



AUDIT REPORT 2025

July 1, 2024 - June 30, 2025

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BOARD OF REGENTS AND PRINCIPAL OFFICERS

June 30, 2025

Board of Regents

Appointed Members

	Title:	Term Expires:
Paul Blanchard	Chair	12/31/2028
Victor Reyes	Vice Chair	12/31/2026
Paula Tackett	Secretary Treasurer	12/31/2028
Jack L. Fortner	Member	12/31/2026
William H. Payne	Member	12/31/2026
Christina Campos	Member	12/31/2030
Patricia Williams	Member	12/31/2030

Ex officio Members

The Honorable Michelle Lujan Grisham	Governor of the State of New Mexico
Stephanie Rodriguez	Higher Education Department Cabinet Secretary

Advisors

Roberta Lavin	President, Faculty Senate
Andrew Norton	President, Associated Students of the University of New Mexico
Travis Broadhurst	President, Graduate & Professional Student Association
Damion Terrell	President, Staff Council
Aprilyn Chavez Geissler	President, UNM Alumni Association
Gene Henley	President, UNM Retiree Association
Felicia Finston	Chair, UNM Foundation
Liz Abeyta	President, UNM Parent & Family Association

Principal Administrative Officials

University

Garnett S. Stokes	President
Barbara Rodriguez	Interim Provost and Executive Vice President for Academic Affairs
Michael Richards	Executive Vice President for Health Sciences, CEO UNM Health System
Teresa Costantinidis	Executive Vice President for Finance and Administration

UNM Hospitals

Kate Becker	Chief Executive Officer
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Principal Financial Officials

Main Campus

Bruce Cherrin	Interim University Controller
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Health Sciences Center

Joseph Wrobel	Chief Budget and Facilities Officer, HSC
Jason Galloway	Chief Financial Services Officer, HSC

UNM Hospitals

Bonnie White	Chief Financial Officer
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Independent Auditors' Report

The University of New Mexico Board of Regents
 University of New Mexico and
 Mr. Joseph M. Maestas, P.E.
 New Mexico State Auditor

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities, the fiduciary activities, and the aggregate discretely presented component units of the University of New Mexico (the University or UNM), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents. We have also audited the budgetary comparison schedules (Schedules 15 through 17) presented as supplementary information, for the year ended June 30, 2025, as listed in the table of contents.

In our opinion, based on our audits and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the fiduciary activities, and the aggregate discretely presented component units of the University, as of June 30, 2025 and 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles. In addition, in our opinion, the accompanying budgetary comparison schedules (Schedules 15 through 17) referred to above presents fairly, in all material respects, the respective budgetary comparison for the year ended June 30, 2025, in accordance with U.S. generally accepted accounting principles.

We did not audit the financial statements of the following entities and departments:

- UNM Hospital, UNM Behavioral Health Operations, UNM Medical Group Inc., UNM Rainforest Innovations, Lobo Development Corporation, and Lobo Energy, Inc., which represent 46% and 49%, respectively, of the total assets of the business-type activities as of June 30, 2025 and 2024, and 59% and 61%, respectively, of the total revenues for the years then ended.
- UNM Lobo Club and UNM Alumni Association, which represent 4% and 4%, respectively, of the total assets of the aggregate discretely presented component units as of June 30, 2025 and 2024, and 9% and 10%, respectively, of the total revenues for the years ended.

Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the entities and departments indicated above, are based solely on the reports of the other auditors.

Basis for Opinions

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 University, and to meet our other ethical responsibilities, in accordance

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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 opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements of the University are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the business-type activities, the fiduciary activities, and the aggregate discretely presented component units of the State of New Mexico that are attributable to the transactions of the University. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2025 and 2024, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 University'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.

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, schedule of proportionate share of net pension liability and employer contributions (Schedule 1), schedule of changes in the University's net OPEB liability and related ratios (Schedule 2), schedule of University contributions (Schedule 3) and schedule of investment returns (Schedule 4) 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 and other auditors 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The accompanying blended and discretely presented component units combining schedules (Schedules 5 through 14), schedule of pledged collateral (Schedule 18), and schedule of individual deposit and investment accounts (Schedule 19) are presented for purposes of additional analysis and are 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 audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of pledged revenues – University only (Schedule 21), Board of Regents and Principal Officers, and exit conference but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our 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 December 1, 2025 on our consideration of the University'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 University'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 University's internal control over financial reporting and compliance.



Albuquerque, New Mexico
December 1, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Year Ended June 30, 2025

The following discussion and analysis provide an overview of the financial position and activities of The University of New Mexico (“University” or “UNM”) as of and for the years ended June 30, 2025, 2024, and 2023. This discussion should be read in conjunction with the accompanying financial statements and notes. Management has prepared the basic financial statements and the related note disclosures along with this discussion and analysis. As such, the basic financial statements, notes, and this discussion are the responsibility of University management.

This Management's Discussion and Analysis (MD&A) includes comparative financial information of the primary institution for fiscal years 2025, 2024, and 2023. The primary institution includes two clinical units and five blended components. The clinical units are UNM Hospital (Hospital) and UNM Behavioral Health Operations (BHO). The blended components are Lobo Development Corporation (Lobo Development); Lobo Energy, Incorporated (Lobo Energy); UNM Rainforest Innovations (Rainforest); UNM Sandoval Regional Medical Center, Inc. (SRMC); and UNM Medical Group, Inc. (UNMMG). Effective January 1, 2024, the Hospital recognized the acquisition of SRMC, under a zero dollar purchase agreement. SRMC ceased to be a separate legal entity and became known as UNM Sandoval Regional Medical Center, a Campus of UNM Hospital (Sandoval Campus) and is operated as a site of the Hospital. In accordance with Governmental Accounting Standards Board (GASB) Statement 69, *Government Combinations and Disposals of Government Operations*, the Hospital's results of operations include the full year ended June 30, 2024 of the Sandoval Campus. The MD&A does not include information of the discretely presented component units, for which separately issued financial statements are available.

About the Financial Statements

The University presents its financial statements in a business-type activity format, in accordance with the Governmental Accounting Standards Board (GASB) Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, GASB Statement 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – an amendment of GASB Statement No. 34*, GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, and Deferred Inflows of Resources, and Net Position*. The audit report includes a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, a Statement of Cash Flows, and Notes to the Basic Financial Statements.

The **Statement of Net Position** is the balance sheet for the University. It is a point-in-time financial statement; the purpose of which is to give the readers of the financial statements a fiscal snapshot of the University. The statement presents end-of-year data concerning assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources, and net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources).

The **Statement of Revenues, Expenses, and Changes in Net Position** is the income statement for the University. Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. This statement begins with a presentation of the operating revenues received by the institution. Operating revenues are defined by GASB as revenues arising from an exchange (earned) transaction. In a public university, such as UNM, income from state government appropriations, although not earned, is heavily relied upon to pay operating expenses for almost all instruction and general programs. However, GASB defines state appropriation income as nonoperating revenues, causing the presentation of a large operating loss on the first page of the Statement of Revenues, Expenses, and Changes in Net Position. The operating loss is offset by nonoperating revenues (expenses) in the next section of this statement.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Year Ended June 30, 2025

The **Statement of Cash Flows** presents the inflows and outflows of cash, summarized by operating, noncapital financing, capital, and related financing, and investing activities. The statement is useful in assessing the University's ability to generate net cash flows and meet its obligations as they come due. It is prepared using the direct method of cash flows, and as such, presents gross, rather than net, amounts for the year's activities.

The **Notes to the Basic Financial Statements** follow the financial statements and present additional information in support of the financial statements.

Statement of Net Position

A comparison of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2025, 2024, and 2023 is as follows:

	2025	2024	2023
Assets			
Current assets	\$ 1,647,722,997	\$ 1,580,523,140	\$ 1,302,733,625
Capital assets, net	2,162,255,183	1,953,299,550	1,796,513,343
Other noncurrent assets	790,783,118	787,319,897	767,836,124
Total assets	\$ 4,600,761,298	\$ 4,321,142,587	\$ 3,867,083,092
Deferred Outflows of Resources	\$ 287,837,220	\$ 222,822,532	\$ 417,608,801
Liabilities			
Current liabilities	\$ 743,264,858	\$ 667,901,026	\$ 565,147,618
Noncurrent liabilities	2,286,908,611	2,261,131,496	2,194,200,922
Total liabilities	\$ 3,030,173,469	\$ 2,929,032,522	\$ 2,759,348,540
Deferred Inflows of Resources	\$ 149,371,186	\$ 309,486,913	\$ 857,205,877
Net Position			
Net investment in capital assets	\$ 1,434,371,977	\$ 1,243,990,908	\$ 1,156,050,064
Restricted - nonexpendable	189,718,860	174,273,283	157,607,006
Restricted - expendable	219,633,964	170,287,353	94,946,171
Unrestricted	(134,670,938)	(283,105,860)	(740,465,765)
Total net position	\$ 1,709,053,863	\$ 1,305,445,684	\$ 668,137,476

Assets

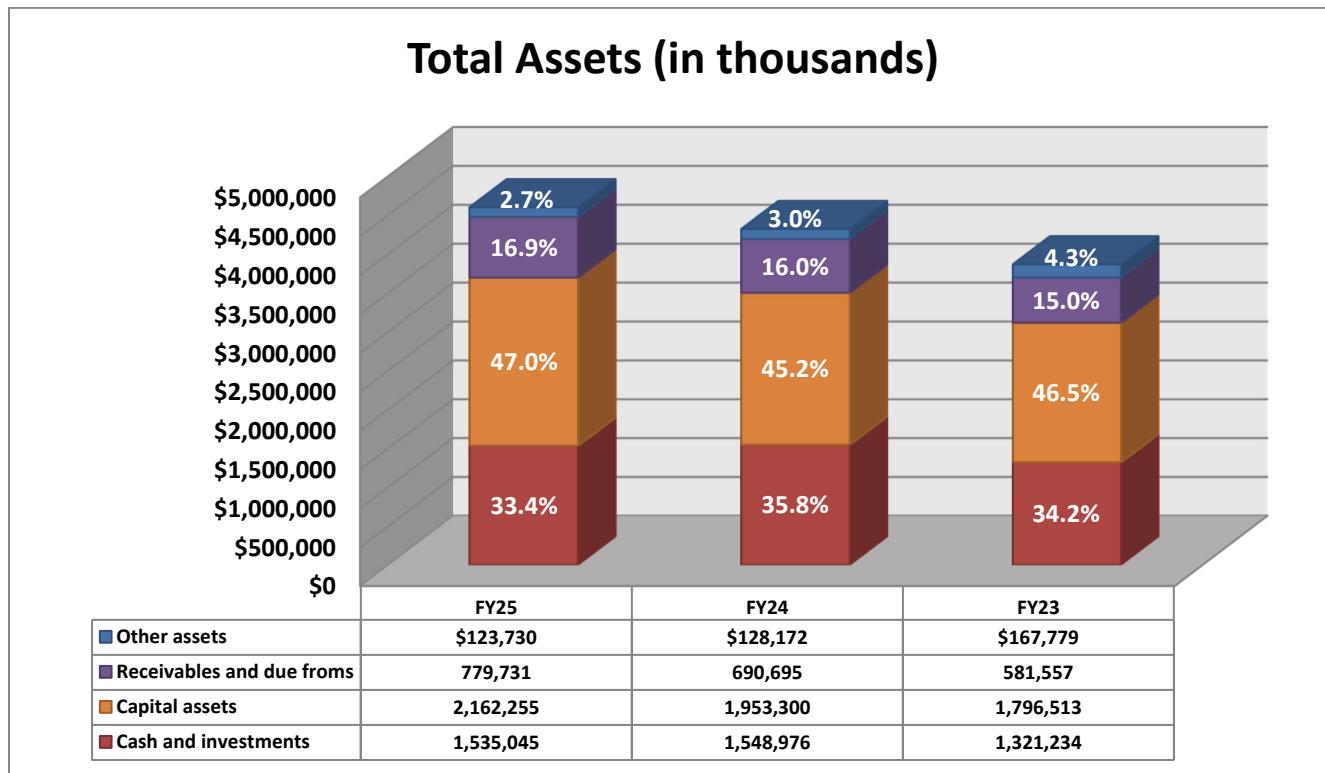
Current assets include cash and other assets that are deemed to be consumed or convertible to cash within one year. The most significant current assets of the University are net receivables, consisting of accounts receivable, patient receivables, and third-party settlements; short-term investments, consisting of certificates of deposit, U.S. Treasury Bills, and other government-backed securities; and cash and cash equivalents.

Noncurrent assets of the University primarily consist of capital assets, net of accumulated depreciation; endowment investments; amounts due from component units; and noncurrent restricted cash and cash equivalents.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Year Ended June 30, 2025

The composition of total assets is represented in the following chart:



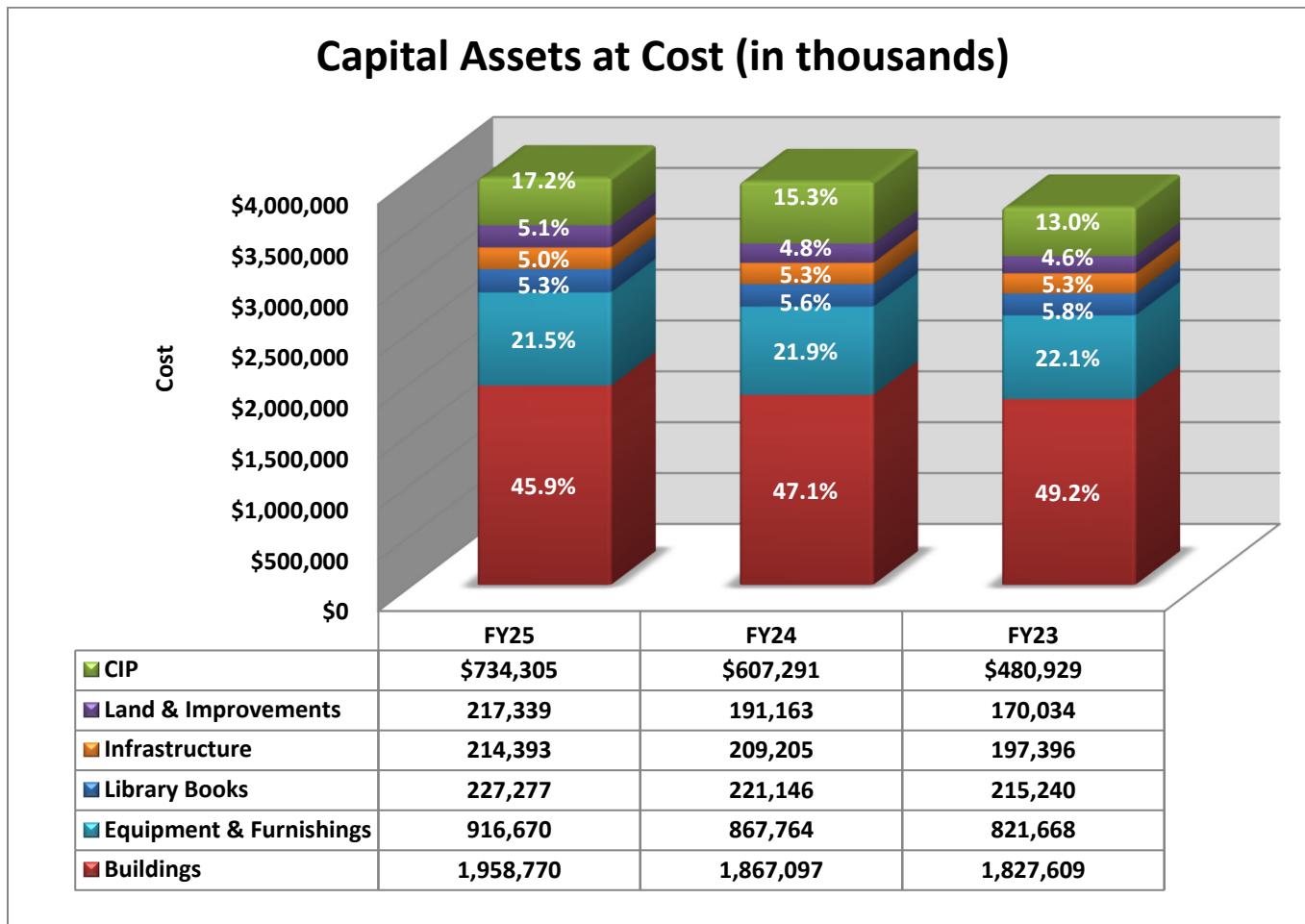
Total assets increased by \$279.6 million from FY24 to FY25, compared to an increase of \$454.1 million from FY23 to FY24. The increase for FY25 is primarily driven by capital assets increasing by \$209.0 million due to the execution of major long-term strategic goals. This includes the deployment of new operational facilities, such as the College of Nursing Building and the Behavioral Health Crisis Center (BHCC), along with continued significant construction activity on the Critical Care Tower. Second, receivables and due froms saw an aggregate increase of \$89.0 million, primarily resulting from non-operational timing differences and specific large transactions. Of this amount, \$41.0 million is attributable to a higher number of grant contracts being in a receivable position in FY25, whereas in the prior year more grant contracts were in an advanced funded position with an associated unearned revenue balance in FY24, and \$25.6 million is associated with a land acquisition, bond draw reimbursements, and the accrual of a major deep-sea research grant.

