



January 21, 2026

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 17, 2026. There are two approval items to be presented by Thomas Neale, Chief Operating Officer, Lobo Development Corporation.

- A. Summarized Minutes of the February 20, 2025 Annual Meeting of the Member
- B. Acceptance of Lobo Development Corporation's FY 2024-25 Audit

All documents are attached for your use.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Keelie Garcia', is written over a faint blue circular stamp.

Keelie Garcia
Director of Operations

Tackett)

HEALTH SCIENCES CENTER COMMITTEE (HSCC) Jack Fortner, Co-Chair

The Health Sciences Center moved three items forward for approval by the Board. Kate Becker, CEO, UNMH, and Mike Chicarelli, COO, UNMH presented each of the three items.

SANDIA VISTA PRIMARY CARE CLINIC - \$19,000,000

- The motion to approve the Sandia Vista Primary Care Clinic passed unanimously (1st Payne; 2nd Tackett)

UH-MAIN 2nd FL. OR SUITE RENOVATION - \$40,000,000

- The motion to approve UH-Main 2nd Fl. OR Suite Renovation passed unanimously (1st Payne; 2nd Tackett)

UNM HOSPITAL PAVILLION BACKFILL DESIGN - \$6,000,000

- The motion to approve UH-Main 2nd Fl. OR Suite Renovation passed unanimously (1st Reyes; 2nd Tackett)

VOTE TO RECESS THE BOARD OF REGENTS

to hold the 'Meeting of the Member' for Lobo Energy, Inc.; Lobo Development Corporation; Rainforest Innovations; and UNM Medical Group, Inc.

- The motion to recess the Board of Regents meeting passed unanimously (1st Tackett; 2nd Reyes)

VOTE TO CONVENE THE MEMBER OF THE MEETING – LOBO ENERGY, INC.

- The motion to convene the Meeting of the Member passed unanimously (1st Payne; 2nd Tackett)

Jason Strauss, President/CEO, Lobo Energy Inc. briefly presented the agenda items below for approval.

VOTE TO ACCEPT THE LOBO ENERGY, INC. SUMMARIZED MINUTES OF THE FEBRUARY 15, 2024 MEETING

- The motion to accept the summarized minutes of the February 15, 2024 meeting passed unanimously (1st Payne; 2nd Blanchard)

VOTE TO ACCEPT THE LOBO ENERGY, INC. FY 2023-24 AUDIT

- The motion to accept the FY2023-24 Audit meeting passed unanimously (1st Reyes; 2nd Campos)

VOTE TO ADJOURN THE MEMBER OF THE MEETING – LOBO ENERGY, INC.

- The motion to adjourn the Meeting of the Member passed unanimously (1st Reyes; 2nd Tackett)

VOTE TO CONVENE THE MEMBER OF THE MEETING – LOBO DEVELOPMENT

- The motion to convene the Meeting of the Member passed unanimously (1st Reyes; 2nd Payne)

Thomas Neale, Interim Executive Director, Lobo Development Corporation briefly presented the agenda items for approval.

VOTE TO ACCEPT THE LOBO DEVELOPMENT SUMMARIZED MINUTES OF THE FEBRUARY 15, 2024 MEETING

- The motion to accept the summarized minutes of the February 15, 2024 meeting passed unanimously (1st Payne; 2nd Reyes)

VOTE TO ACCEPT THE LOBO DEVELOPMENT FY 2023-24 AUDIT

- The motion to accept the FY2023-24 Audit meeting passed unanimously (1st Williams; 2nd Tackett)

VOTE TO ADJOURN THE MEMBER OF THE MEETING – LOBO DEVELOPMENT

- **The motion to adjourn the Meeting of the Member passed unanimously (1st Tackett; 2nd Reyes)**

VOTE TO CONVENE THE MEMBER OF THE MEETING – RAINFOREST INNOVATIONS

- **The motion to convene the Meeting of the Member passed unanimously (1st Blanchard; 2nd Campos)**
Lisa Kuuttia, CEO & Chief Economic Development Officer, UNM Rainforest Innovations, briefly presented the agenda items for approval.

