New Mexico State University, 2006

CREC – Commercial Real Estate, Cornell University, 2021

High Impact Philanthropy Academy, University of Pennsylvania, 2022

Business/Brief Background

Mr. Gonzales currently serves as President and CEO at the Sandia Foundation, located in Albuquerque, New Mexico. In his current role, Mr. Gonzales oversees all aspects and operations of the Foundation, which primarily supports the University of New Mexico, Dickinson College, and the Albuquerque community. The Foundation has contributed over \$49 million to Dickinson College and over \$49 million to the University of New Mexico, focusing on academic excellence for undergraduate students. Furthermore, the Foundation has allocated more than \$11 million to various Albuquerque community non-profits, emphasizing support for youth, families, and financial education.

Prior to joining the Sandia Foundation, Mr. Gonzales served as the executive director for the New Mexico School for the Arts-Art Institute. During his tenure, he successfully secured both a location and multi-million-dollar funding for the permanent Santa Fe campus. Mr. Gonzales initiated his career in higher education at the New Mexico Institute of Mining and Technology in Socorro, New Mexico, and later held various roles at New Mexico State University, culminating in the position of vice president for development. In this capacity, he managed the successful \$225 million campaign for the NMSU Foundation.

Additionally, Mr. Gonzales contributed his expertise to the New Mexico State Senate, serving six legislative sessions as the chief-of-staff and analyst for the Senate Education Committee. Mr. Gonzales volunteers as a youth basketball coach, and has led exceptional young players from Española, Rio Rancho, Albuquerque, and Santa Fe to various state, regional and national Amateur Athletic Union championships.

Mr. Robert H. Nath



Co-Founder and Chairman, Quasar International, Inc., Retired

Education

BS - Mechanical Engineering, University of Minnesota

Business/Research Background

After receiving his BS in mechanical engineering in 1959 from the University of Minnesota, Mr. Nath began a nearly 20-year career with Caterpillar Inc., working in new product development, international marketing management, sales management and corporate acquisitions. During Mr. Nath's tenure, Caterpillar Inc. was recognized as one of the top three US exporters. Subsequently, Mr. Nath was appointed Deputy Assistant Secretary of Commerce in the Carter administration and continued to serve in that capacity in the Reagan administration under the leadership Secretary of Commerce Malcolm Baldrige. His responsibilities included expanding trade in eastern Europe, maintaining trade relations with the Soviet Union, and facilitating the development of US trade with China.

Mr. Nath's professional career continued at Atlantic Richfield Company where he served as Vice President in charge of photovoltaic and other new green technologies. In addition, he was the Founder, Chairman and technology inventor of Cycleclean, Inc., a venture-financed company focused on recycling asphalt pavement material with minimal pollution. In 1992, Mr. Nath co-founded Quasar International, Inc., a company based in Albuquerque that developed and manufactured resonance-based nondestructive test systems. The company's product is based on a resonant vibration frequency measurement technique developed at Los Alamos National Laboratory. Mr. Nath was responsible for designing the systems for use in factories and his co-founding partner was responsible for developing the advanced mathematical analysis techniques underlying the systems. The mathematic analysis techniques were used to spin off from Quasar a biotech company, also based in Albuquerque, called Exagen Diagnostics, Inc. Exagen develops and manufactures genomic marker tests for irritable bowel syndrome, inflammatory bowel disease, breast cancer and other diseases. In 2007, Quasar was acquired by Magnaflux, a division of Illinois Tool Works, a \$16 billion company operating in 52 countries that develops engineered products and specialty systems. Magnaflux Quasar continues to develop advanced resonant testing methods for production testing of aluminum, ductile iron and other casting and metal-forming methods, as well as for applications in aerospace and ceramics.

Particular Knowledge and Skills

Mr. Nath holds six patents in the area of recyclable asphalt pavement material, the basis of his start-up company Cycleclean, Inc. The proprietary technology, which combines warm air and microwave heating, is used in Cycleclean plants in the US and The Netherlands and has produced over two million tons (~\$40 million) of hot asphalt material using 90% recycled pavement. As a serial entrepreneur and investor, Mr. Nath has extensive business expertise in evaluating technologies suitable for commercialization and investment. He has personally funded and developed several technologies, commercialized some, raised funds for venture start-ups, and successfully sold one of his own companies. Mr. Nath retired from Magnaflux in January 2012 but remains active in other technology development areas.

TO: Garnett S. Stokes, President, The University of New Mexico
FROM: Sandra Begay, Chair, UNMRI Board of Directors
DATE: January 17, 2024
SUBJECT: Recommendation to Appoint Dr. Donald Godwin to Replace Dr. Julie Coonrod as the Academic Dean Member of the UNMRI Board of Directors

Dear President Stokes:

Dr. Julie Coonrod's position as Interim Dean at the Anderson School of Management will end on April 8, 2024 when she will no longer be eligible to serve as the academic dean member of the UNMRI Board of Directors. As President of The University of New Mexico, the UNMRI Bylaws authorize you to appoint for this position. As Chair of the UNMRI Board of Directors, I am recommending that Dr. Donald Godwin, Dean of the College of Pharmacy, Executive Associate Dean for Education and Associate Professor for the Department of Pharmaceutical Studies with UNM Health Sciences, be appointed to replace Dr. Coonrod. Dr. Godwin would serve a four-year term, beginning July 1, 2024 and ending on June 30, 2028.

If you approve the recommendation to appoint Dr. Godwin, his appointment will be submitted to the UNMRI Board of Directors for approval at its January 26, 2024 meeting, then submitted for approval to the Regents Finance & Facilities Committee at its February 7, 2024 meeting, and submitted for final approval to the Board of Regents at its February 15, 2024 meeting.

Thank you for your consideration of this matter.

Sincerely,



Sandra Begay
Chair, UNM Rainforest Innovations Board of Directors

cc: Elizabeth (Lisa) J. Kuuttila
CEO & Chief Economic Development Officer
UNM Rainforest Innovations

APPROVED BY



Garnett S. Stokes
President
The University of New Mexico

1/17/2024
Date

Dr. Donald Godwin



Dean, College of Pharmacy
Executive Associate Dean for Education
Associate Professor, Department of Pharmaceuticals Sciences
University of New Mexico Health Sciences

Education

B.A. – Biological Sciences (Pharmacy), University of Delaware, Newark, DE
Ph.D. – Pharmaceutical Sciences, University of South Carolina, Columbia, SC

Business/Research Background

Dr. Godwin's research interest lie in area of the Scholarship of Teaching and Learning specifically in the development and implementation of innovate programs to enhance student progression and graduation rates in a Doctor of Pharmacy curriculum. Recent work has been done on curricular change to improve the critical thinking and problem-solving skills of pharmacy students.

Dr. Godwin's administrative accomplishments include implementing the UNM/NMSU Cooperative Pharmacy Program, securing increased funding for the Doctor of Pharmacy (PharmD) program, facilitating two PharmD curricular revisions, leading two successful reaccreditation efforts and facilitating the reactivation of the College's commercial radiopharmacy program and the expansion of clinical initiatives.

Particular Knowledge and Skills

Dr. Godwin is very active with the American Association of Colleges of Pharmacy (AACP) and its Administrative Services section and Student Service Special Interest Group. He has also served on a number of AACP standing committees including Student Affairs, Academic Affairs, and Strategic Engagement.

He also provides advocacy at the state level to expand the scope of practice of pharmacy and to require proper reimbursement for pharmacist provided clinical services.

TAB 10

#10

Fixed Income Investment Portfolio Presentation (Presenters: Kenny Stansbury, University Treasurer, Financial Services and Max Kotary, Aon Investments)

AON

**University of New
Mexico Board of
Regents**

**Finance & Facilities
Committee Meeting**

**Operating Fixed Income
Portfolio**

February 2024



Overview

The following slides provide an update on the University of New Mexico's Operating Fixed Income Portfolio as of December 31, 2023

Portfolio Performance

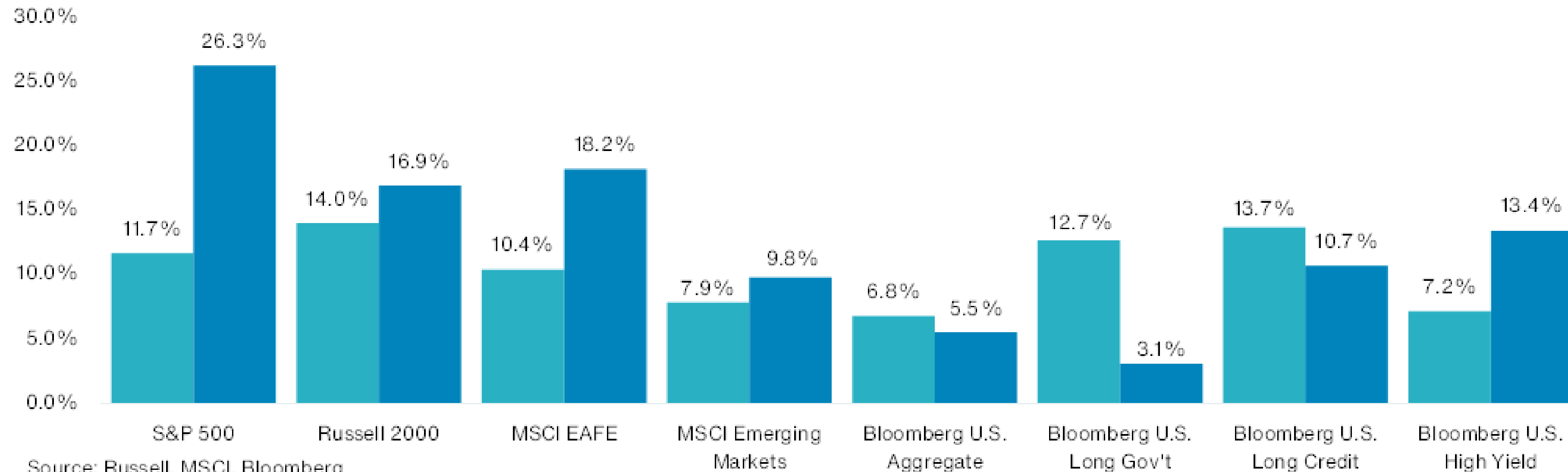
Changes Related to 2023 Policy Updates

Current Portfolio Positioning

Market Highlights

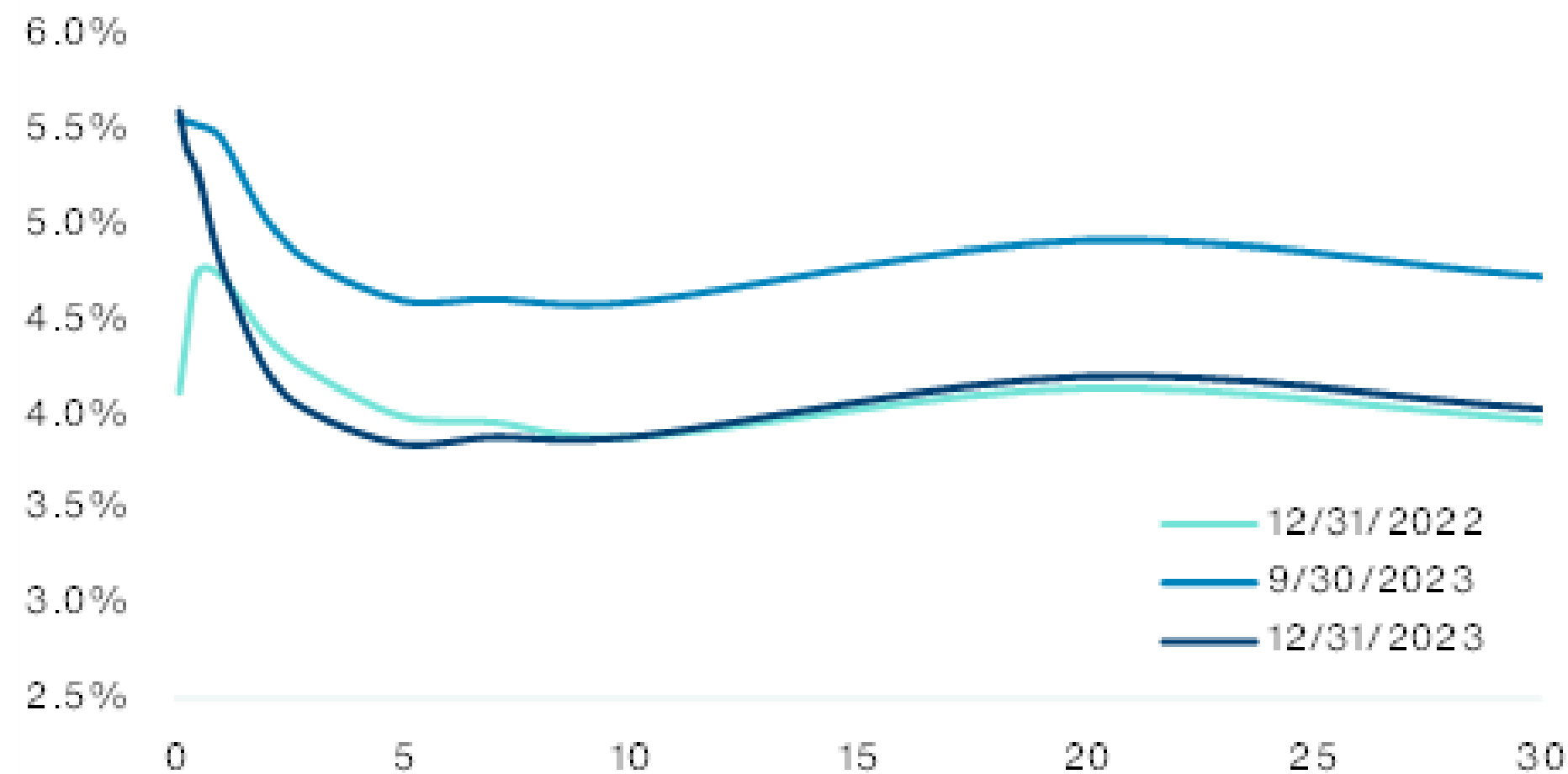
SHORT TERM RETURNS AS OF 12/31/2023

■ Fourth Quarter 2023 ■ YTD



Source: Russell, MSCI, Bloomberg
 MSCI Indices show net total returns throughout this report. All other indices show gross total returns.

U.S. TREASURY YIELD CURVE



Source: U.S. Department of Treasury

	4Q Return	2023 Return
<i>Blmbg. 1-3 Year Gov/Credit Index</i>	2.7%	4.6%
<i>Blmbg. 1-5 Year Gov/Credit Index</i>	3.4%	4.9%



Operating Fixed Income Portfolio -- Performance Summary

Trailing Period Performance as of 12/31/2023

	UNM Operating Fixed Income Portfolio
2014	0.8%
2015	0.9
2016	1.0
2017	1.1
2018	1.3
2019	4.1
2020	4.3
2021	-0.8
2022	-4.3
2023	4.7
4 th Quarter	2.9%
FYTD	3.4
Trailing 1 Year	4.7
Trailing 3 Years	-0.2
Trailing 5 Years	1.5
Trailing 10 Years	1.3

The Operating Fixed Income Portfolio earned its highest calendar return of the last decade in 2023

As of year end, the University had \$333.7 million in total operating fixed income assets

Operating Fixed Income Portfolio -- Performance Summary Relative to Benchmark

Trailing Period Performance as of 12/31/2023

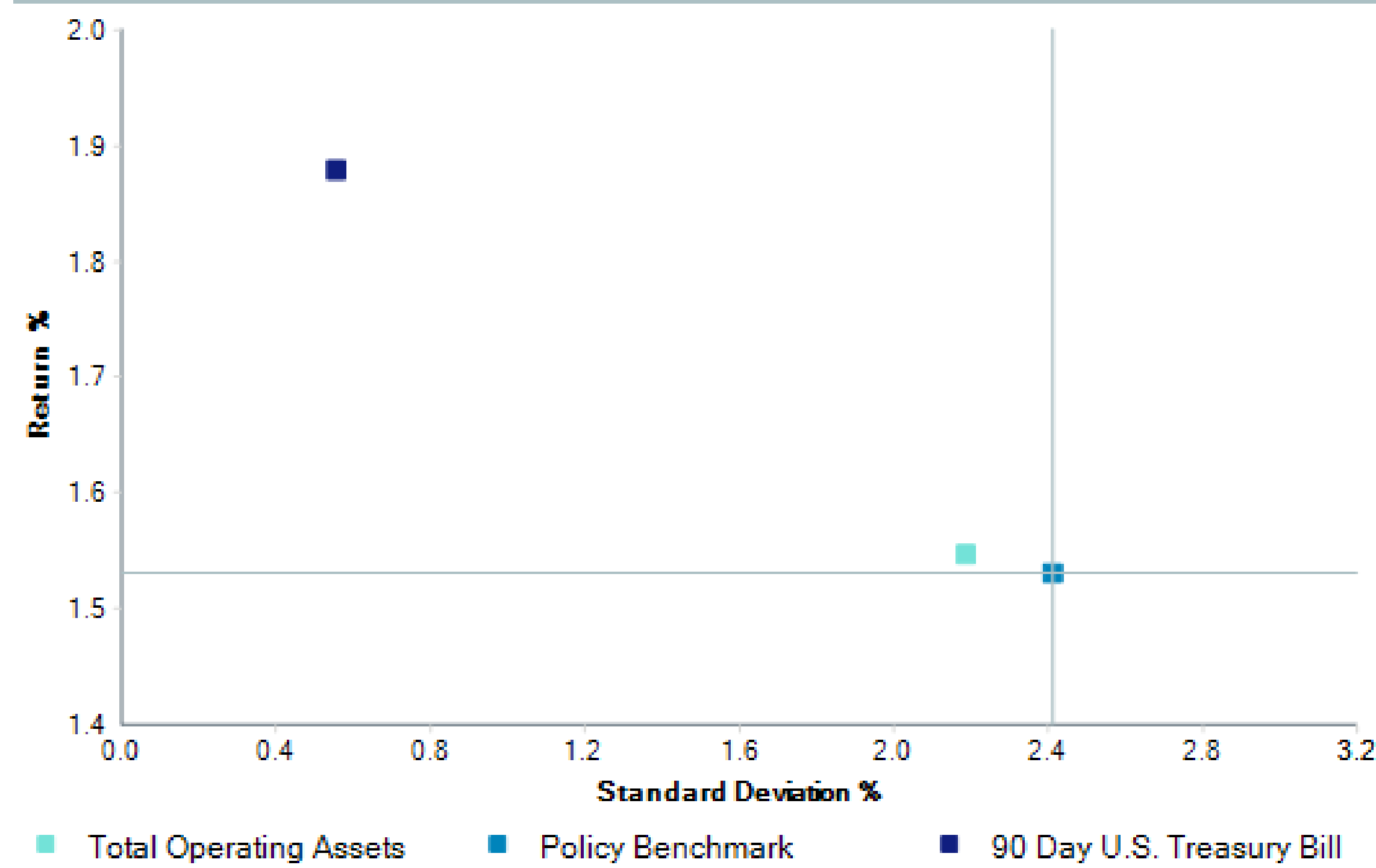
	Fourth Quarter	Fiscal Year-to-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years
Total Operating Fixed Income Portfolio	2.9%	3.4%	4.7%	-0.2%	1.5%
<i>Policy Benchmark</i>	3.2	3.6	4.8	-0.4	1.5
Loomis Sayles	3.1%	3.5%	4.7%	-0.6%	1.5%
<i>Blmbg. 1-5 Year Gov/Credit Index</i>	3.4	3.7	4.9	-0.6	1.5
SLC Management	2.4%	3.3%	4.7%	0.7%	1.8%
<i>Blmbg. 1-3 Year Gov/Credit Index</i>	2.7	3.4	4.6	0.1	1.5

The Operating Fixed Income Portfolio has generally earned returns that have approximated its benchmark over time

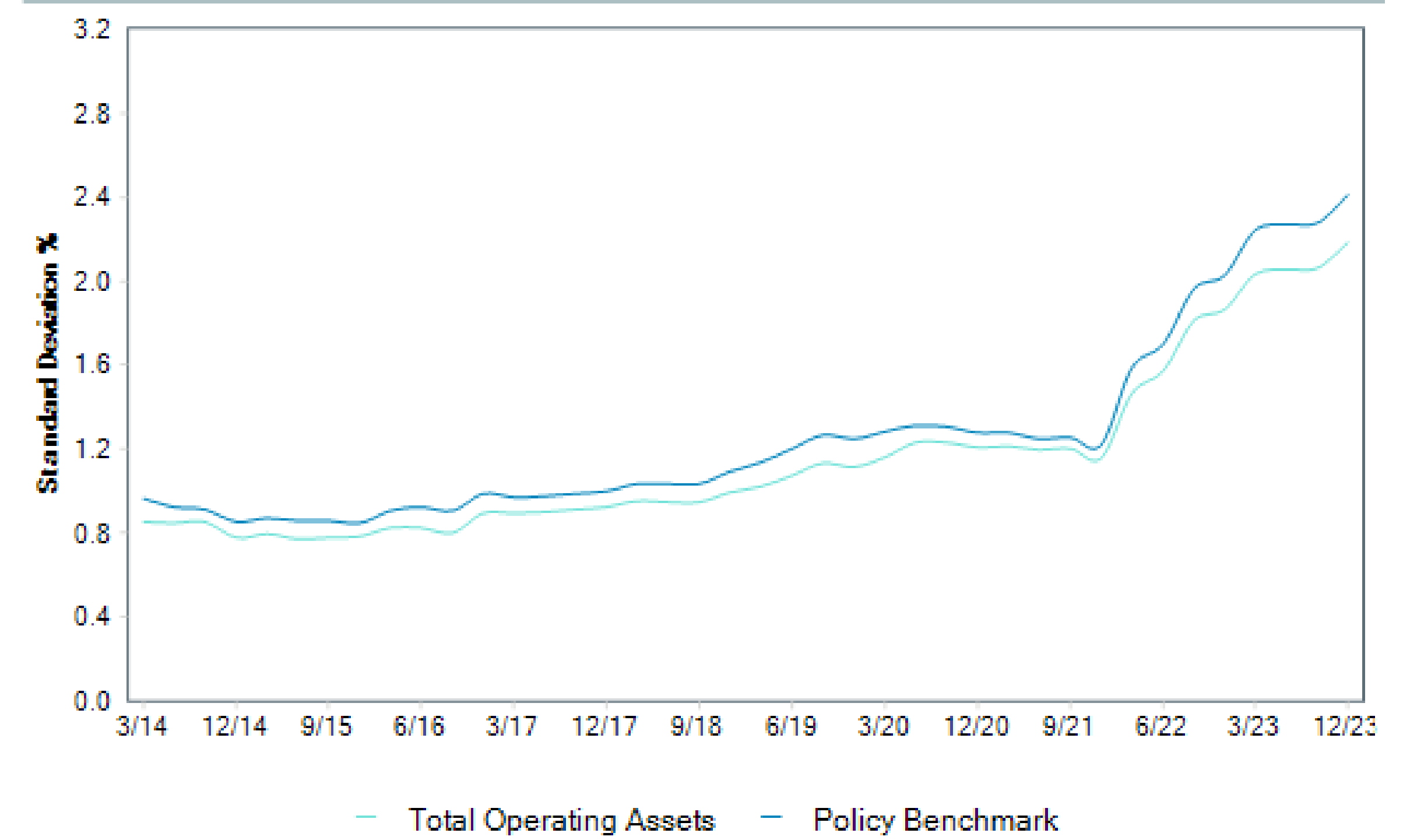
Returns presented above are net of investment management fees

Operating Fixed Income Risk Profile – as of December 31, 2023

Annualized Return vs. Annualized Standard Deviation
5 Years



Standard Deviation
Rolling 5 Years



5 Years Historical Statistics										
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Total Operating Assets	0.01	0.34	0.03	0.99	-0.15	0.17	0.90	1.55	2.19	0.99
Policy Benchmark	0.00	0.00	-	1.00	-0.14	0.00	1.00	1.53	2.41	1.00
90 Day U.S. Treasury Bill	0.32	2.31	0.14	0.09	-	1.77	0.07	1.88	0.55	0.30



Fixed Income Asset Class Objectives

Fixed Income Category	Objective / Role in Portfolio
Money Market / Cash / Cash Equivalents	Safety & Liquidity
U.S. Treasury / Agency Bonds	Safety & Liquidity
Investment Grade Corporate Bonds	Safety & Liquidity, Income & Yield
Securitized Bonds (ABS, MBS, etc.)	Safety & Liquidity, Income & Yield

Per Administrative Policies and Procedures Manual Policy 7610 (Investment Management):

“Safety and liquidity are the overriding objectives of this policy...yield is a secondary consideration”

All assets held within the Operating Fixed Income Portfolio are what we would deem to be “safety assets”

Investment Grade Corporate Bonds and Securitized Bonds should produce more yield than Treasury / Agencies and Cash Equivalents, but these are also relatively conservative investments

- Corporate bond exposure is investment grade; securitized holdings are rated at least AA-

Modifications to Operating Fixed Income Portfolio Post 2023 Policy Changes

Regents Policy Section 7.21 (Investment of Operational Funds and Bond Proceeds) and Administrative Policies and Procedures Manual Policy 7610 (Investment Management) were updated in May of 2023 and June of 2023, respectively

These policy changes had the following impact on the Operating Fixed Income Portfolio:

Investment in securitized bonds now permitted (high quality)

Investment in Rule 144A securities now permitted

Investment in bonds rated BBB- now permitted

Maximum permissible allocation to corporate bonds increased from 50% → 75%

Constraints related to sales at a loss loosened

Average maturity limit increased

Operating Fixed Income Portfolio as of December 31, 2023 + Forward Looking Forecast*

Investment Instrument	UNM Operating Fixed Income Portfolio	Preferred Range (%)	Maximum % of Investment Funds
U.S. Government Obligations (Treasuries)	43.8%	30 – 60%	100%
U.S. Gov't Agencies (guaranteed by full faith + credit of the U.S.)	--	30 – 60	100
U.S. Gov't Agencies (non-full faith + credit)	0.3	20 – 60	75
Taxable and/or Tax-Exempt Municipal Bonds	1.3	0 – 20	25
Corporate Bonds – BBB-/Baa3 rated or higher	47.7	20 – 40	75
Money Market Funds	--	0 – 20	100
Industrial Floaters	--	0 – 10	10
Certificates of Deposit (“CD”)	--	0 – 5	10
Commercial Paper	--	0 – 5	10
Federal Funds or Bankers’ Acceptances	--	0 – 5	10
Global Fixed Income Securities	1.6	0 – 15	20
Private Placements (144A’s)	1.5**	0 – 15	20
Securitized Bonds (ABS, MBS, CLOs)	4.7	0 – 15	20
Cash & Equivalents	0.7	--	--

	UNM Operating Fixed Income Portfolio
Forecasted Nominal Return	4.7%
Forecasted Real Return	2.3
Forecasted Volatility	2.2



*Aon 10 Year Capital Market Assumptions, Short Duration Gov't / Credit Fixed Income

**Private Placements (144A's) allocation is also included within Securitized Bonds

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Aon Investments USA Inc.
200 E. Randolph Street
Suite 700
Chicago, IL 60601
ATTN: Aon Investments Compliance Officer

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TAB 11

#11

UNM Rainforest Innovations Annual Meeting of the Member

- a. Acceptance of the FY 2022-23 Annual Report and Audit Report (Presenter: Lisa Kuuttila, CEO & Chief Economic Development Officer, UNM Rainforest Innovations)



