



UNIVERSITY OF NEW MEXICO FOUNDATION, INC.
(A Component Unit of the University of New Mexico)

Report of Independent Auditors
and Financial Statements with Supplementary Information

June 30, 2025 and 2024

UNIVERSITY OF NEW MEXICO FOUNDATION, INC.
(A Component Unit of the University of New Mexico)

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UNIVERSITY OF NEW MEXICO FOUNDATION, INC.
(A Component Unit of the University of New Mexico)

Official Roster (unaudited)

June 30, 2025

Officers

Felicia Finston	Chair
Ryan Mummert	Immediate Past-Chair
Jeffrey Todd	UNM Foundation President and CEO
Thomas Daulton	Vice Chair/Chair Elect
James Ellis	National Vice Chair
Nadina Paisano	CFO and Treasurer
Adam Harrington	Assistant Treasurer
Monica Jojola	Board Administrative Office
Garnett Stokes	UNM President

Trustees

Kenneth Armijo	Erik Harrigan
Paul Blodgett	Adam Harrington
Doug Campbell	Curtis Huff
Paul Cassidy	Monica Jojola
Damon Chronis	Julianne Levings
Don Clampitt	John Mockovciak
Carol Mayo Cochran	Ryan Mummert
Thomas Daulton	Brad Preber
Dee Dennis, Jr.	Jerry Roehl
James Ellis	Kim Sanchez Rael
Felicia Finston	Harris Smith
Francine Gaillour	Garnett Stokes
Donald Godwin	Patricia Vincent-Collawn
Debbie Harms	



KPMG LLP
Two Park Square, Suite 700
6565 Americas Parkway, N.E.
Albuquerque, NM 87110-8179

Independent Auditors' Report

The Board of Trustees
University of New Mexico Foundation, Inc.
and
Mr. Joseph M. Maestas, P.E.,
New Mexico State Auditor:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the University of New Mexico Foundation, Inc. (the Foundation), a component unit of the University of New Mexico, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements for the years then ended as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2025 and 2024, and the changes in its financial position and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, 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 the Foundation'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.

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 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 GAAS 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 GAAS 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 Foundation'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 Foundation'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

U.S. generally accepted accounting principles require that the management's discussion and analysis 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 GAAS, 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 audit for the year ended June 30, 2025 was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Foundation's basic financial statements for the year ended June 30, 2025. The statement of net position information by account group, statement of revenues, expenses and changes in net position information by account group, and notes to supplementary information for the year ended June 30, 2025 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 for the year ended June 30, 2025 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 GAAS. In our opinion, the statement of net position information by account group, statement of revenues, expenses and changes in net position information by account group, and notes to supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2025.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the official roster and exit conference but does not include the basic financial statements and our auditors' 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 October 20, 2025 on our consideration of the Foundation'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 Foundation'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 Foundation's internal control over financial reporting and compliance.

KPMG LLP

Albuquerque, New Mexico
October 20, 2025

UNIVERSITY OF NEW MEXICO FOUNDATION, INC.
(A Component Unit of the University of New Mexico)
Management's Discussion and Analysis (Unaudited)
Years ended June 30, 2025 and 2024

As a component unit of the University of New Mexico (UNM or the University), the University of New Mexico Foundation, Inc. (the Foundation) applies the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

Overview of the Basic Financial Statements

The Foundation's annual report consists of Management's Discussion and Analysis, which provides a broad narrative overview of its financial statements for the fiscal years ended June 30, 2025 and 2024, and the following, which comprise the basic financial statements:

1. Statements of net position, which present information on the Foundation's assets and liabilities, deferred inflows, and resulting net position.
2. Statements of revenues, expenses, and changes in net position, which provide information on the results of operations for the fiscal years.
3. Statements of cash flows, which present information on changes in cash balances and identify the source of cash flows resulting in those changes.
4. Notes to financial statements, which provide additional information that is essential to a full understanding of the data provided in the financial statements.

Condensed Financial Information

Condensed Assets, Liabilities, and Net Position

		June 30		
		2025	2024	2023
Current assets	\$	23,017,020	18,645,913	14,740,045
Noncurrent assets		545,770,265	501,709,947	439,927,467
Total assets		568,787,285	520,355,860	454,667,512
Current liabilities		13,408,531	16,140,681	10,173,241
Noncurrent liabilities		127,381,322	114,966,221	100,689,803
Total liabilities		140,789,853	131,106,902	110,863,044
Deferred inflows of resources:				
Deferred inflows of beneficial interest in irrevocable split interest agreements		21,652,157	20,771,117	19,658,896
Net position:				
Investment in capital assets		653,715	131,876	134,462
Restricted		397,333,130	361,319,583	316,655,207
Unrestricted		8,358,430	7,026,382	7,355,903
Total net position	\$	406,345,275	368,477,841	324,145,572

UNIVERSITY OF NEW MEXICO FOUNDATION, INC.
(A Component Unit of the University of New Mexico)
Management's Discussion and Analysis (Unaudited)
Years ended June 30, 2025 and 2024

Condensed Summary of Revenues, Expenses, and Changes in Net Position

	June 30		
	2025	2024	2023
Operating revenues:			
Donations and pledges, net	\$ 34,283,017	34,510,102	21,201,560
UNM contract service revenue	6,300,193	5,431,387	5,823,966
Development funding allocation	3,731,367	3,331,176	2,926,039
Nongift revenue	759,886	214,846	307,503
Total operating revenues	<u>45,074,463</u>	<u>43,487,511</u>	<u>30,259,068</u>
Operating expenses:			
Distributions to UNM	47,975,781	47,298,017	36,208,555
General and administrative	18,363,925	16,828,886	15,771,007
Total operating expenses	<u>66,339,706</u>	<u>64,126,903</u>	<u>51,979,562</u>
Operating loss	(21,265,243)	(20,639,392)	(21,720,494)
Nonoperating revenues	46,038,917	51,198,305	24,623,240
Income before changes in term and permanent endowments	24,773,674	30,558,913	2,902,746
Changes in term and permanent endowments	13,093,760	13,773,356	26,908,040
Increase in net position	37,867,434	44,332,269	29,810,786
Net position, beginning of year	368,477,841	324,145,572	294,334,786
Net position, end of year	<u>\$ 406,345,275</u>	<u>368,477,841</u>	<u>324,145,572</u>

Financial Analysis – Condensed Financial Information

The following summarizes the results as of and for the fiscal year ended June 30, 2025:

- At June 30, 2025, the Foundation's total assets were \$568.8 million, which represents an increase of 9.3% compared to June 30, 2024, total assets of \$520.4 million.
- The increase in total assets during the year ended June 30, 2025, was primarily due to the investment performance, and the Treasury Operation Agreement with the University which allows gift funds to be reinvested in the Consolidated Investment Fund (CIF). This also contributed to the increase in liabilities as liabilities due to UNM increased to \$132.4 million at June 30, 2025 from \$120.9 million at June 30, 2024.
- Investment income, net of fees, was \$46.0 million for the year ended June 30, 2025, compared to investment income, net of fees, of \$51.2 million for the year ended June 30, 2024 due to changes in market performance year over year.

UNIVERSITY OF NEW MEXICO FOUNDATION, INC.
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Management's Discussion and Analysis (Unaudited)

Years ended June 30, 2025 and 2024

- The approved spending distribution rate from the investments held in endowment pools was 4.5% for the fiscal years ended June 30, 2025 and 2024. Total approved spending distributions from the endowment pools to UNM were \$31.9 million and \$28.9 million during the fiscal years ended June 30, 2025 and 2024, respectively, and are reported as part of Distributions to UNM of \$48.0 million and \$47.3 million, respectively.
- Total operating revenue was \$45.1 million for the fiscal year ended June 30, 2025, an increase of \$1.6 million, or 3.6%, from the previous year total of \$43.5 million, primarily due to increases in UNM contract service revenue, development funding allocation, and nongift revenue.
- Distributions to UNM were \$48.0 million and \$47.3 million for the years ended June 30, 2025 and 2024, respectively. The increase is primarily due to an increase in the endowment spending distribution.
- The primary funding sources for the Foundation's operating costs for the year ended June 30, 2025, as derived from our budget, were UNM contract service revenue (32%) and the development funding allocation (DFA) (53%). The DFA rate was 1.85% for the fiscal years June 30, 2025 and 2024.