Total assets increased by \$454.1 million from FY23 to FY24, compared to an increase of \$181.4 million from FY22 to FY23. The significant increase for FY24 is primarily attributable to a rise in cash and cash equivalents, which increased by \$215.5 million, and an increase in capital assets of \$156.8 million. The increase in cash and cash equivalents is largely driven by \$39 million in new appropriation funding for capital projects in FY24, along with an increase in net patient service revenue of \$167.3 million. The increase in capital assets was primarily due to the ongoing construction of the new Critical Care Tower.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Year Ended June 30, 2025

Capital Assets and Commitments:



Capital assets are the largest category of noncurrent assets and are shown net of accumulated depreciation, at \$2.2 billion, \$2.0 billion, and \$1.8 billion as of June 30, 2025, 2024, and 2023, respectively. During FY25, the largest increase within capital assets was \$127.0 million added CIP due to significant investments in new facilities and ongoing construction projects, including a \$115.3 million increase to the Hospital's ongoing Critical Care Tower project. Buildings increased by \$91.7, which includes \$40.8 million placed into service from CIP for the College of Nursing Building and \$25.2 million placed into service from CIP for BHO's Behavioral Health Crisis Center.

During FY24, the largest increase within capital assets for the University was CIP, which increased by \$126.4 million and is primarily related to the construction of the Critical Care Tower. The second largest increase for UNM was equipment & furnishings which increased by \$46.1 million, which was part of general operations with no individually significant additions. The third largest increase was buildings which increased by \$39.5 million, which is primarily driven by buildings being placed into service, namely UNM Center of Excellence, Lobo Welcome Center and L.F. "TOW" Diehm Athletic Complex.

Major capital projects currently underway or in the advanced planning stages at the University include:

- Critical Care Tower - The Hospital continues to operate at physical capacity for adult patients. The new Critical Care Tower is scheduled to open October 2025. The tower will contain 9 floors, of which 2 of the floors will be completed at a later date. It will contain 96 Intensive Care Unit beds and 18 new operating rooms. The adult emergency room will also move to the new tower.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Year Ended June 30, 2025

- Center for Collaborative Arts and Technology (CCAT) - This new construction for the College of Fine Arts (CFA) will be located on the UNM Central Campus to the south of Johnson Field and is scheduled for completion in FY27. It will contain approximately 59,000 SF including a 50-seat classroom, art gallery, and a 600-seat concert hall for music, opera, film, and lecture and stage-level support spaces. The project will obtain a LEED Silver V.4 certification and meet or exceed all state requirements.
- UNM CCC Radiation Oncology and GMP Expansion – Phase III, Segment 2 – This project expands the current Comprehensive Cancer Center facility on UNM's North Campus at 1201 Camino de Salud NE. Encompassing approximately 47,000 gross square feet, the project will add a new central utility plant, two state-of-the-art oncology vaults for radiation therapy—one of which will feature a cutting-edge MRI linear accelerator—and a theragnostic treatment facility to support advanced radioactive infusion therapies. The design also incorporates shelled space to allow for future expansion opportunities, ensuring flexibility to meet evolving program needs. The approved budget for this phase is \$44.5 million. Substantial completion is scheduled for November 2025, with the first patients expected to be seen in March 2026.
- College of Pharmacy Phase 1 – This renovation is a major renewal effort located on UNM's North Campus at 2502 Marble Avenue NE. The project will modernize approximately 55,000 square feet of existing space, including the installation of a high-performance building envelope system to improve HVAC efficiency, updated teaching facilities to support modern pedagogy, and enhanced student support spaces. In addition, the project will upgrade the building's core infrastructure to prepare for a second phase of improvements to the electrical systems, telecommunications, and network connectivity. The approved project budget is \$43.5 million. Construction is scheduled to commence in October 2025, with an anticipated duration of 18 months.

Deferred Outflows of Resources

Deferred outflows of resources increased by \$65.0 million from FY24 to FY25 and decreased by \$194.8 million from FY23 to FY24. The most significant deferred outflow of resources is related to pensions. The amount recognized as a deferred outflow of resources related to pensions was \$245.7 million, \$158.5 million, and \$373.8 million as of June 30, 2025, 2024, and 2023, respectively. The \$65.0 million increase in the FY25 pension-related deferred outflows is primarily the result of new amounts being deferred due to differences between expected and actual experience in the Educational Retirement Plan.

Changes of assumptions in the actuarial valuation have significant impacts on the deferred outflows of resources related to pensions. The New Mexico Educational Retirement Board (“NM ERB”) Schedules of Employer Allocations and Pension Amounts by Employer provides changes of assumptions for employers to use in financial reporting. From FY24 to FY25, the University's changes of assumptions balance remained at \$0. From FY23 to FY24, the University's changes of assumptions balance decreased by \$223.1 million. The FY24 decrease was primarily associated with the final amortization of a \$1.3 billion deferred outflow related to a FY20 change in assumptions, which was fully amortized in FY24.

Actuarial assumptions and methods are set by the NM ERB Board of Trustees, based upon recommendations made by the plan's actuary. The assumptions for the year ended June 30, 2024 were based on Board adopted assumptions on April 17, 2020, in conjunction with the six-year actuarial experience study for the period ended June 30, 2023. A single discount rate of 7.00% was used to measure the total pension liability as of June 30, 2024; this is the same rate used for June 30, 2023. This 7.00% discount rate was based on the expected rate of return on pension plan investments of 7.00%.

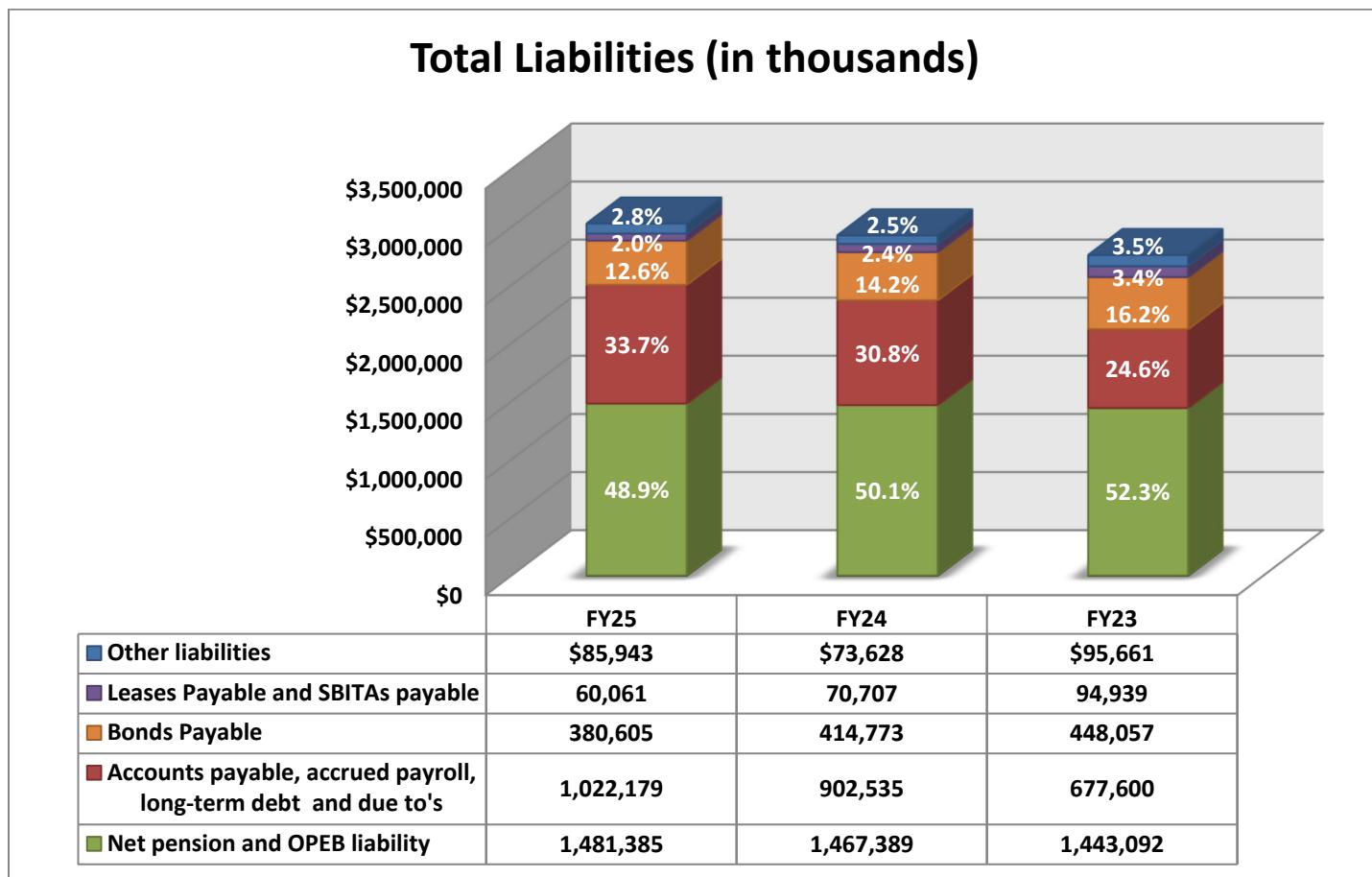
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Year Ended June 30, 2025

Liabilities

Current liabilities are generally defined as amounts due within one year. The most significant current liabilities of the University are third-party settlements, accrued compensated absences, accounts payable, accrued payroll, and unearned revenue.

Noncurrent liabilities of the University primarily consist of the net pension liability, long-term debt, the noncurrent portion of bonds payable, and the net Other Postemployment Benefits (OPEB) liability. The composition of total liabilities is represented in the following chart:



Total liabilities increased by \$101.1 million from FY24 to FY25 and increased by \$169.7M from FY23 to FY24. The increase in total liabilities from FY24 to FY25 primarily consisted of estimated third-party settlements increasing \$46.8 million because of increases in Hospital intergovernmental transfers (IGT) due to the NM Department of Health. The noncurrent portion of long-term debt also increased \$54.9 million, including \$43.1 million from additional drawdowns of Hospital Lomas Campus mortgage payable for construction of the Critical Care Tower and \$19.9 million from a new loan agreement between UNMMG and NMFA for the construction of a new Truman Clinic, which were offset by FY25 scheduled principal payments.

The increase in total liabilities from FY23 to FY24 primarily consisted of long-term debt increasing by \$104.4M due to additional drawdowns of \$110.4M by the Hospital. The second largest consideration was an increase of \$78.7M of estimated third-party payor settlements payable primarily due to increases in intergovernmental transfers (IGT) due to NM Department of Health.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Year Ended June 30, 2025

Debt Activity: Bonds payable totaled \$380.6 million, \$414.8 million, and \$448.1 million at June 30, 2025, 2024, and 2023, respectively. The current portion of this debt was \$33.9 million, \$32.7 million, and \$31.0 million at June 30, 2025, 2024, and 2023, respectively. Included in those totals are Federal Housing Administration (FHA) insured Hospital Mortgage Revenue Bonds. The loan guarantee is considered federal assistance subject to the requirements of the Office of Management and Budget (OMB) Uniform Guidance. Accordingly, the loan guarantee is considered a federal award for purposes of UNM's June 30, 2025, 2024, and 2023, Single Audit.

On September 9, 2021, the Hospital Lomas Campus closed on a mortgage loan to partially finance construction of the Critical Care Tower. The debt was issued under the HUD Section 242 loan guarantee program and is backed by GNMA securities. The mortgage will be drawn down as needed to fund the construction project, not to exceed \$320 million, and carries an interest rate of 3.275%. The terms of the loan require interest only payments through construction. Principal and interest payments began on October 1, 2024 with loan maturity occurring on September 1, 2049. During the years ended June 30, 2025, 2024, and 2023, the Hospital drew down \$43.1 million, \$110.4 million, and \$114.8 million and incurred interest of \$10.0 million, \$7.3 million, and \$3.5 million, respectively. The Hospital had a mortgage liability of \$313.7, \$276.9 million, and \$261.4 million at June 30, 2025, 2024 and 2023, respectively. The current portion of mortgage liability was \$8.6, \$6.3 million, and \$0 million at June 30, 2025, 2024, and 2023, respectively.

As part of the acquisition of Sandoval Campus, the hospital has assumed the liability associated with Sandoval Campus debt. In July 2020, the Sandoval Campus entered into an agreement to refinance a previous mortgage collateralized by the Sandoval Campus building to an APR of 1.98%. The Sandoval Campus mortgage liability was \$82.9 million, \$88.9 million, \$94.9 million at June 30, 2025, 2024, and 2023, respectively. The current portion of mortgage liability was \$6.2 million, \$6.1 million, and \$5.9 million at June 30, 2025, 2024 and 2023, respectively.

Deferred Inflows of Resources

Deferred inflows of resources decreased by \$160.1 million from FY24 to FY25 and decreased by \$547.7 million from FY23 to FY24. The most significant deferred inflow of resources is related to pensions. The amount recognized as a deferred inflow of resources related to pensions was \$95.3 million, \$247.9 million, and \$800.0 million as of June 30, 2025, 2024, and 2023, respectively.

Changes in assumptions within the actuarial valuation significantly impact deferred inflows of resources linked to pensions, much like how deferred outflows of resources are influenced. *The NM ERB Schedules of Employer Allocations and Pension Amounts by Employer* provides changes of assumptions for employers to use in financial reporting. The decrease in both years was primarily associated with the amortization of a \$1.3 billion deferred inflow related to a FY21 change in assumptions.

Net Position

Total net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) is classified by the University's ability to use the net position to meet operating needs. Net position that is restricted as to its use by sponsoring agencies, donors, or other non-UNM entities is classified as either "nonexpendable" or "expendable." Restricted nonexpendable net position includes true endowments. Restricted expendable net position is generated by contracts, grants, gifts, and assets required to be set aside for debt service. The restricted net position is further classified in general terms as to the function for which it must be used. Unrestricted net position may be used to meet operating needs of the University.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Year Ended June 30, 2025

Statement of Revenues, Expenses, and Changes in Net Position

A comparison of the University's revenues, expenses, and changes in net position for the years ended June 30, 2025, 2024, and 2023 is as follows:

	2025	2024	2023
Operating Revenues			
Tuition and fees, net	\$ 106,838,068	\$ 109,678,856	\$ 110,120,466
Net patient service	1,844,549,668	1,819,035,032	1,651,779,834
Grants and contracts	473,230,718	452,103,068	399,335,007
Sales and services, net	151,464,899	145,035,820	139,642,275
Other operating revenues	35,588,376	56,369,804	45,698,401
Total operating revenues	\$ 2,611,671,729	\$ 2,582,222,580	\$ 2,346,575,983
Operating Expenses			
Instruction	\$ 302,420,287	\$ 282,433,726	\$ 260,748,645
Research	262,890,547	247,311,530	233,411,061
Public service	2,125,308,440	2,014,423,749	1,873,551,660
Academic support	63,514,308	59,501,552	54,872,186
Student services	40,766,372	38,398,648	34,504,952
Institutional support	87,631,620	80,559,897	72,876,694
Operation of plant	262,203,772	238,796,832	227,235,140
Student aid and activities	61,759,084	51,005,420	41,917,080
Intercollegiate athletics	43,679,402	40,363,002	34,948,601
Auxiliary enterprises	54,977,597	49,820,320	48,361,535
GASB 68 pension (income) expense	(88,994,854)	(202,385,019)	64,210,366
GASB 75 OPEB expense	11,869,309	6,862,300	3,992,200
Other operating expenses	98,827,546	89,719,054	81,554,331
Total operating expenses	\$ 3,326,853,430	\$ 2,996,811,011	\$ 3,032,184,451
Nonoperating Revenues			
Appropriations	\$ 530,395,335	\$ 481,464,158	\$ 414,605,700
Mill levies	141,297,136	136,373,354	128,748,434
Federal Pell Grants	53,918,894	42,252,126	36,000,515
NM Opportunity Scholarship	73,116,462	72,771,082	68,137,326
Gifts	60,500,711	58,879,528	41,008,943
Investment income	105,665,969	86,720,594	60,283,527
Other nonoperating revenues and expenses, net	34,549,052	69,610,599	15,356,375
Net nonoperating revenues	\$ 999,443,559	\$ 948,071,441	\$ 764,140,820
Income before capital contributions	\$ 284,261,858	\$ 533,483,010	\$ 78,532,352
Capital contributions	119,346,321	103,825,198	51,111,314
Change in net position	\$ 403,608,179	\$ 637,308,208	\$ 129,643,666
Net position - beginning of year	1,305,445,684	668,137,476	538,493,810
Net position - end of year	\$ 1,709,053,863	\$ 1,305,445,684	\$ 668,137,476