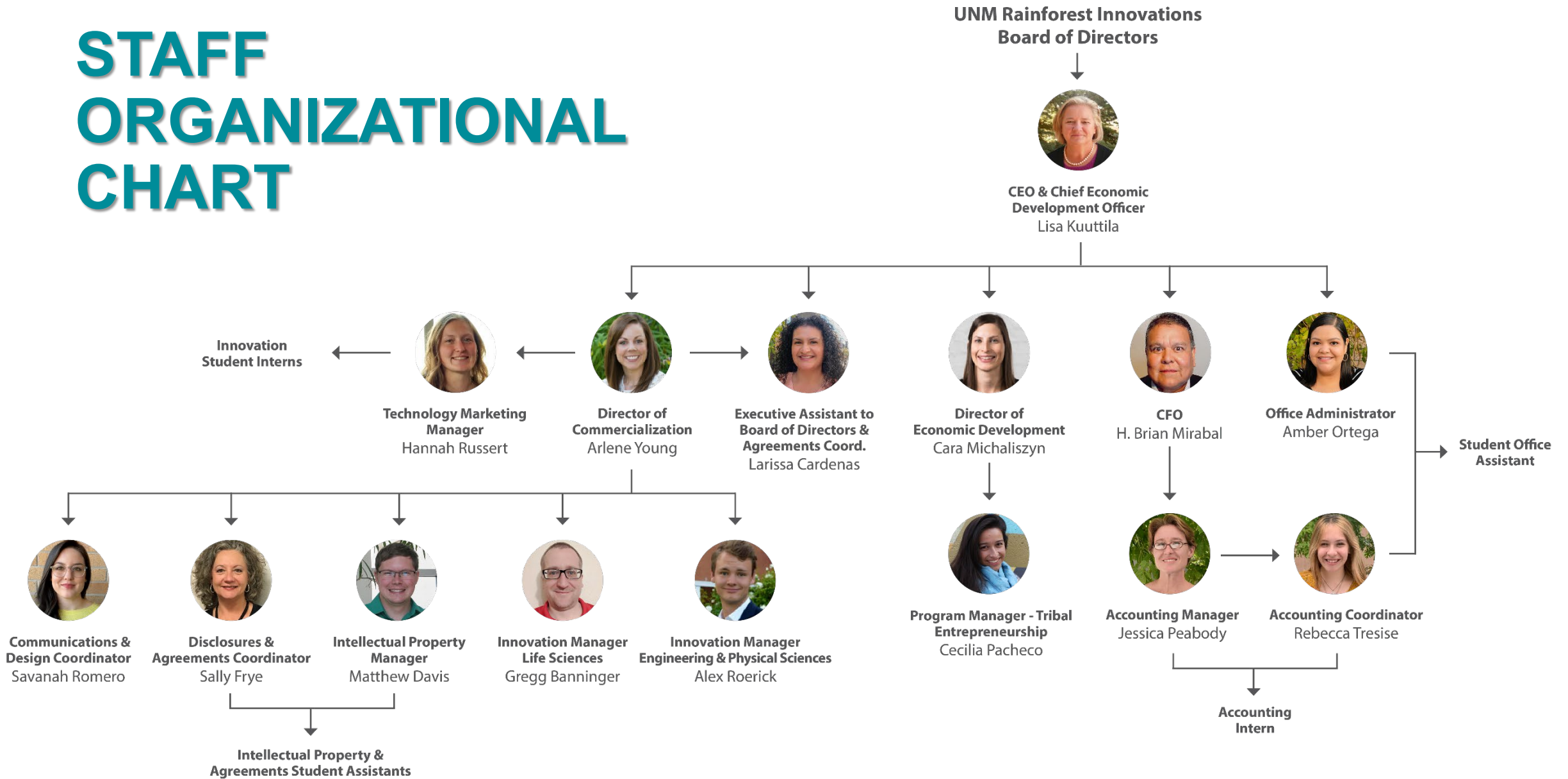
Supporting Technology Transfer and
Catalyzing Economic Development
at the University of New Mexico

ANNUAL REPORT TO UNM REGENTS

Presented by Lisa Kuuttilla,
CEO & Chief Economic Development Officer
UNM Rainforest Innovations

February 7, 2024

STAFF ORGANIZATIONAL CHART



TECHNOLOGY TRANSFER

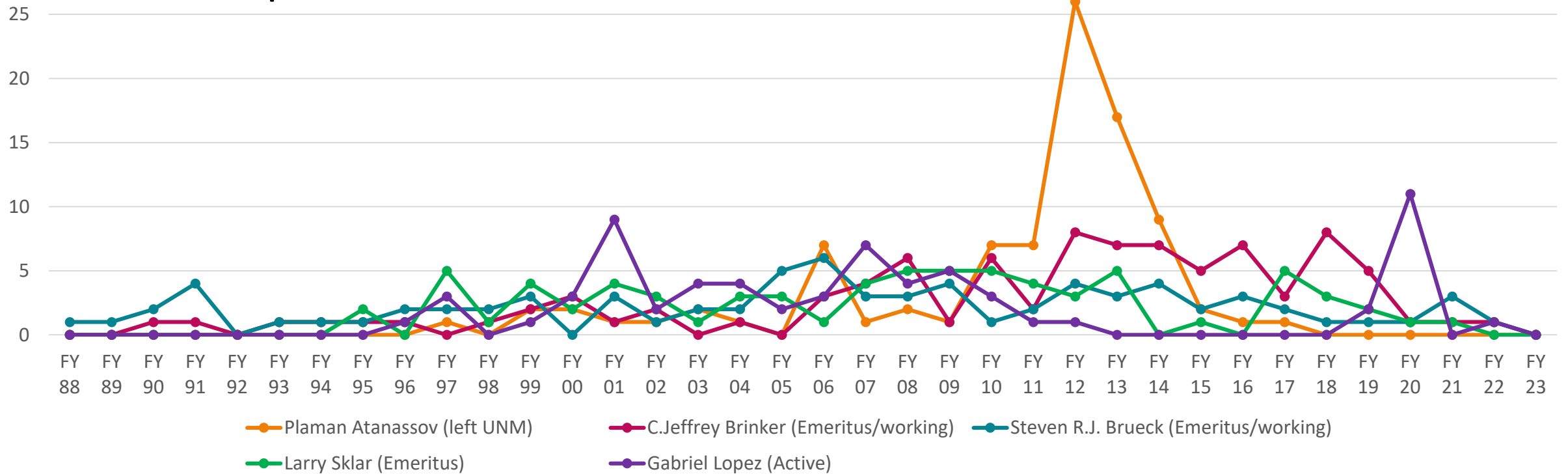
Metrics

	FY 2020	FY 2021	FY 2022	FY 2023 (Goal)	FY 2023 Q1-Q4 (Actual)	% of Goal
Disclosures	127	81	94	90	78	87%
New U.S. Patent Applications Filed	77	64	56	---	54	---
Issued U.S. Patents	46	54	45	---	32	---
Option/License Agreements	47	43	41	45	38	84%
Start-up Companies	4	6	8	8	8	100%
Patent Expenses						
• Licensee Initiated	\$459,529	\$624,287	\$354,390	\$575,000	\$421,164	73%
• UNM Rainforest Innovations Initiated	\$1,007,541	\$970,128	\$895,306	\$775,000	\$916,385	118%
License Revenues	\$52,317,796	\$54,521,482	\$5,588,614	\$1,830,000	\$1,277,378	70%
Patent Cost Reimbursement Revenues	\$480,334	\$624,287	\$354,390	\$610,000	\$421,164	69%
Combined License & Patent Cost Reimbursement Revenues	\$52,798,130	\$55,145,769	\$5,943,004	\$2,440,000	\$1,698,542	70%
Total Revenues (excludes funding from UNM)	\$54,341,187	\$55,733,707	\$6,336,075	\$3,135,117	\$2,194,530	70%

TECHNOLOGY TRANSFER

Invention Disclosures Analysis

❖ 14% of entire portfolio of invention disclosures come from the top five inventor contributors:



SUPPORTING UNM

UNM Gap Funding Program - Submitted Proposals - FY 2023

- ❖ Received 21 proposals
- ❖ Total request: \$518,352
- ❖ Proposals from:
 - 12 Main Campus
 - 9 HSC
- ❖ Committee Reviewed and Selected Awardees on October 14, 2022

SUPPORTING UNM

UNM Gap Funding Program – Awardees – FY 2023

- ❖ **Virus-like Particle (VLP)-based Vaccines against Inflammasomes in Various Inflammatory Diseases including Alzheimer's Disease**
 - Kiran Bhaskar, PhD, Associate Professor, School of Medicine, Department of Genetics & Microbiology
 - Amount requested: \$25,000
- ❖ **Energy Creating Art Development**
 - Vincent Clark, PhD, Associate Professor, College of Arts & Sciences, Department of Psychology
 - Amount requested: \$24,955
- ❖ **The Magnetic Snare Endovascular Catheter System for Central Venous Stenosis**
 - Jonathan Owen, PhD, Associate Professor, School of Medicine, Department of Internal Medicine
 - Amount requested: \$25,000
- ❖ **Flow-Aluminum: A Transformative Approach to Capture Carbon Dioxide Directly in a Flow Metal-air Battery**
 - Shuya Wei, PhD, Assistant Professor, School of Engineering, Department of Chemical & Biological Engineering
 - Amount requested: \$25,000

SUPPORTING UNM

Rainforest Accelerator

- ❖ Assist teams of UNM faculty or students to go outside of their laboratories and into the marketplace
- ❖ Learn first-hand about entrepreneurship while going through the market discovery process
- ❖ Receive \$3,000 of funding and paired with a mentor
- ❖ Upcoming program starting June 5: <http://loborainforest.com/rainforestaccelerator/>
- ❖ Fall 2022 Cohort Included
 - Energy Creating Arts – creating novel forms of art and a new way to experience existing art for pure enjoyment and novel forms of experience.
 - Troy – smart wall projector.
 - The E-Cage – biofeedback arm sling device to aid in elbow joint rehabilitation exercises.
 - LoJo Engineering – ChemiPattern tech is a new way to control chemistry by localizing pH, redistributing charge, and patterning solubility of wet chemical reactions in-situ, i.e. sol-gel process.
 - Team DM – a magnetic snare catheter system.
 - AM Team – 3D concrete printer conveyer hose.
 - AHP Pump – an automated, inexpensive, high-pressure, customizable pump system that can serve as a multi-use pump, capable of pumping fluids with high densities/viscosity or fluids containing particles or micelles.
 - Flow Aluminum – grid-level energy storage.

SUPPORTING UNM

UNMRI 2023 CALENDAR

January



Lydia Tapia, PhD

February



Sascha Alles, PhD

March



Tito Busani, PhD

April



Iming Chen, DVM, MS

May



John Plumley, PhD

June



Denis Bragin, PhD, FAHA

July



Kannan Ramaiyan, PhD

August



Eric Bartee, PhD

September



Lok-kun Tsui, PhD

October



Geetanjali Sharma, PhD

November



Achraf Nouredine, PhD

December



Nikolaos Mellios, MD, PhD



SUPPORTING UNM

National Academy of Inventors Fellow Nominees FY 2023

- ❖ UNMRI nominated one inventor for the National Academy of Inventor Fellows Award this year and was awarded.

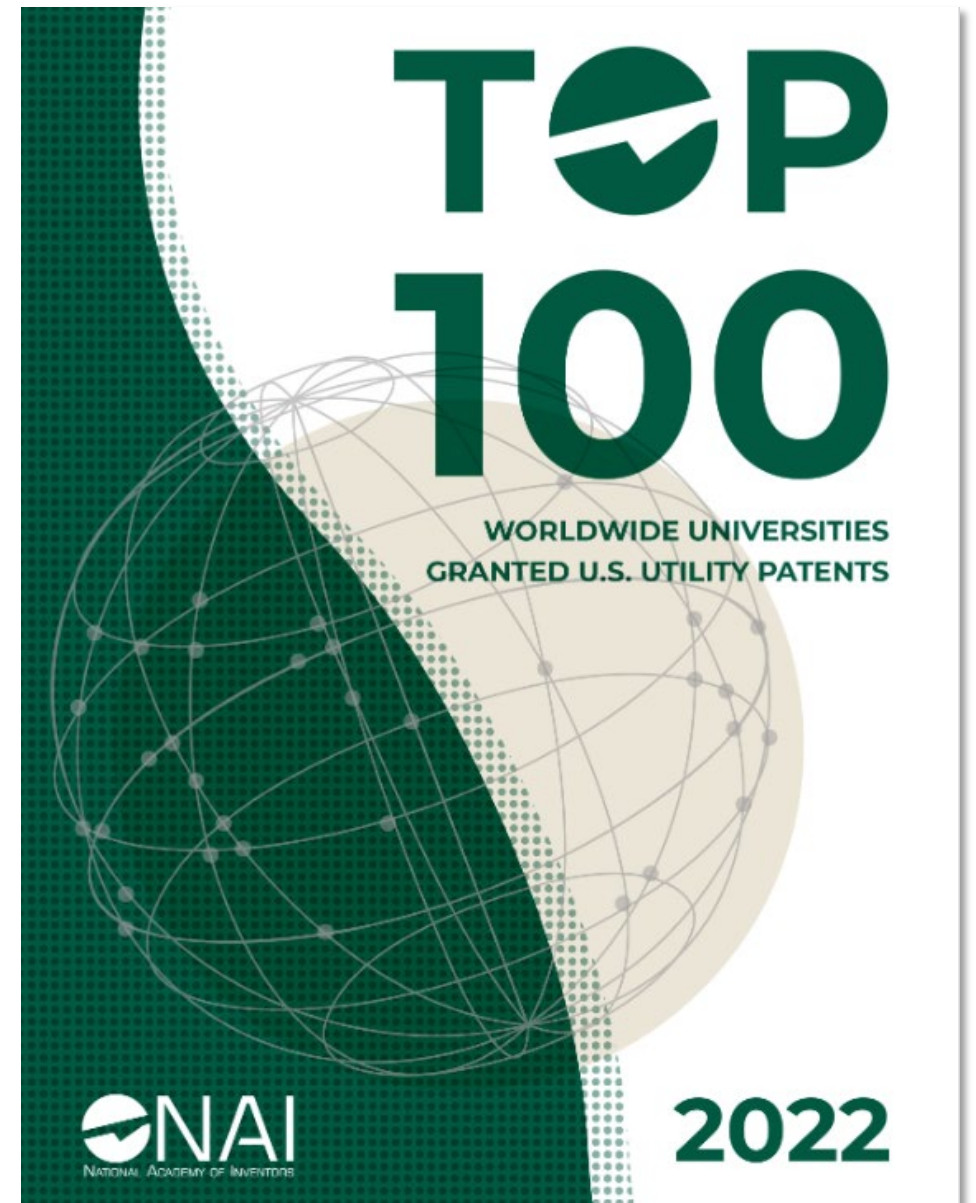


Sang M. Han, Ph.D.

SUPPORTING UNM

National Academy of Inventors Ranking

- ❖ UNM makes list of top 100 worldwide universities with largest number of issued US patents.
- ❖ Recognized by National Academy of Inventors (NAI) and the Intellectual Property Owners Association (IPO)
- ❖ Ranked 81 in 2022



SUPPORTING UNM

Corporate Engagement – FY 2023 Results

❖ Hackathon Sponsors

- HP, Inc.
- Westwind – Roadrunner 3D
- RESPEC
- Speck Design
- Nusenda

❖ UNM Partnerships

- Booz Allen – Aerospace / COSMIAC collaborative effort

❖ Other Partnerships

- One Hope Financial Institution, L3C – MOU signed for Entrepreneur Capabilities Certificate program

START-UP SUPPORT

Cecchi VentureLab Activities FY 2023 Q1-Q4

❖ CVL Program Participants

- The CVL provided services to 16 companies (6 physical tenants and 10 virtual program participants) in FY 2023.
- Physical Tenants
 - Active (4): Maverick Scholar/ADTI; LANL-Feynman; Skout Strategy; OptiPulse
 - Inactive (2): BioSafe Defense; Osazda Energy; LLC
- Co-Working/Virtual Program Participants
 - Active (7): Verus Research; TLO-Kyoto; ShearIT; Lojo Engineering; New Mexico Angels; KaizenRhino Solutions; Flow Aluminum
 - Inactive (3): Actoprobe, LLC; Weave Health (dba LeapCare); Respect Wellness;
- Prospective Participants
 - Circular Genomics; Rosetta Design Group; InvestNewMexico.US, LLC; LBRI; AirSolve

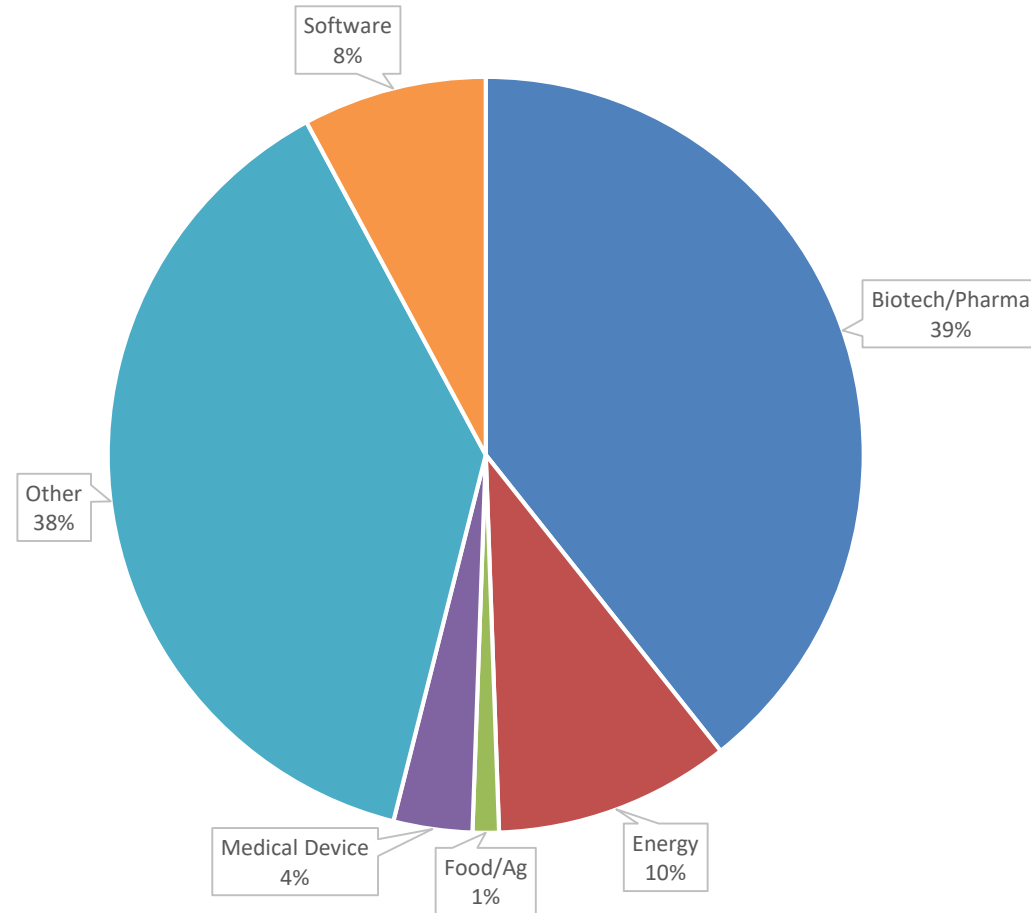
START-UP SUPPORT

New Start-up Option/Licenses Signed – FY 2023

- ❖ Tozho, LLC
 - Option signed
- ❖ Sun Safe Technology, LLC
 - Option signed
- ❖ Andluca Technologies, Inc.
 - Option signed
- ❖ John Brown Real Estate, LLC.
 - Option signed
- ❖ Kondor Pharma, Inc.
 - Option signed
- ❖ YEEO Eco-Safe, Inc.
 - Option signed
- ❖ SilKool Technologies, Inc.
 - Option signed
- ❖ SensorComm Technologies, Inc.
 - Option signed

START-UP SUPPORT

UNM Active Start-ups by Industry



- Biotech/Pharma
- Energy
- Food/Ag
- Medical Device
- Other
- Software

(Other – new materials, sensors, optical communication, hardware, and other)

START-UP SUPPORT

UNM Orthopaedic Technology & Facility Showcase

- 9:15 AM** **Welcome & Opening Remarks**
Elizabeth Kuuttilla, CEO & Chief Economic Development Officer, UNM Rainforest Innovations
- 9:20 AM** **Center for Orthopaedic Excellence Facility, Goals & Research Program Overview**
Hilary Hoekenga, MBA, MHA, Administrator, Center of Excellence for Orthopaedic Surgery & Rehabilitation
- 9:25 AM** **Design Thinking in Orthopaedics Research & Education**
Dustin Richter, MD, Assistant Professor, School of Medicine, Orthopaedics & Rehabilitation
Robert Schenck, MD, Professor & Chair, School of Medicine, Orthopaedics & Rehabilitation
- 9:45 AM** **Implementation of Biodesign & Translation to Orthopaedics Research**
Christina Salas, MS, PhD, Associate Professor, UNM School of Medicine, Orthopaedics & Rehabilitation
- 10:00 AM** **Technology Presentations**
Moderated by Gregg Banninger, PhD, Innovation Manager, Life Sciences, UNM Rainforest Innovations
- Each presentation will be about 15 minutes long to allow for 5 minutes of Q&A from attendees*
- **Biometric Hip Rehabilitation Device with Guided and Controlled Resistance**, presented by Elias Rosales Zaragoza
 - **Implantable Trapezium Prosthetic for Arthritis in the Thumb CMC Joint**, presented by Dimitri Madden, Nathan Morrell
 - **3D Bioprinting and Near-Field Electrospinning for Targeted Fabrication of Scaffolds for Bone-Soft Tissue Interface Engineering**, presented by Christina Salas, MS, PhD
- 11:00 AM** **Health Science Center Rio Rancho Overview & Introduction of Keynote**
Jamie Silva-Steele, RN, BSN, MBA, FACHE, President and CEO, Sandoval Regional Medical Center
- 11:10 AM** **Keynote Presentation - Designing Health Care with a Patient-Centered Lens**
Douglas Ziedonis, MD, MPH, Executive Vice President, UNM Health Sciences and CEO, UNM Health System
- 12:00 PM** **Lunch | Poster Sessions | Networking**
- 1:00 PM** **Facility Tours**
- Segment 1 Concludes*
- 2:00 PM** **Orthopaedic Innovation Champions Roundtable**



October 13, 2022



START-UP SUPPORT

Faculty Entrepreneurs Network – FY 2023

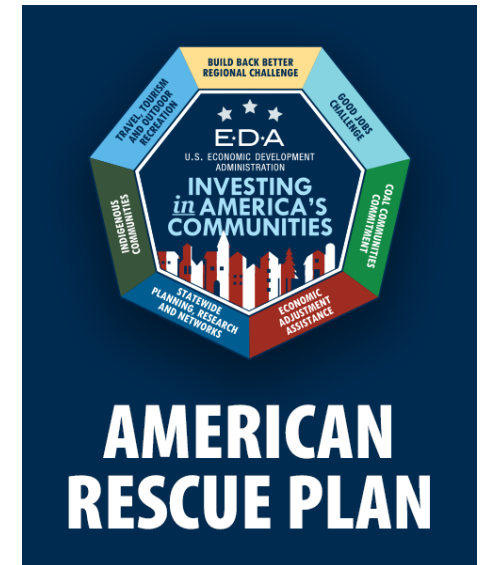
- ❖ A network of experienced faculty, inventors and entrepreneurs who are involved with start-ups created around their technologies or considering a start-up
- ❖ Latest Meeting:
 - December 13, 2022 at University Club
 - **Topic: Conflict of Interest**



GRANTS

New Mexico Tribal Entrepreneurship Enhancement Program

- ❖ Received \$800,000 grant from the EDA's America Rescue Plan to:
 - Create broader opportunity through entrepreneurship in historically underserved communities
 - Reduce barriers to entrepreneurship within tribal communities
 - Additional job creation, higher incomes, and inclusive growth through entrepreneurship
 - Link the resources available in urban areas to the opportunities in the rural parts of the state with focus on the tribal communities
 - Create a resilient economy by providing the tribal community with the tools to support successful entrepreneurs
 - Support diversification of jobs by creating entrepreneurial opportunities and jobs by building on other growing industries in the state (such as outdoor recreational) to assist those negatively impacted by the downturn in the coal economy.
 - Determine what the voids there are for entrepreneurs and helping fill those gaps



GRANTS

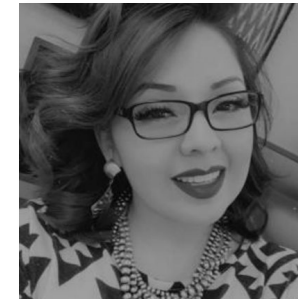
New Mexico Tribal Entrepreneurship Enhancement Program – FY 2023 Q1-Q4

Tribal Liaisons

- ❖ Train the trainer model
- ❖ Liaisons play a key role in helping to identify needs and barrier faced by entrepreneurs in rural, tribal and coal impacted communities throughout New Mexico
- ❖ Liaisons serve as a “boots on the ground” guide, helping to inspire and connect local entrepreneurs to available programs and resources, crafting unique strategies/pathways that will help each individual entrepreneur that they meet with reach their business goals
- ❖ In FY2023, five liaisons were hired, 3 currently active
- ❖ Tribal Liaisons Angelo and Jacqueline McHorse had to step down from their role in May 2023 due to increased responsibility with their growing business, Bison Star Naturals.
- ❖ NMTEEP is currently seeking 1-2 new liaisons to replace the Bison Star Naturals Team.



Zachariah Ben, Owner of Bidii Baby Foods LLC – Shiprock, NM



Mytegia Lee, Executive Director Southwest Native Assets – Gallup, NM



Scott Tafoya, Owner of Truth Dancer Coaching, LLC – Albuquerque, NM

GRANTS

New Mexico Tribal Entrepreneurship Enhancement Program – Infographic

Locations:

Indigenous entrepreneurs surveyed are from the tribal nations below. Some have started their business on tribal land, others are urban natives who started their businesses in communities off of the reservation.

- Taos Pueblo
- Navajo Nation
- Pueblo of Laguna
- Ohkay Owingeh
- Pueblo of Sandia
- Pueblo of Zuni
- Santo Domingo Pueblo
- San Juan Pueblo
- Santa Clara Pueblo
- Jicarilla Apache Nation
- Zia Pueblo
- White Mountain Apache
- Pascua Yaqui Tribe
- Isleta Del Sur

Identified Industries:

- Artisans
- Professional and Technical Services
- Technology
- Non-profit
- Retail
- Fashion
- Infrastructure
- Graphic Design
- Food Industry
- Baked Goods
- Film/Production
- Real Estate
- Holistic Health
- Beauty and Aesthetics
- Outdoor Recreation
- Agriculture
- Health/Nutrition
- Natural Beauty Products
- Healthcare
- Hemp/Cannabis
- Tourism
- Tour Guides

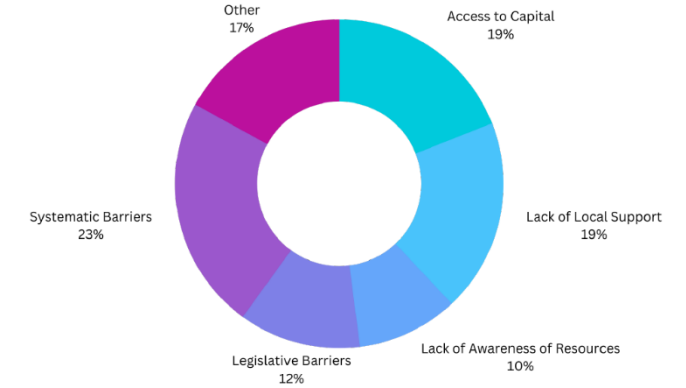
Why Entrepreneurship?