The following summarizes the results as of and for the fiscal year ended June 30, 2024:

- At June 30, 2024, the Foundation's total assets were \$520.4 million, which represents an increase of 10.6% compared to June 30, 2023, total assets of \$454.7 million.
- The increase in total assets during the year ended June 30, 2024, was primarily due to the investment performance, and the Treasury Operation Agreement with the University which allows gift funds to be reinvested in the CIF. This also contributed to the increase in liabilities as liabilities due to UNM increased to \$120.9 million at June 30, 2024 from \$102.0 million at June 30, 2023.
- Investment income, net of fees, was \$51.2 million for the year ended June 30, 2024, compared to investment income, net of fees, of \$24.6 million for the year ended June 30, 2023 due to positive market performance year over year.
- The approved spending distribution rate from the investments held in endowment pools was 4.5% for the fiscal years ended June 30, 2024 and 2023. Total approved spending distributions from the endowment pools to UNM were \$28.9 million and \$26.2 million during the fiscal years ended June 30, 2024 and 2023, respectively, and are reported as part of Distributions to UNM of \$47.3 million and \$36.2 million, respectively.
- Total operating revenue was \$43.5 million for the fiscal year ended June 30, 2024, an increase of \$13.2 million, or 43.7%, from the previous year total of \$30.3 million, primarily due to an increase in nonendowed cash gifts.
- Distributions to UNM were \$47.3 million and \$36.2 million for the years ended June 30, 2024 and 2023, respectively. The increase is primarily due to an increase in nonendowed cash gifts.
- The primary funding sources for the Foundation's operating costs for the year ended June 30, 2024, as derived from our budget, were UNM contract service revenue (34%) and the development funding allocation (DFA) (56%). The DFA rate was 1.85% for the fiscal years June 30, 2024 and 2023.

UNIVERSITY OF NEW MEXICO FOUNDATION, INC.
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Management's Discussion and Analysis (Unaudited)
Years ended June 30, 2025 and 2024

Financial Analysis – Consolidated Investment Fund (CIF)

The following summarizes the results as of and for the fiscal year ended June 30, 2025:

- The CIF, which totals \$887.1 million, represents over 99% of the total investments held in the endowment pools and managed by the Foundation. The CIF is a unitized investment portfolio, which is a consolidated internal investment pool of the University. The Foundation's share of the CIF represents \$515.4 million and is reported within investments held in endowment pools in the statement of net position. Approximately 91% of the Foundation's total assets were held in the CIF as of June 30, 2025 and 2024, respectively. The remaining balance of the CIF are endowment funds owned by the University.
- The fair value and ownership units of the CIF at June 30 are as follows:

		Consolidated Investment Fund	
		2025	2024
Fair value (in millions):			
Foundation	\$	515.4	472.8
University of New Mexico		371.7	341.6
Total fair value of the CIF	\$	<u>887.1</u>	<u>814.4</u>

- Additions to endowment principal in the CIF during the years ended June 30, 2025 and 2024 were \$77.6 million and \$74.7 million, respectively.
- CIF performance, net of fees, for the fiscal years ended June 30, 2025 and 2024 is shown below:

		Consolidated Investment Fund	
		2025	2024
Investment performance:			
1 year		11.2 %	12.2 %
3 year		10.9	5.1
5 year		11.2	8.8
10 year		7.8	6.7

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Management's Discussion and Analysis (Unaudited)
Years ended June 30, 2025 and 2024

- CIF performance by asset class for the fiscal years ended June 30, 2025 and 2024 is shown in the table below:

	Consolidated Investment Fund	
	2025	2024
Performance by asset class:		
Domestic equity	14.5 %	21.8 %
International equity	14.8	12.3
Fixed income	6.9	5.1
Cash	4.6	5.3
Private investments	6.6	3.1
Real assets	4.0	0.5
Marketable alternatives	8.7	13.6

The following summarizes the results as of and for the fiscal year ended June 30, 2024:

- The CIF, which totals \$814.4 million, represents over 99% of the total investments held in the endowment pools and managed by the Foundation. The CIF is a unitized investment portfolio, which is a consolidated internal investment pool of the University. The Foundation's share of the CIF represents \$472.8 million and is reported within investments held in endowment pools in the statement of net position. Approximately 91% of the Foundation's total assets were held in the CIF as of June 30, 2024 and 2023, respectively. The remaining balance of the CIF are endowment funds owned by the University.
- The fair value and ownership units of the CIF at June 30 are as follows:

	Consolidated Investment Fund	
	2024	2023
Fair value (in millions):		
Foundation	\$ 472.8	413.1
University of New Mexico	341.6	300.7
Total fair value of the CIF	<u>\$ 814.4</u>	<u>713.8</u>

- Additions to endowment principal in the CIF during the years ended June 30, 2024 and 2023 were \$74.7 million and \$97.9 million, respectively.

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Years ended June 30, 2025 and 2024

- CIF performance, net of fees, for the fiscal years ended June 30, 2024 and 2023 is shown below:

	Consolidated Investment Fund	
	2024	2023
Investment performance:		
1 year	12.2 %	9.4 %
3 year	5.1	10.8
5 year	8.8	7.2
10 year	6.7	7.1

- CIF performance by asset class for the fiscal years ended June 30, 2024 and 2023 is shown in the table below:

	Consolidated Investment Fund	
	2024	2023
Performance by asset class:		
Domestic equity	21.8 %	18.3 %
International equity	12.3	11.8
Fixed income	5.1	(0.4)
Cash	5.3	3.4
Private investments	3.1	(0.1)
Real assets	0.5	7.9
Marketable alternatives	13.6	5.8

Factors Impacting Future Periods

- UNM has committed to a \$6.7 million contract service fee for the Foundation's services in fiscal year 2026.
- The DFA fee charged to the endowment pools will remain at 1.85% for fiscal year 2026.
- The endowment spending distribution rate approved for fiscal year 2026 is 4.25%.
- The Center of Philanthropy project is underway and is estimated to cost approximately \$26 million, of which approximately 50% or less is expected to be covered by a debt financing arrangement. The remainder of the project costs is covered by private gifts and unrestricted revenues. Annual debt service cost is expected to be up to \$750,000 per year, starting in fiscal year 2026.

Contacting the Foundation's Financial Management

If you have questions about this report or need additional financial information, please contact the UNM Foundation's Chief Financial Officer, Nadina Paisano, at Two Woodward Center, 700 Lomas Boulevard NE, Suite 203, Albuquerque, New Mexico 87102 or (505) 313-7600.

UNIVERSITY OF NEW MEXICO FOUNDATION, INC.
(A Component Unit of the University of New Mexico)

Statements of Net Position

June 30, 2025 and 2024

Assets	2025	2024
Current assets:		
Cash and cash equivalents	\$ 16,955,906	15,341,929
Pledges receivable, net of allowance and discounts	4,027,597	1,766,107
Other current assets	2,033,517	1,537,877
Total current assets	<u>23,017,020</u>	<u>18,645,913</u>
Noncurrent assets:		
Investments held in endowment pools	515,437,552	472,779,720
Investments held by the Foundation	4,163,104	3,840,448
Pledges receivable, net of allowance and discounts and current portion	1,416,112	741,783
Artwork	1,498,356	1,517,413
Real estate	665,444	1,549,040
Capital assets, net	653,715	131,876
Beneficial interest in irrevocable split interest agreements	21,327,282	20,479,573
Other noncurrent assets	608,700	670,094
Total noncurrent assets	<u>545,770,265</u>	<u>501,709,947</u>
Total assets	<u>\$ 568,787,285</u>	<u>520,355,860</u>
Liabilities, Deferred Inflows of Resources, and Net Position		
Current liabilities:		
Accounts payable	\$ 77,694	90,796
Accrued liabilities	2,005,406	1,894,708
Annuities payable	295,240	318,107
Advances from UNM	982,459	1,068,837
Due to the endowment pools	3,642,947	5,455,666
Due to UNM	6,404,785	7,312,567
Total current liabilities	<u>13,408,531</u>	<u>16,140,681</u>
Noncurrent liabilities:		
Annuities payable	1,412,405	1,413,724
Due to UNM	125,968,917	113,552,497
Total noncurrent liabilities	<u>127,381,322</u>	<u>114,966,221</u>
Total liabilities	<u>140,789,853</u>	<u>131,106,902</u>
Deferred inflows of resources:		
Deferred inflows of beneficial interest in irrevocable split interest agreements	21,652,157	20,771,117
Net position:		
Investment in capital assets	653,715	131,876
Restricted:		
Restricted, nonexpendable	361,575,528	331,082,768
Restricted, expendable	35,757,602	30,236,815
Unrestricted:		
Unrestricted, designated	1,235,160	1,286,822
Unrestricted	7,123,270	5,739,560
Total net position	<u>406,345,275</u>	<u>368,477,841</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 568,787,285</u>	<u>520,355,860</u>

See accompanying notes to financial statements.

UNIVERSITY OF NEW MEXICO FOUNDATION, INC.