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

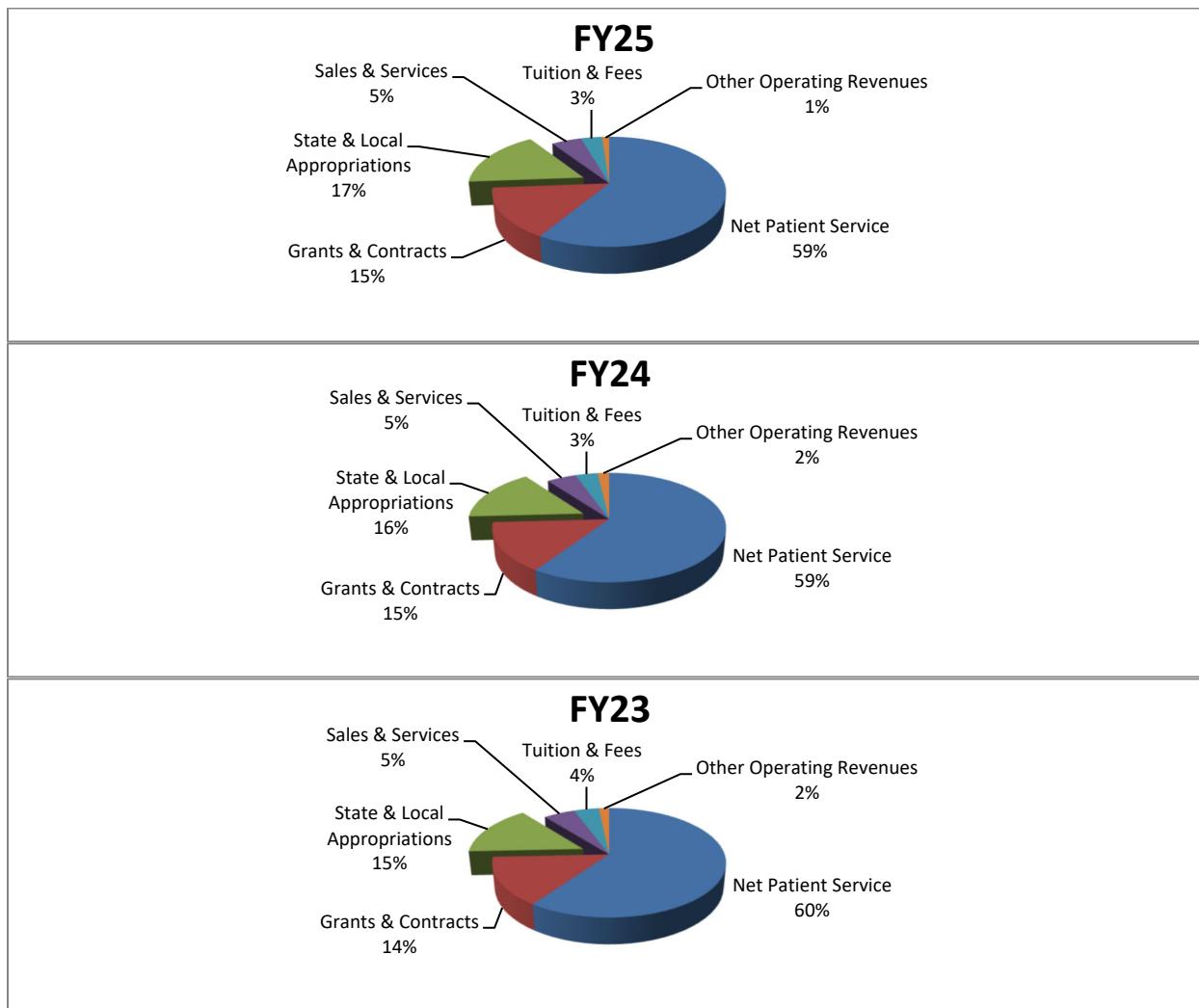
Year Ended June 30, 2025

Revenues

The presentation of revenues, as defined by GASB, requires that state and local appropriation income be excluded when calculating the financial results of operations. This presentation method results in an “operating loss.” The operating loss is offset by “nonoperating revenues (expenses)” to arrive at an actual result of operations amount. The definition of “nonoperating revenues” revolves around the concept of exchange versus nonexchange transactions. State and local appropriations, along with the Bernalillo and Sandoval County mill levies, are considered revenues from nonexchange transactions, because they do not involve an exchange of value for value. Conversely, tuition income is defined as “operating revenues,” because a student pays tuition (value) to receive an education (value). Other nonoperating revenues are federal Pell Grants, federal grants, state and federal lottery scholarships, NM Opportunity Scholarship, gifts, and income from investing and capital activities.

Although state and local appropriations are considered nonoperating revenues in the basic financial statements, the University uses these funds to support all instruction and general programs. If state and local appropriations were included in operating revenues, they would comprise 17%, 16%, and 15% of total operating revenues for fiscal years 2025, 2024, and 2023, respectively.

The following charts depict operating revenues (with state and local appropriations) by source:



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Year Ended June 30, 2025

Operating Revenues (with state and local appropriations): Operating revenues increased by 2.6% from FY24 to FY25 and increased 11.0% from FY23 to FY24. Net patient service revenues are over half of total net operating revenues. They are comprised of gross patient revenues, net of contractual allowances, charity care, provision for doubtful accounts, and any third-party cost report settlements. Net patient service revenues rose by 1.4% from FY24 to FY25. This contrasts with an increase of 10.1% from FY23 to FY24, which was driven by an increase in Directed Payment at Sandoval Campus.

UNM Health, which includes the Health Sciences Center (HSC), the Hospital Lomas and Sandoval Campuses, BHO, and UNMMG, offers a financial assistance program called UNM Care to which all eligible patients are encouraged to apply. This program assigns patients primary care providers and enables them to receive care throughout UNM Health and Health Sciences locations. This program is available to Bernalillo and Sandoval County residents who also meet certain income and asset thresholds. Patients applying for coverage under UNM Care must apply for coverage under Medicaid or the Health Insurance Exchange (HIX), if eligible. Patients may continue to receive UNM Care until they receive Medicaid eligibility or notification of coverage under the HIX. Patients certified under Medicaid or the HIX may continue to qualify for UNM Care as a secondary coverage for copays and deductibles if they meet the income guidelines.

As of June 30, 2025, 2024, and 2023, there were approximately 9,843, 10,302, and 8,582 active enrollees in UNM Care, respectively. The income threshold for UNM Care is 300% of the federal poverty level, and patients may apply for this program at various locations throughout UNM Health and the community. UNM Health does not pursue collection of amounts determined to qualify as charity care.

UNM Health provides care to patients who are either uninsured or underinsured and who do not meet the criteria for financial assistance. These accounts are fully reserved and recorded as a provision for uncollectible accounts. Provision expenses recorded for fiscal years 2025, 2024, and 2023 were \$116.4 million, \$103.2 million, and \$84.7 million, respectively.

UNM Health incurs costs associated with providing charity care and other services for which payment is not received. As of June 30, 2025, the estimated cost of care for providing these services in fiscal years 2025, 2024, and 2023 were \$145.3 million, \$127.9 million, and \$104.4 million, respectively.

Tuition and fees are also a significant component of the University's total net operating revenues. The UNM Main Campus's total credit hour production for 2024-2025 (Fall 2024, Spring 2025, Summer 2025) was 586,870. This represents a 4.6% increase in credit hour totals compared to 2023-24 (561,008) and a 10.1% increase compared with 2022-23 (532,983). New first-year student enrollment has increased each of the past five years since 2020 (3,642 in Fall 2024 vs. 2,594 in Fall 2019) for a cumulative increase of 40.4% in the incoming class size. Another increase in new first-year student enrollment is anticipated for Fall 2025. Larger incoming classes over the past five years have helped increase modest overall campus enrollment increase; between Fall 2021 and Fall 2024, total enrollment increased 7.3% (21,638 to 23,228), although high levels of degree production and improved completion rates have tempered these increases.

While the gross student enrollment has increased, overall tuition revenue has decreased slightly due to an increase in scholarship allowance of \$15.5 million. Changes in enrollment and tuition and fees rates in academic functions of the University were as follows:

	Fall 2024	Fall 2023	Fall 2022
Enrollment change (headcount)	1.0%	3.6%	1.8%
Tuition and fees rate change (full-time resident undergraduate)	0.0%	0.0%	18.6%

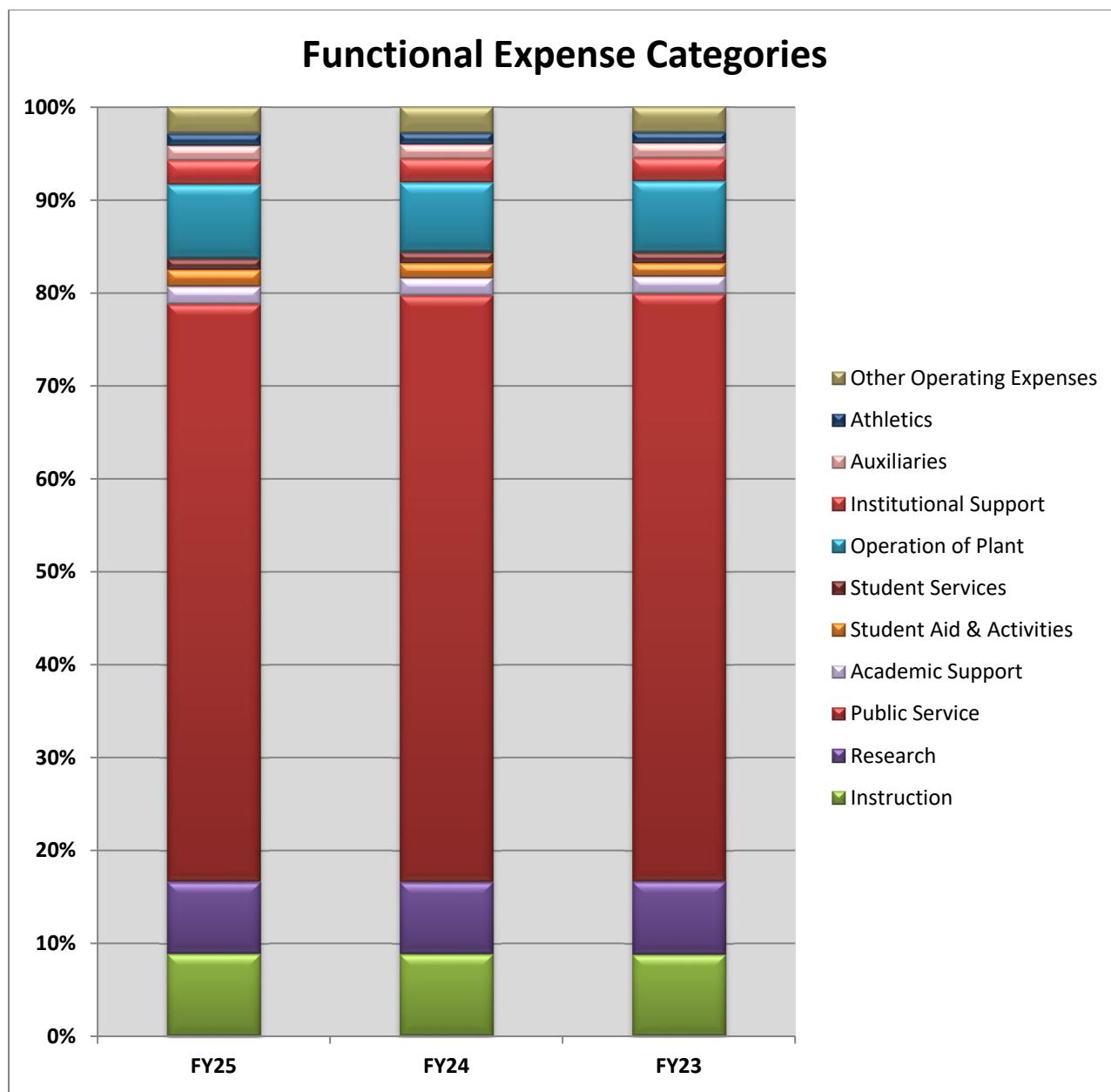
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Year Ended June 30, 2025

Nonoperating Revenues/Expenses (excluding state and local appropriations): Net nonoperating revenues increased by 0.5% from FY25 to FY24. The most significant nonoperating revenues (excluding appropriations) are Bernalillo and Sandoval County mill levies, investment income, and the NM Opportunity Scholarship. From FY23 to FY24, net nonoperating revenues increased by 33.5%, largely due to a \$52.1 million increase in federal CARES Act grants and a \$26.4 million rise in investment income, which benefitted from favorable marketplace conditions.

Expenses

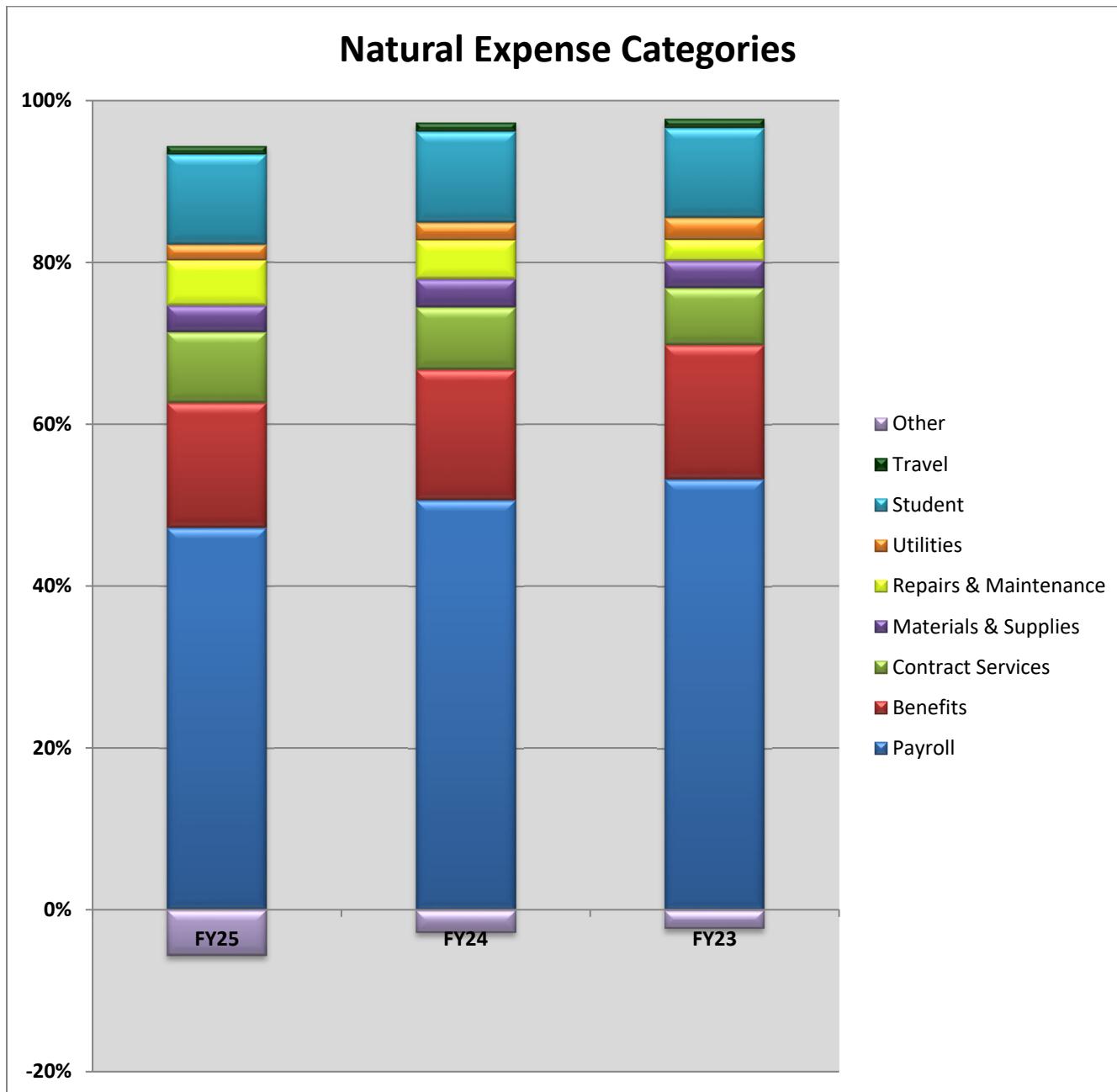
Operating Expenses: GASB standards allow public universities to present operating expenses in either a functional or natural format. UNM chose to present expenses on the statement of revenues, expenses, and changes in net position by the major functions of the University. The chart below shows the distribution of operating expenses by functional category (smaller categories have been combined), excluding GASB 68 pension expense (income) and GASB 75 OPEB expense, for the years ended June 30, 2025, 2024, and 2023:



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Year Ended June 30, 2025

The chart below shows total expenses by natural category, excluding GASB 68 pension expense (income) and GASB 75 OPEB expense, for the University (excluding Hospital, BHO, and component units) for the years ended June 30, 2025, 2024, and 2023:



Changes in Net Position

The University's total change in net position showed a net increase to net position of \$403.6 million for FY25, a net increase of \$637.3 million for FY24, and a net increase of \$129.6 million for FY23.