Out of the individuals surveyed, their reasons for wanting to start their own business and pursue entrepreneurship included:

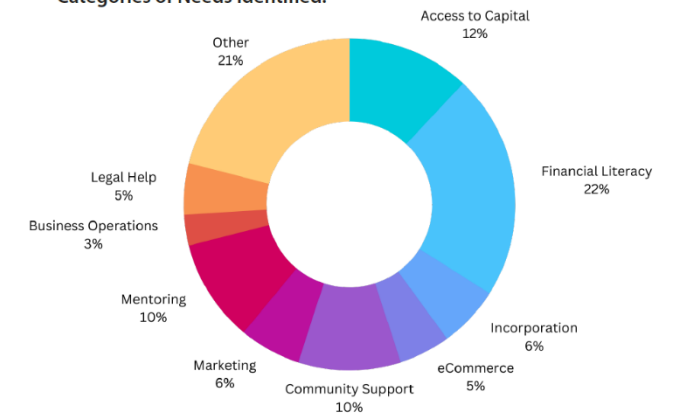
- Sovereignty
- Freedom
- Financial Stability
- Serve their community
- Social impact
- Bring needed services to tribe and people
- Provide economic opportunities for their people
- Preserve culture
- Have infrastructure in place to support remote work in tribal regions where the community practices ceremonies and traditions
- Build sustainable infrastructure for Native communities
- Create more opportunity and incentive for youth both on and off the reservation
- Bring holistic healing to tribe and community
- Create localized economy
- Keep wealth on reservation instead of investing money into border town economies.
- Grow generational wealth
- Promote public health
- Bring nutritional and cultural foods to the people
- Encourage vegan and sustainable products through harvesting local ingredients
- Develop sustainable tribal economic and entrepreneurial ecosystems
- To work for self and get out of 9-5 lifestyle
- Land stewardship
- Create economic development for tribal members beyond tribal enterprise, gaming, oil, gas, mining industries, and tourism.

Data collected from surveyed indigenous and tribal entrepreneurs.

Categories of Barriers Identified:



Categories of Needs Identified:



GRANTS

Entrepreneurship Bootcamp for Native American Veterans

- ❖ In collaboration with our NMTEEP Program, UNM partnered with Hesperus and Syracuse University's D'Aniello Institute for Veterans & Military Families (IVMF) to bring an Entrepreneurship Bootcamp to Native American Veterans in New Mexico and the Southwest Region of the United States.
- ❖ Offered only to Native American Veterans
- ❖ April 17 - 21, 2023 in Albuquerque and at Lobo Rainforest Building
- ❖ Phase 1 - the program included online course for participants will test the feasibility of their business idea and skills in value creation, marketing, sales, personal branding, value delivery, and finance
- ❖ Phase 2 - 6 participants were exposed to accomplished entrepreneurs and entrepreneurship educators from across the U.S.
- ❖ Phase 3 – ongoing support from UNM's suite of services for entrepreneurs



Chris Key, Sandra Begay, Garnett Stokes, Matt Brogan, Pam Aگویa at EB-NAV reception on April 20, 2023



Participants: Marty Chase, Walter Castillo, Jake Long, Shaina Roanhorse, Ronald Hinshaw, Jr., Zechariah Montoya



PARTNERSHIPS

Jointly-owned Inventions - Activity with Sandia and LANL

	Sandia	LANL
Jointly-owned inventions	245	58
• Active	102	18
• Closed	143	40
Number of commercialization agreements	133	29
Number in which UNM Rainforest Innovations has taken lead	96	28
Number of option and license agreements executed with UNM Rainforest Innovations as lead	37	5
Number of option and license agreements executed with partners as lead	6	-
Income from option and license agreements with UNM Rainforest Innovations as lead	\$85,860,713 ^(a)	\$336,013
Start-ups from option and license agreements with UNM Rainforest Innovations as lead	9	2
Revenues from option and license agreements with partners as lead	\$140,281	\$-0-
Start-ups from option and license agreements with partners as lead	3	-

- ❖ Currently have 3 outstanding commercialization agreements with Sandia; additional CAs needing to be drafted once IP is filed
- ❖ 8 new joint invention(s) with Sandia disclosed during FY 2023 Q1-Q4
- ❖ 8 commercialization agreements with Sandia executed during FY 2023 Q1-Q4

(a) Gross licensing income composed of pooled technologies that also include other non-jointly-owned technologies

PARTNERSHIPS

AFRL PIA sub-award from NMT – technology transfer and economic development

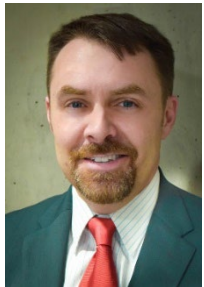
- ❖ **UNM Rainforest Innovations Members Providing Support For AFRL:**
 - Arlene Young, Director of Commercialization, AFRL PIA Project Manager
 - Hannah Russert, Technology Marketing Manager
 - Innovation Interns

- ❖ **FY 2023 Q3-Q4 Marketing Activities:**
 - 2 Prior-art searches conducted
 - 10 Technology marketing campaigns prepared

- ❖ **FY 2023 Q3-Q4 Training:**
 - Sophia Introduction
 - Marketing Operations Overview

PARTNERSHIPS

Innovation Academy - Program Data and Activities



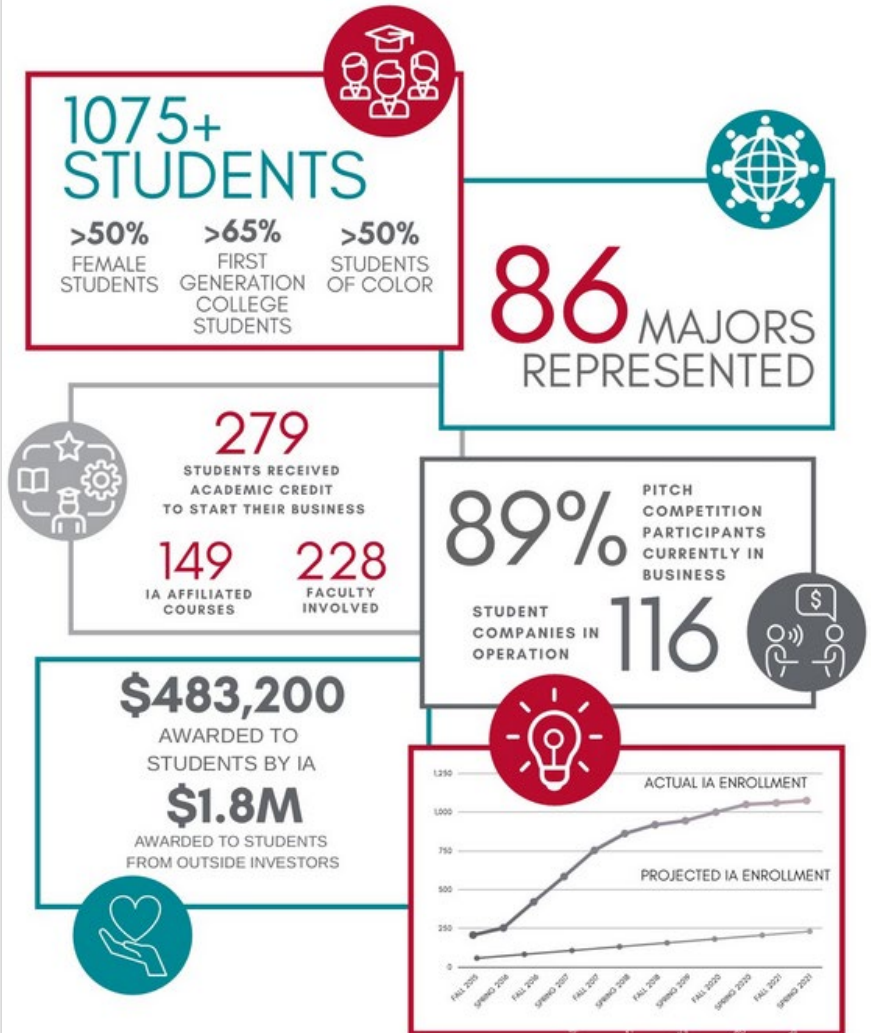
Robert G. DelCampo, Ph.D.

Sr. Executive Director, Corporate & Community Engagement
Executive Director, innovationAcademy
Rutledge Professor of Management
Anderson School of Management

Activities

- ❖ Rainforest Pitch Competitions – 17 competitions held since 2015
- ❖ Pitch Deck Competitions – 4 competitions held since 2019
- ❖ Create, Sell, Bank (e-commerce essentials) Class Partnership
- ❖ UNM Student Innovation Fund
- ❖ Grant(s) (IA & UNM Rainforest Innovations joint)
 - Ongoing EDA University Center grant
 - Dedicated site mentors at each of the UNM Branch Campuses
 - Entrepreneurial Certificate program through seminar/webinar series
 - CSB class online/available to Branch Campuses

INNOVATION ACADEMY STUDENT SNAPSHOT



PARTNERSHIPS

Innovation Academy – Rainforest Student Pitch Competition

- ❖ Hosted by UNMRI and the UNM Innovation Academy, 17 competitions have now been held
- ❖ Student entrepreneurs present their innovative ideas for products, services or technologies in 60-90 second presentations before entrepreneurs, investors, and business professionals in the community
- ❖ Competition open to students from any university in the state of New Mexico
- ❖ Latest: Rainforest Pitch Competition finals held April 4, 2023 at Bow & Arrow Brewing Co. – next competition to be November 8, 2023, 5:30pm



RAINFOREST UNM INNOVATION ACADEMY Rainforest Innovations

PITCH COMPETITION

DO YOU HAVE AN INNOVATIVE IDEA FOR A PRODUCT, SERVICE, APP, OR TECHNOLOGY?

TRANSFORM THAT IDEA INTO A REALITY!

PITCH YOUR IDEA IN A 90 SECOND VIDEO FOR A CHANCE TO WIN \$1,000 \$5,000 PRIZE POOL

Open to all college students from New Mexico institutions currently enrolled in the Fall 2022 semester.

APPLICATION DEADLINE: OCTOBER 25

APPLY ONLINE: [INNOVATIONS.UNM.EDU/EPC](https://innovations.unm.edu/epc)

GENEROUSLY SPONSORED BY:

NUSEDA
CREDIT UNION



PARTNERSHIPS

Innovation Academy – May 4, 2023 Pitch Deck Competition

- ❖ Sponsored by the UNM Rainforest Innovations Board of Directors
- ❖ The winners were:
 - First Place \$10,000 Prize – CeraScape Electrochemical Ceramics – Luke Denoyer, Chemical & Biological Engineering, UNM
 - Second Place \$5,000 Prize – PíCA – Prosthetic Implant for CMC Arthritis – Dimitri Madden, Mechanical Engineering, UNM
 - Third Place \$2,500 Prize – EatWell Solutions – Younes Slaoui, Computer Science & Fermin Ramos, Computer Science, UNM
 - Finalist \$1,250 Prize – Green Employment Experience – Hannah Hunter, Journalism and Media Studies, NMSU
 - Finalist \$1,250 Prize – Plover Oral Care – Tracy Mallette, Biomedical Engineering, UNM
- ❖ Judges included: Alex Greenberg, Managing Director of Cerracap Ventures; Peter Schmitz, Partner of Tamarindo Partners LLC; and Ray Quintana, Global President of Devvio, Inc.



PARTNERSHIPS

2023 Lobo Hackathon

April 13 - 14, 2023 | Lobo Rainforest Building

101 Broadway Blvd. NE, Albuquerque, NM 87102

Thursday, April 13, 6pm-10pm

- Introductions, pitch an idea, team formation

Friday, April 14, 8am-8pm

- Final pitches at 7pm (5-minute pitch to a panel of judges)
- Prototype development, business model development, and final pitches - winners will split a \$25,000 prize pool!

2023 Lobo Hackathon

Join us for this two-day event at the Lobo Rainforest Building!

The Lobo Hackathon is an opportunity for people to **come together to intensely focus and collaborate on improving or creating an idea.** Teams can build or refine an idea that sets out to address a problem, utilize a technology, or create something new!

Collaborate on a team or **join us for the final pitches** where teams will present their ideas to a panel of judges for the chance to win cash prizes!

The prize pool totals \$25,000!

Open to students, faculty, staff, entrepreneurs, and others in the community.



<http://loborainforest.com/lobohackathon/>

UNM Rainforest Innovations

UNM HEALTH SCIENCES

UNM SCHOOL OF ENGINEERING

UNM ANDERSON SCHOOL OF MANAGEMENT

PARTNERSHIPS

2023 Lobo Hackathon

- ❖ 10 teams formed and pitched Friday, April 14
- ❖ Winners (\$5K Each)
 - Plover Oral Care – Joseph Baltzer and Tracy Mallette
 - EatWell Solutions – Mark Niederhaus, Dharish Totiger, Stephan Drawe, Fermin Ramos, and Younes Slaoui
 - Navigator – Soyeon Kim, Chaeun Park, and Liangkun Yu
 - CASA VIDA – Tony Wallace, Tina Memarian, Joe Yelk, and Zachary Boncini
 - Cockroach Trap – Aboutaleb Abarham and Natasha Vani



PARTNERSHIPS

Grow Innovate New Mexico

- ❖ Alliance among the State's research institutions to promote New Mexico technology and start-ups
- ❖ Members: UNM Rainforest Innovations, New Mexico State University, New Mexico Tech, Sandia National Laboratories, Los Alamos National Laboratory, Air Force Research Laboratory, NASA (White Sands/JSC)
- ❖ Latest Innovate New Mexico Technology Showcase held March 7, 2023 at Sandia Event Center

INNOVATE NEW MEXICO®

Discover The State of Innovation

INNOVATE NEW MEXICO®
Technology Showcase
Discover the State of Innovation

This collaborative event will highlight research and technology opportunities, start-up companies, and economic development resources from the leading research institutions in the state of New Mexico.

Taking place in-person at the Event Center at Sandia Golf Club, the day will be filled with technology pitch presentations, a keynote speaker, lunchtime panel, buffet, and breaks for networking.

Use the link below to register; space is limited.

Tuesday, March 7, 2023
8:00 am - 5:00 pm MST

Event Center at Sandia Golf Club
30 Rainbow Rd NE
Albuquerque, NM 87113

Register here:
<https://innovate-new-mexico-technology-showcase-2023.eventbrite.com>

AFRL
NEW MEXICO

EDD
ECONOMIC DEVELOPMENT

Los Alamos
NATIONAL LABORATORY
EST. 1941

NASA

MEP
MID-LEVEL ENGINEERING PROFESSIONALS

NM
STATE
UNIVERSITY

NEW MEXICO TECH
SCIENCE - ENGINEERING - TECHNOLOGY UNIVERSITY

Sandia
National
Laboratories

UNM THE UNIVERSITY OF
NEW MEXICO

UNM Rainforest
Innovations

PARTNERSHIPS

Grow Innovate New Mexico

- ❖ 10th Innovate New Mexico® showcase held on March 7, 2023 at Sandia Golf Club
- ❖ Featured technology and resource pitches from the University of New Mexico, Air Force Research Lab, Los Alamos National Lab, Sandia National Labs, NASA-White Sands Test Facility, New Mexico Tech, and New Mexico State University
- ❖ Welcome Remarks: Jon Clark, Deputy Chair and Secretary, New Mexico Economic Development Department
- ❖ Keynote Speaker: Norman Winarsky, PhD, General Partner, America's Frontier Fund
- ❖ Companies in New Mexico Panel moderated by Michael Doyle, PhD, Vice President of Research at New Mexico Tech. Members of the panel included Alex Hafez, PhD, Vice President of Operations & Corporate Development and Co-Founder of Circular Genomics; Jonathan Hebert, PhD, Founder & CEO of Lojo Engineering; John Chavez, Chief Financial Officer at ORC Tech; and Andrew Clark, Co-Founder & CEO of Hoonify.

INNOVATE NEW MEXICO®

Discover *The State of Innovation*



PARTNERSHIPS

Federal Lab Consortium



- ❖ Memorandum of Understanding with the FLC was signed on April 7, 2022.
- ❖ FLC and UNMRI will jointly encourage partnerships between federal laboratories and industry, especially small businesses, to help move technologies out of the lab and into the marketplace
- ❖ FLC and UNMRI will work together to promote and participate in mutually beneficial activities such as joint meetings, sponsorships, and special events to connect federal labs with entrepreneurs and small businesses and spur economic development.
- ❖ FLC provided a sponsorship for the 2023 Innovate New Mexico Showcase.

PARTNERSHIPS

Right to Start



- ❖ Right to Start (R2S) wants to expand entrepreneurial opportunity for all.
- ❖ UNMRI and CABQ entered into a R2S Sponsorship agreement in July 2021
- ❖ Right to Start Update provided by Hwang at Rainforest Forum on October 14, 2021
- ❖ Right to Start's CEO and Head of Government Affairs testified on entrepreneurship policies to the New Mexico Legislature's Economic Development and Policy Committee (EDPC) in November 2021, per an invitation from Representative Garratt and Senator Hamblen.
- ❖ R2S Albuquerque Advocate hired - Edgar Solis, Owner, Alma's Salsa
 - Edgar conducted seven one-on-one meetings with entrepreneurs in Albuquerque. They cited Startup Costs as the #1 barrier to entry.
 - Edgar published an op-ed about the barriers faced by farmers market entrepreneurs and highlighted ways the local community can support the startup community.
- ❖ R2S presented to the UNMRI board in February 2022 and participated in the 2022 UNM Pitch Deck Competition.
- ❖ R2S participated in the 2022 UNM Business and Economic Summit on October 26, 2022
 - While in Albuquerque, Right to Start will recruit an Ambassador to serve the greater Albuquerque area.
- ❖ HB 118; Senate Bill 62 – introduced in the 2023 NM legislative session to create an Office of Entrepreneurship

ECONOMIC DEVELOPMENT

International

❖ **Kyushu University and Fukuoka City Delegation Visit – December 6, 2022**



EVENTS

UNM Rainforest Forum

- ❖ UNM Rainforest Forum on February 2, 2023
- ❖ brought introduction and insight into the New Mexico Tribal Entrepreneurship Enhancement Program. Panelists included Tribal Liaisons:
 - Angelo McHorse, Co-Owner, Bison Start Naturals
 - Mytegia Lee, Director, Southwest Native Assets Coalition
 - Zachariah Ben, Owner Bidii Baby Foods
 - Scott Tafoya, Owner, Truth Dancer Coaching
- ❖ Forum Recording:
<https://www.youtube.com/watch?v=H1XFr9hPRfY>



EVENTS

UNM Economic Summit

The 2022 fall University of New Mexico Business and Economic Summit

**When: Wednesday, October 26, 2022,
9:30am – 4:00pm**

Lobo Rainforest Building & Online

- ❖ UNM and UNM Rainforest Innovations hosted its 5th Business and Economic Summit.
- ❖ The summit focus was on the Right to Start activities in New Mexico.



The University of New Mexico Business and Economic Summit

Entrepreneurship in New Mexico

The purpose of the 2022 University of New Mexico Business and Economic Summit is to convene around [Right to Start](#). Right to Start is working to expand entrepreneurial opportunity for all and driving civic change through: grassroots organizing and mobilizing, policy advocacy and engagement, and lifting the voices of entrepreneurs through media and storytelling.



KEYNOTE SPEAKER
Victor W. Hwang
Founder & CEO, Right to Start
Founder & CEO, Victor & Company

The day will include panels discussing entrepreneurship in New Mexico and how we break down barriers and create more opportunity for new, young businesses.

Wednesday, October 26, 2022 | 9:30 a.m. - 5:00 p.m. MDT
Held Online via Zoom and In-Person at the Lobo Rainforest Building
101 Broadway Blvd. NE, Albuquerque, NM 87102

EVENTS

UNM Economic Summit – October 26, 2022

9:30 - 10:00 a.m.	Networking & Refreshments
10:00 - 10:15 a.m.	Welcome Garnett S. Stokes, Ph.D., President, The University of New Mexico
	Opening Remarks Howie Morales, Lieutenant Governor, State of New Mexico
10:15 - 11:15 a.m.	New Mexico Legislative Panel: Discussion of a Right to Start Act Moderator: Jason Grill, Government Affairs, Right to Start Representative Meredith Dixon, District 20 Representative T. Ryan Lane, District 3 Senator Michael Padilla, District 14
11:15 - 11:45 a.m.	Networking Break/Lunch
11:45 a.m. - 1:00 p.m.	Introduction of Keynote Speaker Lisa Kuuttila, CEO & Chief Economic Development Officer, UNM Rainforest Innovations
	Keynote – Entrepreneurship and the Right to Start Victor Hwang, Founder and CEO, Right to Start
1:00 - 1:10 p.m.	Networking Break
1:10 - 1:15 p.m.	Introduction to Entrepreneurship in New Mexico Panels Doug Ziedonis, M.D., M.P.H., Executive Vice President, UNM Health Sciences & CEO, UNM Health System
1:15 - 2:00 p.m.	Tribal Entrepreneurship Panel Moderator: Sandra Begay, Secretary Treasurer, The University of New Mexico Board of Regents and Chair, Board of Directors, UNM Rainforest Innovations <ul style="list-style-type: none">• Liz Gamboa, Director, New Mexico Community Capital• Angelo McHorse, Owner, Bison Star Naturals• Vanessa Roanhorse, CEO, Roanhorse Consulting

2:00 - 2:45 p.m.	Entrepreneurial Ecosystem Panel Moderator: Edgar Solis, Advocate, New Mexico, Right to Start <ul style="list-style-type: none">• Dana DeRego Catron, Ph.D., Deputy Director, Arrowhead Center, New Mexico State University• Marie Longserre, President & CEO, Santa Fe Business Incubator• Lorenzo Reyes Jr., Ph.D., Associate Vice President for Workforce and Economic Development, San Juan College• Rose Reza, Executive Director, UNM-Taos H.I.V.E.• Drew Tulchin, President, New Mexico Angels
2:45 - 3:00 p.m.	Networking Break
3:00 - 4:00 p.m.	Opportunities for Entrepreneurial Growth: Leveraging New Mexico's Increased Revenues Moderator: Alex Greenberg, Director of Office of Science and Technology, New Mexico Economic Development Department <ul style="list-style-type: none">• Rob Black, President & CEO, New Mexico Chamber of Commerce• Dale Dekker, Founding Principal/Architect, Dekker Perich Sabatini• Francine Sommer, CEO, Respect Wellness
4:00 p.m.	Closing Remarks & Networking Reception James Holloway, Ph.D., Provost & Executive Vice President for Academic Affairs, The University of New Mexico

EVENTS

UNM Economic Summit – October 26, 2022



EVENTS

2023 Innovation Awards

- ❖ April 25, 2023
- ❖ 2023 Innovation Fellow:
Karin Westlund High, Ph.D.
- ❖ Keynote Speaker:
Suman Lal, Ph.D.
Co-Founder
Neurochronix, Inc.



2023 *Innovation* AWARDS



Tuesday, April 25th
5:00 pm - 7:30 pm MDT



UNM Student Union Building
Ballrooms B & C

You are cordially invited to celebrate the innovative UNM faculty, staff, and students who have received issued patents or registered copyrights/trademarks from March 1, 2022 through February 28, 2023.

The 2023 Rainforest Innovation Fellow Award will be presented to:



Karin Westlund High, PhD

Distinguished Professor and Vice-Chair for Research
Dept. of Anesthesiology & Critical Care Medicine

Our Keynote Speaker will be:



Suman Lal, PhD

Founder, Zero-to-One
Co-Founder, Neurochronix, Inc.

Space is limited; please be sure to register by April 14th. Buffet dinner will be provided and cash bar. Casual business attire.