VOTE TO ACCEPT THE RAINFOREST INNOVATIONS SUMMARIZED MINUTES OF THE FEBRUARY 15, 2024 MEETING and TO ACCEPT THE RAINFOREST INNOVATIONS FY 2023-24 AUDIT

- **The motion to accept the summarized minutes of the February 15, 2024 meeting and to accept the FY2023-24 Audit meeting passed unanimously (1st Tackett; 2nd Reyes)**

VOTE TO ADJOURN THE MEMBER OF THE MEETING –RAINFOREST INNOVATIONS

- **The motion to adjourn the Meeting of the Member passed unanimously (1st Payne; 2nd Campos)**

VOTE TO CONVENE THE MEMBER OF THE MEETING –UNM MEDICAL GROUP

- **The motion to convene the Meeting of the Member passed unanimously (1st Payne; 2nd Campos)**

Gary Mlady Interim CEO, UNM Medical Group briefly presented the agenda items for approval.

VOTE TO ACCEPT THE UNM MEDICAL GROUP FY 2023-24 ANNUAL REPORT AND AUDIT

- **The motion to accept the FY2023-24 Annual Report and Audit meeting passed unanimously (1st Tackett; 2nd Campos)**

VOTE TO ADJOURN THE MEMBER OF THE MEETING –UNM MEDICAL GROUP

- **The motion to adjourn the Meeting of the Member passed unanimously (1st Reyes; 2nd Tackett)**

VOTE TO RECONVENE THE BOARD OF REGENTS

- **The motion to reconvene the Board of Regents meeting passed unanimously (1st Reyes; 2nd Tackett)**
ADVISORS COMMENTS NOT RELATED TO AGENDA

Cris Elder, President, Faculty Senate, welcomed the new regents and introduced herself and her work. She thanked all those working at UNM to lead the University through the tumult of federal executive actions, including the rapid response teams. She also noted, in the context of teaching a course on visual rhetoric, the arrangement of seating for vice presidents and advisors, with advisors in the second row rather than in the first. Ivan Olay, President, Staff Council, congratulated Regents Campos and Williams on their appointments and introduced himself and his work. He noted that Staff Council recently passed a resolution on Narcan training and accessibility. He also stated that a key Staff Council priority is fair compensation, and he looked forward to further discussion on how to fund increases. He invited the regents to the green chile cheeseburger staff event on May 21 from 11 am – 2 pm.

Anthony Tomaziefski, President, ASUNM, also congratulated Regents Campos and Williams on their appointments and introduced himself and his work. He emphasized that student support groups were under threat and that the foundations of the motto “each of us defines all of us” was being tested in the current political climate.

Michel Rivera Ramirez, President, GPSA, congratulated Regents Campos and Williams on their appointments and welcomed Regent Reyes back to the board. He introduced himself and his work. He thanked the regents and administration for their support of the graduate student scholarship act, noting GPSA priorities are UNM



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

FINANCIAL STATEMENTS

For the Years Ended June 30, 2025 and 2024

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INTRODUCTORY SECTION



Lobo Development Corporation
(A Component Unit of the University of New Mexico)
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**Lobo Development Corporation
(A Component Unit of the University of New Mexico)
Official Roster**

CHIEF EXECUTIVE OFFICER

Teresa Costantinidis

CHIEF BUSINESS OFFICER

Shawna Wolfe

BOARD MEMBERS

Paul Blanchard, Chair

Stephen J. Ciepiela, Vice-Chair

Eric M. Siegel, Secretary/Treasurer

Teresa Costantinidis

James Holloway

Fernando Lovo

Garnett S. Stokes

Michael Richards

Louis Abruzzo

Eric K. Eggins

Victor Reyes

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FINANCIAL SECTION





CARR, RIGGS & INGRAM, L.L.C.

Carr, Riggs & Ingram, L.L.C.
2424 Louisiana Boulevard NE
Suite 300
Albuquerque, NM 87110

505.883.2727
505.884.6719 (fax)
CRIadv.com

INDEPENDENT AUDITOR'S REPORT

Joseph M. Maestas, PE, CFE, 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 years ended June 30, 2025 and 2024, 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, 2025 and 2024, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standard are further described in the Auditor's 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. They do not purport to, and do not, present fairly the financial position of the University, as of June 30, 2025 and 2024, the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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.

In preparing the financial statements, management is required to evaluate whether 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 auditor's report that includes our opinion. 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 audits.