The changes in net position in FY25 include a \$190.4 million increase to net investment in capital assets, a \$148.4 million increase to unrestricted net position, a \$49.4 million increase to expendable restricted net position, and a \$15.4 million increase to nonexpendable restricted net position. The increase in net investment in capital assets

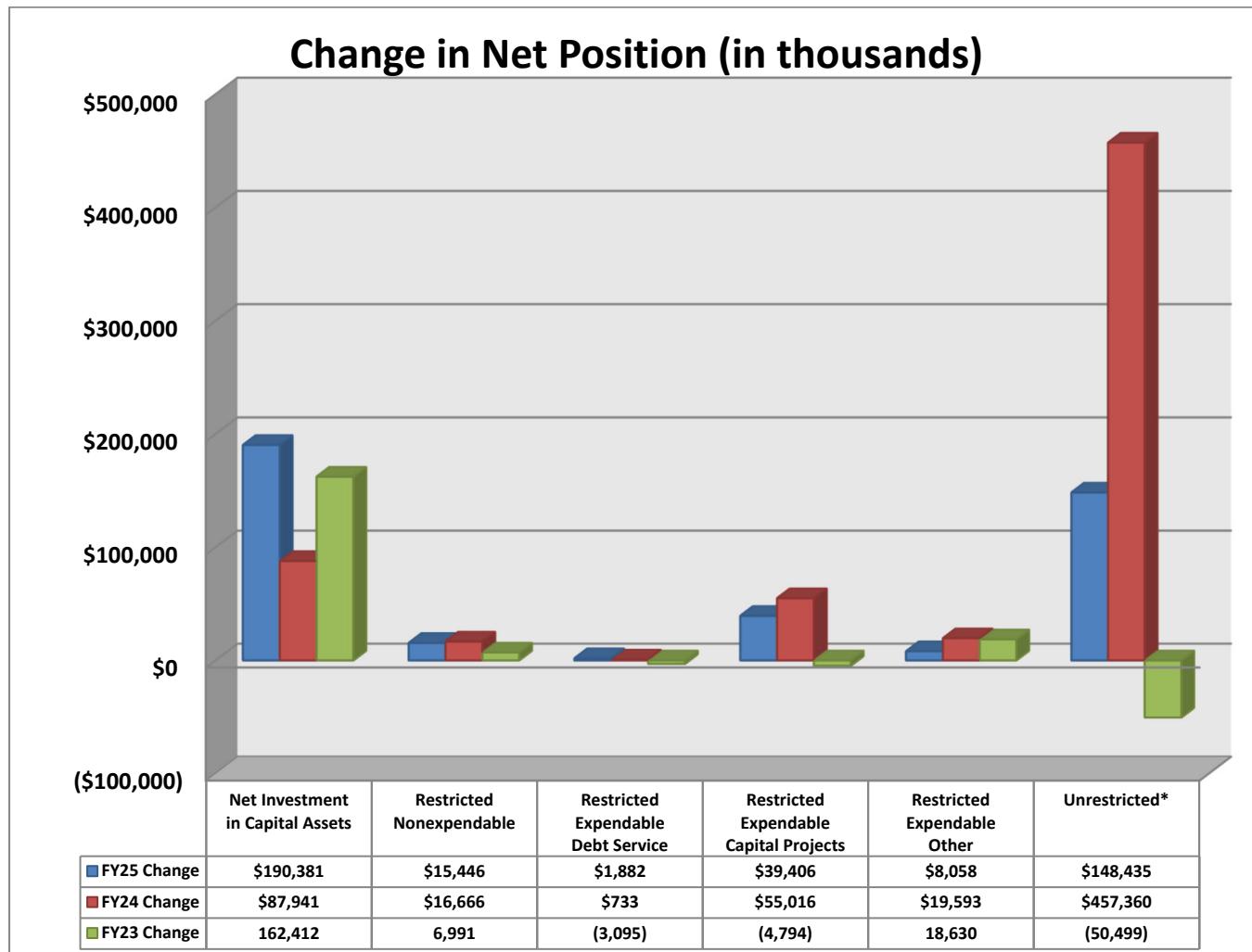
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Year Ended June 30, 2025

is due to substantial internally funded capital expenditures made for key projects, such as the Critical Care Tower construction. The increase in unrestricted net position is primarily attributable to the favorable impact of the Educational Retirement Board (ERB) pension reporting under GASB 68. The University of New Mexico's net position benefited from a total pension income of \$89 million, which was driven by the amortization of Deferred Inflows of Resources established in prior years. This recognition of prior-period deferred inflows as current-period pension income effectively reduced our pension liability burden recognized on the Statement of Net Position, thereby increasing the unrestricted balance.

The major changes to net position in FY24 included an increase of \$457.4 million in unrestricted net position, an increase of \$16.7 million in nonexpendable restricted net position (scholarships, grants, bequests, and contributions), an increase of \$75.3 million in expendable restricted net position (scholarships, grants/bequests, contributions, debt services and capital projects) and an increase in net investment in capital assets of \$87.9M. The increase in unrestricted was primarily due to a net benefit recognized in FY24 related to the amortization of deferred pension inflows, increases in state and local appropriations, increases in federal CARES grants, and improved investment income over FY23.

The chart below shows the changes in net position by category for the fiscal years ended June 30, 2025, 2024, and 2023:



* Significant changes to the unrestricted net position in FY23, and FY24, FY25 were primarily the result of the significant changes to pension expense (income) reported by the University per the requirements of GASB Statement No. 68.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Year Ended June 30, 2025

Statement of Cash Flows

A comparison of the University's changes in cash and cash equivalents for the years ended June 30, 2025, 2024, and 2023 is as follows:

	2024	2024	2023
Cash provided by (used in):			
Operating activities	\$ (806,521,648)	\$ (580,398,863)	\$ (684,677,286)
Noncapital financing activities	902,853,910	861,800,464	718,418,418
Capital and related financing activities	(228,780,625)	(140,812,444)	(234,713,704)
Investing activities	(32,013,397)	74,893,719	13,816,668
Net increase (decrease) in cash and cash equivalents	(164,461,760)	215,482,875	(187,155,904)
Cash and cash equivalents — beginning of year	659,708,926	444,226,051	631,381,955
Cash and cash equivalents — end of year	\$ 495,247,166	\$ 659,708,926	\$ 444,226,051

The Statement of Cash Flows provides additional information about the University's financial results by reporting the major sources and uses of cash during the fiscal year. The statement assists in evaluating the University's ability to generate future net cash flows to meet its obligations as they become due and aids in determining the need for external financing. The statement is divided into four sections based on major activity: operating, noncapital financing, capital, and related financing, and investing.

Cash received from operations consists primarily of receipts from insurance and patients, grants and contracts, and student tuition and fees. Cash used for operations is primarily due to payments to employees and payments to suppliers. In a public university, such as UNM, cash provided by noncapital financing activities is used to fund operating activities. Major sources of cash provided by noncapital financing activities for the University are state appropriations, Bernalillo and Sandoval County mill levies, NM Opportunity Scholarship funding, and federal Pell Grants. Capital and related financing activities consist primarily of payments on the purchase of capital assets, principal and interest payments on bonds, and cash received on capital appropriations, and draws on construction loans. Cash flows from investing activities include shifts purchases of investments, proceeds from sales and maturities of investments, investment income, and distributions from the state land grant permanent fund.

Fiduciary Fund

The University of New Mexico Welfare Benefit Trust (VEBA Trust), a voluntary employees' beneficiary association (VEBA) trust, is presented as a fiduciary fund (exhibits D and E). The VEBA Trust was established to provide a funding vehicle to which participants and the University contribute to prefund, in part, the cost of OPEB for eligible retirees of the University. The University matches the employees' contributions to the VEBA Trust. In FY25, the University and employee contributions were \$1.9 million each, and the VEBA Trust gained \$10.9 million in net investment income. In FY24, the University and employee contributions were \$1.9 million each, and the VEBA Trust gained \$7.2 million in net investment income.

Budget Activity

Operating budgets are submitted for approval to the Board of Regents, the New Mexico Higher Education Department (HED), and the State Budget Division of the Department of Finance and Administration (DFA).

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Year Ended June 30, 2025

Similarly, separate legislative budget requests are submitted to the Board of Regents, HED, and the DFA for inclusion in the State of New Mexico Executive Budget for consideration of appropriations by the state legislature.

Original budgets for each fiscal year are prepared several months in advance based on: (a) prior year expenditure and revenue activity, (b) best estimates of projected revenue and expenditure activity for the budgeted year, and (c) internal budget reviews with departments on campus. During the fiscal year, original budgets are revised to reflect current needs of the institution more accurately and to include previously unanticipated events in both revenue and expenditures categories.

Original Budget

In terms of overall FY25 consolidated revenues for Main Campus, HSC, Branch Campuses, and Plant Funds, there was an overall increase of approximately \$164.0 million, or 7.8%, over the FY24 original budget. This increase is primarily due to increases in state appropriations, sales and services, and other sources.

State appropriations increased by \$43.9 million, or approximately 9.7%, for FY25 original budget compared to FY24 original budget. For Main Campus and branch campuses, the increase in state appropriations is comprised of 1.5% “new money” through the higher education funding formula, plus additional non-formula adjustments for student support services, faculty compensation, and graduate assistants. For UNM HSC, House Bill 2 (HB 2) includes a total of \$155.1 million, inclusive of I&G funding, categorical funding, and RPSPs, representing an increase of \$11.4 million, or 8.0 percent, for these recurring funds as compared to last year’s “adjusted base” totals. Additionally, related to compensation, House Bill 2 includes partial funding for a 3% increase in FY25 for non-student faculty and staff, plus an additional appropriation for the general fund share of medical insurance premiums paid by employers.

The tuition and fee budget increased by \$15.8 million, or approximately 7.2%, for FY25 compared to FY24 original budget. This increase is due primarily to increased enrollment. Student fee increases for FY25 include an increase to the Student Health and Counseling (SHAC) fee of \$22 per semester and an increase to the Athletics fee of \$20 per semester, taking the Athletics fee from \$100 per semester to \$120 per semester and removing the \$67 summer fee. In addition, the Graduate and Professional Student Association (GPSA) fee increased by \$15 per semester. There was no base tuition or per credit hour mandatory student fee increase for FY25.

In terms of FY25 consolidated expenditures, there is an overall increase of approximately \$113.7 million, or 5.2%, over the FY24 original budget. Total labor expenses, including fringe benefits, increased due largely to a 3% salary increase in FY25 for non-student faculty and staff and a 16.4% increase in group health insurance. Instruction expenditures increased by \$20.8 million, or 6.2%, over the FY24 original budget. In addition, public service expenditures increased by \$35.0 million, or 6.0%. Capital outlay expenses increased by \$30.2 million, or approximately 22.8%, over FY24 original budget.

Final Budget

For the FY25 revised final budget, Main Campus, HSC, Branch Campuses, and Plant Funds experienced a \$238.9 million, or 11.1%, increase in revenues primarily driven by increases in state appropriations, federal grants and contracts, sales and services, and other sources. This includes a \$39.5 million increase in bond revenue for the Cancer Center – Phase II Radiation Oncology and GMP Laboratory expansion project. Consolidated expenses increased by \$222.2 million, or 10.3%, primarily due to a \$63.7 million increase in capital outlay expenditures, a \$42.6 million increase in public service expenditures, and a \$32.4 million increase in student aid expenditures. Consolidated expenses increased primarily due to increased public service activity, increases in capital projects expenditures, and other cost increases in salaries and fringe, plant maintenance costs, and utilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Year Ended June 30, 2025

Overall, the University's change in net position on a budgetary basis for unrestricted and restricted funds was an increase of approximately \$167.9 million (Schedule 15), which is primarily due to increases in State and Local Appropriations and Bond Revenue. The University's change in net position on a budgetary basis for unrestricted I&G funds was a net increase of \$30.4 million (Schedule 16), which is primarily due to increases in tuition and fee revenue as well as an increase in Investment Income.

Factors Impacting Future Periods

The Hospital's operational capacity and financial outlook will be immediately and substantially altered by the scheduled opening of the new Critical Care Tower in October 2025. This expansion directly addresses the Hospital's persistent issue of operating at physical capacity for adult patients. The opening will bring significant operational expansion, including 96 new Intensive Care Unit (ICU) beds, 18 new operating rooms, and expanded radiology modalities, including relocating the adult emergency room. The Critical Care Tower is expected to alleviate bottlenecks, increase patient throughput, and generate corresponding revenue growth. This asset deployment will be the single largest factor driving changes in revenue and operating expense in the immediate future.

Simultaneously, major changes in Federal Healthcare Reimbursement Policies will significantly impact the Hospital's net patient revenue. The Federal Fiscal Year (FFY) 2026 Inpatient Prospective Payment System (IPPS) Final Rule provides an estimated 6.28% or \$4.9 million increase to the Hospital's overall reimbursement, mainly from an increased wage index and a higher IPPS update factor. Furthermore, Uncompensated Care (UC) Disproportionate Share Hospital (DSH) payments are estimated to increase by \$4.3 million (77.68%) due to a significant increase in the National UC funding pool. However, these gains are partially offset by complexities and risks arising from other proposed changes, including the Calendar Year 2026 Outpatient Prospective Payment System (OPPS) proposed rule, which proposes a net decrease of 0.75% or \$471,000 due to the accelerated "claw back" of 340B drug pricing remedy payments. Separately, the One Big Beautiful Bill Act (OBBA) introduces profound uncertainty, potentially causing 89,000 New Mexicans to lose Medicaid coverage, which could increase the Hospital's uncompensated care burden and reduce retroactive coverage. Given the scale of the tower opening and the complex, multi-million dollar reimbursement policy shifts, these two factors represent the most significant and immediate financial and operational changes for the Hospital's future periods.

Requests for Additional Financial Information

This financial report is designed to provide the executive and legislative branches of the State of New Mexico, the public, the University's retailers and vendors, and other interested parties with a general overview of the financial position as of June 30, 2025 and 2024, and the results of its operations, cash flows, and variances from the budgets for the years then ended for the University of New Mexico.

If you have any questions about this report or need additional financial information, contact The University of New Mexico, Financial Services, 1700 Lomas NE, Suite 3100, MSC01 1300, Albuquerque, New Mexico 87131.

For internal audit inquiries and reports, see information available at <http://iaudit.unm.edu>.

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Statements of Net Position as of June 30, 2025 and 2024

EXHIBIT A

ASSETS**Current assets**

	PRIMARY INSTITUTION		DISCRETELY PRESENTED COMPONENT UNITS	
	2025	2024	2025	2024
Cash and cash equivalents (note 3)	\$ 416,502,461	\$ 557,007,304	\$ 25,918,145	\$ 22,287,151
Short-term investments (note 3)	545,193,574	426,420,030	12,011,209	11,170,385
Accounts receivable, net (note 4)	145,487,827	71,282,046	4,180,310	1,940,766
Patient receivables, net (note 4)	246,240,934	239,108,068	-	-
Leases receivable (note 15)	2,934,545	4,120,263	-	-
Leases interest receivable (note 15)	54,689	77,770	-	-
Due from component units	10,129,576	9,870,115	-	-
Notes receivable (note 5)	1,644,241	4,775,103	-	-
Estimated third-party payor settlements	209,888,097	189,118,029	-	-
Other receivables (note 4)	12,194,608	27,818,957	-	-
Inventories	31,597,280	30,542,300	-	-
Other current assets (note 7)	25,855,165	20,383,155	2,039,458	1,574,140
Total current assets	\$ 1,647,722,997	\$ 1,580,523,140	\$ 44,149,122	\$ 36,972,442

Noncurrent assets

Cash and cash equivalents (note 3)	\$ 1,706,330	\$ 43,113,836	\$ -	\$ -
Cash and cash equivalents – restricted (note 3)	77,038,375	59,587,786	-	-
Leases receivable (note 15)	22,911,269	29,139,860	-	-
Due from component units	125,968,917	113,552,497	-	-
Notes receivable (note 5)	2,276,681	1,831,938	-	-
Investments (note 3)	474,537,425	450,026,775	519,600,656	476,620,168
Investment in Lovelace UNM Rehab Hospital, net	20,066,635	12,820,253	-	-
Beneficial interest in irrevocable split interest agreements (note 3)	-	-	21,327,282	20,479,573
Other noncurrent assets (note 7)	8,603,164	7,481,655	4,188,612	4,478,330
Right-to-use SBITA, net (note 22)	36,631,900	33,577,583	-	-
Right-to-use leases, net (note 15)	21,042,422	36,187,714	-	-
Capital assets, net (note 6)	2,162,255,183	1,953,299,550	653,715	131,876
Total noncurrent assets	\$ 2,953,038,301	\$ 2,740,619,447	\$ 545,770,265	\$ 501,709,947
Total assets	\$ 4,600,761,298	\$ 4,321,142,587	\$ 589,919,387	\$ 538,682,389

DEFERRED OUTFLOWS OF RESOURCES

Related to pensions (note 17)	\$ 245,705,316	\$ 158,478,897	\$ -	\$ -
Related to OPEB (note 18)	35,375,365	57,048,958	-	-
Interest rate swaps (note 13)	592,241	510,429	-	-
Loss on bond refundings	6,164,298	6,784,248	-	-
Total deferred outflows of resources	\$ 287,837,220	\$ 222,822,532	\$ -	\$ -

See accompanying notes to the basic financial statements.

(Continued)

Statements of Net Position as of June 30, 2025 and 2024

EXHIBIT A

LIABILITIES**Current liabilities**

	PRIMARY INSTITUTION		DISCRETELY PRESENTED COMPONENT UNITS	
	2025	2024	2025	2024
Accounts payable and accrued payroll (note 8)	\$ 223,593,700	\$ 231,153,591	\$ 2,385,285	\$ 2,145,524
Bonds payable – current portion (notes 12 and 13)	33,905,000	32,745,000	-	-
Long-term debt – current portion (notes 12 and 13)	14,801,738	12,433,515	-	-
Leases payable (notes 12 and 15)	3,465,869	6,634,821	-	-
SBITA payable (notes 12 and 22)	13,763,957	11,975,031	-	-
Due to The University of New Mexico (note 12)	-	-	10,129,576	9,870,115
Unearned revenue (note 11)	61,196,234	54,242,686	705,212	647,292
Accrued compensated absences (note 9)	101,866,143	78,661,778	-	-
Estimated third-party payor settlements	273,452,370	226,673,479	-	-
Deposits and funds held for others	6,610,238	3,779,908	-	-
Other accrued liabilities (note 10)	10,609,609	9,601,217	4,920,646	6,842,610
Total current liabilities	\$ 743,264,858	\$ 667,901,026	\$ 18,140,719	\$ 19,505,541

Noncurrent liabilities (note 12)

Bonds payable (notes 12 and 13)	\$ 346,700,284	\$ 382,027,540	\$ -	\$ -
Long-term debt (notes 12 and 13)	408,464,889	353,613,095	-	-
Leases payable (notes 12 and 15)	19,237,389	30,155,199	-	-
SBITA payable (note 12 and 22)	23,593,411	21,942,349	-	-
Due to The University of New Mexico (note 12)	-	-	125,968,917	113,552,497
Student loan program (note 12)	5,387,771	3,975,494	-	-
Derivative instruments – interest rate swaps (notes 12 and 13)	474,802	562,858	-	-
Net pension liability (notes 12 and 17)	1,362,813,335	1,339,157,564	-	-
Net OPEB liability (notes 12 and 18)	118,571,923	128,231,300	-	-
Other noncurrent liabilities (note 12)	1,664,807	1,466,097	1,412,405	1,413,724
Total noncurrent liabilities	\$ 2,286,908,611	\$ 2,261,131,496	\$ 127,381,322	\$ 114,966,221

Total liabilities

Total liabilities	\$ 3,030,173,469	\$ 2,929,032,522	\$ 145,522,041	\$ 134,471,762
DEFERRED INFLOWS OF RESOURCES				
Related to pensions (note 17)	\$ 95,347,374	\$ 247,937,489	\$ -	\$ -
Related to OPEB (note 18)	30,066,951	30,211,858	-	-
Related to leases (note 15)	23,362,203	30,651,422	-	-
Gain on bond refundings	594,658	686,144	-	-
Beneficial interest in irrevocable split interest agreements	-	-	21,652,157	20,771,117
Total deferred inflows of resources	\$ 149,371,186	\$ 309,486,913	\$ 21,652,157	\$ 20,771,117

See accompanying notes to the basic financial statements.