Register here: <https://2023-innovation-awards.eventbrite.com>

Additional speakers include:



Sandra Begay
Chair
UNMRI Board of Directors



Garnett Stokes, PhD
President
The University of New Mexico



Ellen Fisher, PhD
Vice President for Research
The University of New Mexico



Hengameh H. Raltsy, PharmD
Vice Chair of Research
UNM Health Sciences Center

EVENTS

2023 Innovation Awards – April 25, 2023

42 UNM inventors received patents

48 U.S. patents issued

33 Patents from UNM main campus

11 Patents from HSC

4 Patents from collaboration between UNM main campus and health sciences

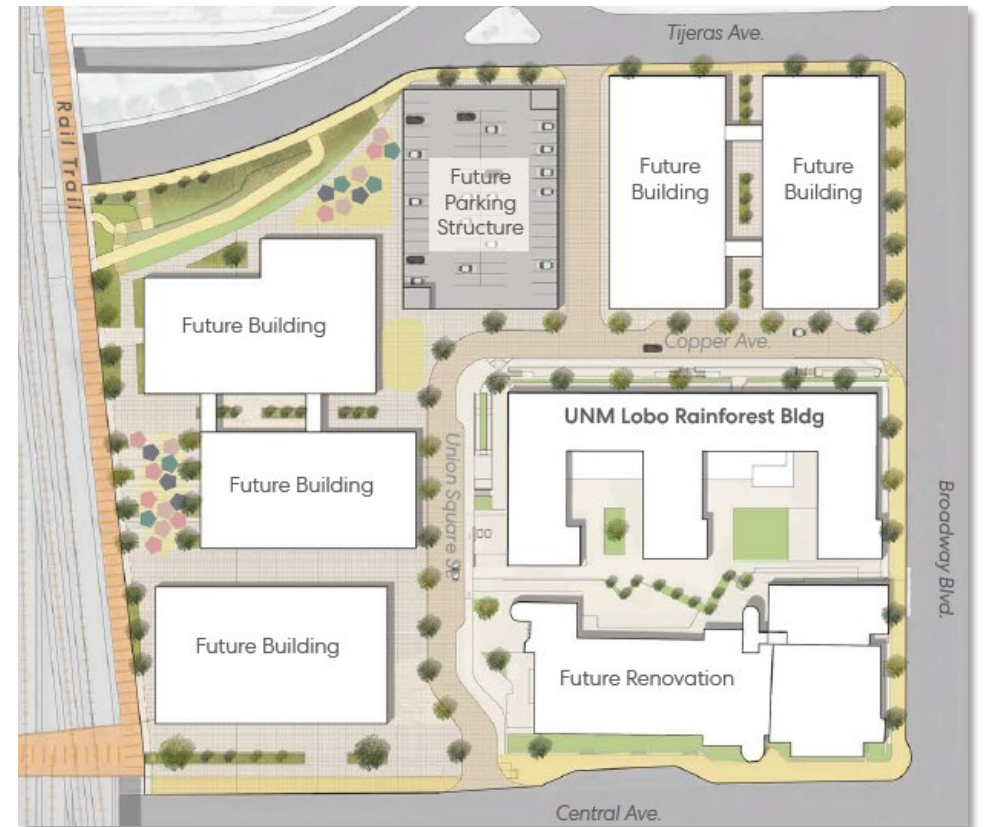
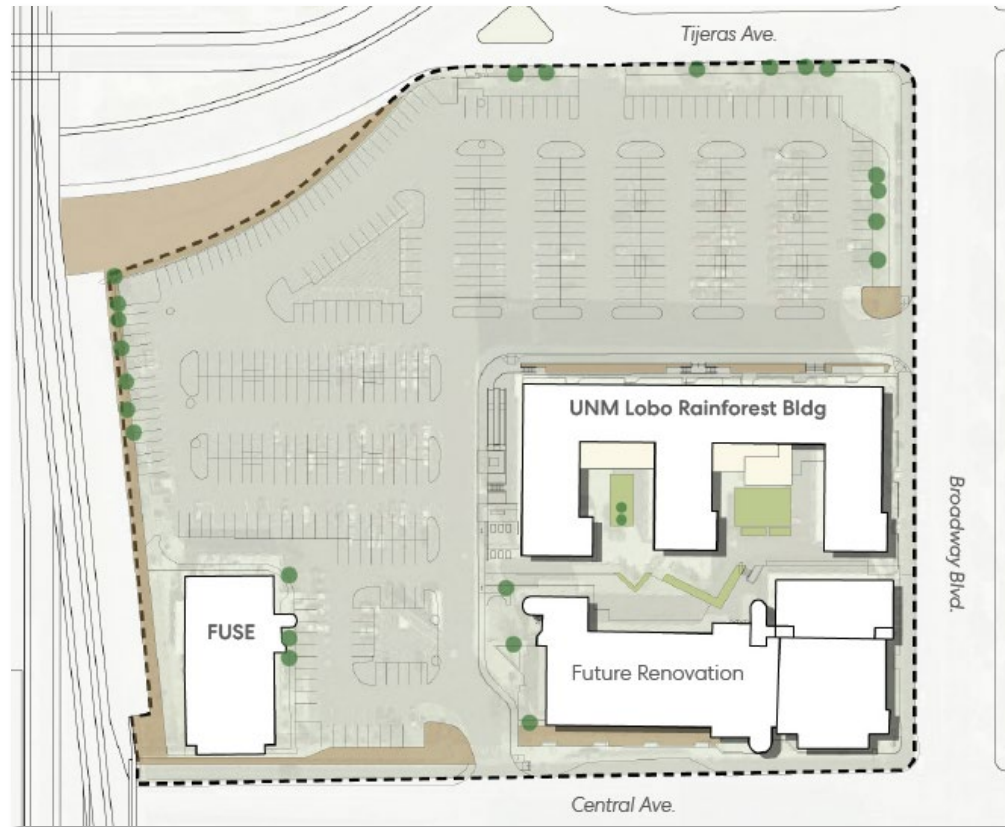


INNOVATE ABQ

- ❖ Partnership with Lobo Development and UNM Rainforest Innovations
- ❖ Advisory Board Meetings – October 10, 2022, March 27, 2023
- ❖ Executive Committee Meetings
- ❖ Master Plan Completed
- ❖ Feasibility study – Creative Spaces in sanctuary and tower; NSF REI Type 1 grant application submitted (not awarded)

INNOVATE ABQ

Updated Master Plan



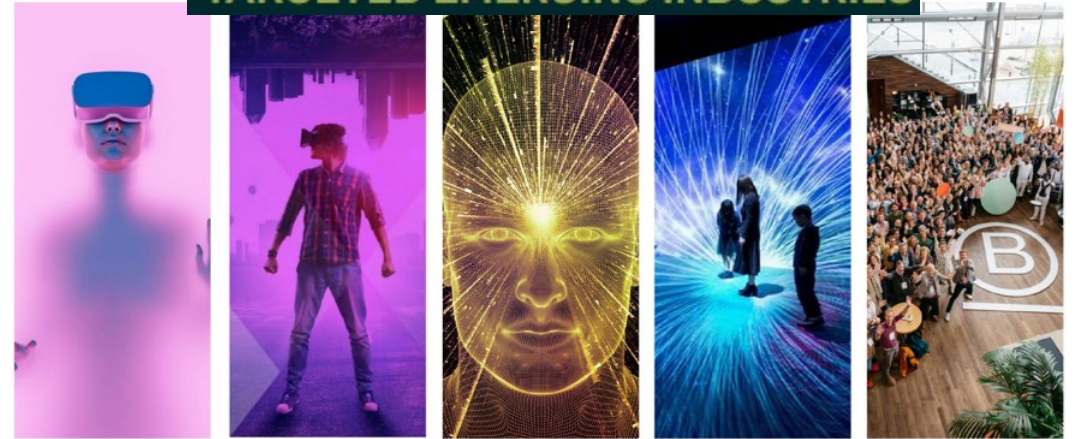
INNOVATE ABQ

The Jungle

- ❖ A regional ecosystem to support and expand creative entrepreneurship in New Mexico.
 - Will provide the Innovation District with an unprecedented creative hub of social gathering, cultural expression, thought leadership, and business resources that centralizes entrepreneurial energy and helps build momentum for excellence in our state.
 - Groundbreaking, co-creating space of innovation that provides an elevated social environment which is simultaneously fun and wildly productive.

JUNGLE

TARGETED EMERGING INDUSTRIES



Web 3 Technologies

Spatial computing, blockchain, and mixed-reality

Game Engine Development

AR/VR, traditional gaming, mobile gaming, and virtual production

Human Performance

Ultrasound, strobe therapy, meditative technologies, binaural sound, and alternative medicine

Creative Industries

Music production, film production, social media production, and immersive design

Social Entrepreneurship

Benefit Corporations, social impact businesses, DAO's, and community meetings

Jungle Programming

- Entrepreneurial Services – convert an idea into action
- Social Gathering Spaces (XR live events)
- Exhibition Spaces for demos and prototypes
- Development Spaces specifically for targeted emerging industries

CONTINUE TO EXPAND NATIONAL RECOGNITION

Bayh Dole Coalition

- ❖ April 26 is World Intellectual Property Organization's annual World IP Day, and this year, it's dedicated to celebrating women and IP.
- ❖ BDC salutes the contributions of some of the women members in academic tech transfer including UNMRI's CEO.



INNOVATION DEPENDS ON INTELLECTUAL PROPERTY PROTECTIONS

At America's research universities, a long history of women-led technology transfer fuels the creation of world-changing innovations. The Bayh-Dole Coalition salutes some of our members who made that possible.

Karin Immergluck



As associate vice provost of Stanford University's Office of Technology Licensing, Karin oversaw the licensing of over 450 new technologies in 2022, including a landmark, FDA-cleared medical device, the SAINT™ Neuromodulation System to treat major depressive disorder.

"Our main mission is to get the fruits of our research into the hands of companies and people who can turn it into products and services that will benefit society."



Lisa Kuuttila



For 20 years, Lisa has served as president and CEO of the University of New Mexico's Rainforest Innovations, which supported the launch of over 90 startups between 2013 and 2022.

"Our organization is unique because we work across so many different parts of the university and business community. We also work to bring those people together in order to create opportunities from those partnerships."



Kelly Sexton



Currently associate VP of innovation partnerships at the University of Michigan, Kelly previously headed the technology licensing program at North Carolina State University. Under her leadership in 2022, U-M disclosed 433 inventions, recorded 278 licensing agreements, and launched 16 startups.

"America's innovative, economic edge has long been bolstered by a strong policy framework that encourages public-private partnerships."



Robin Rasor



Robin previously directed technology licensing efforts at the University of Michigan and The Ohio State University before becoming associate VP for translation & commercialization at Duke. Her office at Duke has helped bring the eyelash growth serum Latisse and the gout treatment Krystexxa to market.

"Over my many years at three universities, I've seen countless, life-changing discoveries come out of university research labs, the majority of them resulting from federal funding. But these research discoveries would have never made it off of college campuses if it weren't for bipartisan legislation passed 40 years ago — the Bayh-Dole Act."



Teri Willey



Teri recently retired as managing director of IU Ventures, where she developed several investment funds to support companies with Indiana University affiliations. Teri was previously the first full-time technology transfer officer hired at Northwestern University, where she contributed to the licensing of the nerve pain medication Lyrica, and Purdue University, where she licensed tissue engineering technology that's used in countless surgeries.

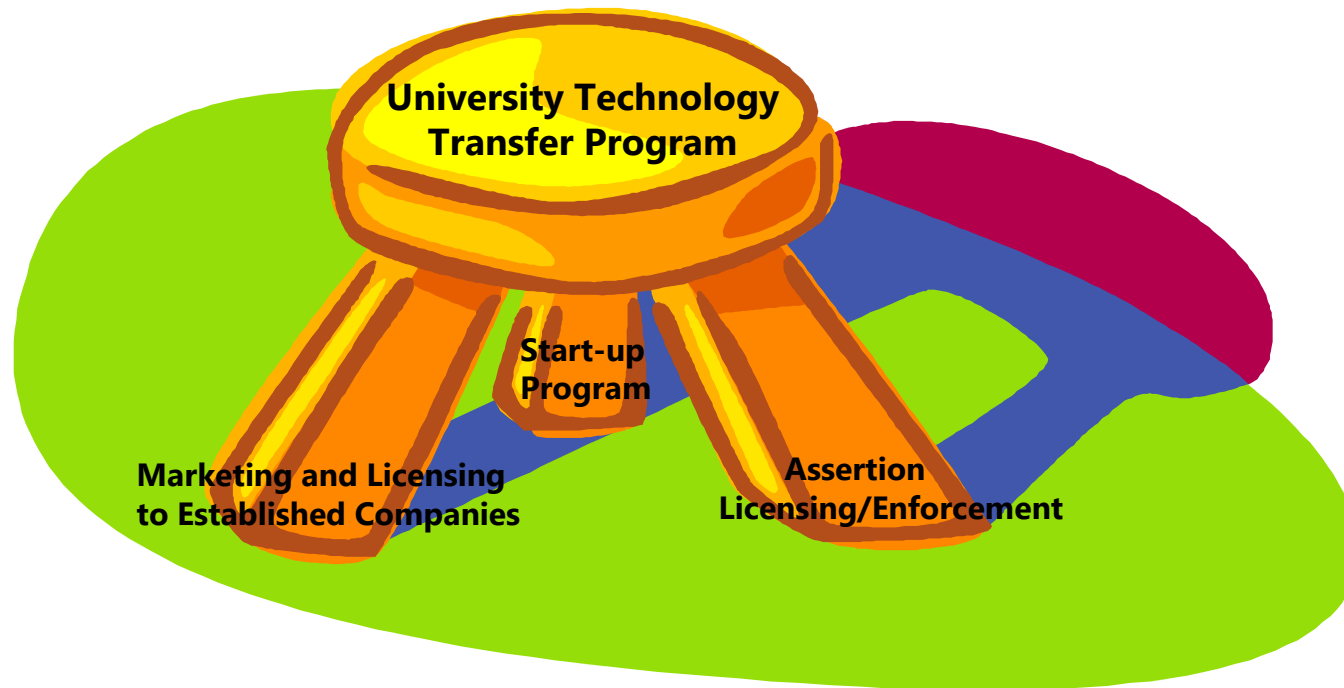
"[Patents] create an incentive to invest in ideas."



UNM RAINFOREST INNOVATIONS

Stage of Maturity

- ❖ A mature technology transfer program needs all 3 legs of the stool as transfer mechanisms



BUILDING A TECHNOLOGY TRANSFER PROGRAM



FY 2024 UNM RAINFOREST INNOVATIONS

Vision and Goals

❖ Board Retreat Future Scenarios

1. Partnered with Lobo Development to leverage Innovate ABQ, which became a thriving community and the core of an innovation district in Albuquerque.
2. Partnered with the UNM Foundation to create new initiatives (such as support for a student incubator, the development of Innovate ABQ, and other valuable outcomes).
3. Became a local national leader in the “Right to Start” movement and other valuable outcomes.
4. Directed its endowment to plant seeds for new UNM initiatives (such as gap funding, the continuation of the I-Corps program and other important outcomes).
5. Delivered substantial revenues to UNM from third-party assertion projects.



**SUPPORTING TECHNOLOGY TRANSFER AND
CATALYZING ECONOMIC DEVELOPMENT AT
THE UNIVERSITY OF NEW MEXICO**

(A Blended Component Unit of the University of New Mexico)

Financial Statements

For the Years Ended June 30, 2023 and 2022

UNM Rainforest Innovations
(A Blended Component Unit of the University of New Mexico)
Table of Contents
June 30, 2023

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**UNM Rainforest Innovations
 (A Blended Component Unit of the University of New Mexico)
 Official Roster (unaudited)
 June 30, 2023**

<u>Name</u>	<u>OFFICERS</u>	<u>Title</u>
Ms. Sandra Begay		Chair
Ms. Terri Cole		Vice Chair
Dr. James P. Holloway		Vice Chair
Dr. John H. Stichman		Vice Chair Secretary/Treasurer
Ms. Elizabeth Kuuttilla		CEO & Chief Economic Development Officer
Ms. Larissa Cardenas		Assistant Secretary
 <u>COMMITTEE CHAIRS</u> 		
Ms. Sandra Begay		Chair, Executive Committee and Nominating Committee
Dr. John H. Stichman		Chair, Finance and Compensation Committee
Mr. Gregg L. Mayer		Chair, Endowment Fund Committee
Mr. Chuck Wellborn		Chair, Co-Investment Fund Committee
 <u>BOARD MEMBERS</u> 		
Ms. Sandra Begay		Dr. Richard Luarkie
Mr. Joe Christian		Mr. Gregg L. Mayer
Ms. Terri Cole		Mr. Robert H. Nath
Dr. Julie A. Coonrod		Dr. David L. Perkins
Ms. Teresa Costantinidis		Dr. Eric R. Prossnitz
Dr. Ellen Fisher		Mr. Alex O. Romero
Mr. David H. Foster		Dr. Alton D. Romig, Jr.
Dr. Robert H. Fisher		Ms. Kimberly Sanchez Rael
Mr. David W. Gibson		Dr. John H. Stichman
Mr. Riis Gonzales		Dr. Garnett S. Stokes
Ms. Maria Griego-Raby		Dr. John C. Stormont
Dr. James P. Holloway		Mr. Chuck I. Wellborn Dr.
Ms. Elizabeth Kuuttilla		Dr. Douglas Ziedonis

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FINANCIAL SECTION





Carr, Riggs & Ingram, LLC
2424 Louisiana Boulevard NE
Suite 300
Albuquerque, NM 87110

505.883.2727
505.884.6719 (fax)
CRlcpa.com

INDEPENDENT AUDITORS' REPORT

Joseph M. Maestas, New Mexico State Auditor
UNM Rainforest Innovations Board
UNM Rainforest Innovations
Albuquerque, New Mexico

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of UNM Rainforest Innovations ("the Corporation"), a blended component unit of the University of New Mexico ("UNM"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Corporation, as of June 30, 2023, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Reporting Entity

As discussed in Note 1, the financial statements of the entity are intended to present the financial position and the changes in financial position of only UNM Rainforest Innovations. They do not purport to, and do not, present fairly the financial position of the University of New Mexico, as of June 30, 2023, the changes in its financial position for the year then ended in conformity in

accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Prior Period Financial Statements

The financial statements of UNM Rainforest Innovations as of June 30, 2022, were audited by other auditors whose report dated September 22, 2022, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10-12 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the Corporation's basic financial statements. The accompanying schedule of deposit and investment accounts is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of deposit and investment accounts is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the table of contents, official roster, and other disclosures but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2023, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Albuquerque, New Mexico
September 20, 2023

UNM Rainforest Innovations
(A Blended Component Unit of the University of New Mexico)
Management's Discussion and Analysis (unaudited)
June 30, 2023 and 2022

Financial Position

The Corporation's current assets decreased by \$3,826,292 for the year ended June 30, 2023 to \$14,051,566 compared to \$17,877,858 as of June 30, 2022; and current assets decreased by \$4,671,457 for the year ended June 30, 2022 to \$17,877,858 compared to \$22,549,315 as of June 30, 2021. The decrease from fiscal year 2022 to fiscal year 2023 was primarily attributable to several fully-paid license agreements entered into during 2023.

Current liabilities decreased by \$3,863,891 for the year ended June 30, 2023 to \$2,304,310 compared to \$6,168,201 as of June 30, 2022; and decreased by \$1,791,009 for the year ended June 30, 2022 to \$6,168,201 compared to \$7,959,210 as of June 30, 2021. The change from fiscal year 2022 to fiscal year 2023 is primarily attributable to the decrease in the liability due to various vendors payments as of June 30, 2023 associated with several fully-paid license agreements entered into during the year.

The statements of net position for the years ended June 30, 2023, 2022 and 2021 consisted of the following:

June 30,	2023	2022	2021
Current assets	\$ 14,051,566	\$ 17,877,858	\$ 22,549,315
Investment in stock	3,448	3,626	1,750
Capital assets, net	29,941	35,053	35,656
RTU Lease Asset	651,683	808,087	964,491
Total assets	\$ 14,736,638	\$ 18,724,624	\$ 23,551,212
Current liabilities	\$ 2,304,310	\$ 6,168,201	\$ 7,959,210
Noncurrent liabilities	503,707	644,356	785,005
Total liabilities	2,808,017	6,812,557	8,744,215
Net position			
Net investment in capital assets	37,274	58,134	75,710
Quasi-endowment	500,000	500,000	500,000
Unrestricted	11,391,347	11,353,933	14,231,140
Total net position	11,928,621	11,912,067	14,806,850
Total liabilities and net position	\$ 14,736,638	\$ 18,724,624	\$ 23,551,065

UNM Rainforest Innovations
(A Blended Component Unit of the University of New Mexico)
Management's Discussion and Analysis (unaudited)
June 30, 2023 and 2022

Capital Assets

Capital asset purchases during fiscal years 2023, 2022, and 2021 were \$8,660, \$11,811, and \$12,373, respectively, for furniture and equipment, leasehold improvements and software and had depreciation expense of \$13,772, \$12,414, and \$9,596, respectively. A right-to-use asset, net of \$651,683 and offsetting lease liability of \$644,350 was recorded as of June 30, 2023. Amortization of the right-to-use asset for the fiscal years ended 2023 and 2022 was \$156,404 and \$156,404, respectively.

Debt and Lease Liabilities

The Corporation has a building lease liability for the fiscal years ended 2023, 2022 and 2021 of \$644,350, \$785,006 and \$0, respectively. The current portion of this lease liability as of June 30, 2023, 2022 and 2021 was \$140,643, \$140,650 and \$0, respectively.

Comparison of Fiscal 2023 to Fiscal 2022 Results of Operations

Total operating revenues decreased by \$3,946,867 from \$8,415,120 in fiscal year 2022 to \$4,468,253 for fiscal year 2023. The majority of the decrease is primarily attributable to a decrease in new fully-paid license agreements executed in fiscal year 2023.

Total operating expenses decreased by \$3,675,325 from \$9,360,800 to \$5,685,475 for fiscal year 2023 compared to fiscal year 2022. The decrease was primarily attributable to less legal expenses incurred related to new fully-paid settlement license agreements entered into during fiscal year 2023.

Comparison of Fiscal 2022 to Fiscal 2021 Results of Operations

Total operating revenues decreased by \$49,352,587 from \$57,767,707 in fiscal year 2021 to \$8,415,120 for fiscal year 2022. The majority of the decrease is primarily attributable to a decrease in new fully-paid license agreements executed in fiscal year 2022.

Total operating expenses decreased by \$42,889,828 from \$52,250,628 to \$9,360,800 for fiscal year 2022 compared to fiscal year 2021. The decrease was primarily attributable to less legal expenses incurred related to new fully paid settlement license agreements entered into during fiscal year 2022.

UNM Rainforest Innovations
(A Blended Component Unit of the University of New Mexico)
Management's Discussion and Analysis (unaudited)
June 30, 2023 and 2022

The statements of revenues, expenses and changes in net position for the years ended June 30, 2023, 2022 and 2021 consisted of the following:

For the Years Ended June 30,	2023	2022	2021
Total operating revenues	\$ 4,468,253	\$ 8,415,120	\$ 57,767,707
Total operating expenses	5,685,475	9,360,800	52,250,628
Operating (loss) gain	(1,217,222)	(945,680)	5,517,079
Net non-operating revenues (expenses)	1,233,776	(1,949,250)	1,666,973
Change in net position	16,554	(2,894,930)	7,184,052
Net position, beginning of year	11,912,067	14,806,997	7,622,945
Net position, end of year	\$ 11,928,621	\$ 11,912,067	\$ 14,806,997

Economic Conditions

The uncertainty of the general economic condition impacts university technology transfer offices such as the Corporation. The stability of the economy will be critical in the venture capital industry, which provides funding for start-up companies that may license university intellectual property.

Contacting the Company's Management

This report is meant to accurately describe the financial condition and position of the Corporation. If you have any questions about this report or need additional financial information, contact UNM Rainforest Innovations at 101 Broadway Blvd NE, Suite 1100, Albuquerque, New Mexico 87102.



BASIC FINANCIAL STATEMENTS



UNM Rainforest Innovations
(A Blended Component Unit of the University of New Mexico)
Statements of Net Position

June 30,	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 2,030,983	\$ 2,943,383
Investments	11,430,303	10,278,353
Accounts receivable, net	588,268	4,643,879
Prepaid insurance	2,012	12,243
Total current assets	14,051,566	17,877,858
Noncurrent assets		
Investment in stock	3,448	3,626
Capital assets, net	29,941	35,053
RTU Lease Asset	651,683	808,087
Total noncurrent assets	685,072	846,766
Total assets	\$ 14,736,638	\$ 18,724,624
Liabilities		
Current liabilities		
Accounts payable	\$ 281,014	\$ 3,836,980
Accrued expenses	205,353	392,700
Accrued royalty sharing, net	1,193,990	1,251,301
Due to the University of New Mexico	483,310	546,570
RTU lease liability, current	140,643	140,650
Total current liabilities	2,304,310	6,168,201
RTU lease liability, net of current	503,707	644,356
Total liabilities	2,808,017	6,812,557
Net position		
Net investment in capital assets	37,274	58,134
Quasi-endowment	500,000	500,000
Unrestricted	11,391,347	11,353,933
Total net position	11,928,621	11,912,067
Total liabilities and net position	\$ 14,736,638	\$ 18,724,624

The accompanying notes are an integral part of these financial statements.

UNM Rainforest Innovations
(A Blended Component Unit of the University of New Mexico)
Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended June 30,	2023	2022
Operating revenues		
Operational funding from UNM	\$ 794,000	\$ 794,000
Patent funding from UNM	952,000	952,000
Economic development funding from UNM	288,000	288,000
Patent cost reimbursement, net	464,778	354,390
Licensing and royalties, net	1,470,926	5,633,653
Rental income	31,263	41,910
Other	467,286	351,167
Total operating revenues	4,468,253	8,415,120
Operating expenses		
Patent costs incurred	1,346,875	1,289,504
Licensing distributions	838,119	874,275
Economic development initiative	416,756	439,212
Depreciation expense	170,176	168,818
Administrative expenses	2,913,549	6,588,991
Total operating expenses	5,685,475	9,360,800
Operating (loss)	(1,217,222)	(945,680)
Non-operating revenues (expenses)		
Interest expense	(6,264)	(7,488)
Interest income	342,431	458,330
Gain (loss) on investments, net	897,609	(2,400,092)
Net non-operating revenues (expenses)	1,233,776	(1,949,250)
Change in net position	16,554	(2,894,930)
Net position, beginning of year	11,912,067	14,806,997
Net position, end of year	\$ 11,928,621	\$ 11,912,067

The accompanying notes are an integral part of these financial statements.

UNM Rainforest Innovations
(A Blended Component Unit of the University of New Mexico)
Statements of Cash Flows

For the Years Ended June 30,	2023	2022
Cash flows from operating activities		
Receipts from licensees	\$ 5,826,319	\$ 1,744,511
Receipts for patent funding revenue from UNM	952,000	952,000
Receipts for operational funding revenue from UNM	794,000	794,000
Receipts for patent cost reimbursements	464,778	354,390
Receipts from other	467,286	351,167
Receipts for economic development initiatives funding revenue from UNM	288,000	288,000
Receipt of rental income	31,263	41,910
Payment for patent cost incurred	(1,346,875)	(1,289,504)
Payment for licensing distribution expense	(958,690)	(4,519,825)
Payments to suppliers and employees	(7,063,387)	(5,187,123)
Net cash (used in) operating activities	(545,306)	(6,470,474)
Cash flows from capital financing activities		
Purchase of capital assets	(8,660)	(11,811)
Payments on leases	(140,656)	(146,919)
Net cash (used in) capital financing activities	(149,316)	(158,730)
Cash flows from investing activities		
Purchase of investments	(4,001,529)	(2,314,932)
Investment proceeds	3,783,573	2,741,179
(Sale) purchase of stock	178	(1,876)
Net cash (used in) provided by investing activities	(217,778)	424,371
Net change in cash and cash equivalents	(912,400)	(6,204,833)
Cash and cash equivalents - beginning of year	2,943,383	9,148,216
Cash and cash equivalents - end of year	\$ 2,030,983	\$ 2,943,383

The accompanying notes are an integral part of these financial statements.

For the Years Ended June 30,	2023	2022
Operating (loss)	\$ (1,217,222)	\$ (945,680)
Reconciliation of operating loss to net cash (used in) operating activities		
Depreciation expense	170,176	168,818
Bad debt expense	299,782	432,296
Changes in assets and liabilities		
Accounts receivable, net	4,055,611	(4,321,438)
Prepaid insurance	10,231	(12,243)
Accounts payable	(3,555,966)	3,603,681
Accrued expenses	(187,347)	(1,750,358)
Accrued royalty sharing, net	(57,311)	233,263
Due to the University of New Mexico	(63,260)	(3,878,813)
Net cash (used in) operating activities	\$ (545,306)	\$ (6,470,474)

The accompanying notes are an integral part of these financial statements.

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UNM Rainforest Innovations
(A Blended Component Unit of the University of New Mexico)
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

UNM Rainforest Innovations (the Corporation)(a blended component unit of the University of New Mexico (UNM) and was organized on April 26, 1993, to facilitate the commercialization of UNM faculty inventions and to manage UNM’s Science & Technology Park in Albuquerque, New Mexico. On December 14, 2004, UNM and UNM Rainforest Innovations entered into a revised Memorandum of Agreement (MOA) containing the expectations and performance obligations UNM is seeking from the Corporation. The MOA may be terminated at any time by either party, at which point all property of the Corporation shall be transferred to UNM or other successor organization designated by resolution of the UNM Board of Regents. The Corporation was incorporated under the State of New Mexico’s University Research Park and Economic Development Act. As of June 30, 2023, the governing board consisted of 26 members, including 9 members of certain officers and faculty of UNM, the President of the Corporation, and 17 members of the community.

The Corporation is a blended component unit of UNM and reported upon as a part of the basic financial statements of UNM. Additional information regarding the University of New Mexico may be obtained directly from their administrative office as follows: 1 University of New Mexico, MSC01 1300, Albuquerque, NM 87131.

These financial statements include those activities and functions related to UNM Rainforest Innovations which are controlled by or dependent upon its Board. The accompanying financial statements do not present the financial position and results of operations of UNM, taken as a whole in accordance with generally accepted accounting principles (GAAP).

Reporting Entity

In evaluating how to define the Corporation, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61, GASB Statement No. 80, and GASB Statement No. 90.

Blended component units, although legally separate entities, are in substance part of the government’s operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

UNM Rainforest Innovations
(A Blended Component Unit of the University of New Mexico)
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

The basic, but not the only-criterion, for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the nomination and voting on income board members, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Corporation has no component units required to be included in these financial statements.

Basis of Accounting and Financial Statement Presentation

As a blended component unit of UNM, the Corporation presents its financial statements in accordance with accounting standards generally accepted in the United States as established by the Governmental Accounting Standards Board (GASB). The Corporation applies the business-type activity accounting and the Corporation's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting.

Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. The significant accounting policies utilized by the Corporation in the preparation of the financial statements are described below.

UNM Rainforest Innovations
(A Blended Component Unit of the University of New Mexico)
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position

Cash and Cash Equivalents

Cash and cash equivalents include consist of deposits and funds invested in short-term money market mutual funds. The Corporation is not subject to statutory or policy restrictions on the types of deposits held. For purposes of the statements of cash flows, the Corporation considers all cash on hand, cash in banks, and all highly liquid securities with original maturities of three months or less to be cash equivalents.

Investments

The investment portfolio is valued based on quoted market values. The portfolio primarily consists of mutual funds. Investments in stock consist of ownership interest in start-up companies and are carried at cost basis.

Accounts Receivable

Accounts receivable represent the amount earned based on existing terms under license agreements but uncollected on accrued royalties earned from customers. Accounts receivable are carried at original amount billed less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis.

Allowance for Doubtful Accounts

Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. There was an allowance for doubtful accounts of \$2,198 and \$434,494 as of June 30, 2023 and 2022, respectively.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation in the case of gifts. For equipment, software and furniture, the Corporation's capitalization policy includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Information technology equipment including software is being capitalized for assets with a useful life of greater than one year in accordance with 2.20.1.9(C)(5) NMAC (9-30-99, recompiled 10/01/01).

UNM Rainforest Innovations
(A Blended Component Unit of the University of New Mexico)
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position (Continued)

Compensated Absences

Qualified employees are entitled to accumulate annual leave up to two hundred fifty two hours per year according to a graduated leave schedule and carry that leave forward from calendar year to calendar year. Full-time regular employees earn and accrue 14 hours of vacation leave per month (regular part-time staff employees accrue on a pro rata basis). Full-time regular employees earn and accrue 8 hours of sick leave per month. A maximum total of 1,040 hours of sick leave accrual may be carried over to the next calendar year. No wages will be paid for accrued, unused vacation leave except upon termination of employment. Sick Leave hours do not vest and will not be paid upon termination of employment. The Corporation recorded \$84,548 and \$71,785 of annual leave at June 30, 2023 and 2022, respectively, and changed as follows:

Net Position

Equity is classified as net position and displayed in three components:

Net investment in capital assets – Net position invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. The Corporation had no restricted net position for the years ending June 30, 2023 or 2022.

Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Revenues and Expenses

Upfront, nonrefundable licensing fees are recognized when earned. These fees are ordinarily earned when a license agreement is signed, and the Corporation has no further obligations with respect to the license. Minimum annual royalty and license maintenance fee income is accrued as it is earned, if it is determined that collection is reasonably assured.

UNM Rainforest Innovations
(A Blended Component Unit of the University of New Mexico)
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenses (Continued)

Operational and patent cost funding from UNM is recognized when all eligibility requirements have been met. Patent cost reimbursement is recognized when earned. Economic development funding and other professional service income is on a cost-reimbursement basis, and thus revenue is recognized equal to the amount of allowable expenses incurred.

Patent monetization fees are recognized when an agreement is signed, and the Corporation has no further obligations with respect to the agreement.

Rental income from leases is recognized on a month-to-month basis according to lease terms. The Corporation enters into various short-term monthly agreements with venture lab tenants for virtual and physical space. The Corporation recorded \$31,263 and \$41,910 of rental/occupancy income associated with these agreements in fiscal years 2023 and 2022, respectively.

For the fiscal years ended June 30, 2023 and 2022, the Corporation had bad debt expense related to royalties and licenses of \$256,168 and \$197,813, respectively. For the fiscal years ended June 30, 2023 and 2022, the Corporation had \$43,614 and \$234,483 of bad debt expense related to patent cost reimbursement, respectively. Total bad debt expense is included in general and administrative expense on the accompanying statements of revenues, expenses, and changes in net position.

Patent Costs

UNM, a related party, provides annual funding for patent costs. The funding revenue is deferred on receipt. As patent costs are incurred, expense is recognized, and an equal amount of the deferred revenue is recognized as income.

Income Tax Status

The Corporation has received a determination letter from the Internal Revenue Service (IRS) that it is an organization described in Internal Revenue Code Section 501(c)(3). As such, it would be exempt from federal income tax on income generated from activities related to its exempt function. The Corporation is taxable on unrelated business taxable income. Under some license agreements, the Corporation will take an equity position in the licensee. If the licensee is a limited liability company, the IRS treats income allocable to interests held by a tax-exempt Corporation as unrelated business taxable income. The Corporation had no unrelated business taxable income during the years ended June 30, 2023 and 2022.

Reclassification

A reclassification was made to prior year balances to conform with current year presentation.

UNM Rainforest Innovations
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Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for the Corporation is management's estimate of depreciation on assets over their estimated useful lives, amortization of leases and the calculation of compensated absences.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 20, 2023 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued and Implemented Accounting Pronouncements

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. There were no significant impacts of implementing this Statement.

GASB Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership agreements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined by this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. There were no significant impacts of implementing this Statement.

UNM Rainforest Innovations
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Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this. This statement is implemented and did not have a material impact on the Corporation as all subscription-based information technology agreements were identified as short-term.

GASB Statement 99, *Omnibus 2022*. This statement addresses practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. Practice issues addressed by this Statement include classification and reporting of derivative instruments within the scope of Statement No. 53, clarification of provisions in Statement No. 87, *Leases*, clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt, and other various clarifications. There were no significant impacts of implementing this Statement.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period.

UNM Rainforest Innovations
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Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The Corporation is evaluating the requirements of the above statements and the impact on reporting.

Note 2: LICENSE AND PATENT MONETIZATION AGREEMENTS

On July 12, 2019, the Corporation entered into a patent monetization agreement and related documents with multiple third-parties to fund expenses incurred by or on behalf of the Corporation in pursuing certain patent infringement claims. The terms of the agreements are subject to confidentiality provisions and/or attorney-client privilege. During fiscal years 2023 and 2022, certain patent settlement claims resulted in zero and one fully-paid license agreements, respectively. The fully-paid license agreements grant a non-exclusive, irrevocable, non-transferable, world-wide license under the licensed patents. The Corporation incurred \$0 and \$3,805,487 as of June 30, 2023 and 2022, respectively, in associated fees and distributions included in general and administrative expenses and licensing distributions on the accompanying statements of revenues, expense, and changes in net position.

Net licensing revenues are subject to distributions, based on mutual agreements and UNM policy, to joint owners of intellectual property, UNM inventors, and certain offices at UNM. As of June 30, 2023 and 2022, \$483,310 and \$546,570, respectively, are owed to UNM for UNM's share of licensing distributions.

UNM Rainforest Innovations
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Notes to Financial Statements

Note 3: DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the entity’s deposits may not be returned to it. As of June 30, 2023 and 2022, the Corporation had deposits totaling \$2,127,085 and \$3,021,952, respectively. As a separate legal 501(c)(3) entity, the Corporation is not subject to the public money act pledged collateral requirements. At June 30, 2023 and 2022, the checking account balance was in excess of amounts insured by the FDIC by \$1,627,085 and 2,521,952, respectively.

June 30, 2023	Bank of the West	TIAA	Total
Total amount of deposits	\$ 1,735,879	\$ 391,206	\$ 2,127,085
Deposit accounts covered by the FDIC/SIPC coverage	(250,000)	(250,000)	(500,000)
Total uninsured and uncollateralized	\$ 1,485,879	\$ 141,206	\$ 1,627,085

June 30, 2022	Bank of the West	TIAA	Total
Total amount of deposits	\$ 2,462,411	\$ 559,541	\$ 3,021,952
Deposit accounts covered by the FDIC/SIPC coverage	(250,000)	(250,000)	(500,000)
Total uninsured and uncollateralized	\$ 2,212,411	\$ 309,541	\$ 2,521,952

UNM Rainforest Innovations
(A Blended Component Unit of the University of New Mexico)
Notes to Financial Statements

Note 3: DEPOSITS AND INVESTMENTS (Continued)

Reconciliation of Deposits and Investments to the Statement of Net Position

Deposits	\$ 1,735,879
Money market accounts	391,206
Domestic fixed income	2,831,531
Domestic equities	5,798,298
International equities	2,800,474
<hr/>	
Total deposits and investments	13,557,388
<hr/>	
Less reconciling items	(96,102)
<hr/>	
Total cash and cash equivalents and investments	\$ 13,461,286
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Statement of net position	
Cash and cash equivalents	\$ 2,030,983
Investments	11,430,303
<hr/>	
Net deposits and investments	\$ 13,461,286
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Investments

The Corporation's investment objective option is "Moderate/Intermediate-Term" under the Passive Meet/Beat Market" TIAA Portfolio Advisor Investment Strategy. TIAA has a general investment account policy developed for the Corporation's funds. The policy establishes an understanding as to the investment goals, objectives, and management policies for this specific portfolio. The objective of the fund is an emphasis on the total return of the portfolio with some consideration on additional customization options. Investments are primarily in equity securities and other asset classes, with growth as the primary objective. Fixed income securities are utilized for risk control. Real assets are utilized for diversification and complementary strategies may be utilized to improve the return/risk relationship of the portfolio. The risk of tolerance of the Corporation can currently be described as "moderate/intermediate-term." The performance of the portfolio will be monitored, measured, and reported by TIAA to the Corporation.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the Corporation will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

UNM Rainforest Innovations
(A Blended Component Unit of the University of New Mexico)
Notes to Financial Statements

Note 3: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Concentration of Credit Risk

The following represents the concentration of credit risk regarding the investments of the Corporation at June 30, 2023:

Investment	Market Value	Percent of Corporation's Investment
Domestic fixed income	\$ 2,831,531	24.8%
Domestic equities	5,798,298	50.7%
International equities	2,800,474	24.5%
Total investments	\$ 11,430,303	100.0%

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Corporation has a policy on investment credit risk that limits it by requiring that domestic investment grade bond funds held have a credit rating of BBB or above at purchase, and by limiting the percentage of assets invested in bond funds.

Interest Rate Risk – Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Corporation has a policy to limit its exposure to interest rate risk by limiting the percentage of assets invested in bond funds and by requiring the weighted average duration of its portfolio of bond funds to not exceed the duration of the Barclays Aggregate Bond Index by more than two years.

UNM Rainforest Innovations
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Notes to Financial Statements

Note 3: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The Corporation had the following investments and maturities at June 30, 2023 and 2022:

June 30, 2023	Fair Value	Less than 1	1-5	6-10	More than 10	Not Available
Fixed income						
Domestic bond mutual funds	\$ 2,831,531	\$ 119,231	\$ 1,053,715	\$ 1,658,585	\$ -	\$ -
	\$ 2,831,531	\$ 119,231	\$ 1,053,715	\$ 1,658,585	\$ -	\$ -
June 30, 2022	Fair Value	Less than 1	1-5	6-10	More than 10	Not Available
Fixed income						
Domestic bond mutual funds	\$ 2,897,376	\$ -	\$ 311,846	\$ 2,447,044	\$ 138,486	\$ -
International bond mutual funds	91,207	-	-	-	91,207	-
	\$ 2,988,583	\$ -	\$ 311,846	\$ 2,447,044	\$ 229,693	\$ -

The following tables provide information on the credit ratings associated with the Corporation's investments in debt securities at June 30, 2023 and 2022.

June 30, 2023	Fair Value	AAA	AA	A	BBB	B	NR
Fixed income							
Domestic bond mutual funds	\$ 2,831,531	\$ 1,125,313	\$ 1,096,527	\$ 110,606	\$ 126,274	\$ 25,414	\$ 347,397
	\$ 2,831,531	\$ 1,125,313	\$ 1,096,527	\$ 110,606	\$ 126,274	\$ 25,414	\$ 347,397
June 30, 2022	Fair Value	AAA	AA	A	BBB	B	NR
Fixed income							
Domestic bond mutual funds	\$ 2,897,376	\$ 297,053	\$ 1,719,312	\$ 748,901	\$ -	\$ 132,110	\$ -
International bond mutual funds	91,207	-	-	-	91,207	-	-
	\$ 2,988,583	\$ 297,053	\$ 1,719,312	\$ 748,901	\$ 91,207	\$ 132,110	\$ -

UNM Rainforest Innovations
(A Blended Component Unit of the University of New Mexico)
Notes to Financial Statements

Note 3: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Fair Value Measurements

The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Corporation has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets.
 - Quoted prices for identical or similar assets or liabilities in inactive markets.
 - Inputs other than quoted prices that are observable for the asset or liability.
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. See above for discussion of valuation methodologies used to measure fair value of investments.

Money Markets, Equities and Fixed Income Securities are valued at the daily closing price as reported by the fund. These investments held by the Corporation are open-end funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Corporation deemed to be actively traded.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

UNM Rainforest Innovations
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Notes to Financial Statements

Note 3: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Furthermore, while the Corporation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Corporation maintained a balance of \$11,430,303 in investments at June 30, 2023, which required fair value disclosure. The following table sets forth by level within the fair value hierarchy of the Corporation's assets at fair value as of June 30, 2023:

	Total	Level 1	Level 2	Level 3
Domestic fixed income	\$ 2,831,531	\$ 2,831,531	\$ -	\$ -
Domestic equities	5,798,298	5,798,298	-	-
International equities	2,800,474	2,800,474	-	-
	<u>\$ 11,430,303</u>	<u>\$ 11,430,303</u>	<u>\$ -</u>	<u>\$ -</u>

The Corporation maintained a balance of \$10,278,353 in investments at June 30, 2022, which required fair value disclosure. The following table sets forth by level within the fair value hierarchy of the Corporation's assets at fair value as of June 30, 2022:

	Total	Level 1	Level 2	Level 3
Domestic fixed income	\$ 2,897,376	\$ 2,897,376	\$ -	\$ -
International fixed income	91,207	91,207	-	-
Domestic equities	4,833,645	4,833,645	-	-
International equities	2,456,125	2,456,125	-	-
	<u>\$ 10,278,353</u>	<u>\$ 10,278,353</u>	<u>\$ -</u>	<u>\$ -</u>

During the year ended June 30, 2023, the Corporation had the following gain (loss) on investments:

June 30,	2023	2022
Realized (loss) gain	\$ (127,810)	\$ 130,473
Unrealized gain (loss)	1,025,419	(2,530,565)
Gain (loss) on investments, net	<u>\$ 897,609</u>	<u>\$ (2,400,092)</u>

UNM Rainforest Innovations
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Notes to Financial Statements

Note 4: CAPITAL ASSETS

The following is a summary of changes in capital assets during the years ended June 30, 2023 and 2022:

	June 30, 2022	Additions	Deletions	June 30, 2023
Capital assets being depreciated/amortized				
Furniture and equipment	\$ 145,133	\$ 8,660	\$ -	\$ 153,793
Leasehold improvements	4,782	-	-	4,782
Software	66,583	-	-	66,583
Right-to-use asset	1,120,895	-	-	1,120,895
Total capital assets being depreciated/amortized	1,337,393	8,660	-	1,346,053
Less accumulated depreciation/amortization				
Furniture and equipment	(181,445)	(13,772)	-	(195,217)
Right-to-use asset	(312,808)	(156,404)	-	(469,212)
Total accumulated depreciation/amortization	(494,253)	(170,176)	-	(664,429)
Total capital assets, net of depreciation/amortization	\$ 843,140	\$ (161,516)	\$ -	\$ 681,624

	June 30, 2021	Additions	Deletions	June 30, 2022
Capital assets being depreciated/amortized				
Furniture and equipment	\$ 184,971	\$ 11,811	\$ (51,649)	\$ 145,133
Leasehold improvements	4,782	-	-	4,782
Software	66,583	-	-	66,583
Right-to-use asset	1,120,895	-	-	1,120,895
Total capital assets being depreciated/amortized	1,377,231	11,811	(51,649)	1,337,393
Less accumulated depreciation/amortization				
Furniture and equipment	(220,680)	(12,414)	51,649	(181,445)
Right-to-use asset	(156,404)	(156,404)	-	(312,808)
Total accumulated depreciation/amortization	(377,084)	(168,818)	51,649	(494,253)
Total capital assets, net of depreciation/amortization	\$ 1,000,147	\$ (157,007)	\$ -	\$ 843,140

UNM Rainforest Innovations
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Notes to Financial Statements

Note 5: LEASES

A summary of the lease asset activity during the years ended June 30, 2023 and 2022 is as follows:

	June 30, 2022	Additions	Deductions	June 30, 2023
Right-to-use, Leases				
Buildings	\$ 1,120,895	\$ -	\$ -	\$ 1,120,895
Accumulated Depreciation				
Buildings	(312,808)	(156,404)	-	(469,212)
Right to use leases, net	\$ 808,087	\$ (156,404)	\$ -	\$ 651,683

	June 30, 2021	Additions	Deductions	June 30, 2022
Right-to-use, Leases				
Buildings	\$ 1,120,895	\$ -	\$ -	\$ 1,120,895
Accumulated Depreciation				
Buildings	(156,404)	(156,404)	-	(312,808)
Right to use leases, net	\$ 964,491	\$ (156,404)	\$ -	\$ 808,087

A summary of changes in the related lease liability and deferred inflow of resources during the years ended June 30, 2023 and June 30, 2022 is as follows:

	June 30, 2022	Additions	Deductions	June 30, 2023	Current Portion
Lease liabilities	\$ 785,006	\$ -	\$ (140,656)	\$ 644,350	\$ 140,643

	June 30, 2021	Additions	Deductions	June 30, 2022	Current Portion
Lease liabilities	\$ 924,437	\$ -	\$ (139,431)	\$ 785,006	\$ 140,650

The Corporation is a lessee and lessor for numerous noncancelable leases. For leases with a maximum possible term of 12 months or less at commencement (short term), the Corporation recognizes expense based on the provisions of the lease contract. For leases that are not short-term, the Corporation recognizes a lease liability and an intangible right-to-use (RTU) lease asset.

Initial measurement of the lease receivable/payable amount is calculated at the present value of payments expected to be received/paid during the lease term, discounted using the Corporation's incremental borrowing rate. Leases for the Corporation is a lessee that are accounted for under this standard are capitalized as a right to use asset and lease payable discounted by the incremental borrowing rate.

UNM Rainforest Innovations
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Notes to Financial Statements

Note 5: LEASES (Continued)

The right-to use-asset is also amortized on a straight-line basis over the term of the lease. Leases for which the Corporation is the lessor are also discounted by the incremental borrowing rate, with anticipated payments being recorded as a deferred inflow of resources, amortized on a straight-line basis over the term of the lease.

For lease agreements where the Corporation is the lessee, there have been no outflows of resources recognized in the reporting periods for variable payments not previously included in the measurement of the lease liability.

The Corporation is not party to any lease agreements where the Corporation is the lessor with terms which would affect deferred inflow of resources, such as variable payments, early termination payments, or residual value guarantees.

Minimum Lease Payment

(a) The Corporation as Lessee

The following is a schedule of future minimum lease payments for the Corporation as a lessee as of June 30, 2023.

Year Ending June 30,	Principal Payments	Interest Payments	Total Lease Payments
2024	\$ 140,643	\$ 6,270	\$ 146,913
2025	155,491	3,761	159,252
2026	159,335	2,384	161,719
2027	160,727	993	161,720
2028	28,154	29	28,183
Total	\$ 644,350	\$ 13,437	\$ 657,787

Note 6: DEFINED CONTRIBUTION PLAN

The Corporation sponsors a defined contribution retirement plan for eligible employees. Employees may contribute up to the maximum allowed by the IRS. In fiscal years 2023 and 2022, the Corporation matched employee contributions up to 12.4% of the employee's base salary commensurately. Employer contributions are immediately vested. The Corporation's contributions were \$167,956 and \$139,403 for the years ended June 30, 2023 and 2022, respectively. Employee contributions were \$143,398 and \$153,664 for the years ended June 30, 2023 and 2022, respectively.

UNM Rainforest Innovations
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Notes to Financial Statements

Note 7: INCENTIVE COMPENSATION PLAN

The Corporation has an incentive compensation plan in which the finance and compensation committee of the Corporation's Board of Directors (UNMRI Board) has the discretion to provide a cash and/or equity incentive award based on performance. Cash bonuses awarded to employees were \$70,935 and \$237,512 as of June 30, 2023 and 2022, respectively. Equity incentive awards may also be provided to eligible employees in shares of start-up company common or preferred stock. The total shares of various companies awarded to employees for various companies during fiscal years 2023 and 2022 were 20,672 and 10,487, respectively.

Note 8: QUASI-ENDOWMENT

The Corporation's Board approved, as amended, an internal UNM Rainforest Innovations endowment policy for management of large one-time license-fee related payments received by the Corporation. The endowment policy, as amended, states that if the Corporation's net position balance exceeds \$500,000 then the excess balance may be allocated as follows: 80% to the Corporation's Quasi-Endowment, the interest from which could be used to fund the Corporation's operations; and 20% to the Corporation's Strategic

Initiatives Fund to be used for the inventor recognition awards program, the gap fund program, and other strategic initiatives of the Corporation, as determined by the Corporation Board's Executive Committee.

Reallocation of balances between the Quasi-Endowment, Strategic Initiatives Fund, and other net position balances may be made at the discretion of the Corporation's Finance Committee. The Corporation's Board designated endowment of \$500,000 is accounted for and included under unrestricted net position. The Corporation Board's Endowment Committee meets on a quarterly basis to closely monitor the endowment fund activities and investment fund portfolio.

UNM Rainforest Innovations
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Notes to Financial Statements

Note 9: CO-INVESTMENT FUND

Based on a working relationship with the UNM Foundation, a related party, during fiscal year 2014, the UNM RI Board of Directors approved the UNM RI Policy on Investment from Co-Investment Fund. The UNM Foundation revised its consolidated investment fund policy (the Policy) to set aside \$1,000,000 for their investment in private startup companies, which were started based on technology transferred and licensed from the Corporation. Under the Policy, any positive returns realized and received by the Co-Investment Fund in the future shall be shared 10% by the Corporation and 90% by the UNM Foundation. The Policy agreement was amended on October 21, 2016, removing the \$1,000,000 threshold. During fiscal year 2023, the Corporation approved one proposal from one separate start-up company and provided successful co-investments totaling \$100,000 based on direct pass-through funding from the UNM Foundation to the Corporation per the terms of the policy. During fiscal year 2022, the Corporation approved no new proposals from start-up companies.

Note 10: RISK MANAGEMENT

The Corporation is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; and natural disasters. The Corporation is insured under private carriers for liability and casualty insurance, and through a private carrier for director and officer liability insurance. There have been no significant reductions in coverage from the prior year and there have been no settlements in any of the past years.

Note 11: COMMITMENTS AND CONTINGENCIES

The Corporation is party to various litigation and other claims in the ordinary course of business. In its commercialization activities and the protection of its patent portfolio, the Corporation engages in litigation to enforce its contractual rights under existing license agreements and to enforce its patent rights against infringers. During fiscal years 2023 and 2022, the Corporation resolved litigation in several infringement cases. The terms of the agreements related to the resolution of each case are subject to confidentiality restrictions set out in the agreements. The Corporation is unaware of any material pending or threatened litigation, claims, or assessments against the Corporation that are not covered by insurance.

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SUPPORTING SCHEDULES



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UNM Rainforest Innovations
(A Blended Component Unit of the University of New Mexico)
Schedule of Deposit and Investment Accounts
June 30, 2023

Account Name	Type	Bank of the West	TIAA	Total
Operating Account	Checking-non-interest bearing	\$1,735,879	\$ -	\$ 1,735,879
UNM Rainforest Innovations	Money market	-	391,206	391,206
UNM Rainforest Innovations	Equities	-	8,598,772	8,598,772
UNM Rainforest Innovations	Fixed income	-	2,831,531	2,831,531
Amounts on deposit		1,735,879	11,821,509	13,557,388
Outstanding items		(96,102)	-	(96,102)
Reconciled balance		<u>\$1,639,777</u>	<u>\$ 11,821,509</u>	13,461,286
Total deposits and investments				<u>\$ 13,461,286</u>
Reconciliation to the financial statements				
Cash and cash equivalents				\$ 2,030,983
Investments				11,430,303
Total deposits and investments				<u>\$ 13,461,286</u>

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COMPLIANCE SECTION



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

Joseph M. Maestas, New Mexico State Auditor and
UNM Rainforest Innovations Board
UNM Rainforest Innovations
Albuquerque, New Mexico

We have audited, in accordance with the 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, the financial statements of the business-type activities of UNM Rainforest Innovations (the "Corporation"), a blended component unit of the University of New Mexico (the "University"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated September 20, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

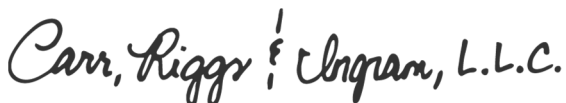
We noted a certain matter that is required to be reported pursuant to Section 12-6-55 NMSA 1978, which are described in the accompanying schedule of findings and responses under Section 12-6-5 NMSA 1978 as item 2023-001.

Corporation's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Corporation's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The Corporation's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Carr, Riggs & Ingram, LLC
Albuquerque, NM
September 20, 2023

UNM Rainforest Innovations
(A Blended Component Unit of the University of New Mexico)
Schedule of Findings and Responses
June 30, 2023

SECTION I: SUMMARY OF AUDITORS' RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements? | No |

SECTION II: FINANCIAL STATEMENT FINDINGS

NM 2023-001 – Stale Dated Checks – Other Noncompliance

Condition: The Corporation had 24 checks that were over 1 year old. The total amount of the stale checks was \$24,262.17. The Corporation has not reported the payees or turned over the funds to the Unclaimed Property Division of the New Mexico Taxation and Revenue Department.

Criteria: The Uniform Unclaimed Property Act Section 7-8A-2.A(12) Presumptions of abandonment requires nonprofits to cancel or void any checks that are unpaid for one year after it is written. The Corporation has not reported the payees or turned over the funds to the Unclaimed Property Division of the New Mexico Taxation and Revenue Department.

Effect: The Corporation is not in compliance with the Uniform Unclaimed Property Act Section 7-8A-2.A(12) Presumptions of abandonment. The Corporation's cash balance may be misstated by the amount of the stale checks.

Cause: The Corporation did not void stale dated checks at fiscal year-end and uses its outstanding check list as a mechanism to keep track of miscellaneous vendors and inventors who do not have current updated addresses. Corporation management is aware of the requirement to remit stale dated check funds to the New Mexico Taxation and Revenue Department

Auditors' Recommendation: We recommend that the outstanding checks be voided as soon as possible and that a procedure to track and void stale dated checks be implemented. We also recommend that the Corporation remit the stale-dated check funds to the New Mexico Taxation and Revenue Department.

UNM Rainforest Innovations
(A Blended Component Unit of the University of New Mexico)
Schedule of Findings and Responses
June 30, 2023

SECTION II: FINANCIAL STATEMENT FINDINGS (Continued)

NM 2023-001 – Stale Dated Checks – Other Noncompliance (Continued)

Agency Response: UNMRI continues to work with its Agreements Section and Intellectual Property Managers to have up-to-date addresses for every inventor to avoid any undeliverable checks. Accounts Payable will also continue to ensure that we have current information on file. The Chief Financial Officer and Accounting Manager will review, on a monthly basis, any outstanding checks and make appropriate adjustments as necessary. This process will start with September reconciliation cycle.

Responsible Officer – Chief Financial Officer and Accounting Manager

Timeline and Estimated Completion Date – Starting on September 2023 and monthly thereafter.

SECTION III: SECTION 12-6-5 NMSA 1978 FINDINGS

None noted.