(A Component Unit of the University of New Mexico)

Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2025 and 2024

	2025	2024
Operating revenues:		
Donations and pledges, net of allowance and discounts	\$ 34,283,017	34,510,102
UNM contract service revenue	6,300,193	5,431,387
Development funding allocation	3,731,367	3,331,176
Nongift revenue	759,886	214,846
Total operating revenues	<u>45,074,463</u>	<u>43,487,511</u>
Operating expenses:		
Distributions to UNM	47,975,781	47,298,017
General and administrative expenses	18,363,925	16,828,886
Total operating expenses	<u>66,339,706</u>	<u>64,126,903</u>
Operating loss	<u>(21,265,243)</u>	<u>(20,639,392)</u>
Nonoperating revenue:		
Investment income, net	46,038,917	51,198,305
Total nonoperating revenues	<u>46,038,917</u>	<u>51,198,305</u>
Income before changes in term and permanent endowments	<u>24,773,674</u>	<u>30,558,913</u>
Changes in term and permanent endowments:		
Donations	12,941,220	13,157,688
Institutional transfers to the endowment pools	334,390	519,464
Nongift revenue	66,421	111,109
Adjustment of actuarial liability for annuities payable	24,189	271,589
Expenditure for payments to annuitants and beneficiaries	(272,460)	(286,494)
Net changes in term and permanent endowments	<u>13,093,760</u>	<u>13,773,356</u>
Increase in net position	37,867,434	44,332,269
Net position, beginning of year	<u>368,477,841</u>	<u>324,145,572</u>
Net position, end of year	<u>\$ 406,345,275</u>	<u>368,477,841</u>

See accompanying notes to financial statements.

UNIVERSITY OF NEW MEXICO FOUNDATION, INC.

(A Component Unit of the University of New Mexico)

Statements of Cash Flows

Years ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Cash received from donors and other sources	\$ 29,348,788	30,180,489
Cash received from UNM	5,969,497	5,791,006
Cash received from the endowment pools	3,731,367	3,331,176
Cash paid to employees	(13,645,543)	(12,546,313)
Cash paid to vendors	(4,603,032)	(4,043,570)
Cash distributed to UNM	(36,467,143)	(28,476,231)
Net cash flows used in operating activities	<u>(15,666,066)</u>	<u>(5,763,443)</u>
Cash flows from noncapital financing activities:		
Donations and pledges	12,428,966	12,541,002
Institutional transfers to the endowment pools	334,390	519,464
Payments to annuitants and beneficiaries	(244,597)	(254,882)
Net cash flows from noncapital financing activities	<u>12,518,759</u>	<u>12,805,584</u>
Cash flows from capital and related financing activity:		
Purchases of capital assets	(539,593)	(45,819)
Net cash flows used in capital and related financing activity	<u>(539,593)</u>	<u>(45,819)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	76,646,245	61,229,600
Purchases of investments	(88,902,343)	(76,705,859)
Interest and dividends received	17,546,073	11,428,497
Administration of split interest agreements	10,902	(26,985)
Net cash flows provided by (used in) investing activities	<u>5,300,877</u>	<u>(4,074,747)</u>
Net increase in cash and cash equivalents	1,613,977	2,921,575
Cash and cash equivalents, beginning of year	<u>15,341,929</u>	<u>12,420,354</u>
Cash and cash equivalents, end of year	<u>\$ 16,955,906</u>	<u>15,341,929</u>

UNIVERSITY OF NEW MEXICO FOUNDATION, INC.
(A Component Unit of the University of New Mexico)

Statements of Cash Flows

Years ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Reconciliation of operating loss to net cash from operating activities:		
Operating loss	\$ (21,265,243)	(20,639,392)
Adjustments to reconcile operating loss to net cash flows used in operating activities:		
Depreciation expense	17,754	48,405
Donations of investments	(2,635,820)	(1,980,929)
Donation of real estate, net of reserve	(122,476)	(2,050,710)
Changes in assets and liabilities:		
Pledges receivable	(2,935,819)	(512,820)
Other assets	(244,318)	(267,927)
Accounts payable	(13,102)	33,713
Accrued liabilities	110,698	156,885
Advances from UNM	(86,378)	627,546
Due to UNM	<u>11,508,638</u>	<u>18,821,786</u>
Total adjustments	<u>5,599,177</u>	<u>14,875,949</u>
Net cash flows used in operating activities	<u>\$ (15,666,066)</u>	<u>(5,763,443)</u>
Supplemental disclosures of noncash investing, noncapital, and financing activities:		
Change in fair value of investments	\$ 28,217,339	39,963,621
Donations of investments to permanent endowments	578,675	717,795

See accompanying notes to financial statements.

UNIVERSITY OF NEW MEXICO FOUNDATION, INC.
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Notes to Financial Statements

Years ended June 30, 2025 and 2024

(1) Nature of Business

The University of New Mexico Foundation, Inc. (the Foundation) was organized on May 3, 1979, as a New Mexico not-for-profit corporation to solicit, receive, distribute, invest, and manage private gifts and donations given for the benefit of the University of New Mexico (UNM or the University). By managing funds, identifying and developing new sources of private support, encouraging the adoption of common goals, and nurturing cooperation toward meeting those goals, the Foundation allows UNM to focus more clearly on its mission to engage in comprehensive educational, research, and service programs.

In accordance with the amended Memorandum of Agreement (Memorandum) between the Foundation and the Regents of the University, dated September 25, 2012, UNM will continue to provide the Foundation sufficient support via the UNM contract service revenues to allow the Foundation to conduct its business and fulfill its responsibilities to the University. In return for this support, the Foundation will encourage individuals and organizations to support UNM programs and services. These financial statements only reflect private support received directly by the Foundation. In addition, the Foundation provides solicitation assistance, consultation, and other related services, including investment oversight responsibilities associated with UNM's ownership interest in the Consolidated Investment Fund (CIF) endowments. The Foundation has no component units.

The Memorandum further stipulates that the expenditure of gift funds and income on gift funds for the benefit of any unit of the University or affiliated organization will be disbursed through the University's general ledger system, unless specifically approved by the University President or his/her designee, and that the Foundation will provide the University appropriate documentation regarding any donor-imposed gift restrictions to assist the University in following the donor directives. The University is responsible for monitoring all disbursements through the University's general ledger system for both nonendowed gift accounts and endowed spending accounts to ensure that any and all donor-imposed restrictions are honored.

(2) Summary of Significant Accounting Policies

(a) *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

As a component unit of UNM, the Foundation presents its financial statements in accordance with U.S. generally accepted accounting standards as established by the Governmental Accounting Standards Board (GASB).

The Foundation applies business-type activity accounting and the Foundation's basic financial statements are reported using a flow of economic resources measurement focus and the accrual basis of accounting. Accordingly, revenues are recognized when they are earned, and expenses are recognized as soon as the liability is incurred.

The significant accounting policies utilized by the Foundation in the preparation of the financial statements are described below.

UNIVERSITY OF NEW MEXICO FOUNDATION, INC.
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Notes to Financial Statements

Years ended June 30, 2025 and 2024

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on deposit at financial institutions and does not include Foundation investments held by the endowment pools. The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(c) Investments, Real Estate, Artwork, and Beneficial Interest

Investments, real estate, artwork, and beneficial interest are reported at fair value. Money market investments are carried at amortized cost, which approximates fair value. All real estate and artwork reflected in the accompanying statements of net position were contributed to the Foundation. Donated real estate and artwork are recorded at fair value at the date of the gift less an estimated reserve for selling costs. Periodic appraisals and market analyses are performed to determine the appropriateness of fair value.

The basis of determining the fair value of investments is the readily determinable sales price or current exchange rate of the investments based on prices or quotations from over-the-counter markets. Where fair value is not readily determinable, the Foundation uses net asset value per share, units owned, and other valuation factors to approximate fair value.

Investments held by the Foundation have been classified as noncurrent based on the nature of the underlying investment. Investment in the endowment pools has been classified as noncurrent due to restrictions limiting the Foundation's ability to use these investments.

It is the Foundation's policy to liquidate most donated investments as soon as possible following receipt.

(d) Investments Held in Endowment Pools

Investments held in endowment pools is a combination of the Foundation's investments held in the Consolidated Investment Fund (CIF) and donor directed investment pools. Each investment pool is unitized separately.

As the endowment pools are not publicly quoted, the value is based on the total estimated value of the underlying investments within the endowment pools. Within the endowment pools, the alternative investments are valued as reported by the general partners and fund managers. Management reviews and evaluates the valuation received from third parties and believes the carrying amount to be a reasonable estimate of fair value. As limited partnership investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed.

(e) Investments Held by the Foundation

Investments held by the Foundation include operating, reserves, deferred compensation investments, charitable remainder trusts, and donated investments.

(f) Other Assets

Other assets include notes receivable, accounts receivable, and prepaid assets.

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Years ended June 30, 2025 and 2024

(g) Capital Assets, Net

Capital assets are assets that have a stated cost of \$25,000 or more on the date of acquisition and have a useful life greater than 1 year. Capitalizable assets are depreciated over their useful life. The Foundation is depreciating software products over useful lives that range from 3-7 years. Work-in-progress assets are not depreciated until the assets are placed into service.

(h) Due to the Endowment Pools

Amounts due to the endowment pools represent funds transferred from the University to be invested in the endowment pools and held temporarily by the Foundation. The funds are transferred to the endowment pools on a monthly basis.