(Continued)

Statements of Net Position as of June 30, 2025 and 2024

EXHIBIT A

	PRIMARY INSTITUTION		DISCRETELY PRESENTED COMPONENT UNITS	
	2025	2024	2025	2024
NET POSITION				
Net investment in capital assets	\$ 1,434,371,977	\$ 1,243,990,908	\$ 653,715	\$ 131,876
Restricted for:				
Nonexpendable:				
Scholarships	183,722,099	168,276,522	-	-
Grants, bequests, and contributions	5,996,761	5,996,761	361,575,528	331,082,768
Expendable:				
Scholarships	39,437,993	35,541,075	-	-
Grants, bequests, and contributions	36,216,523	32,055,106	-	-
Debt service	47,859,237	45,977,069	-	-
Capital projects	96,120,211	56,714,103	-	-
Other	-	-	35,952,541	30,385,582
Unrestricted (note 20)	(134,670,938)	(283,105,860)	24,563,405	21,839,284
Total net position	<u>\$ 1,709,053,863</u>	<u>\$ 1,305,445,684</u>	<u>\$ 422,745,189</u>	<u>\$ 383,439,510</u>

See accompanying notes to the basic financial statements.

Statements of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2025 and 2024

EXHIBIT B

	PRIMARY INSTITUTION		DISCRETELY PRESENTED COMPONENT UNITS	
	2025	2024	2025	2024
OPERATING REVENUES				
Student tuition and fees (net of scholarship allowances of \$164,107,693 in 2025 and \$148,618,210 in 2024)	\$ 106,838,068	\$ 109,678,856	\$ -	\$ -
Net patient service (note 14)	1,844,549,668	1,819,035,032	-	-
Federal grants and contracts	319,568,365	316,135,514	-	-
State and local grants and contracts	106,165,414	89,561,763	-	-
Nongovernmental grants, contracts, bequests, and contributions	47,496,939	46,405,791	41,126,595	42,060,044
Sales and services	116,838,221	110,086,270	609,965	563,414
Auxiliary enterprises (net of scholarship allowances of \$21,929,318 in 2025 and \$19,642,301 in 2024)	34,626,678	34,949,550	-	-
Other operating revenues	35,588,376	56,369,804	11,455,561	9,544,740
Total operating revenues	\$ 2,611,671,729	\$ 2,582,222,580	\$ 53,192,121	\$ 52,168,198
OPERATING EXPENSES				
Educational and general				
Instruction	\$ 302,420,287	\$ 282,433,726	\$ -	\$ -
Research	262,890,547	247,311,530	-	-
Public service	2,125,308,440	2,014,423,749	-	-
Academic support	63,514,308	59,501,552	-	-
Student services	40,766,372	38,398,648	-	-
Institutional support	87,631,620	80,559,897	-	-
Operation and maintenance of plant	123,116,636	103,979,992	-	-
Depreciation and amortization expense	139,087,136	134,816,840	-	-
Student aid	50,873,128	41,075,650	-	-
Student activities	10,885,956	9,929,770	-	-
Intercollegiate athletics	43,679,402	40,363,002	-	-
Auxiliary enterprises	54,977,597	49,820,320	-	-
GASB 68 pension income (note 17)	(88,994,854)	(202,385,019)	-	-
GASB 75 OPEB expense (note 18)	11,869,309	6,862,300	-	-
Distributions to The University of New Mexico	-	-	47,975,781	47,298,017
Other operating expenses	98,827,546	89,719,054	26,237,363	25,473,695
Total operating expenses	\$ 3,326,853,430	\$ 2,996,811,011	\$ 74,213,144	\$ 72,771,712
Operating loss	\$ (715,181,701)	\$ (414,588,431)	\$ (21,021,023)	\$ (20,603,514)

See accompanying notes to the basic financial statements.

(Continued)

Statements of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2025 and 2024

EXHIBIT B

	PRIMARY INSTITUTION		DISCRETELY PRESENTED COMPONENT UNITS	
	2025	2024	2025	2024
NONOPERATING REVENUES (EXPENSES)				
State appropriations	\$ 500,481,456	\$ 466,093,232	\$ -	\$ -
Local appropriations	29,913,879	15,370,926	-	-
County mill levies	141,297,136	136,373,354	-	-
Federal Pell grants	53,918,894	42,252,126	-	-
Federal CARES Act grants	245,779	52,514,007	-	-
State lottery - federally funded	50,973,923	41,250,564	-	-
NM Opportunity Scholarship	73,116,462	72,771,082	-	-
Gifts	60,500,711	58,879,528	-	-
Investment income (note 3)	105,665,969	86,720,594	47,429,429	52,526,859
Interest on capital asset-related debt	(24,942,519)	(22,846,970)	9,208	32,067
Loss on disposal of capital assets	(335,808)	(23,865)	-	-
Other nonoperating revenues and expenses, net	8,607,677	(1,283,137)	(205,695)	(129,897)
Net nonoperating revenues (expenses)	\$ 999,443,559	\$ 948,071,441	\$ 47,232,942	\$ 52,429,029
Income before capital contributions	\$ 284,261,858	\$ 533,483,010	\$ 26,211,919	\$ 31,825,515
Capital appropriations	\$ 117,987,213	\$ 103,546,070	\$ -	\$ -
Capital grants and gifts	1,359,108	279,128	-	-
Contributions to permanent endowments	-	-	13,093,760	13,773,356
Total capital contributions	\$ 119,346,321	\$ 103,825,198	\$ 13,093,760	\$ 13,773,356
Change in net position	\$ 403,608,179	\$ 637,308,208	\$ 39,305,679	\$ 45,598,871
NET POSITION				
Net position at beginning of year	1,305,445,684	668,137,476	383,439,510	337,840,639
Net position at end of year	\$ 1,709,053,863	\$ 1,305,445,684	\$ 422,745,189	\$ 383,439,510

See accompanying notes to the basic financial statements.

Statements of Cash Flows for the years ended June 30, 2025 and 2024

EXHIBIT C

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from tuition and fees	\$ 110,688,309	\$ 112,336,009
Cash received from grants and contracts	422,465,498	433,071,669
Cash received from insurance and patients	1,940,084,678	1,884,335,144
Cash received from sales and services	110,005,748	108,613,494
Cash received from auxiliary enterprise charges	26,315,809	33,678,046
Cash payments to employees	(1,683,167,868)	(1,584,720,848)
Cash payments for benefits	(345,410,533)	(320,712,126)
Cash payments to suppliers	(1,028,950,091)	(869,316,696)
Cash payments for utilities	(42,862,942)	(42,471,255)
Cash payments for scholarships and fellowships	(62,928,247)	(52,987,691)
Cash payments to State of New Mexico for intergovernmental transfer	(84,311,494)	(43,571,091)
Cash payments to State of New Mexico for gross receipts tax	(32,892,898)	(31,679,447)
Loans issued to students	(924,881)	(3,206,089)
Collection of loans to students	4,993,140	707,590
Other cash payments	<u>(139,625,876)</u>	<u>(204,475,572)</u>
Net cash used in operating activities	\$ (806,521,648)	\$ (580,398,863)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from state appropriations	\$ 500,273,256	\$ 465,885,032
Cash received from local appropriations	29,913,879	15,370,926
Cash received from county mill levies	141,975,982	135,545,836
Cash received from federal Pell grants	53,726,680	42,285,965
Cash received from NM Opportunity scholarships	73,116,462	72,771,082
Cash received from federal CARES Act grants	245,779	52,514,007
Cash received from state lottery scholarships - Federally funded	50,973,923	41,250,564
Cash received from gifts and the University of New Mexico Foundation	37,531,971	45,289,176
Drawdowns of federal direct loan proceeds	63,468,377	65,388,615
Disbursements of federal direct loans to students	(65,028,361)	(66,106,090)
Other nonoperating cash receipts (payments)	<u>16,655,962</u>	<u>(8,394,649)</u>
Net cash provided by noncapital financing activities	\$ 902,853,910	\$ 861,800,464
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash received from capital appropriations	106,377,513	87,984,693
Cash received from disposal of capital assets	213,251	3,556,279
Cash received from draws on loans	69,848,814	110,377,410
Purchases of capital assets	(321,512,135)	(289,405,204)
Principal payments on bonds	(34,167,256)	(33,284,602)
Interest payments on capital assets-related debt	(24,529,966)	(22,810,014)
Principal payments on mortgage	(12,338,548)	(5,938,858)
Other cash receipts (payments)	<u>(12,672,298)</u>	<u>8,707,851</u>
Net cash used in capital and related financing activities	\$ (228,780,625)	\$ (140,812,445)

See accompanying notes to the basic financial statements.

(Continued)

Statements of Cash Flows for the years ended June 30, 2025 and 2024

EXHIBIT C

	2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	\$ 483,685,638	\$ 286,568,954
Purchases of investments	(592,921,490)	(262,430,699)
Distributions from land grant permanent fund and land maintenance fund	14,590,948	15,814,684
Investment income	57,302,346	30,347,401
Investment in Lovelace UNM Rehab Hospital	5,329,161	4,593,379
Net cash provided by (used in) investing activities	\$ (32,013,397)	\$ 74,893,719
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (164,461,760)	\$ 215,482,875
Cash and cash equivalents – beginning of year	659,708,926	444,226,051
Cash and cash equivalents – end of year	\$ 495,247,166	\$ 659,708,926
NONCASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Right to Use - Leases	\$ 11,786,322	\$ 7,163,039
Lease Receivable	(7,414,309)	(1,627,385)
Right to Use - SBITAs	2,259,557	7,699,291
Change in accounts payable with purchase of capital assets	(4,431,808)	5,100,542
Change in fair market value of investments	48,363,623	56,373,193
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	\$ (715,181,701)	\$ (414,588,431)
Adjustments to reconcile net operating loss to net cash used in operating activities		
Depreciation and amortization expense	139,087,136	134,816,841
Provision for doubtful accounts	113,708,727	100,152,120
Changes in assets, deferred outflows, liabilities, and deferred inflows		
Accounts receivable	(36,081,270)	(13,475,434)
Patient receivables	(123,605,331)	(107,921,364)
Estimated third-party payor settlements receivables	(20,770,068)	(49,710,127)
Notes receivable	2,686,119	(1,875,836)
Inventories	(1,054,981)	(1,880,058)
Other assets	(24,690,305)	(3,369,784)
Due from component units	(339,169)	(240,765)
Accounts payable	(11,902,339)	24,616,562
Accrued expenses and compensated absences	22,355,482	10,244,906
Other current liabilities	3,766,035	2,213,435
Estimated third-party payor settlements liability	46,778,891	78,662,475
Unearned revenue	3,012,580	(15,526,780)
Net pension liability	23,655,771	14,707,845
Net OPEB liability	(9,659,377)	9,588,700
Deferred outflows of resources	(65,552,826)	193,882,647
Deferred inflows of resources	(152,735,022)	(540,695,815)
Net cash used in operating activities	\$ (806,521,648)	\$ (580,398,863)

See accompanying notes to the basic financial statements.

University of New Mexico Retiree Welfare Benefit Trust
Statements of Fiduciary Net Position as of June 30, 2025 and 2024

EXHIBIT D

	2025	2024
ASSETS		
Cash and cash equivalents	\$ 305,287	\$ 617,238
Investments	86,916,129	72,237,330
Interest receivable	2,307	3,803
Other current assets	-	19,065
Total assets	\$ 87,223,723	\$ 72,877,436
LIABILITIES		
Unsettled transactions	\$ -	\$ 302,000
Total liabilities	\$ -	\$ 302,000
NET POSITION		
Net position restricted for postemployment benefits other than pensions	\$ 87,223,723	\$ 72,575,436
Total net position	\$ 87,223,723	\$ 72,575,436

See accompanying notes to the basic financial statements.

University of New Mexico Retiree Welfare Benefit Trust
 Statements of Changes in Fiduciary Net Position for the years ended June 30, 2025 and 2024

EXHIBIT E

	2025	2024
ADDITIONS		
University of New Mexico contributions	\$ 1,884,151	\$ 1,945,707
Employee contributions	1,884,151	1,945,707
Investment (loss) income:		
Net increase in fair value of investments	9,023,003	6,008,007
Interest and dividends	1,960,425	1,329,277
Less investment expense	(96,124)	(88,985)
Net investment income	<u>\$ 10,887,304</u>	<u>\$ 7,248,299</u>
Total additions	<u>\$ 14,655,606</u>	<u>\$ 11,139,713</u>
DEDUCTIONS		
Administrative expenses	\$ 7,319	\$ 6,996
Total deductions	<u>\$ 7,319</u>	<u>\$ 6,996</u>
Net increase in net position	<u>\$ 14,648,287</u>	<u>\$ 11,132,717</u>
NET POSITION RESTRICTED FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS		
Net position at beginning of year	\$ 72,575,436	\$ 61,442,719
Net position at end of year	<u>\$ 87,223,723</u>	<u>\$ 72,575,436</u>

See accompanying notes to the basic financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025 and 2024

(1) Creation and Purpose of Entity

The University of New Mexico (“the University” or “UNM”) was founded in 1889 and created by the Constitution of New Mexico, Sections 21-7-4 through 21-7-25, New Mexico Statutes Annotated, 1978 Compilation, under which it is responsible for providing the inhabitants of the State of New Mexico (“State”) and such others as the Board of Regents may determine with the means of acquiring a thorough knowledge of the various branches of literature, science, and the arts.

The University is part of the primary government of the State, and its financial data is included with the financial data in the State’s Annual Comprehensive Financial Report. These financial statements present financial information that is attributable to the University and does not purport to present the financial position of the State.

(2) Basis of Presentation and Summary of Significant Accounting Policies

(A) Basis of Presentation

The University and its component units present their financial statements in accordance with U.S. generally accepted accounting principles as prescribed in applicable pronouncements of the Governmental Accounting Standards Board (“GASB”). The statement presentation required by GASB Statement 35, *Basic Financial Statements—and Management’s Discussion and Analysis—for Public Colleges and Universities—an amendment of GASB Statement No. 34*, provides a comprehensive entity-wide perspective of the University’s assets, liabilities, and net position, revenues, expenses and changes in net position, and cash flows.

GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Determining Whether Certain Organizations Are Component Units*, GASB Statement 61, *The Financial Reporting Entity: Omnibus*, and GASB Statement 80, *Blending Requirements for Certain Component Units*, provides guidance in determining whether certain organizations are component units and the presentation of these component units in the financial statements. Criteria for determining whether related organizations are component units include the following circumstances:

- Appointment of a voting majority of an organization’s governing authority and the ability of the University to either impose its will on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the University, or;
- An organization is fiscally dependent on the University and provides specific financial benefits to, or imposes specific financial burdens on, the University, or;
- It is determined that it would be misleading to exclude the related organization from the University’s financial statements because of the nature of the entity or because the entity is closely related to or financially integrated with the University.

Component units that are blended generally include those in which 1) the component unit provides services entirely, or almost entirely, to the University or otherwise exclusively, or almost exclusively, benefits the University, 2) the component unit’s governing body is substantively the same as the governing body of the University and there is either a financial benefit or burden relationship between the University and the component unit or management of the University has operational responsibility for the component unit, or 3) the University is the sole corporate member of the component unit. Based on the criteria set forth in GASB Statements 14, 39, 61, and 80, the entities presented below have been determined to be component units of the University. Summary financial statement information for the blended and discretely presented component units is provided in schedules 5 through 14.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025 and 2024

Blended Component Units

- **UNM Rainforest Innovations**

UNM Rainforest Innovations (formerly known as STC.UNM) is a nonprofit corporation formed under the auspices of the 1989 New Mexico University Research Park Act and the New Mexico Nonprofit Corporation Act. The business of the corporation is to manage the commercialization of technologies developed by the University's faculty and manage the real estate development of the Science & Technology Park at The University of New Mexico on the South Campus. UNM Rainforest Innovations was determined to be a component unit because it is fiscally dependent on the University. UNM Rainforest Innovations, 101 Broadway Blvd. NE, Suite 1100, Albuquerque, NM 87102.

- **Lobo Development Corporation**

Lobo Development Corporation (“LDC”) was established in October 2007, under the 1989 New Mexico University Research Park Act. LDC was established to benefit UNM’s Regents in the management and development of University-owned real estate. The activities of LDC include the acquisition, development, disposition, and rental of University real estate. LDC was determined to be a component unit because the University appoints a voting majority of LDC’s board and is able to impose its will on LDC. Lobo Development Corporation, 801 University Blvd. SE, Suite 207, Albuquerque, NM 87106.

- **Lobo Energy, Inc.**

Lobo Energy, Inc. (“LEI”) was formed by the UNM Regents in June 1998, under the 1989 New Mexico University Research Park Act to be a separate 501(c)(3) corporation wholly owned by UNM. Its responsibilities include the procurement of natural gas and electricity, operations, and maintenance of all production facilities, and energy measurement and management systems. LEI was determined to be a component unit because the University appoints a voting majority of LEI’s board and is able to impose its will on LEI. Lobo Energy, Inc., 800 Bradbury Dr. SE, Suite 216, Albuquerque, NM 87106.

