

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE**  
**NEW MEXICO SMALL BUSINESS INVESTMENT CORP.**

**September 22, 2023**

A meeting of the New Mexico Small Business Investment Corporation was called to order on this date at 9:00 a.m. via teleconference. A quorum was established.

**Members Present**

Mr. Joseph H. Badal, Chair  
Mr. Alan Fowler, Vice President  
Mr. Steven E. Morgan, Secretary/Treasurer  
Ms. Anne Beckett  
Mr. John Kreienkamp, designee of Hon. Laura M. Montoya, New Mexico State Treasurer  
Mr. Joshua Smith  
Mr. Robert Valdiviez

**Members Excused**

None

**Financial Adviser to Board**

Mr. Russell Cummins

**Board Legal Counsel**

Mr. Randall McDonald

**Recording Secretary**

Ms. Charmaine Clair

**Guests Present:**

Mr. Jake Dopson, Pulakos CPAs  
Mr. Ryan Thorpe, Pulakos CPAs  
Mr. Marshall Shore, Nusenda Credit Union, board candidate  
Mr. Joshua Grassham, Lea County State Bank, board candidate

**REVIEW AND ACCEPTANCE OF AGENDA**

**Mr. Morgan moved acceptance of the agenda, as published. Mr. Kreienkamp seconded the motion, which passed unanimously.**

## **BOARD MINUTES FOR AUGUST 18, 2023**

**Mr. Fowler moved acceptance of the August 18, 2023, minutes, as published. Mr. Valdiviez seconded the motion, which passed unanimously.**

### **PULAKOS CPAs:**

**JAKE DOPSON, ASSURANCE PARTNER/SHAREHOLDER;  
RYAN THORPE, ASSURANCE PARTNER**

---

Mr. Dopson and Mr. Thorpe presented the results of 2023 audit.

### Findings:

- There was nothing considered inappropriate, fraudulent or improper.
- There were no audit adjustments, i.e., correction of an error.
- Post closing entries are always part of the audit and are pointed out because the interim financials may be different than what is in the audit.
- Pulakos issues a No Material Weakness letter stating no material weaknesses were identified in internal control.
- Per NMSBIC request for transparency the audited financial statements and the No Material Weakness Letter are submitted directly from Pulakos to the governor, the chair of the LFC and the State Investment Council.

Pulakos will issue an unmodified opinion on the financial statement, meaning all were presented completely, fairly and accurately and in accordance with the accounting principles. Along with the unmodified opinion is supplementary information providing details on the lending and equity investment program; the Management Discussion and Analysis (MDA); and a letter on internal controls of financial reporting required. The report says no internal related control or related issues were identified.

Mr. Cummins stated that the equity partners turned in their equity reports on August 31, and Pulakos was able to turn the audit around in only two weeks, which is very impressive.

Mr. Fowler brought up NMSBIC's position to rotate audit partners rather than audit firms as something the potential and new members should know.

Mr. Cummins noted the AICPA's opinion that rotating audit firms is not considered necessary for internal control, and information provided by Wayne Brown, former managing partner at Moss Adams, that not all states have a required rotation of external audit firms. Mr. Brown's opinion is that this started in New Mexico because audit firms wanted to be able to bid on work in New Mexico. In April this year, the NMSBIC board agreed for Mr. Dopson to continue as audit partner, with rotation of the internal staff that works on the job.

**NMSBIC DRAFT AUDITED FINANCIAL STATEMENTS**

Mr. Cummins reviewed changes from Mr. McDonald’s review:

**Mr. Smith moved to accept the draft Audited Financial Statements with the changes as recommended by Mr. McDonald. Mr. Kreienkamp seconded the motion, which passed unanimously. Ms. Beckett abstained.**

**NMSBIC DRAFT ANNUAL REPORT**

Chair Badal said he and Mr. Cummins reviewed this report in detail.

Mr. Cummins discussed changes made to the report.

**Mr. Morgan moved to accept the NMSBIC Annual Report for fiscal year 2023, with the recommended changes. Mr. Kreienkamp seconded the motion, and it passed unanimously.**

**CHAIRMAN’S COMMENTS**

Chair Badal said he met with the Governor's director of boards and commissions this week, and she indicated that all of the prospective board members have been vetted. He said he hoped the NMSBIC would hear about the appointment of new board members within the next 30 days.

**NEXT BOARD MEETING: Friday, October 27, 9:00 to 12:00 a.m.**

**ADJOURNMENT: 9:41 a.m.**

  
\_\_\_\_\_  
Joseph Badal, Chairman  
*Joshua Smith*

\_\_\_\_\_  
10/27/23  
Date