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 audits 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 audits were conducted for the purpose of forming an 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 auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits 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 30, 2025, 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, L.L.C.
Albuquerque, New Mexico
September 30, 2025

Lobo Development Corporation
(A Component Unit of the University of New Mexico)
Management's Discussion and Analysis
June 30, 2025

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, 2025, 2024, and 2023. 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 2025 by \$736,258, resulting in cash on deposit with fiscal agent and cash on hand at the close of fiscal year 2025 of \$4,133,280. The decrease during fiscal year 2025 is primarily due to an increase in administrative and project expenses. Cash increased in 2024 by \$1,502,841, resulting in cash on deposit with fiscal agent and cash on hand at the close of fiscal year 2024 of \$4,869,538. The increase during fiscal year 2024 is primarily due to an increase in funds transferred from UNM. Interest earned during fiscal year 2025 decreased \$18,258 from \$343,584 to \$325,326 due to a loan payoff.

Lobo Development's net position decreased \$2,185,555 during the year, from \$9,729,559 in 2024 to \$7,544,004 in fiscal year 2025. During fiscal year 2024, Lobo Development's net position increased \$1,715,604, from \$8,013,955 in 2023 to \$9,729,559 in fiscal year 2024.

During fiscal year 2025, operating revenue decreased by \$64,252, and operating expenses increased by \$279,517, resulting in a decrease in net operating income of \$343,769. During fiscal year 2024, operating revenue decreased by \$382,822, and operating expenses decreased by \$78,522, resulting in a decrease in net operating income of \$304,300.

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, 2025

FINANCIAL INFORMATION

Lobo Development's condensed financial information as of and for the fiscal years ended June 30, 2025, 2024, and 2023 are provided in the following table:

| Condensed Financial Information | | | |
|---|----------------------|----------------------|----------------------|
| | 2025 | 2024 | 2023 |
| Current assets | \$ 5,309,460 | \$ 6,111,018 | \$ 4,617,212 |
| Net capital assets | 14,345,298 | 16,481,655 | 16,842,481 |
| Non-current assets | 4,678,372 | 5,998,097 | 7,216,502 |
| Total assets | \$ 24,333,130 | \$ 28,590,770 | \$ 28,676,195 |
| Current liabilities | \$ 544,513 | \$ 590,578 | \$ 597,116 |
| Long-term debt | 10,798,101 | 11,442,465 | 11,994,514 |
| Deferred inflows of resources | | | |
| unavailable revenue - lease income | 5,446,512 | 6,828,168 | 8,070,610 |
| Net position | | | |
| Net investment in capital assets | 3,061,270 | 4,472,640 | 4,287,773 |
| Unrestricted | 4,482,734 | 5,256,919 | 3,726,182 |
| Total liabilities, deferred inflows of resources, and net position | \$ 24,333,130 | \$ 28,590,770 | \$ 28,676,195 |
| Operating revenue | | | |
| Rental revenue | \$ 1,156,039 | \$ 1,233,697 | \$ 1,266,406 |
| Project revenue | 712,680 | 700,000 | 764,623 |
| Reimbursement revenue, net | 109,541 | 108,815 | 394,305 |
| Total operating revenue | \$ 1,978,260 | \$ 2,042,512 | \$ 2,425,334 |
| Operating expenses | | | |
| Depreciation | \$ 443,872 | \$ 503,240 | \$ 503,240 |
| Administrative expenses | 782,306 | 669,733 | 664,741 |
| Project expenses | 322,275 | 95,963 | 179,477 |
| Total operating expenses | 1,548,453 | 1,268,936 | 1,347,458 |
| Operating income | 429,807 | 773,576 | 1,077,876 |
| Non-operating revenues (expenses), net | | | |
| Interest expense | (347,794) | (384,148) | (394,030) |
| Interest income | 325,326 | 343,584 | 310,893 |
| Other income | - | 1,535 | - |
| Write-off of abandoned projects | (362,099) | - | - |
| Transfer of baseball clubhouse project to UNM | (1,870,071) | - | - |
| Distribution from UNM to pay off Foundation note | 245,780 | - | - |
| Distribution from UNM for Alumni Road | - | 1,577,505 | - |
| Transfers in from Innovate ABQ | - | - | - |
| Distributions to UNM | (431,504) | (421,448) | (425,000) |
| Distributions to UNM - Athletics | (175,000) | (175,000) | (175,000) |
| Total non-operating revenue (expenses), net | (2,615,362) | 942,028 | (683,137) |
| Change in net position | (2,185,555) | 1,715,604 | 394,739 |
| Net position, beginning of year | 9,729,559 | 8,013,955 | 7,619,216 |
| Net position, end of year | \$ 7,544,004 | \$ 9,729,559 | \$ 8,013,955 |