- **University of New Mexico Medical Group**

University of New Mexico Medical Group (“UNMMG”) is a nonprofit corporation that was organized to promote, advance, and support the clinical, scientific, educational, research, and charitable purposes of the University of New Mexico Health Sciences Center (“HSC”). UNMMG was determined to be a component unit because the University appoints a voting majority of UNMMG’s board and is able to impose its will on UNMMG. University of New Mexico Medical Group, 933 Bradbury Street SE, Suite 2222, Albuquerque, NM 87106.

Discretely Presented Component Units

- **The University of New Mexico Foundation, Inc.**

The University of New Mexico Foundation, Inc. (“Foundation”) is a nonprofit corporation, organized to solicit, receive, hold, invest, and transfer funds for the benefit of the University of New Mexico. A portion of the University's investments are managed by the Foundation. The Foundation was determined to be a component unit as University management concluded that it would be misleading to exclude it. The University of New Mexico Foundation, Inc., Two Woodward Center, 700 Lomas Blvd. NE, Suite 203, Albuquerque, NM 87131.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025 and 2024

- **University of New Mexico Lobo Club**

The University of New Mexico Lobo Club (“Club”) is a nonprofit corporation established to operate as a fund-raising entity in support of the athletic programs at the University. The Club was determined to be a component unit because University management concluded that it would be misleading to exclude it. The University of New Mexico Lobo Club, Department of Athletics, MSC04 2680, 1 University of New Mexico, Albuquerque, NM 87131.

- **The University of New Mexico Alumni Association**

The University of New Mexico Alumni Association (“the Association”) is a not-for-profit organization that was incorporated August 29, 1962, to provide and coordinate events and activities for the purpose of maintaining a positive relationship between the University and its alumni. The Association was determined to be a component unit as it is fiscally dependent on the University. The University of New Mexico Alumni Association at Hodgin Hall, Albuquerque, NM 87131.

Fiduciary Fund

- **University of New Mexico Retiree Welfare Benefit Trust**

The University of New Mexico Retiree Welfare Benefit Trust (“VEBA Trust”) is a voluntary employees’ beneficiary association (“VEBA”) trust that is tax-exempt under Section 501(c)(9) of the Internal Revenue Code (“IRC”) and is presented as a fiduciary fund in the University’s financial statements. The VEBA Trust was established to provide a funding vehicle to which participants and the University contribute to prefund, in part, the cost of other postemployment benefits (“OPEB”) for eligible retirees of the University.

The University's basic financial statements also include the University of New Mexico Hospital (“Hospital”) and the University of New Mexico Behavioral Health Operations (“BHO”), whose operations are summarized to be compatible with University reporting; these operations are not legally separate entities and, therefore, are operating as divisions of the University. The Hospital and BHO, when combined with UNMMG, and the University’s School of Medicine, College of Nursing, College of Pharmacy, and College of Population Health are referred to as HSC or University Health and Health Sciences and are included in the primary institution financial statement information.

The Hospital, BHO, and the component units have separately audited financial statements, which can be obtained at their separate administrative offices.

(B) Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government engaged in business-type activities. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when incurred. All significant intra-entity transactions have been eliminated.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025 and 2024

(C) Significant Accounting Policies

The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred outflows and inflows of resources and disclosure of contingent assets, liabilities, and deferred outflows and inflows of resources at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ significantly from those estimates.

Cash and cash equivalents: Cash and cash equivalents consist of all highly liquid investments with original maturities of three months or less.

Accounts receivable: The University records student accounts receivable at the time a student registers for classes. Provisions for uncollectible student accounts are recorded to maintain an adequate allowance for probable losses.

Patient receivables: The Hospital, BHO, and UNMMG receive payments for services rendered to patients under payment arrangements with payors, which include (i) Medicare and Medicaid, (ii) other third-party payors including commercial carriers and health maintenance organizations, and (iii) others. The other payor category includes United States Public Health Service, self-pay, counties, and other government agencies. Progressive percentages are reserved beginning at 90 days for all payors, ramping up to 100% fully reserved at 210 days. Self-pay receivables are fully reserved after 30 days when they are referred to internal collections, and they are charged off when they are deemed uncollectible and are turned over to a collection agency. The following summarizes the percentage of gross patient receivables from all payors as of June 30:

	2025	2024
Medicare and Medicaid	55%	55%
Other third-party payors	33%	33%
Others	12%	12%
	<u>100%</u>	<u>100%</u>

Investments: The University measures and records its investments at fair value. GASB Statement 72 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In the case of pooled funds or mutual funds, the fair value is determined as the number of units held in the fund multiplied by the price per unit share as publicly quoted. Within the Consolidated Investment Fund (“CIF”), 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 partnerships 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. The income from the University's interest in the Land Grant Permanent Fund (note 21), which interests are managed by the New Mexico State Investment Council, is distributed monthly to the University. Additional information about investments and their fair value is provided in note 3.

The endowment spending policy provides that the total annual distribution of spendable income to each unit of the CIF, a unitized investment pool, shall not exceed 6% nor be less than 4% of the average market value of a unit of the CIF. The average market value of a unit will be based on the average unit values of the CIF for the preceding 20 quarters. The target annual distribution rate shall be 5% of the average unit market value. If, in any given 20-quarter rolling period, total return is less than target annual distribution, actual distribution shall not be less than 4% of the average unit market value for such 20-quarter rolling period. If in any 20-quarter rolling period the distribution exceeds 5% of the current market value, the CIF Investment Committee will determine the actual distribution.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025 and 2024

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

Inventories: Inventories are recorded at the lower of cost or market. Cost is determined using the first-in, first-out method, except the replacement cost method is used for pharmacy and operating room inventories. Inventory consists principally of medical, surgical and maintenance supplies, and pharmaceuticals.

Capital assets: Capital assets are recorded at original cost, or fair value if donated. Per Section 12-6-10 NMSA 1978, the University's capitalization policy for movable equipment includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. The University includes software purchased with a piece of equipment in the cost of capitalization. This total cost is depreciated over the useful life of the equipment. In compliance with New Mexico Administrative Code, Title 2 Public Finance, Chapter 20 Accounting by Governmental Entities, Part 1 Accounting and Control of Fixed Assets of State Government, Section 9, software purchased for internal use is capitalized and depreciated. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 20 years for land improvements and infrastructure, 5 years for library books, and a range of 3 to 15 years for equipment. Loaned equipment from private and federal sources is not owned by the University and is not an asset. This equipment is monitored by the University and totals \$554,043 and \$650,878 at June 30, 2025 and 2024, respectively.

As an institute of higher education in existence for over 100 years, the University has acquired significant collections of art, rare books, historical treasures, and other special collections. The purpose of these collections is for public exhibition, education, or research in furtherance of public service rather than financial gain. They are protected and preserved, and subject to the Regents' policies regarding accessioning and deaccessioning. However, because of their invaluable and irreplaceable nature, this \$6.0 million of art and special collections is not recorded as capital assets but is reported as other noncurrent assets in the statements of net position.

Bonds Payable: Bonds payable are special obligations of the Regents of the University and do not constitute a debt or liability of the State of New Mexico or any political subdivision thereof. Each bond is secured, as described in the applicable trust indentures, by certain pledged revenues, representing certain revenues of the Regents after the payment of certain operating and maintenance expenses and pre-existing debt service obligations. The issuance of the bonds does not directly, indirectly, or contingently obligate the state or any political subdivision to levy any form of taxation or to make any appropriation for their payment. The Regents do not have taxing power.

The University issues fixed and variable rate bonds. The rate on the fixed rate bonds is set at bond closing. The variable rate bonds bear interest at a weekly rate until maturity or earlier redemption. For bonds that pay weekly rates, the remarketing agent for each bond issue establishes the weekly rate according to each indenture's remarketing agreement. The weekly rates are communicated to the various bond trustees for preparation of debt service payments. The weekly rate, as set by the remarketing agent, allows the bonds to trade in the secondary market at a price equal to 100% of the principal amount outstanding, with each rate not exceeding maximum rates permitted by law.

Variable rate bonds have an assumed Standby Purchase Agreement (SBPA), which states that the issuer of the SBPA will purchase the bonds in the event the remarketing agent is unsuccessful in marketing the bonds. In this event, the interest rate paid by the University will be calculated using a defined rate from the SBPA. If the bonds remain unsold for a period of time, designated in the SBPA, they are deemed to be "bank bonds" and the University will be required to repurchase the bonds from the SBPA issuer.

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Derivatives: The University follows GASB Statement 53, *Accounting and Financial Reporting for Derivative Instruments*. Derivatives are financial arrangements used to manage or hedge specific risks or to make investments. Changes in fair value for those derivative instruments that meet the criteria for hedging instruments under GASB Statement 53 are reported as deferred inflows and outflows of resources. Changes in fair value of investment derivative instruments, which are ineffective hedging instruments, are reported as a component of investment income.

The University has entered into interest rate swap agreements with rated swap counter parties in order to utilize synthetic fixed rate structures in order to generate cash flow savings and to hedge against interest rate risk. By entering into a swap agreement, the University hedges its interest rate exposure on the associated variable rate bonds. With the exception of two swaps that are considered investments, the swaps are considered hedging derivatives. Additional information about the swap agreements is provided in note 13.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Educational Retirement Plan (ERP) and additions to/deductions from ERP's fiduciary net position have been determined on the same basis as they are reported by ERP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the VEBA Trust and additions to/deductions from the VEBA Trust's fiduciary net position have been determined on the same basis as they are reported by the VEBA Trust. For this purpose, the VEBA Trust recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Compensated absences: University policy grants eligible employees' various forms of compensated absences. In accordance with GASB Statement No. 101, which the University adopted in fiscal year 2025 without material impact to the basic financial statements, the University accrued a liability for compensated absences when the leave is earned by the employee, and it is more likely than not that the leave will be used or paid out to the employee. The liability is measured at the employee's pay rate in effect at the financial statement date and includes the University's share of associated costs such as Social Security, Medicare, and applicable retirement contributions. The University does not accrue for compensated absences related to sporadic events affecting only a small portion of employees in a particular reporting period (parental leave, holidays, military leave, bereavement leave, catastrophic leave, jury duty and family and medical leave (FMLA)). Additional details regarding the University's compensated absences policies and liability are provided in Note 9.

Net position: *Net investment in capital assets* represents the University's total investment in capital assets (including right-of-use assets), net of outstanding debt related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets. Unspent bond proceeds for the University were \$50,894,376 and \$56,745,498 at June 30, 2025 and 2024, respectively. The Hospital had no unspent bond proceeds at June 30, 2025 and 2024, respectively. Unamortized prepaid bond insurance for the University was \$278,006 and \$290,062 at June 30, 2025 and 2024, respectively.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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Restricted net position represents those operating funds on which external restrictions have been imposed that limit the purposes for which such funds can be used. Restricted *expendable* net position is resources that the University is legally or contractually obligated to spend in accordance with imposed restrictions by third parties. Restricted *nonexpendable* net position consists of endowment and similar funds in which third parties have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income. The income generated from the principal may be expended or added to the principal.

Unrestricted net position, which may contain multiple year contractual commitments, consists of those operating funds over which the governing board retains full control to use in achieving any of its authorized purposes.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense toward restricted resources, and then toward unrestricted resources.

Revenues: Revenues are classified as operating or nonoperating according to the following criteria:

Operating revenues include activities that have the characteristics of an exchange transaction, such as a) student tuition and fees, net of scholarship discounts and allowances, b) patient services, c) sales and services, and d) contracts and grants.

Student tuition and fee revenues and auxiliary enterprise revenues from students are reported net of scholarship allowances in the statements of revenues, expenses, and changes in net position. Scholarship allowances is calculated using the Alternative Method and takes financial aid recognized as revenue and non-monetary institutional waivers minus the amount of refunds that are applied as student aid expense. To the extent that revenues from such programs are used to satisfy tuition and fees, other student charges, and auxiliary enterprises charges, the University has recorded a scholarship allowance.

Net patient service revenues are recorded at the estimated net realizable amount due from patients, third-party payors, and others for services rendered, and a provision for doubtful accounts. Retroactive adjustments under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Contractual adjustments resulting from agreements with various organizations to provide services for amounts that differ from billed charges, including services under Medicare, Medicaid, and certain managed care programs, are recorded as deductions from patient revenues. Accounts, when determined to be uncollectible, are charged against the allowance for doubtful accounts.

The clinical operations provide care to patients who meet certain criteria under its charity care policy without expectation of payment or at amounts less than established rates. The clinical operations do not pursue collection of amounts determined to qualify as charity care with the exception of copayments. Charity care is treated as a deduction from gross revenue.

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

Unearned revenue consists primarily of advances from contracts and grants, prepayments of tuition and fees for the summer semester, and prepayments of tickets to public and athletic events.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as a) appropriations, b) gifts, c) investment income, and d) mill levy. These revenue streams are recognized under GASB Statement 33, Accounting and Financial Reporting for Nonexchange Transactions. Appropriations are recognized in the year they are appropriated, regardless of when actually received. Gifts are recognized when all applicable eligibility requirements have been met. Investment income is recognized in the period when it is earned. The mill levy is recognized in the period it is collected by the County.

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

Expenses: Expenses are classified as operating or nonoperating according to the following criteria:

Operating expenses include activities that have the characteristics of an exchange transaction, such as a) employee salaries, benefits, and related expense, b) scholarships and fellowships, net of scholarship discounts and allowances, c) utilities, supplies, and other services, d) professional fees, and e) depreciation expenses related to university property, plant, and equipment.

Nonoperating expenses include interest on capital asset-related debt and bond expenses that are defined as nonoperating expenses by GASB Statement 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

(D) Income Taxes

As an instrumentality of the State of New Mexico, the income generated by the University in the exercise of its essential governmental functions is excluded from federal income tax under IRC Section 115. However, income generated from activities unrelated to the exempt purpose of the University would be subject to tax under IRC Section 511(a)(2)(B).

As part of a state institution of higher education, the income of the Hospital and BHO is generally excluded from federal and state income taxes under IRC Section 115. However, income generated from activities unrelated to these entities' exempt purpose is subject to income taxes under IRC Section 511(a)(2)(B).

UNM Rainforest Innovations, Lobo Development Corporation, Lobo Energy, Inc., and UNM Medical Group, Inc., are exempt from federal income tax on income related to their exempt purposes under Section 501(a) of the IRC as organizations described in Section 501(c)(3) of the IRC. The University of New Mexico Retiree Welfare Benefit Trust is exempt from federal income tax under Section 501(c)(9) of the IRC.

(E) Joint Powers Agreements

- (1) The Regents of The University of New Mexico and the Board of County Commissioners of the County of Bernalillo entered into a lease agreement for operation and lease of county healthcare facilities, effective July 1, 1999, amended June 2004 and terminating June 20, 2040. The purpose of the agreement is to operate and maintain UNM Hospital and UNM Behavioral Health Operations in accordance with the provisions of the Hospital Funding Act for the term of the agreement. The agreement continues in force until rescinded or terminated by either party. UNM acts as fiscal agent, reporting revenues and expenses, and accepting audit responsibility. There is no specific amount estimated since the agreement describes an ongoing relationship.
- (2) The University has entered into Joint Powers Agreements with fifty-two (52) Municipal School Districts (the Districts) throughout the State of New Mexico. The University and the Districts have formed an organization for promoting their mutual educational purposes known as the New Mexico Research and Study Council (Council). The purpose of this agreement is to create a mechanism by which the Districts can jointly and

NOTES TO THE BASIC FINANCIAL STATEMENTS

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cooperatively undertake any activities in their function of providing public educational services. The University has entered into this agreement in order to facilitate such joint activities. This agreement remains in force until terminated. The Council may be terminated by a two-thirds vote of all current parties. UNM acts as fiscal agent, reporting revenues and expenses, and accepting audit responsibility. There is no specific amount estimated since the agreement describes an ongoing relationship.

- (3) The Regents of the University of New Mexico, the Regents of New Mexico State University, and the Regents of the New Mexico Institute of Mining and Technology entered into an agreement to form the New Mexico University Research Consortium (NMURC) effective May 4, 2006. The purpose of the Research Consortium is to promote statewide cooperation in attracting research resources to New Mexico, managing them for the state's higher education research facilities, other New Mexico research facilities and for the benefit of New Mexico economic development. The agreement continues in force indefinitely. Any party may choose to withdraw with 60 days' written notice. At such time, the remaining parties have 45 days to agree to maintain the NMURC or the Joint Powers Agreement will terminate on the date of withdrawal. Each party shall bear its own cost for participating in the NMURC and may elect to make contributions from its funds to or to make payments on behalf of the NMURC. The agreement does not create any obligation for the parties to transfer any funds to the NMURC. The parties shall ensure that all receipts and disbursements of the NMURC are subject to annual audit, either as part of the annual audit of one of the parties, or independently. There is no specific amount estimated since the agreement describes an ongoing relationship.
- (4) The University of New Mexico Natural Heritage Program (NHP) and the New Mexico Energy, Minerals and Natural Resources Department (EMNRD) entered into a Joint Powers Agreement effective August 8, 2005, amended on April 28, 2008 and December 20, 2010. EMNRD's Rare and Endangered Plant Program often receives federal grants to develop projects that require botanical field research, greenhouse studies, and data management. NHP, as a branch of the UNM-Southwest Museum of Biology, maintains the only comprehensive database for New Mexico rare and endangered plant species and is capable of providing professional field and research assistance, greenhouse access, and data management. The purpose of the agreement is for administrative efficiency so that the projects can be conducted through a single program. The agreement continues indefinitely unless earlier terminated by one or both parties. The University of New Mexico Natural Heritage Program acts as fiscal agent, reporting revenues and expenses, and accepting audit responsibility. There is no specific amount estimated since the agreement describes an ongoing relationship.
- (5) The Regents of the University of New Mexico and the Board of Education of Albuquerque Public Schools, District No. 12 entered into a Joint Powers Agreement concerning the ownership and operation of an educational television facility known as KNME-TV with an effective date of September 16, 1968, amended April 1978. The purpose of the agreement is to make a useful and beneficial educational facility available to both parties over an extended period. The agreement continues for an indefinite term and may be terminated upon a) mutual agreement of the parties, b) continued inability of one party to perform its obligations, or c) inadequacy of the facility to fulfill the educational television needs of both parties accompanied by the expressed desire of either party to terminate. UNM acts as fiscal agent, reporting revenues and expenses, and accepting audit responsibility. There is no specific amount estimated since the agreement describes an ongoing relationship.