(i) Due to UNM and Distributions to UNM

The current and noncurrent amounts due to UNM represent nonendowed, restricted assets held by the Foundation and gift funds held in the CIF included as part of investments held in endowment pools in the accompanying statements of net position. The amount and timing of the cash distributions are defined in the Treasury Operations Agreements effective July 1, 2021 and July 1, 2024, for fiscal years 2024 and 2025, respectively.

(j) Annuities Payable

Annuities payable represents the liability established for donations whereby a specified amount of funds are to be paid to the donor for the duration of his or her life. The Foundation uses annuity rates, including the discount and remainder factors, based on the American Council on Gift Annuities guidelines to establish the estimated liability. Significant factors of the estimate include the donor's age, amount of donation, and the discount rate. Significant factors are updated annually to adjust the liability.

(k) Net Position

To ensure observance of limitations and restrictions placed on the use of reserves available to the Foundation, net positions are classified as follows, based on the existence or absence of donor-imposed restrictions:

Unrestricted Net Position – Resources that are not subject to donor-imposed restrictions. The Board of Trustees designates a portion of this net position as nonexpendable reserves for annuities payable.

Investment in capital assets – Resources that consist of capital assets net of accumulated depreciation. The Foundation does not have any related debt.

Restricted Net Position – Resources that, because of donor-imposed restrictions, must be used for a specified purpose, generally UNM programs, or maintained for a specified time period.

- *Restricted, Expendable* – Resources that are contributions designated by donors for use by particular entities or programs or for specific purposes or functions of UNM. Resources include term endowments with donor-imposed time restrictions for spending or transferring the funds to UNM. These funds also include quasi-endowments, of which the corpus can be used for the

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Years ended June 30, 2025 and 2024

purpose identified by the donor. Investment income on endowment investments is classified as restricted, expendable net position unless otherwise specified by the donor.

- *Restricted, Nonexpendable* – Resources that are permanent endowments. Such funds are generally subject to donor restrictions requiring that the principal be invested in perpetuity for the purpose of producing income and appreciation that may be expended or added to the principal in accordance with the donor's wishes.

When both restricted and unrestricted funds are available, the Foundation expends restricted funds first in accordance with donor-imposed restrictions.

(l) Classification of Revenues and Expenses

Operating loss reported in the financial statements includes revenues and expenses related to the continuing operations of the Foundation. Principal operating revenues include nonendowed donations and pledges, UNM contract service revenues, and the development funding allocation received from the CIF. Principal operating expenses include distributions to the University and general and administrative expenses which are recorded when incurred.

Nonoperating revenues include investment gains or losses.

Changes in term and permanent endowments include donations to permanent endowments and annuities, actuarial adjustments to annuities payable, payments to annuitants, and institutional transfers to the CIF.

(m) Revenue Recognition

Donations – The Foundation recognizes revenue on donations when all applicable eligibility requirements are met. Donations to permanent endowments or term endowments, as defined in Note 10, are reported as changes to term and permanent endowments.

Pledges – The Foundation recognizes nonendowed pledges as increases in assets and revenue upon receipt of a signed pledge commitment, so long as collectability is probable, and when all applicable eligibility requirements are met. An allowance for doubtful pledges is recorded when the pledge is recorded. The allowance is based on past pledge loss experience and other factors that management considers necessary in estimating pledge losses.

Nongift – Includes the dollar value of any benefit received not deemed a gift.

Wills and Bequests – Contributions resulting from wills and bequests are recognized as revenue in the reporting period during which the respective estates are probated and all applicable eligibility requirements are met. These contributions are reported as donations and pledges, net in the accompanying statements of revenues, expenses, and changes in net position.

UNM Contract Service Revenue – The University pays the Foundation for the services provided, including investment management services and fundraising activities. The Foundation also facilitates funding of scholarships, faculty, and program support through distributions to UNM. Revenue is recorded when earned under the contract.

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Development Funding Allocation (DFA) – A percentage of the market value of the endowment pools managed by the Foundation is allocated, annually, to the Foundation, for the Foundation's management of the endowment pools. The allocation is used by the Foundation to cover the employment of its staff and other operating costs. The DFA rate was 1.85% for the fiscal years 2025 and 2024. The allocation does not provide support for third-party investment consultant fees, custodial fees, and investment manager fees. These costs are assigned directly to the endowment pools and revenue is recognized when earned.

Investment Income, Net – Investment income, net includes interest, dividends, unrealized gains or losses, and realized gains or losses. Investment interest and dividends are recognized when earned. Changes in the estimated fair value of investments are reported as unrealized gains and losses. Realized gains and losses are recognized as the difference between the sales proceeds and amortized costs when realized (sold) and calculated independently of the unrealized loss.

(n) Institutional Transfers to the Endowment Pools

Institutional transfers to the endowment pools represent transfers of nonendowed and endowed spending funds from the University to the endowment pools.

(o) Income Taxes

The Foundation is an organization described in Internal Revenue Code (IRC) Section 501(c)(3) and as such is exempt from federal and state income tax on its related income under Section 501(a) of the IRC. Furthermore, as a publicly supported organization, it is classified as a public charity and not a private foundation under IRC Section 509(a)(1). The Foundation paid unrelated business income taxes totaling approximately \$500,000 and \$350,000 for fiscal years ended June 30, 2025 and 2024, respectively. There is no provision for income taxes included in the financial statements because the Foundation is current on its estimated unrelated business income tax.

(p) Estimates

Management uses estimates and assumptions in preparing the accompanying financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

(q) Recently Adopted Accounting Standards

GASB Statement 101 – *Compensated Absences*. This statement was adopted during the fiscal year. This Statement updates the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. After evaluation, the Foundation has determined that the adoption of GASB 101 had no material impact on its financial statements.

GASB Statement 102 – *Certain Risk Disclosures*. This statement was adopted during the fiscal year. This statement requires assessment and disclosure by state and local governments of risks related to certain concentrations and constraints. After evaluation, the Foundation has determined that the adoption of GASB 102 had no impact on its financial statements.

UNIVERSITY OF NEW MEXICO FOUNDATION, INC.
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Notes to Financial Statements

Years ended June 30, 2025 and 2024

(3) Cash and Cash Equivalents

Cash balances, including deposits in transit, had a carrying value of \$16,955,906 and \$15,341,929 at June 30, 2025 and 2024, respectively.

The Foundation's primary bank accounts (Operating and Gift) had deposits totaling \$6,453,073 and \$7,005,301 at June 30, 2025 and 2024, respectively. These amounts are invested in overnight sweep accounts that are collateralized at 119% and 110% of the overnight balance at June 30, 2025 and 2024, respectively. These funds were collateralized by government-backed securities held in the Foundation's name. The Foundation also has separate Institutional Insured Liquid Deposit (ILID) accounts (Operating and Gift) totaling \$9,676,815 and \$8,137,319 at June 30, 2025 and 2024, respectively. These amounts are swept to other affiliated or unaffiliated banks in smaller amounts such that the funds are fully insured by the FDIC insurance coverage. Finally, the Foundation also held deposits at a credit union totaling \$213,614 and \$209,548 at June 30, 2025 and 2024, respectively. Below is a summary of the Federal Deposit Insurance Corporation (FDIC) insured, National Credit Union Administration (NCUA) insured, and collateralized accounts.

	June 30	
	2025	2024
Operating account balance – Wells Fargo	\$ 2,886,646	3,303,508
Gift account balance – Wells Fargo	3,566,427	3,701,793
Operating Institutional Insured Liquid Deposit balance – Wells Fargo	7,966,382	4,062,358
Gift Institutional Insured Liquid Deposit balance – Wells Fargo	1,710,433	4,074,961
Operating account balance – Washington Federal	9,885	9,895
Credit union balances	213,614	209,548
Money market cash balances	17,917	7,016
Bank balances	<u>\$ 16,371,304</u>	<u>15,369,079</u>
FDIC insurance	\$ 9,936,700	8,397,214
NCUA insurance	213,614	209,548
SIPC insurance	17,917	7,016

	June 30	
	2025	2024
Collateralization:		
CUSIP	Maturity date	Type of security
3132A5FL4	8/1/2046	FHLMC – 30 yr MBS
31418DYZ7	4/1/2051	FNMA - 30 yr MBS
3140KAYT7	6/1/2051	FNMA - 30 yr MBS
		\$ —
		3,743,344
		3,953,477
		<u>\$ 7,696,821</u>
		<u>7,682,944</u>

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Years ended June 30, 2025 and 2024

A detail of the cash accounts at June 30, 2025, is included below:

<u>Name of Depository</u>	<u>Account name</u>	<u>Account type</u>	<u>Bank balances</u>	<u>Reconciling items</u>	<u>Reconciled balances</u>
Wells Fargo	Operating	Cash – Interest bearing	\$ 2,886,646	(79,018)	2,807,628
Wells Fargo	Gift	Cash – Interest bearing	3,566,427	663,620	4,230,047
Washington Federal	Operating	Cash – Non-interest bearing	9,885	—	9,885
Wells Fargo	Operating-ILID	Cash – Interest bearing	7,966,382	—	7,966,382
Wells Fargo	Gift-ILID	Cash – Interest bearing	1,710,433	—	1,710,433
Nusenda	General Fund	Cash – Interest bearing	193,450	—	193,450
Nusenda	Restricted Fund	Cash – Interest bearing	20,164	—	20,164
Hilltop Securities	Charitable Trust Fund	Money Market	17,917	—	17,917
			<u>\$ 16,371,304</u>	<u>584,602</u>	<u>16,955,906</u>

A detail of the cash accounts at June 30, 2024, is included below:

<u>Name of Depository</u>	<u>Account name</u>	<u>Account type</u>	<u>Bank balances</u>	<u>Reconciling items</u>	<u>Reconciled balances</u>
Wells Fargo	Operating	Cash – Interest bearing	\$ 3,303,508	(232,998)	3,070,510
Wells Fargo	Gift	Cash – Interest bearing	3,701,793	205,848	3,907,641
Washington Federal	Operating	Cash – Non-interest bearing	9,895	—	9,895
Wells Fargo	Operating-ILID	Cash – Interest bearing	4,062,358	—	4,062,358
Wells Fargo	Gift-ILID	Cash – Interest bearing	4,074,961	—	4,074,961
Nusenda	General Fund	Cash – Interest bearing	189,426	—	189,426
Nusenda	Restricted Fund	Cash – Interest bearing	20,122	—	20,122
Hilltop Securities	Charitable Trust Fund	Money Market	7,016	—	7,016
			<u>\$ 15,369,079</u>	<u>(27,150)</u>	<u>15,341,929</u>

(4) Investments

Investments reported by the Foundation are inclusive of investments held in endowment pools and investments held by the Foundation.

Investments Held in Endowment Pools – The investments held in endowment pools are consolidated with endowment funds owned by the University and managed by the Foundation. The consolidated endowment pools are unitized investment portfolios, which are consolidated internal investment pools of the University.

Investments held in the endowment pools are in accordance with the laws of 1991, Chapter 69 of the State of New Mexico. In accordance with UNM and the Foundation’s Memorandum, the endowment assets of the Foundation and UNM are consolidated for investment purposes whenever possible in the endowment pools. The investment of UNM and Foundation endowment funds is in accordance with Sections 6-8-10 and 46-9-1 through 46-9-12, New Mexico Statutes Annotated (NMSA) 1978.

UNIVERSITY OF NEW MEXICO FOUNDATION, INC.
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Notes to Financial Statements

Years ended June 30, 2025 and 2024

At June 30, 2025 and 2024, the Foundation held approximately 99% of its investments in the endowment pools. Under the terms of an agreement with the UNM Board of Regents, the Foundation provides management oversight for the entirety of the endowment pools owned by the Foundation and the University. The Foundation Investment Committee works with an institutional investment consultant to structure the portfolio and hire independent investment managers. The investment managers are then responsible for specific asset categories and management styles.

Investments in the endowment pools owned by the Foundation and the University are diversified with the intention of minimizing the risk of investment losses. Consequently, the target portfolio allocations are 33% domestic equity, 22% international equity, 22% private investments, 12% fixed income, 5% marketable alternative investment, 5% real assets and 1% cash.

Investments Held by the Foundation – A detail of the investment accounts at June 30 is as follows:

Depository/Account name	Account type	2025	2024
Morgan Stanley and Continental Security Donations	Domestic corporate stock	\$ 72	72
Hilltop Financial Services: Charitable Trust Fund	Mutual funds, fixed	194,614	184,873
Charitable Trust Fund	Domestic corporate stock	243,042	230,354
Fidelity: Operating Fund	Mutual funds, equity	598,928	449,907
Vanguard Investments: Operating Fund	Mutual funds, fixed	2,641,841	2,479,964
Cash Value Life Insurance Policies: Nonendowed Fund	Other	484,607	495,278
		<u>\$ 4,163,104</u>	<u>3,840,448</u>

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the Foundation will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Mutual funds and external investment pools are not exposed to custodial credit risk.

The investments that were subject to custodial credit risk were 0.05% of total investments at June 30, 2025 and 2024.

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The investments held in endowment pools are not subject to custodial credit risk as all investments are held in the Foundation's name. A summary of the investments held by the Foundation and the exposure to custodial credit risk are as follows at June 30:

	<u>2025</u>	<u>2024</u>
Custodial credit risk:		
Domestic corporate stock	\$ 243,114	230,426
Total securities held by custodians	<u>243,114</u>	<u>230,426</u>
Investments not subject to custodial credit risk:		
Mutual funds, fixed	2,836,455	2,664,837
Mutual funds, equity	598,928	449,907
Cash Value Life Insurance Policies	<u>484,607</u>	<u>495,278</u>
Total investments not subject to custodial credit risk	<u>3,919,990</u>	<u>3,610,022</u>
Total investments held by the Foundation	4,163,104	3,840,448
Investments held in endowment pools – not subject to custodial credit risk	<u>515,437,552</u>	<u>472,779,720</u>
Total investments	<u>\$ 519,600,656</u>	<u>476,620,168</u>

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the Foundation's investment in a single issuer. Investments in any one issuer that represent 5% or more of total investments are considered to be exposed to concentrated credit risk and are required to be disclosed. Investments issued and explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

The Foundation does not have a policy to limit its exposure to concentrated credit risk; however, as of June 30, 2025 and 2024, the Foundation did not have any investments in one issuer that represented more than 5% of total investments.

Interest Rate Risk and Credit Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Currently, the Foundation does not have a policy to limit its exposure to interest rate risk. The Foundation Investment Committee manages credit risk and interest rate risk with the assistance of third-party investment advisors.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Foundation is required to disclose credit ratings of its investments in order to assess credit risk.

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Notes to Financial Statements
Years ended June 30, 2025 and 2024

Investment by type, duration maturity and credit rating as of June 30, 2025 and 2024 consisted of the following:

		June 30, 2025		
	Fair value	Less than 1 year	More than 1 year	Average maturity
US Treasury, Mutual funds – fixed	\$ 70,633,276	6,760,036	63,873,240	4.9 years
		June 30, 2024		
	Fair value	Less than 1 year	More than 1 year	Average maturity
US Treasury, Mutual funds – fixed	\$ 60,423,726	7,789,487	52,634,239	3.9 years

		US Treasury, Mutual Funds – Fixed	
Rating		June 30, 2025	June 30, 2024
AAA	\$	2,641,841	2,479,964
AA		55,337,303	43,834,755
B		12,459,518	13,924,134
Not rated		194,614	184,873
	\$	<u>70,633,276</u>	<u>60,423,726</u>

All Investments – Investment Income, net – The Foundation recognized investment income (losses) as outlined below, for the years ended June 30, 2025 and 2024.

	Endowment pools	Foundation	Total
2025			
Realized gains (losses), net	\$ 19,781,956	278,081	20,060,037
Unrealized gains (losses), net	22,106,438	91,640	22,198,078
Other investment income	3,229,529	551,273	3,780,802
	<u>\$ 45,117,923</u>	<u>920,994</u>	<u>46,038,917</u>
2024			
Realized gains (losses), net	\$ 12,660,566	73,552	12,734,118
Unrealized gains (losses), net	34,446,865	52,733	34,499,598
Other investment income	3,663,819	300,770	3,964,589
	<u>\$ 50,771,250</u>	<u>427,055</u>	<u>51,198,305</u>

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Years ended June 30, 2025 and 2024

(5) Fair Value Measurement

The Foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

Level 1 – Inputs are quoted prices (unadjusted) for identical assets in active markets, accessible at the measurement date. Level 1 inputs include exchange markets, dealer markets, brokered markets, and principal-to-principal markets.

Level 2 – Inputs are inputs other than quoted prices included within Level 1 that are observable for an asset, either directly or indirectly. Level 2 inputs include quoted prices for similar assets in active markets and quoted prices for identical or similar assets in markets that are not active, and cash value life insurance policies are valued based on the cash surrender value on the individual policy provided by the insurance carrier in which the Foundation is the owner and beneficiary of the policy.

Level 3 – Inputs are unobservable inputs for an asset.

Investments that do not have a readily determinable fair value are recorded using net asset value (NAV). NAV is generally provided by the investment managers, but the Foundation considers the reasonableness of the NAV, based on market information, to arrive at the fair value estimates for each investment.