SECTION IV: SUMMARY OF PRIOR YEAR AUDIT FINDINGS

2022-001 – Financial Close and Reporting Process (Material Weakness) - Resolved

UNM Rainforest Innovations
(A Blended Component Unit of the University of New Mexico)
Other Disclosures
June 30, 2023

EXIT CONFERENCE

The contents of this report and its schedules were discussed on September 20, 2023. The following individuals were in attendance:

UNM Rainforest Innovations Officials

H. Brian Mirabal	CFO
Elizabeth Kuuttila	CEO and Chief Economic Development Officer
Sandra Begay	Board Chair
Ellen Fisher	Board Member
John Stichman	Board Member

Carr, Riggs & Ingram, LLC

Alan D. "A.J." Bowers, Jr., CPA, CITP	Partner
Paul Garcia, CPA	Senior Manager

AUDITOR PREPARED FINANCIALS

Carr, Riggs & Ingram, LLC prepared the GAAP-basis financial statements and footnotes of the UNM Rainforest Innovations from the original books and records provided to them by the management of the UNM Rainforest Innovations. The responsibility for these financial statements remains with UNM Rainforest Innovations.

TAB 12

#12

Lobo Energy Inc. Annual Meeting of the Member

- a. Summarized Minutes of the February 15, 2023 Meeting
- b. Acceptance of the FY 2022-23 Audit (Presenter: Jason Strauss, President/CEO, Lobo Energy Inc.)



800 Bradbury Dr. SE Suite 216
Albuquerque, NM 87131
505-272-7192

January 09, 2024

Ms. Teresa Costantinidis
Executive Vice President for Finance & Administration
The University of New Mexico
Scholes Hall, Room 111 MSC 05-3500
Albuquerque, NM 87131-0001

Dear Executive Vice President Costantinidis :

Lobo Energy, Incorporated requests that the annual meeting of the member be held during the Finance and Facilities Committee meeting on February 07, 2024.

There are two information items for the agenda:

- Approval of the Minutes from the Annual Meeting of the Member held on February 14, 2023
- Approval of the FY 2022-23 audit

Although the Regents' Finance & Facilities Committee has approved the UNM audit, which includes the audit of Lobo Energy, the University Research Park and Economic Development Act requires that the auditor present the corporation's audit to the Board of Regents. We wish to fulfill that obligation. Jason Strauss will present.

Thank you

Sincerely,

A handwritten signature in blue ink that reads 'Jason Strauss'.

Jason Strauss
President/CEO

c: Lisa Marbury
Tabia Murray Allred

Vote to Convene the Meeting of the Member (1st Rael; 2nd Begay; all Regents voted yes)
The meeting convened at 11:35 AM.

Acceptance of the FY2021-22 Annual Report and Annual Audit

It was acknowledged that Lisa Kuuttilla presented her report to F&F Committee. The regents thanked Ms. Kuuttilla and congratulated her on a great report.

- **The motion to accept the FY 2021-22 annual report and audit report passed with a unanimous vote in favor (1st Schwartz; 2nd Rael).**

Vote to adjourn (1st Schwartz; 2nd Payne; all Regents voted yes)
The meeting adjourned at 11:37 AM.

MEETING OF THE MEMBER – LOBO ENERGY, INC. (LEI)

Vote to Convene the Meeting of the Member (1st Rael; 2nd Payne; all Regents voted yes)
The meeting convened at 11:38 AM.

Approval of the Minutes of the February 15, 2022 Meeting and Acceptance of the FY2021-22 Annual Audit
It was acknowledged that Jason Strauss presented his report to F&F Committee. Regent Brown recognized Mr. Strauss for doing such a great job!

- **The motion to approve the minutes of the last meeting and accept the FY 2021-22 audit report passed with a unanimous vote in favor (1st Begay; 2nd Rael).**

Vote to adjourn (1st Rael; 2nd Payne; all Regents voted yes)
The meeting adjourned at 11:39 AM.

MEETING OF THE MEMBER – LOBO DEVELOPMENT CORPORATION (LDC)

Vote to Convene the Meeting of the Member (1st Payne; 2nd Rael; all Regents voted yes)
The meeting convened at 11:40 AM.

Approval of the Minutes of the February 15, 2022 Meeting and Acceptance of the FY2021-22 Annual Audit
It was acknowledged that Kelly Ward presented his report to F&F Committee. Regent Brown thanked Teresa Costantinidis and Mr. Ward for their good work.

- **The motion to approve the minutes of the last meeting and accept the FY 2021-22 audit report passed with a unanimous vote in favor (1st Brown; 2nd Rael).**

Vote to adjourn (1st Payne; 2nd Schwartz; all Regents voted yes)
The meeting adjourned at 11:41 AM.

MEETING OF THE MEMBER – UNM SANDOVAL REGIONAL MEDICAL CENTER, INC. (SRMC)

Vote to Convene the Meeting of the Member (1st Rael; 2nd Begay; all Regents voted yes)
The meeting convened at 11:41 AM.

Acceptance of the FY2021-22 Annual Report and Audited Financials

It was acknowledged that Jamie Silva-Steele, President and CEO of SRMC presented her report to the Health Sciences Center Committee. Regent Brown thanked Ms. Silva-Steele for all of her good work.

- **The motion to accept the SRMC FY 2021-22 annual report and audit report passed with a unanimous vote in favor (1st Schwartz; 2nd Rael).**

Vote to adjourn (1st Schwartz; 2nd Begay; all Regents voted yes)
The meeting adjourned at 11:42 AM.

MEETING OF THE MEMBER – UNM MEDICAL GROUP, INC. (UNMMG)

Vote to Convene the Meeting of the Member (1st Begay; 2nd Schwartz; all Regents voted yes)



**State of New Mexico
Lobo Energy, Incorporated**

(A Component Unit of the University of New Mexico)

FINANCIAL STATEMENTS

For the Years Ended June 30, 2023 and 2022

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INTRODUCTORY SECTION



Lobo Energy, Incorporated
(A Component Unit of the University of New Mexico)
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June 30, 2023

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Lobo Energy, Incorporated
(A Component Unit of the University of New Mexico)
Official Roster
June 30, 2023

<u>Name</u>	<u>Title</u>
OFFICERS	
Jason Strauss	President/CEO
Matthew Cherrin	Vice President
Julie Alberti	Secretary/Treasurer
Alfred Sena	Vice President
BOARD MEMBERS	
Teresa Costantinidis	Chair
Bruno E. Carrara	Vice-Chair
Jason Strauss	Member
Kate Becker	Member
Robert Gonzalez	Member
Jon Word	Member
Thomas J. Ruiz	Member
Garnett Stokes	Member
Jack Fortner	Member

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FINANCIAL SECTION





Carr, Riggs & Ingram, LLC
2424 Louisiana Boulevard NE
Suite 300
Albuquerque, NM 87110

505.883.2727
505.884.6719 (fax)
CRlcpa.com

INDEPENDENT AUDITORS' REPORT

Joseph M. Maestas, New Mexico State Auditor
Lobo Energy, Incorporated Board
Lobo Energy, Incorporated
Albuquerque, New Mexico

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Lobo Energy, Incorporated ("Lobo Energy"), a component unit of the University of New Mexico (the "University"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Lobo Energy's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Lobo Energy, as of June 30, 2023, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lobo Energy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Reporting Entity

As discussed in Note 1, the financial statements of the entity are intended to present the financial position and the changes in financial position of only Lobo Energy, Incorporated. They do not purport

to, and do not, present fairly the financial position of the University of New Mexico, as of June 30, 2023, the changes in its financial position for the year then ended in conformity in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Prior Period Financial Statements

The financial statements of Lobo Energy, Incorporated as of June 30, 2022, were audited by other auditors whose report dated September 9, 2022, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lobo Energy's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lobo Energy's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12 through 14 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise Lobo Energy's basic financial statements. The accompanying schedule of deposit accounts is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of deposit accounts is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and other disclosures but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements

do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2023, on our consideration of Lobo Energy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lobo Energy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lobo Energy's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Albuquerque, New Mexico
September 15, 2023

LOBO ENERGY, INCORPORATED
(A Component Unit of the University of New Mexico)
Management's Discussion and Analysis (unaudited)
June 30, 2023 and 2022

The following discussion and analysis provides an overview of the financial position and activities of Lobo Energy, Incorporated (Lobo Energy) as of and for the fiscal years ended June 30, 2023, 2022, and 2021. This discussion should be read in conjunction with the accompanying financial statements and notes. Management has prepared the basic financial statements and the related note disclosures along with this discussion and analysis. As such, the financial statements, notes, and this discussion are the responsibility of Lobo Energy's management.

Financial Highlights

- Lobo Energy's change in net position was (\$7,237,782), \$666,478 and \$766,639 for the years ended June 30, 2023, 2022, and 2021, respectively. The change in net position for 2023 was mainly due to the transfer of the second cogeneration unit to UNM which was a non-operating expense of \$6,973,745 and the Investment Grade Audit in the amount of \$192,421 which is included in project expenses on the statements of revenues, expenses and changes in net position. The change in net position for 2022 was due to an increase in operating expense caused by a ramp-up in operations as a result of COVID-19 restrictions being lifted and a decrease in nonoperating interest expense.
- During fiscal year 2023, Lobo Energy's operating revenue decreased by \$1,043,076, due to the fulfillment of the debt service on the second cogeneration unit, and operating expenses decreased by \$97,313 resulting in a net operating loss of \$266,646 in fiscal year 2023, compared to a net operating gain of \$679,117 in fiscal year 2022. During fiscal year 2022, Lobo Energy's operating revenue remained the same and operating expenses increased by \$129,528, resulting in a net operating gain of \$679,117 in fiscal year 2022, compared to a net operating gain of \$808,645 in fiscal year 2021.
- Cash decreased in fiscal year 2023 by \$345,610 resulting in cash on deposit with fiscal agent and cash on hand at the close of fiscal year 2023 of \$484,647. The decrease during fiscal year 2023 is primarily due to the payment of the Investment Grade Audit and the fulfillment of the debt service. Cash decreased in fiscal year 2022 by \$55,392 resulting in cash on deposit with fiscal agent and cash on hand at the close of fiscal year 2022 of \$830,257. The decrease during fiscal year 2022 is primarily due to a ramp-up in operations as a result of COVID-19 restrictions being lifted. Overview of the Basic Financial Statements

The statements of net position of Lobo Energy provide both long-term and short-term information about Lobo Energy's overall financial position. The statements of revenues, expenses, and changes in net position provide information about the operating revenues and expenses and the nonoperating revenues and expenses of Lobo Energy. The statements of cash flows provide information related to the cash inflows and outflows of Lobo Energy. The notes to the basic financial statements provide more detailed information about amounts reported in the basic financial statements.

LOBO ENERGY, INCORPORATED
(A Component Unit of the University of New Mexico)
Management's Discussion and Analysis (unaudited)
June 30, 2023 and 2022

Financial Information

Lobo Energy's condensed financial information as of and for the fiscal years ended June 30, 2023, 2022, and 2021 are provided in the following table:

	June 30, 2023	June 30, 2022	June 30, 2021
Current assets	\$ 558,200	\$ 873,016	\$ 895,825
Capital assets	-	7,009,144	7,433,941
Total assets	558,200	7,882,160	8,329,766
Current liabilities	78,892	165,070	1,184,440
Long-term liabilities	-	-	94,714
Net position	479,308	7,717,090	7,050,612
Total liabilities and net position	\$ 558,200	\$ 7,882,160	\$ 8,329,766
Operating revenue	\$ 1,127,989	\$ 2,171,065	\$ 2,171,065
Operating expenses	1,394,635	1,491,948	1,362,420
Operating (loss) income	(266,646)	679,117	808,645
Nonoperating revenue	2,819	5,971	5,799
Nonoperating expenses	(6,973,955)	18,610	47,805
Change in net position	(7,237,782)	666,478	766,639
Net position, beginning of year	7,717,090	7,050,612	6,283,973
Net position, end of year	\$ 479,308	\$ 7,717,090	\$ 7,050,612

Statements of Net Position

As of June 30, 2023, 2022, and 2021, Lobo Energy has cash in the amount of \$484,647, \$830,257 and \$885,649, respectively, of which \$232,271, \$415,519, and \$380,239, respectively, is held by Lobo Energy's fiscal agent, UNM, and \$252,376, \$414,738, and \$505,410, respectively, is held in an operating bank account at a financial institution.

As of June 30, 2023, 2022, and 2021, net assets are held as equity in the form of unrestricted net position of \$479,308, \$802,660, and \$831,840, respectively. Additionally, at June 30, 2023, 2022, and 2021, Lobo Energy has \$0, \$6,914,430, and \$6,218,772, shown as net investment in capital assets.

LOBO ENERGY, INCORPORATED
(A Component Unit of the University of New Mexico)
Management's Discussion and Analysis (unaudited)
June 30, 2023 and 2022

Capital Assets and Debt Administration

Lobo Energy's investment in capital assets as of June 30, 2023, 2022, and 2021 was \$0, \$7,009,144, and \$7,433,941, respectively. The second cogeneration unit was transferred to UNM in fiscal year 2023. This investment in capital assets included a co-generation project in construction. Additional information concerning Lobo Energy's capital assets may be found in Note 4 in notes to the financial statements.

At the end of the current fiscal year, Lobo Energy had total debt outstanding of \$0. This debt was incurred when Lobo Energy borrowed \$10,000,000 during fiscal year (FY) 2012–13 for the purchase of the second cogeneration unit. Additional information concerning Lobo Energy's long-term debt may be found in Note 5 to the financial statements.

Statements of Revenues, Expenses, and Changes in Net Position

Revenues – Under the current Management Services Agreement (MSA), total operating revenue earned during each fiscal years 2023 and 2022 for utility project management services and other project management services was \$1,127,989 and \$2,171,065, respectively, which includes \$480,000 in both fiscal years for utilities management services. Other management services for each fiscal year 2023 and 2022 were \$647,989 and \$1,691,065, respectively. The decrease in fiscal year 2023 was due to the fulfillment of the debt service for the second cogeneration unit.

Expenses – Total operating expenses decreased by \$97,313, due to the transfer of the second cogeneration unit and related depreciation expense to UNM. During fiscal year 2022, total operating expenses increased by \$129,528 during fiscal year 2022 is primarily due to a ramp-up in operations due to COVID 19 restrictions being lifted.

Contacting Lobo Energy's Financial Management

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

If you have questions about this report or need additional financial information, contact:

Lobo Energy, Incorporated
800 Bradbury Drive SE, Suite 216
Albuquerque, New Mexico 87106-4310
(505) 272-7118



BASIC FINANCIAL STATEMENTS



Lobo Energy, Incorporated
(A Component Unit of the University of New Mexico)
Statements of Net Position

June 30,	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 252,376	\$ 414,738
Cash on deposit with fiscal agent	232,271	415,519
Accounts receivable	10,944	10,184
Prepaid insurance	62,609	32,575
Total current assets	558,200	873,016
Noncurrent assets		
Capital assets, net	-	7,009,144
Total noncurrent assets	-	7,009,144
Total assets	\$ 558,200	\$ 7,882,160
Liabilities		
Current liabilities		
Accounts payable	\$ 15	\$ 106
Accrued expenses	9,853	-
Accrued compensation	69,024	70,250
Long-term debt, current	-	94,714
Total current liabilities	78,892	165,070
Net position		
Net investment in capital assets	-	6,914,430
Unrestricted	479,308	802,660
Total net position	479,308	7,717,090
Total liabilities and net position	\$ 558,200	\$ 7,882,160

The accompanying notes are an integral part of these financial statements.

Lobo Energy, Incorporated
(A Component Unit of the University of New Mexico)
Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended June 30,	2023	2022
Operating revenues		
Utilities management services	\$ 480,000	\$ 480,000
Other management services	647,989	1,691,065
Total operating revenues	1,127,989	2,171,065
Operating expenses		
Administrative expenses	388,772	367,904
Project expenses	970,464	699,247
Depreciation	35,399	424,797
Total operating expenses	1,394,635	1,491,948
Operating (loss) income	(266,646)	679,117
Non-operating revenues (expenses)		
Interest expense	(210)	(18,610)
Interest income	2,819	5,971
Transfer to UNM (Note 4)	(6,973,745)	-
Net non-operating revenues (expenses)	(6,971,136)	(12,639)
Change in net position	(7,237,782)	666,478
Net position, beginning of year	7,717,090	7,050,612
Net position, end of year	\$ 479,308	\$ 7,717,090

The accompanying notes are an integral part of these financial statements.

Lobo Energy, Incorporated
(A Component Unit of the University of New Mexico)
Statements of Cash Flows

For the Years Ended June 30,	2023	2022
Cash flows from operating activities		
Receipts from customers	\$ 1,127,229	\$ 2,171,329
Payments to suppliers	(531,001)	(311,339)
Payments to employees	(849,733)	(782,288)
Net cash (used in) provided by operating activities	(253,505)	1,077,702
Cash flows from capital financing activities		
Payments of long-term debt	(94,714)	(1,120,455)
Interest expense	(210)	(18,610)
Net cash (used in) capital financing activities	(94,924)	(1,139,065)
Cash flows from investing activities		
Interest earned	2,819	5,971
Net cash provided by investing activities	2,819	5,971
Net decrease in cash and cash equivalents	(345,610)	(55,392)
Cash and cash equivalents - beginning of year	830,257	885,649
Cash and cash equivalents - end of year	\$ 484,647	\$ 830,257
Reconciliation of of cash to the statement of net position		
Cash and cash equivalents	\$ 252,376	\$ 414,738
Cash on deposit with fiscal agent	232,271	415,519
Cash on statement of cash flows	\$ 484,647	\$ 830,257

The accompanying notes are an integral part of these financial statements.

For the Years Ended June 30,	2023	2022
Operating (loss) income	\$ (266,646)	\$ 679,117
Reconciliation of operating loss (income) to net cash (used in) provided by operating activities		
Depreciation expense	35,399	424,797
Changes in assets and liabilities		
Accounts receivable	(760)	264
Prepaid insurance	(30,034)	(32,575)
Accounts payable	(91)	-
Accrued expenses	9,853	(166)
Accrued compensation	(1,226)	6,265
Net cash (used in) provided by operating activities	\$ (253,505)	\$ 1,077,702

The accompanying notes are an integral part of these financial statements.

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Lobo Energy, Incorporated
(A Component Unit of the University of New Mexico)
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lobo Energy, Incorporated (Lobo Energy)(a blended component unit of the University of New Mexico) is owned, controlled, and was established by the University of New Mexico's (UNM) Board of Regents. Lobo Energy was incorporated in the State of New Mexico on July 15, 1998. It was organized under the amended State of New Mexico's University Research Park Act. The name of the Act has since been changed to the University Research Park and Economic Development Act.

Lobo Energy was established to provide UNM with services outlined in an Interim Services Agreement (ISA) that included procuring electricity and natural gas for UNM, installing an energy metering and management system, and developing a Master Utility Business Plan (Plan) for the upgrade and improvement of the utility infrastructure. Lobo Energy completed the installation of a metering and monitoring system and developed and integrated energy procurement methods into UNM's procurement processes. Lobo Energy's board of directors approved the Plan in June 2000. UNM implemented the Plan and financed and constructed the projects contemplated in the Plan.

In developing the plan, Lobo Energy employed several consultants to assist in assessing the utility infrastructure needs, defining a technical solution, and determining the financial parameters of that solution. The combined efforts resulted in a comprehensive plan that identified many utility improvement projects, their construction costs, and the financial impacts upon the utility services. The utility systems included in the plan were renewed through a series of construction projects over a period of several years.

Lobo Energy conducted its business under the terms of a November 2000 through 2005 Management Services Agreement (MSA) that replaced the original ISA. Under the MSA, with respect to existing and any and all new utility systems and equipment, UNM continued to own, finance, operate, maintain, and in all respects control the utility equipment and systems. Lobo Energy provided project management services and transition management services for the duration of the project. The utility upgrade project was completed during 2006.

Lobo Energy currently provides services to UNM under the terms of a revised MSA, which is effective November 2020 through 2025 (Note 3). The agreement continues for consecutive one year periods after its expiration or until such time as it is terminated. UNM may terminate the MSA thirty-days after written notice to Lobo Energy. UNM has not notified Lobo Energy that it intends to exercise this right. Upon termination of this agreement all rights and privileges granted, assigned, or shared between Lobo Energy and UNM shall terminate. Upon termination of the agreement, all property of Lobo Energy shall transfer to UNM subject to the prior rights, if any, of any creditors of Lobo Energy.

UNM requested that Lobo Energy implement an energy conservation program on the campus during fiscal year 2008. Lobo Energy entered into a contract with Energy Education, Inc. (EEI), a corporation that specializes in energy conservation (EEI is now known as Cenergistic). Lobo Energy hired six energy conservation specialists (ECSs).

Lobo Energy, Incorporated
(A Component Unit of the University of New Mexico)
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contract payments began after the first six months the contract was in effect. The ongoing program continues to be very effective. UNM has experienced a dramatic decrease in its energy consumption, as well as a reduction in the size of its carbon footprint since the onset of the project. The four-year contract with EEL expired on September 30, 2012. The energy conservation project continues on campus.

During fiscal years 2008 and 2009, energy-conservation programs were started on UNM's Valencia, Gallup, Los Alamos, and Taos campuses. The program on each of those campuses is administered by an employee who was already employed on each campus. The programs are ongoing during fiscal years 2021 and 2022.

During fiscal year 2013, at the request of UNM, Lobo Energy began providing technical support for the smart-grid, renewable-energy project owned by Shimizu NA on the Mesa del Sol campus. Lobo Energy is compensated by Shimizu for its participation in this project. Lobo Energy's contract with Shimizu expired on March 31, 2014. The solar unit was given to UNM's Engineering Department by Shimizu, and the maintenance is provided by UNM Physical Plant personnel.

Lobo Energy is a blended component unit of UNM and reported upon as a part of the basic financial statements of UNM. Additional information regarding UNM may be obtained directly from their administrative office as follows: 1 University of New Mexico, MSC01 1300, Albuquerque, NM 87131.

These financial statements include those activities and functions related to Lobo Energy, Incorporated which are controlled by or dependent upon its Board. The accompanying financial statements do not present the financial position and results of operations of UNM, taken as a whole in accordance with generally accepted accounting principles (GAAP).

Reporting Entity

In evaluating how to define Lobo Energy, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61, GASB Statement No. 80, and GASB Statement No. 90.

Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Lobo Energy, Incorporated
(A Component Unit of the University of New Mexico)
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

The basic, but not the only-criterion, for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the nomination and voting on income board members, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, Lobo Energy provides services only to UNM and has no component units required to be included in these financial statements.

Basis of Accounting and Financial Statement Presentation

As a component unit of UNM, Lobo Energy presents its financial statements in accordance with accounting standards generally accepted in the United States as established by the Governmental Accounting Standards Board (GASB). Lobo Energy applies the business-type activity accounting and Lobo Energy's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting.

Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. The significant accounting policies utilized by Lobo Energy in the preparation of the financial statements are described below.

Assets, Liabilities, and Net Position

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand with original maturities of three months or less. For purposes of the statement of cash flows, cash and cash equivalents include cash deposits and amounts held by its fiscal agent.

Lobo Energy, Incorporated
(A Component Unit of the University of New Mexico)
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position (Continued)

Lobo Energy has no statutory policy requirements related to cash deposits. UNM serves as the fiscal agent for Lobo Energy through which Lobo Energy participates in a pooled bank account maintained by UNM. At June 30, 2023 and 2022, Lobo Energy had a balance in that pooled account of \$232,271 and \$415,519, respectively. As fiscal agent, UNM requires the financial institution holding these pooled funds to maintain minimum collateral amounts. Interest is allocated monthly to Lobo Energy's account based on its balance in the pooled bank account at the end of the preceding month.

Accounts Receivable

Accounts receivable balances represent amounts due from an affiliated entity (UNM) for services performed under the MSA.

Allowance for Doubtful Accounts

Generally accepted accounting principles (GAAP) include the use of the valuation method for estimating the allowance for doubtful accounts. Management considers receivables to be 100% collectible; therefore no allowance has been made for uncollectible amounts for the years ended June 30, 2023 and 2022.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation in the case of gifts. For equipment, software and furniture, Lobo Energy's capitalization policy includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Information technology equipment including software is being capitalized with an estimated useful life of greater than one year and in accordance with 2.20.1.9(C)(5) NMAC (9-30-99, recompiled 10/01/01).

Compensated Absences

Qualified employees are entitled to accumulate annual leave up to two hundred fifty two hours per year according to a graduated leave schedule and carry that leave forward from calendar year to calendar year. Upon termination, employees will be paid for up to two fifty two hours of accrued annual leave.

Lobo Energy, Incorporated
(A Component Unit of the University of New Mexico)
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position (Continued)

Qualified employees who are terminated are not entitled to unused sick leave except for amounts unused exceeding a balance of 600 hours. If a terminated employee's balance exceeds 600 hours, the employee can request that the amounts in excess of 600 be paid out to the employee upon termination at 50% of their pay rate.

Lobo Energy recorded \$69,024 and \$70,250 of annual leave at June 30, 2023 and 2022, respectively.

Net Position

Equity is classified as net position and displayed in three components:

Net investment in capital assets – Net position invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Lobo Energy had no restricted net position for the years ending June 30, 2023 or 2022.

Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Revenues and Expenses

Lobo Energy provides two types of project management services: utilities management services and other management services (see Note 3). Revenue is recognized for each type of service based on the terms of the MSA.

Income Tax Status

Lobo Energy is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and has been determined to be an organization which is not a private foundation.

The Internal Revenue Service has not examined any of the Form 990 tax returns. However, Lobo Energy's tax returns for 2022, 2021 and 2020 are subject to examination by the IRS, generally, for three years after they were filed. Lobo Energy recognizes tax benefits only to the extent Lobo Energy believes it is “more likely than not” that its tax position will be sustained upon IRS examination.

Lobo Energy, Incorporated
(A Component Unit of the University of New Mexico)
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for Lobo Energy is management's estimate of depreciation on assets over their estimated useful lives and the calculation of compensated absences.

Reclassification

A reclassification was made to prior year balances to conform with current year presentation.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 15, 2023 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued and Implemented Accounting Pronouncements

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. There were no significant impacts of implementing this Statement.

GASB Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership agreements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined by this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. There were no significant impacts of implementing this Statement.

Lobo Energy, Incorporated
(A Component Unit of the University of New Mexico)
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this. This statement is implemented and did not have a material impact on Lobo Energy as all subscription-based information technology agreements were identified as short-term.

GASB Statement 99, *Omnibus 2022*. This statement addresses practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. Practice issues addressed by this Statement include classification and reporting of derivative instruments within the scope of Statement No. 53, clarification of provisions in Statement No. 87, *Leases*, clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt, and other various clarifications. There were no significant impacts of implementing this Statement.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period.

Lobo Energy, Incorporated
(A Component Unit of the University of New Mexico)
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

Lobo Energy is evaluating the requirements of the above statements and the impact on reporting.

Note 2: CASH

Lobo Energy's cash balances include cash on deposit with its fiscal agent and an operating account. Lobo Energy has no statutory or policy requirements; however, it has a policy to deposit funds only in FDIC-insured accounts. UNM serves as the fiscal agent for Lobo Energy through which Lobo Energy participates in a pooled bank account maintained by UNM. At June 30, 2023 and 2022, Lobo Energy had a book and bank balance in that pooled account of \$232,271 and \$415,519, respectively.