(F) *Impact of Recently Adopted Accounting Standards*

- (1) GASB Statement 101 – *Compensated Absences*. See discussion in note 2(c) 'Compensated absences'.
- (2) 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 University has determined that the adoption of GASB 102 had no impact on its financial statements.

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(G) Impact of Recently Issued Accounting Standards

- (1) GASB Statement 103 – *Financial Reporting Model Improvements*. The objective of this statement is to enhance the financial reporting model's effectiveness in supporting decision making and assessing governmental accountability. Key improvements include revisions to management's discussion and analysis (MD&A) requirements, separate presentation of unusual or infrequent items, enhanced definitions and presentation of operating versus nonoperating activities in proprietary fund statements, expanded guidance on reporting major component units, and more consistent presentation of budgetary comparison information. These changes are designed to improve clarity, comparability, and the relevance of financial reporting. The provisions of this statement are effective for fiscal years beginning after June 15, 2025, with earlier application encouraged. The university is currently evaluating the impact GASB 103 will have on its financial statements.
- (2) GASB Statement 104 – *Disclosure of Certain Capital Assets*. The objective of this statement is to provide users of governmental financial statements with essential information about certain capital assets by enhancing note disclosure requirements. This statement requires separate disclosure of lease assets, subscription-based information technology assets, and certain right-to-use and other intangible assets by major class, as well as additional disclosures for capital assets held for sale, including historical cost, accumulated depreciation, and related pledged debt. These requirements are intended to improve transparency, consistency, and comparability in financial reporting. The provisions of this statement are effective for fiscal years beginning after June 15, 2025, with earlier application encouraged. The university is currently evaluating the impact GASB 104 will have on its financial statements.

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(3) Cash, Cash Equivalents, and Investments

(A) Cash and Cash Equivalents

The primary institution's cash accounts are held in demand and time deposits at various financial institutions and had carrying amounts totaling \$495,247,166 and \$659,708,926 at June 30, 2025 and 2024, respectively. New Mexico statutes require financial institutions to pledge qualifying collateral to the primary institution to cover at least 50% of uninsured deposits. All collateral is held by third parties in safekeeping. The primary institution is at risk to the extent that its funds are uninsured or uncollateralized. At June 30, 2025 and 2024, these funds were collateralized by government agency securities held in the primary institution's name, or a letter of credit (LOC) issued by the Federal Reserve. At June 30, 2025 and 2024, the total primary institution's public deposits were insured and/or collateralized.

During FY25 and FY24, the primary institution used an overnight interest-bearing cash sweep account to invest excess checking balances. This cash equivalent had a carrying value of \$153,909,339 and \$176,465,687 at June 30, 2025 and 2024, respectively and is 100% Federal Deposit Insurance Corporation (FDIC) insured. Therefore, it is not subject to custodial credit risk.

A summary of cash and cash equivalents at June 30, 2025 and 2024 is as follows:

	2025	2024
Demand and time deposits	\$ 495,195,716	\$ 664,362,356
Money markets	453,136	410,133
VEBA Trust	305,287	617,238
Other (includes petty cash and component units' cash held by UNM)	(706,973)	(5,680,801)
	<hr/> <u>\$ 495,247,166</u>	<hr/> <u>\$ 659,708,926</u>

The discretely presented component units' cash accounts held in demand and time deposits at various institutions had carrying amounts totaling \$25,918,145 and \$22,287,151 at June 30, 2025 and 2024, respectively. Certain amounts are invested in overnight sweep accounts and are collateralized at various levels of the invested balance. At June 30, 2025 and 2024, these funds were collateralized by government-backed securities held in the component unit's name. At June 30, 2025 and June 30, 2024, the total discretely presented component units' public deposits were fully insured and/or collateralized.

(B) Investments

University investments are grouped into three major categories for financial reporting purposes: Temporary investments, the CIF, and other long-term investments. Temporary investments are primarily funds available for current operations. Under the University's investment policies, temporary investment funds may be invested in the following instruments:

- Money market funds
- Certificates of deposit (fully insured by the FDIC)
- Commercial paper
- Bankers' acceptances
- U.S. government agencies
- Corporate bonds (minimum BBB-/Baa3 rating or better) per issue
- Industrial Floaters
- U.S. treasuries
- Municipal bonds-both taxable and tax exempt (minimum A/A2 rating or better) per issue
- Global fixed income securities: non-dollar denominated securities.

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- Securitized Bonds (ABS, MBS, CLO)
- Mortgage backed debt and pass through securities and obligations (minimum AA-/Aa3 rating or better) per obligation
- Private placement (144A's)

Temporary investments also include unspent bond proceeds that are dedicated to various facilities construction projects on campus. Bond proceeds may be invested in all of the securities allowed for temporary funds, as well as Repurchase Agreements and Guaranteed Investment Contracts (GICs). Such construction projects are reported as capital assets in the accompanying statements of net position (note 6). The bond obligations are reported as bonds payable in the accompanying statements of net position (notes 12 and 13).

Long-term investments primarily consist of debt service, debt service reserve, and plant renewal and replacement funds. Bond obligations are reported as bonds payable in the accompanying statements of net position (notes 12 and 13).

Endowment pools consist of unitized endowment investment pools for the benefit of the University. UNM's largest endowment pool is the Consolidated Investment Fund (CIF). The CIF is a unitized internal investment pool consisting of gifted endowment funds of the University and gifted endowment funds of the UNM Foundation. The CIF operates with a long-term investment goal of preserving and maintaining the real purchasing power of the principal while allowing for an annual distribution. The investment of the CIF endowment funds is in accordance with the laws of 1991, chapter 69 of the State of New Mexico. The investment of UNM and the UNM Foundation endowment funds is in accordance with Sections 6-8-10 and 46-9-12, NMSA 1978.

In accordance with UNM and the Foundation's Memorandum of Understanding, the endowment assets of UNM and the UNM Foundation are consolidated for investment purposes, whenever possible, in the CIF. Under the terms of the agreement, the Foundation provides management oversight for the entirety of the endowment pools owned by the Foundation and the University. The Foundation's 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.

The fair value of the endowment pools owned by the University and the Foundation for years ended June 30, 2025 and 2024 are shown on the following tables in the "Endowment Pools" column. The University's endowments are shown in the Primary Institution tables and the Foundation's endowments are shown on the discretely presented component unit tables.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025 and 2024

Total primary institution investments by type at June 30, 2025 and 2024 are as follows:

	Short Term Investments	Endowment Pools	Other Noncurrent Investments	VEBA Trust	Fair Value
Primary Institution 2025					
Money Market	14,275,783	6,656,090	29,361,913	791,471	51,085,257
Flexible Repurchase Agreements	46,811,924	-	-	-	46,811,924
Commercial Paper	-	-	1,810,697	-	1,810,697
U S Treasury Securities	222,105,735	-	30,336,010	-	252,441,745
Corporate Bonds/Notes	160,577,540	-	14,155,178	-	174,732,718
Municipal Bonds	4,749,909	-	337,530	-	5,087,439
Mortgage/Asset-Backed Bonds	47,307,520	-	-	-	47,307,520
Mutual Funds — Fixed	-	48,261,689	-	20,845,130	69,106,819
Mutual Funds — Equity	1,178,783	204,721,684	-	65,279,528	271,179,995
Exchange-Traded Funds	3,922,139	-	-	-	3,922,139
Foreign Issues	34,734,890	-	-	-	34,734,890
Equity	9,529,351	-	33,823,122	-	43,352,473
Alternative Investments	-	19,996,935	-	-	19,996,935
Private investment funds	-	67,545,428	-	-	67,545,428
Illiquid real assets funds	-	12,382,271	-	-	12,382,271
Real estate funds	-	5,148,878	-	-	5,148,878
Total Investments	545,193,574	364,712,975	109,824,450	86,916,129	1,106,647,128

	Short Term Investments	Endowment Pools	Other Noncurrent Investments	VEBA Trust	Fair Value
Primary Institution 2024					
Money Market	5,922,647	8,243,512	35,433,100	1,001,905	50,601,164
Flexible Repurchase Agreements	56,037,113	-	-	-	56,037,113
Commercial Paper	-	-	2,473,622	-	2,473,622
U S Treasury Securities	169,671,670	-	24,299,117	-	193,970,787
U S Government Agencies	-	-	4,572,546	-	4,572,546
Corporate Bonds/Notes	132,041,806	-	12,393,400	-	144,435,206
Municipal Bonds	4,259,776	-	335,561	-	4,595,337
Mutual Funds — Fixed	-	41,543,255	-	17,423,485	58,966,740
Mutual Funds — Equity	1,022,218	199,535,427	-	53,811,940	254,369,585
Exchange-Traded Funds	3,782,886	-	-	-	3,782,886
Foreign Issues	43,634,067	-	-	-	43,634,067
Equity	10,047,847	-	33,056,364	-	43,104,211
Alternative Investments	-	15,670,482	-	-	15,670,482
Private investment funds	-	60,813,904	-	-	60,813,904
Illiquid real assets funds	-	6,440,756	-	-	6,440,756
Real estate funds	-	5,215,729	-	-	5,215,729
Total Investments	426,420,030	337,463,065	112,563,710	72,237,330	948,684,135

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June 30, 2025 and 2024

Total discretely presented component unit investments by type at June 30, 2025 and 2024 are as follows:

<i>Discretely Presented Component Units 2025</i>	Short Term Investments	Endowment Pools	Other		Fair Value
			Noncurrent Investments		
Money Market	\$ -	\$ 4,692,253	\$ -	\$ -	\$ 4,692,253
U.S. Government Obligations	660,267	-	-	-	660,267
Mortgage/Asset-Backed Bonds	405,357	-	-	-	405,357
Corporate Bonds/Notes	180,381	-	-	-	180,381
Mutual Funds — Fixed	2,199,764	67,796,821	2,836,455	72,833,040	
Mutual Funds — Equity	2,280,224	295,907,171	598,928	298,786,323	
Equity	4,738,437	-	243,114	4,981,551	
Alternative Investments	1,546,779	28,015,254	-	29,562,033	
Private Investment Funds	-	94,193,380	-	94,193,380	
Illiquid Real Assets Funds	-	17,718,546	-	17,718,546	
Real Estate Funds	-	7,114,127	-	7,114,127	
Life Insurance Contracts	-	-	484,607	484,607	
Total Investments	\$ 12,011,209	\$ 515,437,552	\$ 4,163,104	\$ 531,611,865	

<i>Discretely Presented Component Units 2024</i>	Short Term Investments	Endowment Pools	Other		Fair Value
			Noncurrent Investments		
Money Market	\$ -	\$ 11,600,515	\$ -	\$ -	\$ 11,600,515
U.S. Government Obligations	442,644	-	-	-	442,644
Mortgage/Asset-Backed Bonds	971,810	-	-	-	971,810
Corporate Bonds/Notes	548,001	-	-	-	548,001
Mutual Funds — Fixed	1,473,360	57,758,889	2,664,837	61,897,086	
Mutual Funds — Equity	792,965	280,217,221	449,907	281,460,093	
Equity	5,531,910	-	230,426	5,762,336	
Alternative Investments	1,409,695	21,996,364	-	23,406,059	
Private Investment Funds	-	84,255,521	-	84,255,521	
Illiquid Real Assets Funds	-	9,555,754	-	9,555,754	
Real Estate Funds	-	7,395,456	-	7,395,456	
Life Insurance Contracts	-	-	495,278	495,278	
Total Investments	\$ 11,170,385	\$ 472,779,720	\$ 3,840,448	\$ 487,790,553	

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Additional Risk Disclosures for Investments – GASB Statements 3 and 40 require certain additional disclosures related to the risks of custodial credit, interest rates, credit, foreign currency, and concentration of credit associated with deposits and investments.

Custodial Credit Risk — Custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in possession of an outside party. Mutual funds and external investment pools are not exposed to custodial credit risk. The University does not have a policy concerning custodial credit risk on investments.

During Fiscal Years 2025 and 2024, the Primary Institution invested bond proceeds to be used for future capital projects in a flexible repurchase agreement with a financial institution. This investment had a carrying amount of \$46,811,924 and \$56,037,113 at June 30, 2025 and 2024, respectively. The flexible repurchase agreement is subject to custodial credit risk. At June 30, 2025 and 2024, the discretely presented component units had exposure to custodial credit risk in the amounts of \$7,531,221 and \$8,904,060, respectively.

Interest Rate Risk — Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates. The University does have policies to mitigate exposure to interest rate risk by prohibiting certain high-risk investments and investment practices and by establishing duration and maturity guidelines for investments. Fixed income mutual funds are classified in the following tables by the fund's weighted average maturity. A summary of the investments at June 30, 2025 and 2024 and their exposure to interest rate risk are as follows:

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025 and 2024

<i>Primary Institution 2025</i>	<i>Fair Value</i>	Investment Maturities				
		Less than 1 Year	1—5 Years	6—10 Years	Greater than 10 Years	
Fixed income securities subject to interest rate risk:						
Commercial Paper	\$ 1,810,697	\$ 1,810,697	\$ -	\$ -	\$ -	
U S Treasury Securities	252,441,745	88,207,719	155,575,393	8,658,633	-	
Corporate Bonds/Notes	174,732,718	27,402,971	139,948,112	7,381,635	-	
Municipal Bonds	5,087,439	3,823,925	1,263,514	-	-	
Mortgage/Asset-Backed Bonds	47,307,520	-	33,033,580	7,318,079	6,955,861	
Foreign Issues	34,734,890	5,477,594	27,411,565	1,845,731	-	
Mutual Funds — Fixed	69,106,819	4,618,938	43,642,751	20,845,130	-	
	\$ 585,221,828	\$ 131,341,844	\$ 400,874,915	\$ 46,049,208	\$ 6,955,861	
Items not subject to interest rate risk:						
Money Market	51,085,257					
Flexible Repurchase Agreements	46,811,924					
Mutual Funds — Equity	271,179,995					
Exchange-Traded Funds	3,922,139					
Equity	43,352,473					
Alternative Investments	19,996,935					
Private Investment Funds	67,545,428					
Illiquid Real Assets Funds	12,382,271					
Real Estate Funds	5,148,878					
Total Investments	1,106,647,128					
<i>Primary Institution 2024</i>	<i>Fair Value</i>	Investment Maturities				
		Less than 1 Year	1—5 Years	6—10 Years	Greater than 10 Years	
Items subject to interest rate risk:						
Commercial Paper	\$ 2,473,622	\$ 2,473,622	\$ -	\$ -	\$ -	
U S Treasury Securities	193,970,787	42,200,695	147,964,567	3,805,525	-	
U S Government Agencies	4,572,546	4,572,546	-	-	-	
Corporate Bonds/Notes	144,435,206	19,973,153	102,829,736	16,935,421	4,696,896	
Municipal Bonds	4,595,337	335,561	4,259,776	-	-	
Foreign Issues	43,634,067	12,413,574	30,192,746	1,027,747	-	
Mutual Funds — Fixed	58,966,740	3,725,727	37,817,529	17,423,485	-	
	\$ 452,648,305	\$ 85,694,878	\$ 323,064,353	\$ 39,192,178	\$ 4,696,896	
Items not subject to interest rate risk:						
Money Market	50,601,164					
Flexible Repurchase Agreements	56,037,113					
Mutual Funds — Equity	254,369,585					
Exchange-Traded Funds	3,782,886					
Equity	43,104,211					
Alternative Investments	15,670,482					
Private Investment Funds	60,813,904					
Illiquid Real Assets Funds	6,440,756					
Real Estate Funds	5,215,729					
Total Investments	948,684,135					

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025 and 2024

<i>Discretely Presented Component Units 2025</i>	<i>Fair Value</i>	<i>Investment Maturities</i>				
		<i>Less than 1 Year</i>	<i>1—5 Years</i>	<i>6—10 Years</i>	<i>Greater than 10 Years</i>	
Items subject to interest rate risk:						
U.S. Government Obligations	\$ 660,267	\$ -	\$ 324,970	\$ 144,242	\$ 191,055	
Corporate Bonds/Notes	180,381	-	62,524	87,345	30,512	
Mortgage/Asset-Backed Bonds	405,357	-	-	-	405,357	
Mutual Funds — Fixed	72,833,040	6,760,036	64,653,851	692,749	-	
	\$ 74,079,045	\$ 6,760,036	\$ 65,041,345	\$ 924,336	\$ 626,924	

Items not subject to interest rate risk:

Money Market	\$ 4,692,253
Mutual Funds — Equity	298,786,323
Equity	4,981,551
Alternative Investments	29,562,033
Private Investment Funds	94,193,380
Illiquid Real Assets Funds	17,718,546
Real Estate Funds	7,114,127
Life Insurance Contracts	484,607
Total Investments	\$ 531,611,865