The Foundation has the following recurring fair value measurements as of June 30, 2025:

		Fair value measurement using		
		Quoted priced in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Fair value			
Beneficial interest in split interest agreements	\$ 21,327,282	—	21,327,282	—
Investments held by the Foundation:				
Domestic corporate stock	\$ 243,114	243,114	—	—
Mutual funds, fixed	2,836,455	—	2,836,455	—
Mutual funds, equity	598,928	598,928	—	—
Life Insurance Contracts	484,607	—	484,607	—
Total investments held by the Foundation	\$ 4,163,104	842,042	3,321,062	—

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	Fair value measurement using			
	Fair value	Quoted priced in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments held in endowment pools by fair value measure:				
Mutual funds, fixed	\$ 67,796,821	67,796,821	—	—
Mutual funds, equity	295,907,171	264,847,556	31,059,615	—
Total investments held in endowment pools by fair value level	\$ 363,703,992	332,644,377	31,059,615	—
Investments measured at NAV as of June 30, 2025:				
		Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
Marketable alternatives:				
Multistrategy hedge funds	\$ 14,463,857	—	Quarterly – Rolling 2 Years	60 days
Distressed/restructuring hedge funds	5,031,013	—	Annually	90 days
Global macro hedge funds	4,974,966	—	Monthly	3 days
Technology hedge funds	3,545,418	—	Quarterly	60 days
Private investment funds	94,193,380	45,910,860	Not eligible	Not eligible
Illiquid real assets funds	17,718,546	3,963,946	Not eligible	Not eligible
Real estate funds	7,114,127	2,682,178	Not eligible	Not eligible
Total investments in the endowment pools measured at the NAV	147,041,307	\$ 52,556,984		
Money market funds held in endowment pools, measured at amortized cost	4,692,253			
Total investments held in endowment pools	\$ 515,437,552			

UNIVERSITY OF NEW MEXICO FOUNDATION, INC.
(A Component Unit of the University of New Mexico)

Notes to Financial Statements
Years ended June 30, 2025 and 2024

The Foundation has the following recurring fair value measurements as of June 30, 2024:

		Fair value measurement using		
		Quoted priced in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Fair value			
Beneficial interest in split interest agreements	\$ 20,479,573	—	20,479,573	—
Investments held by the Foundation:				
Domestic corporate stock	\$ 230,426	230,426	—	—
Mutual funds, fixed	2,664,837	—	2,664,837	—
Mutual funds, equity	449,907	449,907	—	—
Life Insurance Contracts	495,278	—	495,278	—
Total investments held by the Foundation	\$ 3,840,448	680,333	3,160,115	—

		Fair value measurement using		
		Quoted priced in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Fair value			
Investments held in endowment pools by fair value measure:				
Mutual funds, fixed	\$ 57,758,889	57,758,889	—	—
Mutual funds, equity	280,217,221	230,776,594	49,440,627	—
Total investments held in endowment pools by fair value level	\$ 337,976,110	288,535,483	49,440,627	—

UNIVERSITY OF NEW MEXICO FOUNDATION, INC.
(A Component Unit of the University of New Mexico)

Notes to Financial Statements
Years ended June 30, 2025 and 2024

Investments measured at NAV as of June 30, 2024:

(Continued)

	Fair value	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
Marketable alternatives:				
Multistrategy hedge funds	\$ 9,414,879	—	Quarterly – Rolling 2 Years	60 days
Distressed/restructuring hedge funds	4,824,270	—	Annually	90 days
Global macro hedge funds	4,739,534	—	Monthly	3 days
Technology	3,017,681	—	Quarterly	60 days
Private investment funds	84,255,521	47,554,703	Not eligible	Not eligible
Illiquid real assets funds	9,555,754	4,609,741	Not eligible	Not eligible
Real estate funds	<u>7,395,456</u>	<u>3,289,556</u>	Not eligible	Not eligible
Total investments in the endowment pools measured at the NAV	123,203,095	\$ <u>55,454,000</u>		
Money market funds held in endowment pools, measured at amortized cost	<u>11,600,515</u>			
Total investments held in endowment pools	\$ <u>472,779,720</u>			

(6) Pledges Receivable

Pledges receivable consisted of the following at:

	June 30	
	2025	2024
Amounts receivable in less than one year	\$ 4,027,597	1,766,107
Amounts receivable in more than one year	<u>2,000,283</u>	<u>1,071,125</u>
Total pledges receivable	6,027,880	2,837,232
Discounts to net present value	(261,444)	(165,847)
Allowance for doubtful pledges	<u>(322,727)</u>	<u>(163,495)</u>
Pledges receivable, net	\$ <u>5,443,709</u>	<u>2,507,890</u>

Noncurrent pledge receivables are discounted at the Internal Revenue Service discount rate of 5.0% and 5.6% for the years ended June 30, 2025 and 2024, respectively. All pledges are for nonendowed gifts.

UNIVERSITY OF NEW MEXICO FOUNDATION, INC.
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Notes to Financial Statements
Years ended June 30, 2025 and 2024

(7) Artwork

Artwork activity consisted of the following at:

	June 30	
	2025	2024
Artwork:		
Beginning balance	\$ 6,912,863	7,023,757
Additions	—	40,000
Sales	(85,117)	(150,894)
Balance at June 30	6,827,746	6,912,863
Reserve for selling costs	(5,329,390)	(5,395,450)
Artwork, at fair value as of June 30	\$ 1,498,356	1,517,413

The Foundation sells contributed artwork with the net proceeds benefiting UNM. The Foundation expects the sales to be completed over many years, given the desire to preserve the market value of the artwork.

(8) Real Estate

The Foundation also has investments in real estate. The real estate activity consisted of the following at:

	June 30	
	2025	2024
Real estate, values as of date of original receipt:		
Land	\$ 393,200	217,000
Buildings	600,001	2,095,001
Balance at June 30	993,201	2,312,001
Fair value adjustment, at June 30	(327,757)	(762,961)
Real estate, at fair value as of June 30	\$ 665,444	1,549,040

UNIVERSITY OF NEW MEXICO FOUNDATION, INC.
(A Component Unit of the University of New Mexico)

Notes to Financial Statements

Years ended June 30, 2025 and 2024

(9) Capital Assets, Net

Changes in capital assets, net balances for the year ended June 30, 2025, were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not depreciated:					
Work-in-progress	\$ 80,819	539,593	—	—	620,412
Total capital assets not depreciated	<u>80,819</u>	<u>539,593</u>	<u>—</u>	<u>—</u>	<u>620,412</u>
Depreciable capital assets:					
Software	189,619	—	—	—	189,619
Total depreciable capital assets	<u>189,619</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>189,619</u>
Less: accumulated depreciation:					
Software	(138,562)	(17,754)	—	—	(156,316)
Total accumulated depreciation	<u>(138,562)</u>	<u>(17,754)</u>	<u>—</u>	<u>—</u>	<u>(156,316)</u>
Total depreciable capital assets, net	<u>51,057</u>	<u>(17,754)</u>	<u>—</u>	<u>—</u>	<u>33,303</u>
Capital assets, net	<u>\$ 131,876</u>	<u>521,839</u>	<u>—</u>	<u>—</u>	<u>653,715</u>

Changes in capital assets, net balances for the year ended June 30, 2024, were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not depreciated:					
Work-in-progress	\$ 35,000	45,819	—	—	80,819
Total capital assets not depreciated	<u>35,000</u>	<u>45,819</u>	<u>—</u>	<u>—</u>	<u>80,819</u>
Depreciable capital assets:					
Software	189,619	—	—	—	189,619
Total depreciable capital assets	<u>189,619</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>189,619</u>
Less: accumulated depreciation:					
Software	(90,157)	(48,405)	—	—	(138,562)
Total accumulated depreciation	<u>(90,157)</u>	<u>(48,405)</u>	<u>—</u>	<u>—</u>	<u>(138,562)</u>
Total depreciable capital assets, net	<u>99,462</u>	<u>(48,405)</u>	<u>—</u>	<u>—</u>	<u>51,057</u>
Capital assets, net	<u>\$ 134,462</u>	<u>(2,586)</u>	<u>—</u>	<u>—</u>	<u>131,876</u>

UNIVERSITY OF NEW MEXICO FOUNDATION, INC.
(A Component Unit of the University of New Mexico)

Notes to Financial Statements

Years ended June 30, 2025 and 2024

(10) Endowments

Permanent Endowments – Permanent endowments are those funds subject to restrictions in gift instruments permitting only the income be used as specified by the donor and that the principal be held in perpetuity.

Term Endowments – Term endowments are funds similar to permanent endowment funds except that upon the passage of a stated period of time or a particular occurrence, all or part of the principal may be expended at any time.

Quasi-endowments – Quasi-endowment funds are subject to donor restrictions in gift instruments permitting the donation only be used for a specified purpose, generally for UNM programs. Any portion of the principal of quasi-endowment funds may be expended for the donor-specified purpose at any time.

Endowments are comprised of the following at:

	June 30	
	2025	2024
Permanent endowment	\$ 360,648,217	330,179,858
Term endowment	243,906	152,320
Quasi-endowment	<u>29,740,686</u>	<u>27,981,350</u>
	<u>\$ 390,632,809</u>	<u>358,313,528</u>

If a donor has not provided specific instructions, state law permits the Board of Trustees to authorize for expenditure the interest, dividends, and net appreciation (realized and unrealized) of the investments of endowment funds. The net appreciation of the permanent endowment funds is presented as restricted, non-expendable within net position. Distributions are made from the CIF to UNM entities that benefit from the endowment funds.