Lobo Development Corporation
(A Component Unit of the University of New Mexico)
Management's Discussion and Analysis
June 30, 2025

STATEMENTS OF NET POSITION

Assets – As of June 30, 2025 and 2024, Lobo Development has cash in the amount of \$4,133,280 and \$4,869,538, respectively, of which \$2,287,397 and \$4,496,871, respectively, is held by UNM, and \$1,845,883 and \$372,667, respectively, is held in an operating bank account at a financial institution. Cash decreased primarily due to an increase in operating and project expenses.

Liabilities and Net Position – Lobo Development's net position at June 30, 2025, 2024, and 2022 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, 2025, Lobo Development generated operating revenue in the amount of \$1,978,260, which included lease payments from three buildings, two student housing buildings, and reimbursement revenue. During the fiscal year ended June 30, 2024, Lobo Development generated operating revenue in the amount of \$2,042,512, which included lease payments from three buildings and two student housing buildings, and building revenue from UNM. Nonoperating revenue amounted to \$571,106 and \$1,922,624 during the fiscal years ended June 30, 2025 and 2024, respectively. For 2025, other income was the result of interest income earned from UNM of \$134,555, lease interest revenue of \$190,771, and a transfer of \$245,780 from UNM. For 2024, other income was the result of interest income earned from UNM of \$96,022 and lease interest revenue of \$247,562, a transfer of \$1,577,505 from UNM, and a reimbursement of \$1,535.

Expenses – Total operating expenses increased \$279,517 during the fiscal year ended June 30, 2025, due to an increase in administrative and project expenses. Total operating expenses decreased \$78,522 during the fiscal year ended June 30, 2024, due to a decrease in project 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.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Lobo Development's investment in capital assets as of June 30, 2025, amounts to \$3,061,270 (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 \$2,176,399. This includes several in-process projects, such as a new bioscience lab near UNM's Lobo Rainforest Building, development along Avenida Cesar Chavez, development under a Tax Increment Development District, and a new building site on Central and Girard. Additional information concerning Lobo Development's capital assets may be found in Note 4 in the notes to the financial statements.

Lobo Development Corporation
(A Component Unit of the University of New Mexico)
Management's Discussion and Analysis
June 30, 2025

At the end of the current fiscal year, Lobo Development had total debt outstanding of \$11,284,028. This debt was incurred during fiscal year 2013 for the purchase of the two buildings noted above. 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 2025 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

| <i>June 30,</i> | 2025 | 2024 |
|---|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 1,845,883 | \$ 372,667 |
| Cash on deposit with fiscal agent | 2,287,397 | 4,496,871 |
| Lease receivable, current | 1,161,306 | 1,221,993 |
| Lease interest receivable | 14,599 | 19,212 |
| Prepaid insurance | 275 | 275 |
| Total current assets | 5,309,460 | 6,111,018 |
| Noncurrent assets | | |
| Non-depreciable capital assets | 2,176,399 | 1,998,813 |
| Depreciable capital assets, net | 12,168,899 | 14,482,842 |
| Lease receivable, net of current portion | 4,678,372 | 5,998,097 |
| Total noncurrent assets | 19,023,670 | 22,479,752 |
| Total assets | \$ 24,333,130 | \$ 28,590,770 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | \$ 58,586 | \$ 24,028 |
| Long-term debt, current | 485,927 | 566,550 |
| Total current liabilities | 544,513 | 590,578 |
| Long-term debt, net of current portion | 10,798,101 | 11,442,465 |
| Total liabilities | 11,342,614 | 12,033,043 |
| Deferred inflows of resources | | |
| Unavailable revenue - lease income | 5,446,512 | 6,828,168 |
| Total deferred inflows of resources | 5,446,512 | 6,828,168 |
| Net position | | |
| Net investment in capital assets | 3,061,270 | 4,472,640 |
| Unrestricted | 4,482,734 | 5,256,919 |
| Total net position | 7,544,004 | 9,729,559 |
| Total liabilities, deferred inflows of resources, and net position | \$ 24,333,130 | \$ 28,590,770 |