As fiscal agent, UNM requires the financial institution holding these pooled funds to maintain minimum collateral amounts. Interest is allocated monthly to Lobo Energy's account based on its balance in the pooled bank account at the end of the preceding month. At June 30, 2023 and 2022, Lobo Energy realized a gain of \$2,819 and \$5,971, respectively, from year-end adjustments to the interest account by UNM.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the entity's deposits may not be returned to it.

Lobo Energy, Incorporated
(A Component Unit of the University of New Mexico)
Notes to Financial Statements

Note 2: CASH (Continued)

As of June 30, 2023 and 2022, Lobo Energy's separate operating account had deposits totaling \$252,376 and \$416,788, respectively. As a separate legal 501(c)(3) entity, Lobo Energy is not subject to the public money act pledged collateral requirements. Lobo Energy limits the amount of exposure with any one financial institution and believes that no significant concentration of credit risk exists with respect to cash and cash equivalents. At June 30, 2023 and 2022, the separate checking account balance was in excess of amounts insured by the FDIC by \$2,376 and \$166,788, respectively.

Note 3: PROJECT MANAGEMENT SERVICES UNDER THE REVISED MANAGEMENT SERVICES AGREEMENT

(a) Utilities Management Services

Lobo Energy may provide assistance to UNM, as requested, for the management and supervision of its contracts that provide for the following:

- Planning, design, engineering, contracting, energy conservation, and commissioning services for assigned projects.
- Procurement of equipment and services in the course of implementing the projects.
- Management of UNM's energy procurement strategies.
- Recommendations for obtaining cost-effective energy commodities and services from energy suppliers.
- Management of UNM's energy-related regulatory issues.
- Recommendations for appropriate actions and strategies in response to regulatory opportunities or events.
- Administrative tools capable of providing utility operational budgeting, capital project budgeting, major maintenance budgeting, cash flow tracking, and energy savings tracking and assistance with developing the energy and administrative capabilities.

(b) Other Management Services

Lobo Energy also may provide other management services that consist of the following:

- Commercial development planning services.
- Additional infrastructure development plans.
- Other planning services as assigned.

Under the revised MSA, as of November 1, 2020, UNM pays Lobo Energy a mutually agreed-upon monthly fee for the duration of each project.

Lobo Energy, Incorporated
(A Component Unit of the University of New Mexico)
Notes to Financial Statements

Note 3: PROJECT MANAGEMENT SERVICES UNDER THE REVISED MANAGEMENT SERVICES AGREEMENT (Continued)

Under the terms of the revised MSA, effective November 1, 2020, UNM compensates Lobo Energy for these services at the rate of \$40,000 per month related to utility project management and \$46,000 per month related to energy conservation projects, over a five-year period. Additionally, in 2022 UNM compensates Lobo Energy an additional \$94,922 per month to cover the debt service related to the second cogeneration unit, until the debt service is fulfilled. This cogeneration unit was transferred back to UNM at the beginning of 2022.

Note 4: CAPITAL ASSETS

The following is a summary of changes in capital assets during the years ended June 30, 2023 and 2022:

	June 30, 2022	Additions	Deletions	June 30, 2023
Capital assets being depreciated				
Plant in service	\$ 10,619,916	\$ -	\$ (10,619,916)	\$ -
Internally generated software	665,011	-	-	665,011
Total capital assets being depreciated	11,284,927	-	(10,619,916)	665,011
Less accumulated depreciation				
Building	(4,275,783)	(35,399)	3,646,171	(665,011)
Net capital assets	\$ 7,009,144	\$ (35,399)	\$ (6,973,745)	\$ -

	June 30, 2021	Additions	Deletions	June 30, 2022
Capital assets being depreciated				
Plant in service	\$ 10,619,916	\$ -	\$ -	\$ 10,619,916
Internally generated software	665,011	-	-	665,011
Total capital assets being depreciated	11,284,927	-	-	11,284,927
Less accumulated depreciation				
Building	(3,850,986)	(424,797)	-	(4,275,783)
Net capital assets	\$ 7,433,941	\$ (424,797)	\$ -	\$ 7,009,144

During 2023, Lobo Energy transferred a co-generation unit back to UNM with a cost of \$10,619,916 and accumulated depreciation of \$3,646,171. This resulted in a net transfer to UNM of \$6,973,745 for the year ended June 30, 2023.

Lobo Energy, Incorporated
(A Component Unit of the University of New Mexico)
Notes to Financial Statements

Note 5: LEASE LIABILITIES

A lease liability with Banc of America matured on July 25, 2022, which included an explicit interest rate of 2.64%. The outstanding principal balance due as of June 30, 2023 and 2022 was \$0 and \$94,714, respectively.

Note 6: DEFINED CONTRIBUTION PLAN

Lobo Energy entered into, and administers, a 403(b) defined-contribution plan effective February 1, 2000, and amended January 1, 2009 and May 1, 2020. As a defined-contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. The plan may be amended by a board of directors' resolution. All employees of Lobo Energy are eligible to participate and are considered to be immediately vested. The plan allows for variable employee contributions up to the Internal Revenue Service maximum allowed amount. Lobo Energy contributed a 100% match up to 6% of each participating employee's gross salary per compensation period through April 2020. Effective May 1, 2020, Lobo Energy contributes a 100% of compensation, provided that the participant's elective deferrals do not exceed that percentage of the participant's compensation determined by reference to, and in the same percentage designated as the Employer Rate published by the State of New Mexico Educational Retirement Board. The Employer Rate was 17.15% in FY 2023 and 15.15% in FY 2022 as published by the State of New Mexico Educational Retirement Board. Contributions to the plan by Lobo Energy for the fiscal years ended June 30, 2023 and 2022 were \$89,302 and \$67,648, respectively.

Note 7: RELATED PARTIES

Lobo Energy receives revenue from UNM as described in Note 3.

Effective December 1, 1998, UNM and Lobo Energy entered into a Memorandum of Agreement (MOA) containing the expectations and performance obligations that UNM was seeking from Lobo Energy at that time. The MOA articulates UNM's and Lobo Energy's mutual obligations in planning, developing, and implementing the utility facilities and services required by UNM. Pursuant to the MOA, UNM provides to Lobo Energy, at no cost to Lobo Energy, facilities support and general business office and associated workspace. The MOA also establishes UNM as the fiscal agent for Lobo Energy, with UNM providing cash and investment management activities for Lobo Energy, at no cost to Lobo Energy. The MOA may be terminated by UNM, and, upon termination, all property of Lobo Energy will be transferred to UNM or other successor organizations designated by a resolution of UNM's Board of Regents.

Lobo Energy, Incorporated
(A Component Unit of the University of New Mexico)
Notes to Financial Statements

Note 7: RELATED PARTIES (Continued)

In FY 2014, Lobo Energy paid a total of \$365,077 to Facility Facts, Inc., a company owned by an employee of Lobo Energy, for a 10% common stock interest in order to help get the company established in order to market and sell the Facility Facts software internally generated by Lobo Energy. There were no additional payments made in FY 2023 or FY 2022. Lobo Energy accounts for its investment in Facility Facts, Inc. using the equity method of investment. The investment was considered fully impaired in 2015, therefore not reported in the statements of net position as of June 30, 2023 and 2022. In addition, Facility Facts ceased operations on August 16, 2021.

Pursuant to the licensing agreement made with Facility Facts Inc., Lobo Energy retains the patent rights, permanent royalty-free rights to use the Facility Facts software, and will receive royalties representing 50% of gross receipts of sublicenses granted during each calendar year for the life of the filed patents. Lobo Energy recorded no royalties as of June 30, 2023 and June 30, 2022.

Lobo Energy is a member of New Mexico Affordable Reliable Energy Alliance (NM AREA) formerly New Mexico Industrial Energy Consumers (NMIEC), which advocates high quality of energy service at fair, just and reasonable prices for its members and all classes of customers. The President and CEO of Lobo Energy is an officer of NM AREA. Lobo Energy paid NM AREA dues of \$89,850 and \$81,109 for the fiscal year ended June 30, 2023 and 2022, respectively.

Lobo Energy did not purchase goods or services of companies that board members are employed by during the fiscal years ended June 30, 2023 and 2022.

Note 8: RISK MANAGEMENT

Lobo Energy, through UNM, participates in the State of New Mexico Risk Management Program (Risk Management) that provides general liability at Lobo Energy's expense. Workers' compensation insurance and property insurance are provided by private companies at Lobo Energy's expense. The Risk Management program liability insurance coverage includes most employee liability claims; those claims falling outside this state program are in limited amounts and are covered by UNM from its operating budget. UNM's exposure is limited to \$2,500 per any first party incurred property loss, with the exception of theft, which has a \$5,000 deductible.

Lobo Energy, Incorporated
(A Component Unit of the University of New Mexico)
Notes to Financial Statements

Note 9: COMMITMENTS AND CONTINGENCIES

Lobo Energy is party to various litigation and other claims in the ordinary course of business. Lobo Energy is unaware of any material pending or threatened litigation, claims, or assessments against Lobo Energy that are not covered by insurance.

Lobo Energy entered into no agreements with contractors and architects for various projects for the year ended June 30, 2023.

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SUPPORTING SCHEDULES



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Lobo Energy, Incorporated
(A Component Unit of the University of New Mexico)
Schedule of Deposit Accounts
June 30, 2023

Account Name	Type	PNC Bank	Fiscal Agent	Total
Lobo Energy, Incorporated	Checking-non-interest bearing	\$ 252,376	\$ -	\$ 252,376
Fiscal Agent	Checking-non-interest bearing	-	232,271	232,271
Amounts on deposit		252,376	232,271	484,647
Outstanding items		-	-	-
Reconciled balance		\$ 252,376	\$ 232,271	484,647
<u>Total deposits</u>				<u>\$ 484,647</u>
Reconciliation to the financial statements				
Cash and cash equivalents				\$ 252,376
Cash on deposit with fiscal agent				232,271
<u>Total deposits</u>				<u>\$ 484,647</u>

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COMPLIANCE SECTION



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

Joseph M. Maestas, New Mexico State Auditor
Lobo Energy, Incorporated Board
Lobo Energy, Incorporated
Albuquerque, New Mexico

We have audited, in accordance with the 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, the financial statements of the business-type activities of Lobo Energy, Incorporated ("Lobo Energy"), a component unit of the University of New Mexico (the "University"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Lobo Energy's basic financial statements, and have issued our report thereon dated September 15, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lobo Energy's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lobo Energy's internal control. Accordingly, we do not express an opinion on the effectiveness of Lobo Energy's internal control.

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

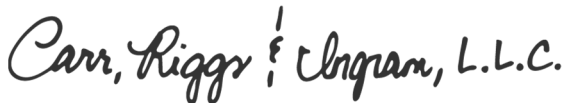
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lobo Energy's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." with a stylized flourish above the ampersand.

Carr, Riggs & Ingram, LLC
Albuquerque, NM
September 15, 2023

Lobo Energy, Incorporated
(A Component Unit of the University of New Mexico)
Schedule of Findings and Responses
June 30, 2023

SECTION I: SUMMARY OF AUDITORS' RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements? | No |

SECTION II: FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III: SECTION 12-6-5 NMSA 1978 FINDINGS

None noted.

SECTION IV: SUMMARY OF PRIOR YEAR AUDIT FINDINGS

None noted.

Lobo Energy, Incorporated
(A Component Unit of the University of New Mexico)
Other Disclosures
June 30, 2023

EXIT CONFERENCE

The contents of this report and its schedules were discussed on September 15, 2023. The following individuals were in attendance:

Lobo Energy, Incorporated Officials

Jason Strauss
Julie Alberti

President/CEO, Board Member
Chief Financial Officer

Carr, Riggs & Ingram, LLC

Alan D. "A.J." Bowers, Jr., CPA, CITP
Paul Garcia, CPA

Partner
Senior Manager

AUDITOR PREPARED FINANCIALS

Carr, Riggs & Ingram, LLC prepared the GAAP-basis financial statements and footnotes of Lobo Energy, Incorporated from the original books and records provided to them by the management of the Lobo Energy, Incorporated. The responsibility for these financial statements remains with Lobo Energy, Incorporated.

“Meeting of the Member” Process – Defined

Each year it is a requirement for Lobo Energy, Inc. and Lobo Development Corp. to have a “Meeting of the Member”. In each case the “Member” has been defined as the University of New Mexico Board of Regents.

The required meeting is typically held during a Board of Regents Meeting and includes the following agenda items, but may be altered to include other items as needed. The Chairman of the Board for each entity is responsible for carrying forward the agenda. If the Chairman is not available, or so desires, an Officer of the entity may act in the Chairman’s stead.

Typical Agenda for the “Meeting of the Member”:

1. Approval of the previous years’ Meeting of the Member minutes
2. Approval of the Annual Audit finding for Lobo Energy Inc./Lobo Development Corp.
3. Adjournment of the Meeting of the Member

Directions for the Meeting of the Member for Lobo Energy Inc.

1. President of the Board of Regents calls for the annual “Meeting of the Member” for Lobo Energy Inc.
2. President of the Board of Regents calls for approval of the minutes from the previous years’ “Meeting of the Member”
3. The Chairman/Officer of Lobo Energy Inc. presents the Annual Audit Findings
4. President of the Board of Regents calls for approval of the Audit Findings presented by Lobo Energy Inc.
5. President of the Board of Regents adjourns the “Meeting of the Member” Lobo Energy Inc.

Directions for the Meeting of the Member for Lobo Development Corp.

1. President of the Board of Regents calls for the annual “Meeting of the Member” for Lobo Development Corp.
2. President of the Board of Regents calls for approval of the minutes from the previous years’ “Meeting of the Member” – **NOTE, as there was no Meeting of the Member in 2008, there is no approval for minutes in 2009 – this will begin in 2010.**
3. The Chairman/Officer of Lobo Development Corp. presents the Annual Audit Findings
4. President of the Board of Regents calls for approval of the Audit Findings presented by Lobo Development Corp.
5. President of the Board of Regents adjourns the “Meeting of the Member” for Lobo Development Corp.

TAB 13

#13

Lobo Development Annual Meeting of the Member

- a. Summarized Minutes of the February 15, 2023 Meeting
- b. Acceptance of the FY 2022-23 Audit (Presenters: David Campbell, Executive Director, Lobo Development Corporation, and Teresa Costantinidis, CEO, LDC and EVPFA)



January 16, 2024

Teresa Costantinidis
Executive Vice President for Finance & Administration
The University of New Mexico
Scholes Hall, Room 111 MSC05-3500
Albuquerque NM 87131-0001

Dear Executive Vice President Costantinidis:

Lobo Development Corporation requests that the Annual Meeting of the Member be held during the Finance and Facilities Committee meeting on February 7, 2024. There are two information items to be presented.

- A. Summarized Minutes of the February 14, 2023 Annual Meeting of the Member
- B. Acceptance of Lobo Development Corporation's FY 2022-23 Audit

All documents are attached for your use.

Sincerely,

A handwritten signature in blue ink, appearing to read 'David S. Campbell', is written over the typed name and title.

David S. Campbell
Executive Director

Vote to Convene the Meeting of the Member (1st Rael; 2nd Begay; all Regents voted yes)
The meeting convened at 11:35 AM.

Acceptance of the FY2021-22 Annual Report and Annual Audit

It was acknowledged that Lisa Kuutila presented her report to F&F Committee. The regents thanked Ms. Kuutila and congratulated her on a great report.

- **The motion to accept the FY 2021-22 annual report and audit report passed with a unanimous vote in favor (1st Schwartz; 2nd Rael).**

Vote to adjourn (1st Schwartz; 2nd Payne; all Regents voted yes)
The meeting adjourned at 11:37 AM.

MEETING OF THE MEMBER – LOBO ENERGY, INC. (LEI)

Vote to Convene the Meeting of the Member (1st Rael; 2nd Payne; all Regents voted yes)
The meeting convened at 11:38 AM.

Approval of the Minutes of the February 15, 2022 Meeting and Acceptance of the FY2021-22 Annual Audit

It was acknowledged that Jason Strauss presented his report to F&F Committee. Regent Brown recognized Mr. Strauss for doing such a great job!

- **The motion to approve the minutes of the last meeting and accept the FY 2021-22 audit report passed with a unanimous vote in favor (1st Begay; 2nd Rael).**

Vote to adjourn (1st Rael; 2nd Payne; all Regents voted yes)
The meeting adjourned at 11:39 AM.

MEETING OF THE MEMBER – LOBO DEVELOPMENT CORPORATION (LDC)

Vote to Convene the Meeting of the Member (1st Payne; 2nd Rael; all Regents voted yes)
The meeting convened at 11:40 AM.

Approval of the Minutes of the February 15, 2022 Meeting and Acceptance of the FY2021-22 Annual Audit

It was acknowledged that Kelly Ward presented his report to F&F Committee. Regent Brown thanked Teresa Costantinidis and Mr. Ward for their good work.

- **The motion to approve the minutes of the last meeting and accept the FY 2021-22 audit report passed with a unanimous vote in favor (1st Brown; 2nd Rael).**

Vote to adjourn (1st Payne; 2nd Schwartz; all Regents voted yes)
The meeting adjourned at 11:41 AM.

MEETING OF THE MEMBER – UNM SANDOVAL REGIONAL MEDICAL CENTER, INC. (SRMC)

Vote to Convene the Meeting of the Member (1st Rael; 2nd Begay; all Regents voted yes)
The meeting convened at 11:41 AM.

Acceptance of the FY2021-22 Annual Report and Audited Financials

It was acknowledged that Jamie Silva-Steele, President and CEO of SRMC presented her report to the Health Sciences Center Committee. Regent Brown thanked Ms. Silva-Steele for all of her good work.

- **The motion to accept the SRMC FY 2021-22 annual report and audit report passed with a unanimous vote in favor (1st Schwartz; 2nd Rael).**

Vote to adjourn (1st Schwartz; 2nd Begay; all Regents voted yes)
The meeting adjourned at 11:42 AM.

MEETING OF THE MEMBER – UNM MEDICAL GROUP, INC. (UNMMG)

Vote to Convene the Meeting of the Member (1st Begay; 2nd Schwartz; all Regents voted yes)



State of New Mexico
Lobo Development Corporation
(A Component Unit of the University of New Mexico)

FINANCIAL STATEMENTS

For the Years Ended June 30, 2023 and 2022

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INTRODUCTORY SECTION



Lobo Development Corporation
(A Component Unit of the University of New Mexico)
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June 30, 2023

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Lobo Development Corporation
(A Component Unit of the University of New Mexico)
Official Roster
June 30, 2023

<u>Name</u>	<u>Title</u>
ADMINISTRATIVE OFFICIALS	
Teresa Costantinidis	Chief Executive Officer
Lisa Marbury	Chief Business Officer

BOARD MEMBERS	
William Payne	Chair
Stephen J. Ciepiela	Vice-Chair
Eric M. Siegel	Secretary/Treasurer
Teresa Costantinidis	Member
James Holloway	Member
Eddie Nunez	Member
Paul Blanchard	Member
Garnett S. Stokes	Member
Douglas Ziedonis	Member
Louis Abruzzo	Member
Maria Griego-Raby	Member

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Joseph M. Maestas, New Mexico State Auditor and
Lobo Development Corporation Board
Lobo Development Corporation
Albuquerque, New Mexico

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Lobo Development Corporation ("Lobo Development"), a component unit of the University of New Mexico (the "University"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Lobo Development's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Lobo Development, as of June 30, 2023, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lobo Development and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Reporting Entity

As discussed in Note 1, the financial statements of the entity are intended to present the financial position and the changes in financial position of only Lobo Development Corporation. They do not purport to, and do not, present fairly the financial position of the University of New Mexico, as of June 30, 2023, the changes in its financial position for the year then ended in conformity in

accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Prior Period Financial Statements

The financial statements of Lobo Development Corporation as of June 30, 2022, were audited by other auditors whose report dated September 13, 2022, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lobo Development's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lobo Development's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12 through 15 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise Lobo Development's basic financial statements. The accompanying schedule of deposit accounts, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of deposit accounts is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and other disclosures but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2023, on our consideration of Lobo Development's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lobo Development's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lobo Development's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Albuquerque, New Mexico
September 15, 2023

Lobo Development Corporation
(A Component Unit of the University of New Mexico)
Management's Discussion and Analysis
June 30, 2023

The following discussion and analysis provide an overview of the financial position and activities of Lobo Development Corporation (Lobo Development) as of and for the fiscal years ended June 30, 2023, 2022, and 2021. This discussion should be read in conjunction with the accompanying financial statements and notes. Management has prepared the basic financial statements and the related note disclosures along with this discussion and analysis. As such, the financial statements, notes, and this discussion are the responsibility of Lobo Development's management.

Financial Highlights

Cash decreased in 2023 by \$166,182, resulting in cash on deposit with fiscal agent and cash on hand at the close of fiscal year 2023 of \$3,366,697. The decrease during fiscal year 2023 is primarily due to a decrease in transferred revenue from UNM. Cash decreased in 2022 by \$343,099, resulting in cash on deposit with fiscal agent and cash on hand at the close of fiscal year 2022 of \$3,532,879. The decrease during fiscal year 2022 is primarily due to a decrease in transferred revenue from UNM. Interest earned during fiscal year 2023 decreased \$41,265 from \$352,158 to \$310,893 due to a decrease in earnings on cash being held by the University of New Mexico (UNM), Lobo Development's fiscal agent.

Lobo Development's net position increased \$394,739 during the year, from \$7,619,216 in 2022 to \$8,013,955 in fiscal year 2023. During fiscal year 2022, Lobo Development's net position increased \$478,851, from \$7,140,365 in 2021 to \$7,619,216 in fiscal year 2022.

During fiscal year 2023, operating revenue increased by \$171,651, and operating expenses increased by \$171,160, resulting in an increase in net operating income of \$491. During fiscal year 2022, operating revenue increased by \$327,963, and operating expenses decreased by \$95,162, resulting in an increase in net operating income of \$423,125.

Overview of the Basic Financial Statements

The statements of net position of Lobo Development provide both long-term and short-term information about Lobo Development's overall financial position. The statements of revenues, expenses, and changes in net position provide information about the operating revenues and expenses and the non-operating revenues and expenses of Lobo Development. The statements of cash flows provide information related to the cash inflows and outflows of Lobo Development. The notes to the basic financial statements provide more detailed information about amounts reported in the basic financial statements.

Lobo Development Corporation
(A Component Unit of the University of New Mexico)
Management's Discussion and Analysis
June 30, 2023

Financial Information

Lobo Development's condensed financial information as of and for the fiscal years ended June 30, 2023, 2022, and 2021 are provided in the following table:

Condensed Financial Information			
	2023	2022	2021
Current assets	\$ 4,617,212	\$ 4,852,799	\$ 5,022,567
Net capital assets	16,842,481	16,852,499	16,841,263
Non-current assets	7,216,502	8,398,871	9,550,178
Total assets	\$ 28,676,195	\$ 30,104,169	\$ 31,414,008
Current liabilities	\$ 597,116	\$ 631,135	\$ 681,787
Long-term debt	11,994,514	12,551,309	13,050,248
Deferred inflows of resources			
unavailable revenue - lease income	8,070,610	9,302,509	10,541,608
Net position			
Net investment in capital assets	4,287,773	3,767,201	3,273,004
Unrestricted	3,726,182	3,852,015	3,867,361
Total liabilities, deferred inflows of resources, and net position	\$ 28,676,195	\$ 30,104,169	\$ 31,414,008
Operating revenue			
Rental revenue	\$ 1,266,406	\$ 1,249,227	\$ 1,244,326
Project revenue	764,623	725,540	348,098
Reimbursement revenue, net	394,305	278,916	333,296
Total operating revenue	\$ 2,425,334	\$ 2,253,683	\$ 1,925,720
Operating expenses			
Depreciation	\$ 503,240	\$ 486,364	\$ 469,489
Administrative expenses	664,741	499,088	702,046
Project expenses	179,477	190,846	99,925
Total operating expenses	1,347,458	1,176,298	1,271,460
Operating income	1,077,876	1,077,385	654,260
Non-operating revenues (expenses), net			
Interest expense	(394,030)	(369,495)	(454,775)
Interest income	310,893	352,158	383,548
Transfers in from Innovate ABQ	-	17,463	96,688
Distributions to UNM	(425,000)	(418,793)	(650,000)
Distributions to UNM - Athletics	(175,000)	(179,867)	-
Total non-operating revenue (expenses), net	(683,137)	(598,534)	(624,539)
Change in net position	394,739	478,851	29,721
Net position, beginning of year	7,619,216	7,140,365	7,110,644
Net position, end of year	\$ 8,013,955	\$ 7,619,216	\$ 7,140,365

Lobo Development Corporation
(A Component Unit of the University of New Mexico)
Management's Discussion and Analysis
June 30, 2023

Statements of Net Position

Assets – As of June 30, 2023 and 2022, Lobo Development has cash in the amount of \$3,366,697 and \$3,532,879, respectively, of which \$2,931,613 and \$3,279,473, respectively, is held by UNM, and \$435,084 and \$253,406, respectively, is held in an operating bank account at a financial institution. Cash decreased primarily due to a decrease in revenue from UNM.

Liabilities and Net Position – Lobo Development's net position at June 30, 2023, 2022, and 2021 was allocated between unrestricted and net investment in capital assets.

Statements of Revenues, Expenses, and Changes in Net Position

Revenues – During the fiscal year ended June 30, 2023, Lobo Development generated operating revenue in the amount of \$2,425,334, which included lease payments from three buildings, two student housing buildings, and building revenue from UNM. During the fiscal year ended June 30, 2022, Lobo Development generated operating revenue in the amount of \$2,253,683, which included lease payments from three buildings and two student housing buildings, and building revenue from UNM. Nonoperating revenue amounted to \$310,893 and \$369,621 during the fiscal years ended June 30, 2023 and 2022, respectively. For 2023, other income was the result of interest income earned from UNM of \$26,002 and lease interest revenue of \$284,891. For 2022, other income was the result of interest income earned from UNM of \$49,039, transfers in from Innovate ABQ of \$17,463, and lease interest revenue of \$303,119.

Expenses – Total operating expenses increased \$171,160 during the fiscal year ended June 30, 2023, due to an increase in interest expenses. Total operating expenses decreased \$95,162 during the fiscal year ended June 30, 2022, due to a decrease in administrative expenses.

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

Lobo Development Corporation
(A Component Unit of the University of New Mexico)
Management's Discussion and Analysis
June 30, 2023

Capital Assets and Debt Administration

Lobo Development's investment in capital assets as of June 30, 2023, amounts to \$4,287,773 (net of accumulated depreciation and debt incurred to finance). This investment in capital assets includes two buildings purchased during fiscal year 2013 and one building purchased in fiscal year 2017. Lobo Development's construction in process (CIP) asset balance is \$1,856,399. This includes several in-process projects, such as a new bioscience lab near UNM's Lobo Rainforest Building, a new research facility on UNM's South Campus, property development under a Tax Increment Development District, and a new building site on Lomas and Yale and Central and University. Additional information concerning Lobo Development's capital assets may be found in Note 6 in the notes to the financial statements.

At the end of the current fiscal year, Lobo Development had total debt outstanding of \$12,554,708. This debt was incurred during fiscal year 2013 for the purchase of the two buildings noted above and during fiscal year 2017 for the purchase of one building. Additional information concerning Lobo Development's long-term debt may be found in Note 5 in the notes to the financial statements.

Factors Impacting Future Periods

Lobo Development, together with UNM and the City of Albuquerque created a Tax Incremental Development District (TIDD) to fund public infrastructure. A portion of the GRT funds is expected to be used to reimburse Lobo Development for costs associated with the formation of the TIDD.