The endowment spending policy aims to distribute on an annual basis a percentage of the average market value of the CIF, at the calendar year-end, of the previous 20 quarters. The spending distribution amount shall not exceed 6% nor be less than 4% of the average market value. The endowment spending policy allows for the spending distribution regardless of whether the fair market value of an individual account exceeds its historic gift value, unless otherwise precluded by the donor or by law. This practice is consistent with the Uniform Prudent Management of Institutional Funds Act.

UNIVERSITY OF NEW MEXICO FOUNDATION, INC.
(A Component Unit of the University of New Mexico)

Notes to Financial Statements
Years ended June 30, 2025 and 2024

(11) Composition of Net Position

Net position consisted of the following at:

	June 30	
	2025	2024
Permanent endowments, nonexpendable	\$ 360,648,217	330,179,858
Annuity gifts, nonexpendable	927,311	902,910
Total nonexpendable	361,575,528	331,082,768
Term endowments, expendable after specified time	243,906	152,320
Quasi-endowments, expendable for specified purpose	29,740,686	27,981,350
Donations and gifts	5,773,010	2,103,145
Total restricted	397,333,130	361,319,583
Designated reserve for annuities payable	946,150	946,150
Designated reserve for UNM Campaign	289,010	340,672
Other unrestricted	7,123,270	5,739,560
Total unrestricted	8,358,430	7,026,382
Investment in capital assets	653,715	131,876
Total net position	\$ 406,345,275	368,477,841

(12) Annuities Payable

The Foundation had the following annuities payable activity at:

	June 30	
	2025	2024
Balance due at beginning of year	\$ 1,731,831	2,000,246
Net increase in annuities payable	5,415	3,691
Net change in actuarial liability	(29,601)	(272,106)
	1,707,645	1,731,831
Less amount due in one year	(295,240)	(318,107)
	\$ 1,412,405	1,413,724

UNIVERSITY OF NEW MEXICO FOUNDATION, INC.
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Notes to Financial Statements

Years ended June 30, 2025 and 2024

(13) General and Administrative Expenses

General and administrative expenses consisted of the following for the year ended June 30, 2025:

	Operating accounts	General accounts	Endowment accounts	Life income accounts	Total
Staff salaries	\$ 10,831,569	20,345	—	—	10,851,914
Fringe benefits	2,144,784	2,551	—	—	2,147,335
Donor relations	901,149	386,114	833	—	1,288,096
Professional services	983,374	188,554	4,355	—	1,176,283
Payroll taxes	755,973	1,019	—	—	756,992
Travel	311,409	5,946	—	—	317,355
Computer equipment and software	418,512	—	—	—	418,512
Office lease, building	234,147	14,448	—	—	248,595
General and administrative	239,958	6,274	—	145	246,377
Dues and subscriptions	132,767	51,461	—	—	184,228
Printing, fund-raising, and promotional material	89,007	380	—	—	89,387
Insurance	121,075	39,062	—	—	160,137
Audit fees	75,338	—	—	—	75,338
Professional development	113,212	—	—	—	113,212
Meeting expense	87,895	—	—	—	87,895
Depreciation	17,754	—	—	—	17,754
Postage and mailing	29,817	1,113	—	—	30,930
Furniture, office equipment, and property	300	523	—	—	823
Property taxes and property	—	142,509	10,253	—	152,762
	<u>\$ 17,488,040</u>	<u>860,299</u>	<u>15,441</u>	<u>145</u>	<u>18,363,925</u>

UNIVERSITY OF NEW MEXICO FOUNDATION, INC.
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Notes to Financial Statements

Years ended June 30, 2025 and 2024

General and administrative expenses consisted of the following for the year ended June 30, 2024:

	Operating accounts	General accounts	Endowment accounts	Life income accounts	Total
Staff salaries	\$ 9,980,071	21,767	—	—	10,001,838
Fringe benefits	1,989,143	3,141	—	—	1,992,284
Donor relations	687,768	362,392	270	—	1,050,430
Professional services	1,017,401	182,010	10,783	—	1,210,194
Payroll taxes	664,995	1,504	—	—	666,499
Travel	302,371	13,171	—	—	315,542
Computer equipment and software	350,664	—	—	—	350,664
Office lease, building	234,147	14,448	—	—	248,595
General and administrative	265,261	6,753	—	103	272,117
Dues and subscriptions	105,311	5,009	—	—	110,320
Printing, fund-raising, and promotional material	105,278	20,830	—	—	126,108
Insurance	109,603	34,323	—	—	143,926
Audit fees	76,075	—	—	—	76,075
Professional development	91,480	—	—	—	91,480
Meeting expense	71,943	—	—	—	71,943
Depreciation	48,405	—	—	—	48,405
Postage and mailing	35,976	2,303	—	—	38,279
Furniture, office equipment, and property	999	—	—	—	999
Property taxes and property	—	13,166	22	—	13,188
	<u>\$ 16,136,891</u>	<u>680,817</u>	<u>11,075</u>	<u>103</u>	<u>16,828,886</u>

The Foundation leases space in an office building from UNM on a month-to-month basis. Lease expense in fiscal years 2025 and 2024 was \$248,595.

(14) Contingencies

The Foundation is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; and errors and omissions and natural disasters. The Foundation is insured through private carriers for liability, casualty, and director and officer liability insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the years ended June 30, 2025 and 2024.

(15) Pension Plan

The Foundation has a defined-contribution 403(b) retirement plan. The plan is available to employees who normally work more than 20 hours per week, beginning with the first day of service. The Foundation administers the plan and contributes the sum of (a) 6% of eligible gross salary for all employees and (b) up to an additional 4% match for employees who contribute to the plan.

The Foundation's contributions to the plan for the years ended June 30, 2025 and 2024 were \$1,009,365 and \$915,303, respectively. Employee contributions to the plan for the years ended June 30, 2025 and 2024 were \$1,017,328 and \$887,294, respectively.

UNIVERSITY OF NEW MEXICO FOUNDATION, INC.
(A Component Unit of the University of New Mexico)

Notes to Financial Statements

Years ended June 30, 2025 and 2024

(16) Subsequent Event

On September 3, 2025, the Foundation and the Board of Regents of the University signed an amended Memorandum of Agreement. The agreement is effective for five years beginning September 3, 2025 and will automatically renew unless either party provides 180 days' notice of intention to not renew.

SUPPLEMENTARY INFORMATION

UNIVERSITY OF NEW MEXICO FOUNDATION, INC.
(A Component Unit of the University of New Mexico)
Statement of Net Position Information by Account Group
Year ended June 30, 2025

Assets	Operating account group	General account group	Endowment and quasi- endowment account group	Life income account group	Combined total
Current assets:					
Cash and cash equivalents	\$ 11,119,604	2,578,666	3,894,357	(636,721)	16,955,906
Pledges receivable, net of allowance and discounts	220,000	3,807,597	—	—	4,027,597
Other current assets	1,970,816	22,156	3,000	37,545	2,033,517
Total current assets	13,310,420	6,408,419	3,897,357	(599,176)	23,017,020
Noncurrent assets:					
Investments held in the endowment pools	—	—	512,652,849	2,784,703	515,437,552
Investments held by the Foundation	3,240,769	484,679	—	437,656	4,163,104
Pledges receivable, net of allowance and discounts and current portion	682,479	733,633	—	—	1,416,112
Artwork	—	1,498,356	—	—	1,498,356
Real estate	—	665,444	—	—	665,444
Capital assets, net	653,715	—	—	—	653,715
Beneficial interest in irrevocable split interest agreements	—	—	—	21,327,282	21,327,282
Other noncurrent assets	(48,087)	214,280	150,445	292,062	608,700
Total noncurrent assets	4,528,876	3,596,392	512,803,294	24,841,703	545,770,265
Total assets	\$ 17,839,296	10,004,811	516,700,651	24,242,527	568,787,285
Liabilities, Deferred Inflows of Resources, and Net Position					
Current liabilities:					
Accounts payable	\$ 70,044	3,707	3,943	—	77,694
Accrued liabilities	2,005,406	—	—	—	2,005,406
Annuities payable	—	—	—	295,240	295,240
Advances from UNM	982,459	—	—	—	982,459
Due to the endowment pools	(3,768)	—	3,691,301	(44,586)	3,642,947
Due to UNM	—	6,404,785	—	—	6,404,785
Total current liabilities	3,054,141	6,408,492	3,695,244	250,654	13,408,531
Noncurrent liabilities:					
Annuities payable	—	—	—	1,412,405	1,412,405
Due to UNM	—	3,596,319	122,372,598	—	125,968,917
Total noncurrent liabilities	—	3,596,319	122,372,598	1,412,405	127,381,322
Total liabilities	3,054,141	10,004,811	126,067,842	1,663,059	140,789,853
Deferred inflows of resources:					
Deferred inflows of beneficial interest in irrevocable split interest agreements	—	—	—	21,652,157	21,652,157
Net position:					
Invested in capital assets	653,715	—	—	—	653,715
Restricted	5,773,010	—	390,632,809	927,311	397,333,130
Unrestricted:					
Unrestricted, designated for annuities payable	946,150	—	—	—	946,150
Unrestricted, designated for campaign	289,010	—	—	—	289,010
Unrestricted	7,123,270	—	—	—	7,123,270
Total net position	14,785,155	—	390,632,809	927,311	406,345,275
Total liabilities and net position	\$ 17,839,296	10,004,811	516,700,651	24,242,527	568,787,285

See accompanying notes to supplementary information and independent auditors' report.