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

| <i>For the years ended June 30,</i> | 2025 | 2024 |
|--|---------------------|---------------------|
| Operating revenues | | |
| Rental revenue | \$ 1,156,039 | \$ 1,233,697 |
| Project revenue | 712,680 | 700,000 |
| Reimbursement revenue, net | 109,541 | 108,815 |
| Total operating revenues | 1,978,260 | 2,042,512 |
| Operating expenses | | |
| Depreciation | 443,872 | 503,240 |
| Administrative expenses | 782,306 | 669,733 |
| Project expenses | 322,275 | 95,963 |
| Total operating expenses | 1,548,453 | 1,268,936 |
| Operating income | 429,807 | 773,576 |
| Non-operating revenues (expenses) | | |
| Interest expense | (347,794) | (384,148) |
| Interest income | 325,326 | 343,584 |
| Other income | - | 1,535 |
| Write-off of abandoned projects | (362,099) | - |
| Transfer of baseball clubhouse project to UNM | (1,870,071) | - |
| Distribution from UNM to pay off Foundation note | 245,780 | - |
| Distribution from UNM for Alumni Road | - | 1,577,505 |
| Distributions to UNM | (431,504) | (421,448) |
| Distributions to UNM - Athletics | (175,000) | (175,000) |
| Net non-operating revenues (expenses) | (2,615,362) | 942,028 |
| Change in net position | (2,185,555) | 1,715,604 |
| Net position, beginning of year | 9,729,559 | 8,013,955 |
| Net position, end of year | \$ 7,544,004 | \$ 9,729,559 |

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

| <i>For the years ended June 30,</i> | 2025 | 2024 |
|---|---------------------|---------------------|
| Cash flows from operating activities | | |
| Payments received from fiscal agent | \$ 576,441 | \$ 843,815 |
| Payments to suppliers | (477,687) | (256,818) |
| Receipts from lease arrangements | 1,400,575 | 1,190,689 |
| Payments to employees | (592,336) | (530,379) |
| Net cash provided by operating activities | 906,993 | 1,247,307 |
| Cash flows from noncapital financing activities | | |
| Distributions to UNM | (431,504) | (421,448) |
| Distributions to UNM-Athletics | (175,000) | (175,000) |
| Distributions from UNM | 245,780 | 1,577,505 |
| Other income | - | 1,508 |
| Net cash (used in) provided by noncapital financing activities | (360,724) | 982,565 |
| Cash flows from capital financing activities | | |
| Payments for construction | (539,685) | (142,414) |
| Payments for debt to fiscal agent principal | (724,987) | (545,666) |
| Payments for debt to fiscal agent interest | (347,794) | (384,148) |
| Net cash (used in) capital financing activities | (1,612,466) | (1,072,228) |
| Cash flows from investing activities | | |
| Interest received from deposits with fiscal agent | 134,555 | 94,487 |
| Interest received from lease arrangements | 195,384 | 250,710 |
| Net cash provided by investing activities | 329,939 | 345,197 |
| Net change in cash and cash equivalents | (736,258) | 1,502,841 |
| Cash and cash equivalents, beginning of year | 4,869,538 | 3,366,697 |
| Cash and cash equivalents, end of year | \$ 4,133,280 | \$ 4,869,538 |
| Reconciliation of cash to the statement of net position | | |
| Cash and cash equivalents | \$ 1,845,883 | \$ 372,667 |
| Cash on deposit with fiscal agent | 2,287,397 | 4,496,871 |
| Cash on statement of cash flows | \$ 4,133,280 | \$ 4,869,538 |

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 (Continued)

| <i>For the years ended June 30,</i> | 2025 | 2024 |
|--|--------------------|---------------------|
| Operating income | \$ 429,807 | \$ 773,576 |
| Reconciliation of operating income to net cash provided by operating activities | | |
| Depreciation expense | 443,872 | 503,240 |
| Changes in assets, liabilities, and deferred inflows of resources | | |
| Accounts receivable | - | 35,000 |
| Lease receivable | 1,380,412 | 1,190,689 |
| Prepaid insurance | - | 138 |
| Accounts payable | 34,558 | (12,894) |
| Deferred inflow of resources | (1,381,656) | (1,242,442) |
| Net cash provided by operating activities | \$ 906,993 | \$ 1,247,307 |

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, 2025 and 2024, \$606,504 and \$596,448 was distributed back to UNM, respectively.