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

Anticipated revenue sources for 2024 include lease payments, campus student housing ground rent, commercial development ground rent, reimbursement revenue, and real estate income.

Contacting Lobo Development's Financial Management

This report is meant to describe the financial condition and position of Lobo Development. If you have questions about this report or need additional financial information, contact:

Lobo Development Corporation
801 University Boulevard SE, Suite 207
Albuquerque, New Mexico 87106-4345

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BASIC FINANCIAL STATEMENTS



Lobo Development Corporation
(A Component Unit of the University of New Mexico)
Statements of Net Position

June 30,	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 435,084	\$ 253,406
Cash on deposit with fiscal agent	2,931,613	3,279,473
Accounts receivable	35,000	5,898
Lease receivable, current	1,194,277	1,151,307
Lease interest receivable	20,825	23,965
Prepaid insurance	413	138,750
Total current assets	4,617,212	4,852,799
Noncurrent assets		
Non-depreciable capital assets	1,856,399	1,363,177
Depreciable capital assets, net	14,986,082	15,489,322
Lease receivable, net of current portion	7,216,502	8,398,871
Total noncurrent assets	24,058,983	25,251,370
Total assets	\$ 28,676,195	\$ 30,104,169
Liabilities		
Current liabilities		
Accounts payable	\$ 36,922	\$ 90,385
Accrued expenses	-	6,761
Long-term debt, current	560,194	533,989
Total current liabilities	597,116	631,135
Long-term debt, net of current portion	11,994,514	12,551,309
Total liabilities	12,591,630	13,182,444
Deferred inflows of resources		
Unavailable revenue - lease income	8,070,610	9,302,509
Total deferred inflows of resources	8,070,610	9,302,509
Net position		
Net investment in capital assets	4,287,773	3,767,201
Unrestricted	3,726,182	3,852,015
Total net position	8,013,955	7,619,216
Total liabilities, deferred inflows of resources, and net position	\$ 28,676,195	\$ 30,104,169

The accompanying notes are an integral part of these financial statements.

Lobo Development Corporation
(A Component Unit of the University of New Mexico)
Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended June 30,	2023	2022
Operating revenues		
Rental revenue	\$ 1,266,406	\$ 1,249,227
Project revenue	764,623	725,540
Reimbursement revenue, net	394,305	278,916
Total operating revenues	2,425,334	2,253,683
Operating expenses		
Depreciation	503,240	486,364
Administrative expenses	664,741	499,088
Project expenses	179,477	190,846
Total operating expenses	1,347,458	1,176,298
Operating income	1,077,876	1,077,385
Non-operating revenues (expenses)		
Interest expense	(394,030)	(369,495)
Interest income	310,893	352,158
Transfers in from Innovate ABQ	-	17,463
Distributions to UNM	(425,000)	(418,793)
Distributions to UNM - Athletics	(175,000)	(179,867)
Net non-operating revenues (expenses)	(683,137)	(598,534)
Change in net position	394,739	478,851
Net position, beginning of year	7,619,216	7,140,365
Net position, end of year	\$ 8,013,955	\$ 7,619,216

The accompanying notes are an integral part of these financial statements.

Lobo Development Corporation
(A Component Unit of the University of New Mexico)
Statements of Cash Flows

For the Years Ended June 30,	2023	2022
Cash flows from operating activities		
Payments received from fiscal agent	\$ 1,094,826	\$ 1,004,456
Payments received from contractors	34,508	10,128
Payments received from development service	35,000	-
Payments to suppliers	(344,129)	(620,900)
Receipts from lease arrangements	1,139,399	1,117,107
Payments to employees	(421,977)	(271,708)
Net cash provided by operating activities	1,537,627	1,239,083
Cash flows from noncapital financing activities		
Distributions to UNM	(425,000)	(418,793)
Distributions to UNM-Athletics	(175,000)	(179,867)
Transfers in from Innovate ABQ	-	11,565
Net cash (used in) noncapital financing activities	(600,000)	(587,095)
Cash flows from capital financing activities		
Payments for construction	(493,222)	(497,600)
Payments for debt to fiscal agent principal	(530,590)	(482,961)
Payments for debt to fiscal agent interest	(394,030)	(369,495)
Net cash (used in) capital financing activities	(1,417,842)	(1,350,056)
Cash flows from investing activities		
Interest received from deposits with fiscal agent	26,002	49,039
Interest received from lease arrangements	288,031	305,930
Net cash provided by investing activities	314,033	354,969
Net decrease in cash and cash equivalents	(166,182)	(343,099)
Cash and cash equivalents - beginning of year	3,532,879	3,875,978
Cash and cash equivalents - end of year	\$ 3,366,697	\$ 3,532,879
Reconciliation of of cash to the statement of net position		
Cash and cash equivalents	\$ 435,084	\$ 253,406
Cash on deposit with fiscal agent	2,931,613	3,279,473
Cash on statement of cash flows	\$ 3,366,697	\$ 3,532,879

The accompanying notes are an integral part of these financial statements.

For the Years Ended June 30,	2023	2022
Operating income	\$ 1,077,876	\$ 1,077,385
Reconciliation of operating loss to net cash provided by operating activities		
Depreciation expense	503,240	486,364
Changes in assets, liabilities, and deferred inflows of resources		
Accounts receivable	(29,102)	(5,898)
Lease receivable	1,139,399	1,117,107
Prepaid insurance	138,337	(136,044)
Accounts payable	(53,463)	(82,608)
Accrued expenses	(6,761)	15,978
Deferred inflow of resources	(1,231,899)	(1,233,201)
Net cash provided by operating activities	\$ 1,537,627	\$ 1,239,083

The accompanying notes are an integral part of these financial statements.

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Lobo Development Corporation
(A Component Unit of the University of New Mexico)
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lobo Development Corporation (Lobo Development), a blended component unit of The University of New Mexico (UNM), is owned, controlled, and was established by UNM's Board of Regents (UNM Regents). UNM issues separately issued financial statements. Lobo Development was incorporated in the State of New Mexico on October 4, 2007. It was organized under the amended State of New Mexico's University Research Park Act. The name of the Act has since been changed to the University Research Park and Economic Development Act.

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

Under the Memorandum of Agreement (MOA) between the UNM Regents and Lobo Development signed in the first quarter of fiscal year 2009, Lobo Development may plan, direct, and coordinate its business activities in accordance with a mutually agreed-upon development proposal and development agreement between Lobo Development and UNM. Lobo Development operations will be funded by an administrative fee assigned to approved projects. If Lobo Development revenues are more than sufficient to meet its anticipated financial obligations based on a mutually approved annual budget, it is the intent of the parties that excess revenue shall be distributed back to UNM. For the years ended June 30, 2023 and 2022, \$600,000 and \$598,660 was distributed back to UNM, respectively.

Primary activities performed by Lobo Development during the years ended June 30, 2023 and 2022 focused on efforts to establish a bioscience lab and research and development space for emerging industries at the Innovate ABQ site, lease and sale transactions of commercial sites along Gibson Boulevard, Bernalillo County and State of New Mexico approvals of the Tax Increment Development District (TIDD), and multi-family housing development at Central and University.

Lobo Development is a blended component unit of UNM and reported upon as a part of the basic financial statements of UNM. Additional information regarding the University of New Mexico may be obtained directly from their administrative office as follows: 1 University of New Mexico, MSC01 1300, Albuquerque, NM 87131.

These financial statements include those activities and functions related to Lobo Development Corporation which are controlled by or dependent upon its Board. The accompanying financial statements do not present the financial position and results of operations of UNM, taken as a whole in accordance with generally accepted accounting principles (GAAP).

Lobo Development Corporation
(A Component Unit of the University of New Mexico)
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity

In evaluating how to define Lobo Development, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61, GASB Statement No. 80, and GASB Statement No. 90.

Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic, but not the only-criterion, for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the nomination and voting on income board members, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, Lobo Development provides services only to UNM and has no component units required to be included in these financial statements.

Basis of Accounting and Financial Statement Presentation

As a component unit of UNM, Lobo Development presents its financial statements in accordance with accounting standards generally accepted in the United States as established by the Governmental Accounting Standards Board (GASB). Lobo Development applies the business-type activity accounting and Lobo Development's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting.

Lobo Development Corporation
(A Component Unit of the University of New Mexico)
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting and Financial Statement Presentation (Continued)

Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. The significant accounting policies utilized by Lobo Development in the preparation of the financial statements are described below.

Assets, Liabilities, Deferred Inflows of Resources and Net Position

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and all highly-liquid investments with original maturities of three months or less. For purposes of the statement of cash flows, cash and cash equivalents include cash deposits and amounts held by its fiscal agent.

Lobo Development has no statutory policy requirements related to cash deposits. UNM serves as the fiscal agent for Lobo Development through which Lobo Development participates in a pooled bank account maintained by UNM. At June 30, 2023 and 2022, Lobo Development had a balance in that pooled account of \$2,931,613 and \$3,279,473, respectively. As fiscal agent, UNM requires the financial institution holding these pooled funds to maintain minimum collateral amounts. Interest is allocated monthly to Lobo Development's account based on its balance in the pooled bank account at the end of the preceding month.

Lease Receivables and Payables and Deferred Inflows of Resources

Lobo Development is a lessee and lessor for numerous noncancelable leases. For leases with a maximum possible term of 12 months or less at commencement (short term), Lobo Development recognizes expense based on the provisions of the lease contract. For the years ended June 30, 2023 and 2022, Lobo Development had equipment rent expense of \$1,690 and \$1,684, respectively, for these short-term leases.

Initial measurement of the lease receivable amount is calculated at the present value of payments expected to be received during the lease term, discounted using Lobo Development's incremental borrowing rate. Leases for which Lobo Development is the lessor are discounted by the incremental borrowing rate, with anticipated payments being recorded as a deferred inflow of resources, amortized on a straight-line basis over the term of the lease.

Lobo Development Corporation
(A Component Unit of the University of New Mexico)
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

Allowance for Doubtful Accounts

Generally accepted accounting principles (GAAP) include the use of the valuation method for estimating the allowance for doubtful accounts. Management considers receivables to be 100% collectible; therefore no allowance has been made for uncollectible amounts for the years ended June 30, 2023 and 2022.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation in the case of gifts. For equipment, Lobo Development's capitalization policy includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Information technology equipment including software is being capitalized in accordance with 2.20.1.9(C)(5) NMAC (9-30-99, recompiled 10/01/01).

Donations of property and equipment are recorded as contributions at acquisition value at the date of donation. Such donations are reported as increases in unrestricted net position unless the donor has restricted the donated asset to a specific purpose.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, Lobo Development reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred during construction of capital assets are not considered material and are not capitalized as part of the cost of construction. There was no interest expense capitalized by Lobo Development during the current fiscal year. No interest was included as part of the cost of capital assets under construction.

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable business-type activities. Bond premiums and discounts are deferred and amortized over the life of the bonds and is recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section 130: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

Lobo Development Corporation
(A Component Unit of the University of New Mexico)
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

Net Position

Equity is classified as net position and displayed in three components:

Net investment in capital assets – Net position invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Lobo Development had no restricted net position for the years ending June 30, 2023 or 2022.

Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Revenues and Expenses

Lobo Development recognizes operating revenue for services earned under the terms of the MOA. Lobo Development’s revenue for the fiscal years ended 2023 and 2022 originated from the following sources: (1) Student housing project/ACC component I, (2) Reimbursement revenue, (3) Rent from four occupancy leases. All revenue from these sources is originally paid to UNM and UNM determines which revenue streams are allocated to Lobo Development.

Income Tax Status

Lobo Development is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and has been determined to be an organization which is not a private foundation.

The Internal Revenue Service has not examined any of the Form 990 tax returns. However, Lobo Development’s tax returns for 2022, 2021 and 2020 are subject to examination by the IRS, generally, for three years after they were filed. Lobo Development recognizes tax benefits only to the extent Lobo Development believes it is “more likely than not” that its tax position will be sustained upon IRS examination.

Lobo Development Corporation
(A Component Unit of the University of New Mexico)
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for Lobo Development is management's estimate of depreciation on assets over their estimated useful lives and amortization of lease receivables.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 15, 2023 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued and Implemented Accounting Pronouncements

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. There were no significant impacts of implementing this Statement.

GASB Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership agreements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined by this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. There were no significant impacts of implementing this Statement.

Lobo Development Corporation
(A Component Unit of the University of New Mexico)
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this. This statement is implemented and did not have a material impact on Lobo Development.

GASB Statement 99, Omnibus 2022. This statement addresses practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. Practice issues addressed by this Statement include classification and reporting of derivative instruments within the scope of Statement No. 53, clarification of provisions in Statement No. 87, *Leases*, clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt, and other various clarifications. There were no significant impacts of implementing this Statement.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period.

Lobo Development Corporation
(A Component Unit of the University of New Mexico)
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

Lobo Development is evaluating the requirements of the above statements and the impact on reporting.

Note 2: DEPOSITS

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Lobo Development's deposits may not be returned to it. As of June 30, 2023 and 2022, Lobo Development had deposits totaling \$436,710 and \$273,348, respectively. As a separate legal 501(c)(3) entity, Lobo Development is not subject to the public money act pledged collateral requirements. At June 30, 2023 and 2022, the checking account balance was in excess of amounts insured by the FDIC by \$186,710 and \$23,348, respectively.

Lobo Development Corporation
(A Component Unit of the University of New Mexico)
Notes to Financial Statements

Note 3: LEASES

A summary of changes in the unavailable revenue – lease income deferred inflow of resources during the years ended June 30, 2023 and June 30, 2022 is as follows:

Year Ended June 30, 2023					
	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Deferred inflows of resources - leases	\$ 9,302,509	\$ -	\$ (1,231,899)	\$ 8,070,610	\$ 1,194,277
	\$ 9,302,509	\$ -	\$ (1,231,899)	\$ 8,070,610	\$ 1,194,277
Year Ended June 30, 2022					
	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Deferred inflows of resources - leases	\$ 10,541,608	\$ -	\$ (1,239,099)	\$ 9,302,509	\$ 1,151,307
	\$ 10,541,608	\$ -	\$ (1,239,099)	\$ 9,302,509	\$ 1,151,307

Lobo Development as Lessor

Lobo Development is the lessor of various properties under operating lease agreements. For the years ended June 30, 2023 and 2022, respectively, total lease income, which includes annually renewable lease agreements, was \$1,266,406 and \$1,249,227.

The following is a schedule of minimum future lease income under lease terms exceeding one year as of June 30, 2023:

Year Ending June 30,	Principal Receivable	Interest Revenue Receivable	Total Lease Receivable
2024	\$ 1,194,277	\$ 236,480	\$ 1,430,757
2025	1,222,886	200,152	1,423,038
2026	1,260,328	162,710	1,423,038
2027	1,247,357	124,469	1,371,826
2028	1,233,024	87,590	1,320,614
2029-2030	2,252,907	65,068	2,317,975
	\$ 8,410,779	\$ 876,469	\$ 9,287,248

Lobo Development Corporation
(A Component Unit of the University of New Mexico)
Notes to Financial Statements

Note 4: CAPITAL ASSETS

The following is a summary of changes in capital assets during the years ended June 30, 2023 and 2022:

	June 30, 2022	Additions	Deletions	June 30, 2023
Capital assets not being depreciated				
Construction in progress	\$ 1,363,177	\$ 493,222	\$ -	\$ 1,856,399
Total capital assets not being depreciated	1,363,177	493,222	-	1,856,399
Capital assets being depreciated				
Buildings	19,626,345	-	-	19,626,345
Total capital assets being depreciated	19,626,345	-	-	19,626,345
Less accumulated depreciation				
Building	(4,137,023)	(503,240)	-	(4,640,263)
Total capital assets being depreciation, net	15,489,322	(503,240)	-	14,986,082
Net capital assets	\$ 16,852,499	\$ (10,018)	\$ -	\$ 16,842,481
	June 30, 2021	Additions	Deletions	June 30, 2022
Capital assets not being depreciated				
Construction in progress	\$ 2,181,837	\$ 497,600	\$ (1,316,260)	\$ 1,363,177
Total capital assets not being depreciated	2,181,837	497,600	(1,316,260)	1,363,177
Capital assets being depreciated				
Buildings	18,310,085	-	1,316,260	19,626,345
Total capital assets being depreciated	18,310,085	-	1,316,260	19,626,345
Less accumulated depreciation				
Building	(3,650,659)	(486,364)	-	(4,137,023)
Total capital assets being depreciation, net	14,659,426	(486,364)	1,316,260	15,489,322
Net capital assets	\$ 16,841,263	\$ 11,236	\$ -	\$ 16,852,499

Lobo Development Corporation
(A Component Unit of the University of New Mexico)
Notes to Financial Statements

Note 5: LONG-TERM DEBT

A promissory note payable to UNM was issued to finance the capital assets purchase made in fiscal year 2013 and had loans revision agreements on January 1, 2016 and August 15, 2019. Principal payments of \$68,150 and interest payments are due monthly on the first day of each month. This note bears interest at 3.00% and as of year-end and is set to mature on May 1, 2027 with a balloon payment being made.

A promissory note payable to the University of New Mexico Foundation, Inc. was issued to finance a capital asset purchased on December 21, 2016. A first amendment to the promissory note was issued March 31, 2017, to reduce the monthly payments from \$10,006 to \$8,555. This was due to a \$141,941 payment made on March 31, 2017, to reduce the principal from \$979,292 to \$837,351 at that time. Principal and interest payments are due monthly on the twenty-first day of each month. The note has a variable interest rate; therefore, effective January 1, 2023, the annual interest rate decreased from 3.25% to 7.50%. This note matures on December 21, 2026.

The following is a summary of notes payable for the year ended June 30, 2023 and 2022:

	Year Ended June 30, 2023				
	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Note payable to UNM	\$ 12,657,430	\$ -	\$ (444,140)	\$ 12,213,290	\$ 471,583
Note payable to UNM Foundation	427,868	-	(86,450)	341,418	88,611
	<u>\$ 13,085,298</u>	<u>\$ -</u>	<u>\$ (530,590)</u>	<u>\$ 12,554,708</u>	<u>\$ 560,194</u>
	Year Ended June 30, 2022				
	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Note payable to UNM	\$ 13,053,044	\$ -	\$ (395,614)	\$ 12,657,430	\$ 444,154
Note payable to UNM Foundation	515,215	-	(87,347)	427,868	89,835
	<u>\$ 13,568,259</u>	<u>\$ -</u>	<u>\$ (482,961)</u>	<u>\$ 13,085,298</u>	<u>\$ 533,989</u>

Lobo Development Corporation
(A Component Unit of the University of New Mexico)
Notes to Financial Statements

Note 5: LONG-TERM DEBT

The scheduled maturity of the note payables for Lobo Development were as follows at June 30:

Fiscal Year ending June 30,	Principal	Interest	Total Debt Service
2024	\$ 560,194	\$ 382,741	\$ 942,935
2025	567,073	361,942	929,015
2026	588,830	340,185	929,015
2027	10,838,611	266,489	11,105,100
	\$ 12,554,708	\$ 1,351,357	\$ 13,906,065

Note 6: RISK MANAGEMENT

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

Lobo Development is physically housed within UNM that provides office space, personnel, utilities, and general operating expenses to Lobo Development.

Note 7: DEFINED CONTRIBUTION PLAN

Lobo Development entered into a 403(b) defined contribution plan effective January 1, 2013. As a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. The plan may be amended by a board of directors' resolution. The plan is available to all employees of Lobo Development, beginning the first day of the plan year quarter coincident with or next following the date the employee first performs their first day of service and are considered to be immediately vested. The plan allows for variable employee contributions up to the Internal Revenue Service maximum allowed amount. Principal Financial Group administers the plan, and Lobo Development contributes the sum of (a) a 6.00% match for employees that contribute to the plan and (b) a discretionary contribution as determined by Lobo Development for employees who do not contribute to the plan. Contributions to the plan by Lobo Development for the fiscal years ended June 30, 2023 and 2022 were \$18,992 and \$12,575, respectively.

Lobo Development Corporation
(A Component Unit of the University of New Mexico)
Notes to Financial Statements

Note 8: RELATED PARTIES

Effective August 12, 2008, UNM and Lobo Development entered into an MOA containing the expectations and performance obligations that UNM is seeking from Lobo Development. Pursuant to the MOA, UNM provides to Lobo Development, at no cost to Lobo Development, facilities support and general business office and associated workspace. Under the agreement, UNM holds cash earned by Lobo Development, at no cost to Lobo Development. UNM transferred \$700,000 and \$690,344 to Lobo Development for the years ended June 30, 2023 and 2022, respectively. This amount is included in project revenue.

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

On April 1, 2013, Lobo Development executed a Promissory Note with UNM to finance a capital assets purchase made in fiscal year 2013. The Note was originally executed for \$27,800,000 at 3.00% interest per annum with a maturity date of May 1, 2020. A Loan Revision Agreement was executed on January 1, 2016, to reduce the principal balance to \$15,211,543 with no change in interest rate or maturity date. In August 2019, the loan expiration was extended to May 1, 2027 (see Note 5).

On December 21, 2016, Lobo Development executed a Promissory Note with the University of New Mexico Foundation, Inc. (UNM Foundation) to provide funds to finalize the purchase of a building. The Note was originally executed for \$1,000,000 at 3.75% interest per annum with a maturity date of December 21, 2026 (see Note 5).

On April 1, 2016, Lobo Development entered into an MOA with Innovate ABQ, Inc. (Innovate), a component unit of the University of New Mexico, wherein Lobo Development provides bookkeeping and operations management services to Innovate. Effective December 30, 2020, Innovate was dissolved and its assets and liabilities were acquired by UNM. Under a Management Authorization Agreement, Lobo Development is authorized to issue invoices, pay remaining obligations, and perform close out activities related to Innovate ABQ's assets and liabilities. Innovate ABQ's remaining cash of \$84,308 was transferred to Lobo Development. For the years ended June 30, 2023 and 2022, expenses totaling \$110,525 and \$138,873, respectively, were incurred on behalf of Innovate and are included in project and administrative expenses. For the years ended June 30, 2023 and 2022, rental revenue of \$34,508 and \$10,128, respectively, was recognized by Lobo Development for rental payments on an agreement between UNM and a third party for assets formerly owned by Innovate.

Lobo Development Corporation
(A Component Unit of the University of New Mexico)
Notes to Financial Statements

Note 8: RELATED PARTIES (Continued)

On May 29, 2015, Lobo Development entered into an MOA with the University of New Mexico Athletics Department (Athletics), wherein Lobo Development will allocate annually to Athletics half of the Lobo Village ground lease income received from UNM. For the fiscal years ended June 30, 2023 and 2022, Lobo Development distributed \$175,000 and \$179,867 of "Lobo Village" ground lease income to Athletics. Lobo Development receives rental revenue from UNM and Athletics under four occupancy lease agreements. For the fiscal year ended June 30, 2023, rental revenue received from UNM was \$1,181,142, and rental revenue received from Athletics was \$85,264, for total rental revenue of \$1,266,406. For the fiscal year ended June 30, 2022, rental revenue received from UNM was \$1,156,762, and rental revenue received from Athletics was \$92,465, for total rental revenue of \$1,249,227.

Lobo Development did not purchase goods and services from companies that board members are employed by during fiscal years ended June 30, 2023 and 2022.

Note 9: COMMITMENTS AND CONTINGENCIES

Lobo Development is party to various litigation and other claims in the ordinary course of business. Lobo Development is unaware of any material pending or threatened litigation, claims, or assessments against Lobo Development that are not covered by insurance.

Lobo Development entered into agreements with contractors and architects for various projects for the year ended June 30, 2023 with anticipated future costs in 2024 of \$50,000 for the Lomas and Yale project, \$20,000 for the Central and University project and, if funding is received, \$2,650,000 for the South Campus TIDD.



SUPPORTING SCHEDULES



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Lobo Development Corporation
(A Component Unit of the University of New Mexico)
Schedule of Deposit Accounts
June 30, 2023

Account Name	Type	PNC Bank	Fiscal Agent	Total
Checking Plus Account - non-interest bearing	Checking	\$ 436,710	\$ -	\$ 436,710
Cash with fiscal agent - interest bearing	Pooled	-	3,356,613	3,356,613
Amounts on deposit		436,710	3,356,613	3,793,323
Outstanding items		(1,626)	(425,000)	(426,626)
Reconciled balance		\$ 435,084	\$ 2,931,613	3,366,697
Total deposits				\$ 3,366,697
Reconciliation to the financial statements				
				\$ 435,084
Cash and cash equivalents				\$ 435,084
Cash on deposit with fiscal agent				2,931,613
Total deposits				\$ 3,366,697

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COMPLIANCE SECTION



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

Joseph M. Maestas, New Mexico State Auditor and
Lobo Development Corporation Board
Lobo Development Corporation
Albuquerque, New Mexico

We have audited, in accordance with the 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, the financial statements of the business-type activities of Lobo Development Corporation ("Lobo Development"), a component unit of the University of New Mexico (the "University"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Lobo Development's basic financial statements, and have issued our report thereon dated September 15, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lobo Development's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lobo Development's internal control. Accordingly, we do not express an opinion on the effectiveness of Lobo Development's internal control.

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

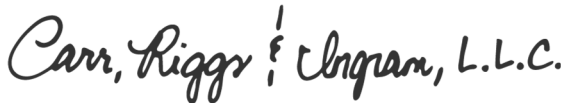
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lobo Development's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." with a stylized flourish above the ampersand.

Carr, Riggs & Ingram, LLC
Albuquerque, NM
September 15, 2023

Lobo Development Corporation
(A Component Unit of the University of New Mexico)
Schedule of Findings and Responses
June 30, 2023

SECTION I: SUMMARY OF AUDITORS' RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements? | No |

SECTION II: FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III: SECTION 12-6-5 NMSA 1978 FINDINGS

None noted.

SECTION IV: SUMMARY OF PRIOR YEAR AUDIT FINDINGS

None noted.

Lobo Development Corporation
(A Component Unit of the University of New Mexico)
Other Disclosures
June 30, 2023

EXIT CONFERENCE

The contents of this report and its schedules were discussed on September 15, 2023. The following individuals were in attendance:

Lobo Development Corporation Officials

Rick Siegel	Secretary/Treasurer
Keelie Garcia	Directors Operations Manager
Teresa Costantinidis	CEO, Lobo Development Corporation, and EVP for Finance & Administration, UNM

Carr, Riggs & Ingram, LLC

Alan D. "A.J" Bowers, Jr., CPA, CITP	Partner
Paul Garcia, CPA	Senior Manager

AUDITOR PREPARED FINANCIALS

Carr, Riggs & Ingram, LLC prepared the GAAP-basis financial statements and footnotes of Lobo Development Corporation from the original books and records provided to them by the management of the Lobo Development Corporation. The responsibility for these financial statements remains with Lobo Development Corporation.

TAB 14

#14

Recommendations for Action Items for Consent Agenda on Full Board of Regents' Agenda (Bill Payne, Chair, Regents' Finance & Facilities Committee)

ACTION ITEM RECOMMENDATIONS:

Recommendations for Consent Agenda Items on Full Board
of Regents' Agenda (*Bill Payne, Chair, Regents' Finance &
Facilities Committee*)

TAB 15

#15

Recommendations for Information Items for Full Board of Regents' Agenda (Bill Payne, Chair, Regents' Finance & Facilities Committee)

INFORMATION ITEM RECOMMENDATIONS:

Recommendations for Information Agenda Items to be
Added to the Full Board of Regents' Agenda (*Bill Payne,*
Chair, Regents' Finance & Facilities Committee)

TAB 16

#16

Executive Session

EXECUTIVE SESSION:

None