UNIVERSITY OF NEW MEXICO FOUNDATION, INC.
(A Component Unit of the University of New Mexico)

Statements of Revenues, Expenses, and Changes in Net Position
Information by Account Group

Year ended June 30, 2025

	Operating account group	General account group	Endowment and quasi- endowment account group	Life income account group	Combined total
Operating revenues:					
Donations and pledges, net	\$ 3,662,800	29,867,037	753,180	—	34,283,017
UNM contract service revenue	6,300,193	—	—	—	6,300,193
Development funding allocation	3,731,367	—	—	—	3,731,367
Nongift revenue	625,194	134,658	34	—	759,886
Total operating revenues	14,319,554	30,001,695	753,214	—	45,074,463
Operating expenses:					
Distributions to UNM	—	28,893,275	19,082,506	—	47,975,781
General and administrative expenses	17,488,040	860,299	15,441	145	18,363,925
Total operating expenses	17,488,040	29,753,574	19,097,947	145	66,339,706
Operating (loss) income	(3,168,486)	248,121	(18,344,733)	(145)	(21,265,243)
Nonoperating revenue:					
Investment income, net	595,073	308,907	44,824,377	310,560	46,038,917
Total nonoperating revenues	595,073	308,907	44,824,377	310,560	46,038,917
(Loss) income before changes in term and permanent endowments	(2,573,413)	557,028	26,479,644	310,415	24,773,674
Changes in term and permanent endowments:					
Donations	—	—	12,941,220	—	12,941,220
Institutional transfers to the endowment pools	—	—	334,390	—	334,390
Nongift revenues	—	(114)	66,535	—	66,421
Adjustment of actuarial liability for annuities payable	—	—	—	24,189	24,189
Expenditure for payments to annuitants and beneficiaries	—	—	—	(272,460)	(272,460)
Net changes in term and permanent endowments	—	(114)	13,342,145	(248,271)	13,093,760
Transfers:					
Development funding allocation	6,582,055	—	(6,544,312)	(37,743)	—
Quasi-endowed transfers	1,375,331	—	(1,375,331)	—	—
Other transfers	139,779	(556,914)	417,135	—	—
Total transfers	8,097,165	(556,914)	(7,502,508)	(37,743)	—
Increase in net position	5,523,752	—	32,319,281	24,401	37,867,434
Net position, beginning of year	9,261,403	—	358,313,528	902,910	368,477,841
Net position, end of year	\$ 14,785,155	—	390,632,809	927,311	406,345,275

See accompanying notes to supplementary information and independent auditors' report.

UNIVERSITY OF NEW MEXICO FOUNDATION, INC.
(A Component Unit of the University of New Mexico)

Notes to Supplementary Information

Year ended June 30, 2025

(1) Measurement Focus and Financial Information

To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the assets, liabilities, and net position are reported internally in four self-balancing funds as follows:

Operating Account Group – Funds of the Foundation consisting of unrestricted resources and interest and dividends transferred from the general account group as further discussed below.

General Account Group – Expendable funds for conveyance to UNM for scholarships, academic and administrative departments, building projects, and other University-related activities. Currently, the interest and dividends earned on assets in this fund are transferred to the operating account group and retained by the Foundation to provide a portion of the operating budget revenue. Cash held in this fund is restricted for the purpose of distributions to UNM.

Endowment and Quasi-Endowment Account Group – Permanent endowments are those funds subject to restrictions in gift instruments requiring that only the income be used as specified by the donor and that the principal be held in perpetuity. Term endowment funds are funds similar to permanent endowment funds except that upon the passage of a stated period of time or a particular occurrence, all or part of the principal may be expended. Quasi endowment funds are funds designated by the donor. The principal of quasi-endowment funds may be expended for the donor specified purpose of the endowment at any time.

Life Income Account Group – Account groups subject to the requirement that part of the income earned on the fund assets be paid periodically to donor-designated beneficiaries. Such income payments terminate at a time specified in the agreements, at which time the principal reverts to the Foundation and equivalent revenue is recognized. Annually, any net residual income or loss is credited/charged to the liability account, “annuities payable.” This payable is adjusted annually, through the account group balance, to represent the present value of the aggregate liability for amounts estimated to be paid to beneficiaries based upon the actuarially determined expected lives of the designated beneficiaries.

(2) Transfers

Transfers among these account groups are the result of gifts whose restrictions have been satisfied, donors’ requests to amend their initial gift restrictions, actions of the Board of Trustees, or payment of the development funding allocation.



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**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**

The Board of Trustees
University of New Mexico Foundation, Inc.
and
Mr. Joseph Maestes, P.E.
New Mexico State Auditor:

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 University of New Mexico Foundation, Inc. (the Foundation), which comprise the Foundation's statement of net position as of June 30, 2025, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 20, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation'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 Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 Foundation'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 note certain matters that are required to be reported per Section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of findings and responses as item 2025-001.

Foundation's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Foundation's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Foundation'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.

KPMG LLP

Albuquerque, New Mexico
October 20, 2025

UNIVERSITY OF NEW MEXICO FOUNDATION, INC.
(A Component Unit of the University of New Mexico)

Summary of Auditor's Results (As Required by 2.2.2.10 NMAC L(1)(f))

Fiscal year ended June 30, 2025

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Noncompliance material to the financial statements noted? ☐ Yes ☒ No

UNIVERSITY OF NEW MEXICO FOUNDATION, INC.
(A Component Unit of the University of New Mexico)

Schedule of Findings and Responses

Fiscal year ended June 30, 2025

Other Findings as Required by Section 12-6-5 NMSA 1978

2025-001 Inaccurate classification within the Statements of Cash Flows – Other Matter

Criteria:

COSO Internal Control Framework – 2013 states control activities are the actions established through policies and procedures that help ensure that management's directives to mitigate risks to the achievement of objectives associated with the entity's operations, reporting, and compliance are carried out. Control activities are performed at all levels of the entity, at various stages within business processes. They may be preventive or detective in nature and may encompass a range of manual and automated activities. Specifically, principle 10 states that the organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

Condition:

During audit testwork over the Foundation's cash flows statement worksheet a misclassification of \$1,155,360 was identified between the change in fair value of investments and interest and dividends received line items as a result of a formula error. Management corrected the classification difference as of June 30, 2025.

Effect:

The cash flows statement change in fair value of investments line item was overstated by \$1,155,360, while the interest and dividends received line item was understated by the same amount.

Cause:

Management lacked sufficient processes and controls over the review of the cash flows statement and its underlying schedules to ensure that information was correctly calculated and was consistent with supporting documentation.

Recommendation:

Policies and procedures should be revised to ensure that a more thorough review is performed over the cash flows statement worksheet and its underlying schedules to ensure calculations are accurate and inputs are consistent with supporting documentation.

Management's Response:

Management concurs with this finding. The Foundation will ensure that the cash flow preparation process includes sufficient review and a thorough tie-out of the statement to supporting documentation. Management will improve written process guidance regarding the preparation of the cash flow. The Managing Director of Finance will oversee the remediation steps and expects to have them completed by June 30, 2026.

UNIVERSITY OF NEW MEXICO FOUNDATION, INC.
(A Component Unit of the University of New Mexico)

Summary Schedule of Prior Audit Findings

Fiscal year ended June 30, 2025

2024-001 Analysis of correlated accounts – Significant deficiency

Current year status – Resolved

2024-002 Inaccurate classification of new endowment fund between the Foundation and University of New Mexico – Other Matter

Current year status – Resolved

2024-003 Reclassification of amounts between investments held in endowment pools and due to the University of New Mexico – Other Matter

Current year status – Resolved

UNIVERSITY OF NEW MEXICO FOUNDATION, INC.
(A Component Unit of the University of New Mexico)

Exit Conference

Fiscal year ended June 30, 2025

An exit conference was conducted on September 25, 2025, in which the contents of this report were discussed with the following:

The Foundation

Audit Committee Members:

Carol Mayo Cochran, Committee Chair

Del Archuleta

Stephanie Catasca

Felicia Finston

Foundation Management:

Jeffrey Todd, Chief Executive Officer

Nadina Paisano, Chief Financial Officer

Patrick Allen, General Counsel

Angela Janda, Managing Director of Finance

KPMG LLP

John Bunnell, Managing Director

Myra Lai, Manager