Primary activities performed by Lobo Development during the years ended June 30, 2025 and 2024 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, development opportunities along Avenida Cesar Chavez, commercial development at the northwest corner of Central and Girard, and determining the feasibility of redeveloping the northwest corner 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. statements do not present the financial position and results of operations of UNM, taken as a whole The accompanying financial 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 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.

Cash on deposit with 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, 2025 and 2024, Lobo Development had a balance in that pooled account of \$2,287,397 and \$4,496,871, 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, 2025 and 2024, Lobo Development had equipment rent expense of \$2,308 and \$2,106, 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, 2025 and 2024.

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 buildings, 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.

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.

The buildings are depreciated using the straight line method over the following estimated useful lives:

| Capital asset classes | Lives |
|-----------------------|-------|
| Buildings | 39 |

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)

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.

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, 2025 and 2024.

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 2025 and 2024 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.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status (Continued)

The Internal Revenue Service has not examined any of the Form 990 tax returns. However, Lobo Development's tax returns for 2024, 2023 and 2022 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.

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 30, 2025 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

During the fiscal year ended June 30, 2025, Lobo Development adopted GASB Statement No. 101, *Compensated Absences*, and GASB Statement No. 102, *Certain Risk Disclosures*. The implementation of these statements did not have a significant impact on Lobo Development because the activities of Lobo Development were not affected by these statements in a material manner.

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

GASB Statement No. 103, *Financial Reporting Model Improvements*. The requirements of this Statement aim to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

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)

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The requirements of this Statement aim to improve reporting on capital assets by separately disclosing specific types of capital assets in financial statement notes. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

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, 2025 and 2024, Lobo Development had deposits totaling approximately \$1.8 million and \$412 thousand, 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, 2025 and 2024, the checking account balance was in excess of amounts insured by the FDIC by \$1.6 million and \$162 thousand, 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, 2025 and 2024 is as follows:

For the year ending June 30, 2025

| | Beginning Balance | Additions | Deletions | Ending Balance | Amounts Due Within One Year |
|---|----------------------|-------------|-----------------------|---------------------|--------------------------------|
| Deferred inflows of resources - leases | \$ 6,828,168 | \$ - | \$ (1,381,656) | \$ 5,446,512 | \$ 1,161,306 |
| Total | \$ 6,828,168 | \$ - | \$ (1,381,656) | \$ 5,446,512 | \$ 1,161,306 |

For the year ending June 30, 2024

| | Beginning Balance | Additions | Deletions | Ending Balance | Amounts Due Within One Year |
|---|----------------------|-------------|-----------------------|---------------------|--------------------------------|
| Deferred inflows of resources - leases | \$ 8,070,610 | \$ - | \$ (1,242,442) | \$ 6,828,168 | \$ 1,221,993 |
| Total | \$ 8,070,610 | \$ - | \$ (1,242,442) | \$ 6,828,168 | \$ 1,221,993 |

Lobo Development as Lessor

Lobo Development is the lessor of various properties under short-term lease agreements. For the years ended June 30, 2025 and 2024, respectively, total lease income, which includes annually renewable lease agreements, was \$1,156,039 and \$1,233,697.

The following is a schedule of minimum future lease income under lease terms exceeding one year as of June 30, 2025:

| <i>For the years ending June 30,</i> | Principal Receivable | Interest Revenue Receivable | Total Lease Receivable |
|--------------------------------------|-------------------------|--------------------------------|---------------------------|
| 2026 | \$ 1,161,306 | \$ 159,309 | \$ 1,320,615 |
| 2027 | 1,196,628 | 123,987 | 1,320,615 |
| 2028 | 1,233,024 | 87,590 | 1,320,614 |
| 2029 | 1,270,528 | 50,086 | 1,320,614 |
| 2030 | 978,192 | 12,268 | 990,460 |
| Totals | \$ 5,839,678 | \$ 433,240 | \$ 6,272,918 |

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, 2025 and 2024:

| | June 30, 2024 | Additions | Deletions | June 30, 2025 |
|--|---------------|------------|----------------|---------------|
| Capital assets not being depreciated | | | | |
| Construction in progress | \$ 1,998,813 | \$ 539,685 | \$ (362,099) | \$ 2,176,399 |
| Total capital assets not being depreciated | 1,998,813 | 539,685 | (362,099) | 2,176,399 |
| Capital assets being depreciated | | | | |
| Buildings | 19,626,345 | - | (2,315,326) | 17,311,019 |
| Total capital assets being depreciated | 19,626,345 | - | (2,315,326) | 17,311,019 |
| Less accumulated depreciation | | | | |
| Building | (5,143,503) | (443,872) | 445,255 | (5,142,120) |
| Total capital assets being depreciation, net | 14,482,842 | (443,872) | (1,870,071) | 12,168,899 |
| Net capital assets | \$ 16,481,655 | \$ 95,813 | \$ (2,232,170) | \$ 14,345,298 |

| | June 30, 2023 | Additions | Deletions | June 30, 2024 |
|--|---------------|--------------|-----------|---------------|
| Capital assets not being depreciated | | | | |
| Construction in progress | \$ 1,856,399 | \$ 142,414 | - | \$ 1,998,813 |
| Total capital assets not being depreciated | 1,856,399 | 142,414 | - | 1,998,813 |
| 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 | (4,640,263) | (503,240) | - | (5,143,503) |
| Total capital assets being depreciation, net | 14,986,082 | (503,240) | - | 14,482,842 |
| Net capital assets | \$ 16,842,481 | \$ (360,826) | - | \$ 16,481,655 |

During 2025 the baseball clubhouse was transferred to UNM. The clubhouse cost \$2,315,326 and had accumulated depreciation of \$445,255 which resulted in a net transfer cost of \$1,870,071. In addition, \$362,099 of projects in CIP were abandoned and written off in 2025.

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 were due monthly on the twenty-first day of each month. The note has a variable interest rate. This note was paid off in August 2024.

The following is a summary of notes payable for the year ended June 30, 2025 and 2024:

| Year Ended June 30, 2025 | | | | | |
|--------------------------------|-------------------|-----------|--------------|----------------|-----------------|
| Entity | Beginning Balance | Additions | Deletions | Ending Balance | Within One Year |
| Note payable to UNM | \$ 11,755,613 | \$ - | \$ (471,585) | \$ 11,284,028 | \$ 485,927 |
| Note payable to UNM Foundation | 253,402 | - | (253,402) | - | - |
| Total | \$ 12,009,015 | \$ - | \$ (724,987) | \$ 11,284,028 | \$ 485,927 |

| Year Ended June 30, 2024 | | | | | |
|--------------------------------|-------------------|-----------|--------------|----------------|-----------------|
| Entity | Beginning Balance | Additions | Deletions | Ending Balance | Within One Year |
| Note payable to UNM | \$ 12,213,263 | \$ - | \$ (457,650) | \$ 11,755,613 | \$ 471,583 |
| Note payable to UNM Foundation | 341,418 | - | (88,016) | 253,402 | 94,967 |
| Total | \$ 12,554,681 | \$ - | \$ (545,666) | \$ 12,009,015 | \$ 566,550 |

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

Note 5: LONG-TERM DEBT (Continued)

The scheduled maturity of the note payables for Lobo Development were as follows at June 30, 2025:

| <i>For the years ending June 30,</i> | Principal | Interest | Total Debt Service |
|--------------------------------------|----------------------|-------------------|-------------------------------|
| 2026 | \$ 485,927 | \$ 331,876 | \$ 817,803 |
| 2027 | 10,798,101 | 265,292 | 11,063,393 |
| Total | \$ 11,284,028 | \$ 597,168 | \$ 11,881,196 |

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, 2025 and 2024 were \$44,771 and \$25,596, 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 to Lobo Development for both the years ended June 30, 2025 and 2024, 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). In 2025 UNM distributed \$245,780 to Lobo Development to pay off the note with the UNM Foundation. Therefore, \$0 remained on this note as of June 30, 2025.

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 was 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, 2025 and 2024, expenses totaling \$0 and \$9,263, were incurred on behalf of Innovate and are included in project and administrative expenses.

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 both the fiscal years ended June 30, 2025 and 2024, Lobo Development distributed \$175,000 of "Lobo Village" ground lease income to Athletics. Lobo Development receives rental revenue from UNM and Athletics under four occupancy lease agreements.

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

Note 8: RELATED PARTIES (Continued)

For the fiscal year ended June 30, 2025, rental revenue received from UNM was \$1,146,634, and rental revenue received from Athletics was \$9,405, for total rental revenue of \$1,156,039.

For the fiscal year ended June 30, 2024, rental revenue received from UNM was \$1,146,634, and rental revenue received from Athletics was \$87,063, for total rental revenue of \$1,233,697.

Lobo Development did not purchase goods and services from companies that board members are employed by during fiscal years ended June 30, 2025 and 2024.

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, 2025 with anticipated future costs in 2025 of \$30,000 for the Lomas Corridor, \$40,000 for the Howl Plaza, and \$28,000 for the Alumni Drive Traffic Signal.

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SUPPORTING SCHEDULES



Lobo Development Corporation
(A Component Unit of the University of New Mexico)
Schedule of Deposit Accounts
June 30, 2025

| Account Name | Type | PNC Bank | Fiscal Agent | Total |
|--|----------|--------------|--------------|---------------------|
| Checking Plus Account - non-interest bearing | Checking | \$ 1,848,921 | \$ - | \$ 1,848,921 |
| Cash with fiscal agent - interest bearing | Pooled | - | 2,287,397 | 2,287,397 |
| Amounts on deposit | | 1,848,921 | 2,287,397 | 4,136,318 |
| Outstanding items | | (3,038) | - | (3,038) |
| Reconciled balance | | \$ 1,845,883 | \$ 2,287,397 | 4,133,280 |
| Total deposits | | | | \$ 4,133,280 |
| Reconciliation to the financial statements | | | | |
| Cash and cash equivalents | | | | \$ 1,845,883 |
| Cash on deposit with fiscal agent | | | | 2,287,397 |
| Total deposits | | | | \$ 4,133,280 |

Lobo Development Corporation
(A Component Unit of the University of New Mexico)
Schedule of Deposit Accounts (Continued)
June 30, 2024

| Account Name | Type | PNC Bank | Fiscal Agent | Total |
|--|----------|------------|---------------------|------------|
| Checking Plus Account - non-interest bearing | Checking | \$ 411,973 | \$ - | \$ 411,973 |
| Cash with fiscal agent - interest bearing | Pooled | - | 4,496,871 | 4,496,871 |
| Amounts on deposit | | 411,973 | 4,496,871 | 4,908,844 |
| Outstanding items | | (39,306) | - | (39,306) |
| Reconciled balance | | \$ 372,667 | \$ 4,496,871 | 4,869,538 |
| <u>Total deposits</u> | | | <u>\$ 4,869,538</u> | |
| Reconciliation to the financial statements | | | | |
| | | | \$ 372,667 | |
| | | | 4,496,871 | |
| <u>Total deposits</u> | | | <u>\$ 4,869,538</u> | |

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COMPLIANCE SECTION



INDEPENDENT AUDITOR’S 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, PE, CFE, 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, 2025, 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 30, 2025.

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.

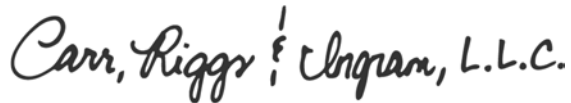
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not 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, L.L.C.
Albuquerque, NM
September 30, 2025

Lobo Development Corporation
(A Component Unit of the University of New Mexico)
Schedule of Findings and Responses
June 30, 2025

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditor's 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, 2025

EXIT CONFERENCE

The contents of this report and its schedules were discussed on September 11, 2025. The following individuals were in attendance:

Lobo Development Corporation Officials

| | |
|----------------------|---|
| Keelie Garcia | Directors of Operations |
| Tom Neale | COO, Lobo Development Corporation, and Director of Real Estate, UNM |
| Teresa Costantinidis | CEO, Lobo Development Corporation, and EVP for Finance & Administration, UNM |

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

| | |
|------------------|---------|
| Paul Garcia, CPA | Partner |
|------------------|---------|

AUDITOR PREPARED FINANCIALS

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