<i>Discretely Presented Component Units 2024</i>	<i>Fair Value</i>	<i>Investment Maturities</i>				
		<i>Less than 1 Year</i>	<i>1—5 Years</i>	<i>6—10 Years</i>	<i>Greater than 10 Years</i>	
Items subject to interest rate risk:						
U.S. Government Obligations	\$ 442,644	\$ -	\$ 48,958	\$ 75,633	\$ 318,053	
Corporate Bonds/Notes	548,001	-	279,417	247,782	20,802	
Mortgage/Asset-Backed Bonds	971,810	-	-	-	971,810	
Mutual Funds — Fixed	61,897,086	7,789,487	53,414,850	692,749	-	
	\$ 63,859,541	\$ 7,789,487	\$ 53,743,225	\$ 1,016,164	\$ 1,310,665	
Items not subject to interest rate risk:						
Money Market	\$ 11,600,515					
Mutual Funds — Equity	281,460,093					
Equity	5,762,336					
Alternative Investments	23,406,059					
Private Investment Funds	84,255,521					
Illiquid Real Assets Funds	9,555,754					
Real Estate Funds	7,395,456					
Life Insurance Contracts	495,278					
Total Investments	\$ 487,790,553					

Credit Risk — Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit quality information, as commonly expressed in terms of the credit ratings issued by nationally recognized statistical rating organizations such as Moody's Investors Service, Standard & Poor's, or Fitch Ratings, provides a current depiction of potential variable cash flows and credit risk. The University does have a policy to limit its exposure to credit risk that states that operating investments should have an average credit quality of A1/A+ or better and security ratings of investment grade. A summary of the investments at June 30, 2025 and 2024 and their exposure to credit risk are as follows:

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025 and 2024

Primary Institution 2025

Items subject to credit risk:

Credit Rating	Commercial Paper	U S Government Agencies	Corporate Bonds/Notes	Mortgage/Asset-Backed Bonds	Municipal Bonds	Mutual Funds — Fixed	Foreign Issues	Fair Value
Moody's — Aaa	\$ -	\$ -	\$ 8,661,583	\$ 21,446,798	\$ -	\$ 1,805,094	\$ -	\$ 31,913,475
Moody's — Aa1	-	-	-	-	1,020,510	-	-	1,020,510
Moody's — Aa2	-	-	5,976,568	2,020,460	2,680,000	-	2,044,187	12,721,215
Moody's — Aa3	-	-	7,816,796	1,010,450	803,047	-	-	9,630,293
Moody's — A1	-	-	31,545,352	-	966,160	-	7,140,070	39,651,582
Moody's — A2	-	-	18,248,521	-	300,702	-	5,741,397	24,290,620
Moody's — A3	-	-	19,929,152	-	-	-	7,588,884	27,518,036
Moody's — Baa1	-	-	26,656,916	-	-	-	8,956,796	35,613,712
Moody's — Baa2	-	-	20,248,510	-	-	-	1,969,694	22,218,204
Moody's — Baa3	-	-	15,494,057	-	-	-	1,293,862	16,787,919
Moody's — Ba1	-	-	168,800	-	-	-	-	168,800
S&P — AA	-	-	1,202,738	-	-	37,810,390	-	39,013,128
S&P — A	-	-	11,568,423	-	337,530	-	-	11,905,953
S&P — BBB	-	-	3,735,066	-	-	-	-	3,735,066
S&P — BBB-	-	-	1,908,455	-	-	-	-	1,908,455
S&P — B	-	-	-	-	-	8,513,231	-	8,513,231
Not Rated	1,810,697	-	1,571,781	21,809,302	-	20,978,104	-	46,169,884
Total items subject to credit risk	1,810,697	-	174,732,718	47,307,520	5,087,439	69,106,819	34,734,890	332,780,083

Items not subject to credit risk:

Money Market	51,085,257
Flexible Repurchase Agreements	46,811,924
U S Treasury Securities	252,441,745
Mutual Funds — Equity	271,179,995
Exchange-Traded Funds	3,922,139
Equity	43,352,473
Alternative Investments	19,996,935
Private Investment Funds	67,545,428
Illiquid Real Assets Funds	12,382,271
Real Estate Funds	5,148,878
Total items not subject to credit risk	\$ 773,867,045
Total Investments	\$ 1,106,647,128

Primary Institution 2024

Items subject to credit risk:

Credit Rating	Commercial Paper	U S Government Agencies	Corporate Bonds/Notes	Mortgage/Asset-Backed Bonds	Municipal Bonds	Mutual Funds — Fixed	Foreign Issues	Fair Value
Moody's — Aaa	\$ -	\$ -	\$ 13,605,635	\$ -	\$ -	\$ -	\$ 5,345,089	\$ 18,950,724
Moody's — Aa1	-	-	1,007,100	-	-	-	-	1,007,100
Moody's — Aa2	-	-	7,652,976	-	-	-	5,927,768	13,580,744
Moody's — Aa3	-	-	3,755,583	-	3,338,856	-	-	7,094,439
Moody's — A1	-	-	28,123,787	-	920,920	-	11,527,890	40,572,597
Moody's — A2	-	-	14,584,631	-	-	-	6,043,188	20,627,819
Moody's — A3	-	-	15,855,108	-	-	-	3,023,941	18,879,049
Moody's — Baa1	-	-	15,078,289	-	-	-	4,466,726	19,545,015
Moody's — Baa2	-	-	15,383,045	-	-	-	7,299,465	22,682,510
Moody's — Baa3	-	-	4,330,894	-	-	-	-	4,330,894
Moody's — Ba1	-	-	1,008,762	-	-	-	-	1,008,762
S&P — AAA	-	-	47,180	-	-	-	-	47,180
S&P — AA	-	-	542,322	-	-	31,528,279	-	32,070,601
S&P — A	-	-	9,530,713	-	335,561	-	-	9,866,274
S&P — BBB	-	-	2,839,442	-	-	-	-	2,839,442
S&P — B	-	-	-	-	-	10,014,976	-	10,014,976
Not Rated	2,473,622	4,572,546	11,089,739	-	-	17,423,485	-	35,559,392
Total items subject to credit risk	2,473,622	4,572,546	144,435,206	-	4,595,337	58,966,740	43,634,067	258,677,518

Items not subject to credit risk:

Cash	-
Money Market	50,601,164
Certificate of Deposit	-
Flexible Repurchase Agreements	56,037,113
U S Treasury Securities	193,970,787
Mutual Funds — Equity	254,369,585
Exchange-Traded Funds	3,782,886
Equity	43,104,211
Alternative Investments	15,670,482
Private Investment Funds	60,813,904
Illiquid Real Assets Funds	6,440,756
Real Estate Funds	5,215,729
Total items not subject to credit risk	\$ 690,006,617
Total Investments	\$ 948,684,135

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025 and 2024

Discretely Presented Component Units 2025

Items subject to credit risk:

Credit Rating	U.S. Government Obligations	Corporate Bonds/Notes	Mutual Funds — Fixed		Mortgage/Asset-Backed Bonds	Fair Value
S&P — AAA	\$ -	\$ -	\$ 2,641,841	\$ 40,478	\$ 2,682,319	
S&P — AA+	11,980	-	-	-	-	11,980
S&P — AA	-	-	55,337,303	-	-	55,337,303
S&P — A+	-	13,580	-	-	-	13,580
S&P — A-	-	32,578	-	-	-	32,578
S&P — BBB+	-	22,233	-	-	-	22,233
S&P — BBB	-	71,512	-	-	-	71,512
S&P — B	-	-	12,459,518	-	-	12,459,518
Not Rated	648,287	-	194,614	405,357	-	1,248,258
Total items subject to credit risk	<u>\$ 660,267</u>	<u>\$ 139,903</u>	<u>\$ 70,633,276</u>	<u>\$ 445,835</u>	<u>\$ 71,879,281</u>	

Items not subject to credit risk:

Money Market	4,692,253
Mutual Funds — Equity	300,986,087
Exchange - Traded Funds	-
Equity	4,981,551
Private Investment Funds	94,193,380
Illiiquid Real Assets Funds	17,718,546
Real Estate Funds	7,114,127
Life Insurance Contracts	484,607
Total items not subject to credit risk	<u>\$ 459,732,584</u>
Total Investments	<u>\$ 531,611,865</u>

Discretely Presented Component Units 2024

Items subject to credit risk:

Credit Rating	U.S. Government Obligations	Corporate Bonds/Notes	Mutual Funds — Fixed		Mortgage/Asset-Backed Bonds	Fair Value
S&P — AAA	\$ -	\$ -	\$ 2,479,964	\$ -	\$ -	2,479,964
S&P — AA+	18,021	-	-	-	-	18,021
S&P — AA	-	26,709	43,834,755	-	-	43,861,464
S&P — A+	-	25,756	-	-	-	25,756
S&P — A-	-	205,595	-	-	-	205,595
S&P — BBB+	-	201,062	-	-	-	201,062
S&P — BBB	-	88,879	-	-	-	88,879
S&P — B	-	-	13,924,134	-	-	13,924,134
Not Rated	424,623	-	1,658,233	971,810	-	3,054,666
Total items subject to credit risk	<u>\$ 442,644</u>	<u>\$ 548,001</u>	<u>\$ 61,897,086</u>	<u>\$ 971,810</u>	<u>\$ 63,859,541</u>	

Items not subject to credit risk:

Money Market	11,600,515
Mutual Funds — Equity	281,460,093
Equity	5,762,336
Alternative Investments	23,406,059
Private Investment Funds	84,255,521
Illiiquid Real Assets Funds	9,555,754
Real Estate Funds	7,395,456
Life Insurance Contracts	495,278
Total items not subject to credit risk	<u>\$ 423,931,012</u>
Total Investments	<u>\$ 487,790,553</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025 and 2024

Foreign Currency Risk — Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. In order to mitigate foreign currency risk, University policy allows for currency forwards to be implemented as a hedge to the global fixed income portfolio when deemed appropriate. In addition, University policy states that the portfolio will not invest more than 5% of the total market value of its investments (measured at the time of purchase) in the debt obligations of any single fixed income issuer; however, securities issued and guaranteed by Organization for Economic Cooperation and Development (OECD) nations may be held without limitation. At June 30, 2025 and 2024, the University had no investments subject to foreign currency risk.

Concentration of Credit Risk — Concentration of credit risk is the risk of loss attributed to the magnitude of the University'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 University does have a policy to limit its exposure to concentrated credit risk; the policy states that investments shall be diversified with the intent to minimize the risk of large investment losses.

Investment Income — At June 30, 2025 and 2024, investment income consisted of the following:

	2025	2024
Primary Institution Investment Income		
<i>Investment Revenue</i>		
Investment income	\$ 37,674,686	\$ 29,841,314
Land Grant Permanent Fund distributions	12,611,250	11,398,092
State Land Grant distributions	1,979,698	4,416,591
<i>Realized Gains (Losses)</i>		
Endowments — Endowment Pools	14,377,379	9,270,113
Nonendowment investments	245,340	(1,412,517)
<i>Unrealized Gains (Losses)</i>		
Endowments — Endowment Pools	26,142,759	21,085,069
Nonendowment investments	12,634,858	12,121,932
Primary Institution Investment Income	<u>\$ 105,665,969</u>	<u>\$ 86,720,594</u>
Discretely Presented Component Units		
Investment Income	<u>\$ 47,429,429</u>	<u>\$ 52,526,859</u>

Fair Value Measurement — The University and its component units categorize 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.
- *Level 3* inputs are unobservable inputs for an asset.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025 and 2024

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 University and its component units consider the reasonableness of the NAV, based on market information, to arrive at the fair value estimates for each investment.

The investments valued using NAV include the following strategies:

- Multi-strategy hedge funds
- Distressed/restructuring hedge funds
- Global macro hedge funds
- Technology hedge funds
- Private investment funds
- Illiquid real assets funds
- Real estate funds

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025 and 2024

A summary of fair value measurements at June 30, 2025 and 2024 is as follows:

Primary Institution 2025	Fair Value	Quoted prices in active markets for identical assets (Level 1)		Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments held by the Primary Institution:					
U S Treasury Securities	\$ 252,441,745	\$ 151,066,088	\$ 101,375,657	\$ -	-
Corporate Bonds/Notes	174,732,718	23,776,018	150,956,699	-	-
Mortgage/Asset-Backed Bonds	47,307,520	5,416,581	41,890,939	-	-
Municipal Bonds	5,087,439	-	5,087,439	-	-
Mutual Funds — Fixed	69,106,819	69,106,819	-	-	-
Mutual Funds — Equity	271,179,995	249,991,312	21,188,684	-	-
Exchange-Traded Funds	3,922,139	3,922,139	-	-	-
Foreign Issues	34,734,890	5,527,377	29,207,513	-	-
Equity — Marketable	9,532,799	9,532,799	-	-	-
Equity — Non-marketable	33,819,674	-	-	33,819,674	
Total	\$ 901,865,738	\$ 518,339,133	\$ 349,706,931	\$ 33,819,674	
 Investments measured at the NAV:					
Private Investment Funds	\$ 67,545,428	\$ 33,245,795	Not eligible	Not eligible	Not eligible
Illiquid Real Assets Funds	12,382,271	2,870,444	Not eligible	Not eligible	Not eligible
Real Estate Funds	5,148,878	1,942,267	Not eligible	Not eligible	Not eligible
Alternative Investments	19,996,935	-	Monthly/Quarterly/ Annually/Rolling 2 Years	3 to 90 days	
Total	\$ 105,073,512	\$ 38,058,506			
 Investments measured at amortized cost:					
Money Market	\$ 51,085,257				
Flexible Repurchase Agreements	46,811,924				
Commercial Paper	1,810,697				
Total	\$ 99,707,878				
Total Investments	\$ 1,106,647,128				

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025 and 2024

<i>Primary Institution 2024</i>	Fair Value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments held by the Primary Institution:				
U S Treasury Securities	193,970,787	178,176,770	15,794,017	-
U S Government Agencies	4,572,546	4,572,546	-	-
Corporate Bonds/Notes	144,435,206	2,117,823	142,317,383	-
Municipal Bonds	4,595,337	-	4,595,337	-
Mutual Funds — Fixed	58,966,740	58,966,740	-	-
Mutual Funds — Equity	254,369,585	218,842,234	35,527,351	-
Exchange-Traded Funds	3,782,886	3,782,886	-	-
Foreign Issues	43,634,067	-	43,634,067	-
Equity — Marketable	10,051,295	10,051,295	-	-
Equity — Non-marketable	33,052,916	-	-	33,052,916
Total	\$ 751,431,365	\$ 476,510,294	\$ 241,868,155	\$ 33,052,916

	Fair Value	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
Investments measured at the NAV:				
Private Investment Funds	\$ 60,813,904	\$ 34,436,164	Not eligible	Not eligible
Illiiquid Real Assets Funds	6,440,756	3,338,088	Not eligible	Not eligible
Real Estate Funds	5,215,729	2,382,092	Not eligible	Not eligible
Alternative Investments	15,670,482	-	Monthly/Quarterly/Annually/Rolling 2 Years	2 to 90 days
Total	\$ 88,140,871	\$ 40,156,344		

Investments measured at amortized cost:

Money Market	\$ 50,601,164
Flexible Repurchase Agreements	56,037,113
Commercial Paper	2,473,622
Total	\$ 109,111,899
Total Investments	\$ 948,684,135

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025 and 2024

	Fair Value	Quoted prices in active markets for identical assets		Significant other observable inputs	Significant unobservable inputs (Level 3)
		(Level 1)	(Level 2)		
<i>Discretely Presented Component Units 2025</i>					
Beneficial interest in irrevocable split interest agreements	\$ 21,327,282	\$ -	\$ 21,327,282	\$ -	
Investments held by the Component Units:					
U.S. Government Obligations	\$ 660,267	\$ 648,287	\$ 11,980	\$ -	
Corporate Bonds/Notes	180,381	-	180,381	-	
Mortgage/Asset-Backed Bonds	405,357	-	405,357	-	
Mutual Funds — Fixed	72,833,040	69,996,585	2,836,455	-	
Mutual Funds — Equity	298,786,323	267,726,708	31,059,615	-	
Equity — Marketable	4,981,551	4,981,551	-	-	
Life Insurance Contracts	484,607	-	484,607	-	
Total	\$ 378,331,526	\$ 343,353,131	\$ 34,978,395	\$ -	
Investments measured at the NAV:					
Alternative Investments	\$ 29,562,033	\$ -	Monthly/Quarterly/ Annually/Rolling 2 Years	2 to 90 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	\$ 148,588,086	\$ 52,556,984			
Investments measured at the amortized cost:					
Money Market	\$ 4,692,253				
Total	\$ 4,692,253				
Total Investments	\$ 531,611,865				

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025 and 2024

	Fair Value	Quoted prices in active markets for identical assets (Level 1)		Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		-	\$ 20,479,573	\$ 20,479,573	-
Discretely Presented Component Units 2024					
Beneficial interest in irrevocable split interest agreements	\$ 20,479,573				
Investments held by the Component Units:					
U.S. Government Obligations	\$ 442,644	\$ 424,623	\$ 18,021	\$ -	
Corporate Bonds/Notes	548,001	-	548,001	-	
Mortgage/Asset-Backed Bonds	971,810	-	971,810	-	
Mutual Funds — Fixed	61,897,086	59,232,249	2,664,837	-	
Mutual Funds — Equity	281,460,093	232,019,466	49,440,627	-	
Equity — Marketable	5,762,336	5,762,336	-	-	
Life Insurance Contracts	495,278	-	495,278	-	
Total	\$ 351,577,248	\$ 297,438,674	\$ 54,138,574	\$ -	
Investments measured at the NAV:					
Alternative Investments	\$ 23,406,059	\$ -	Monthly/Quarterly/Annually/Rolling 2 Years	2 to 90 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	7,395,456	3,289,556	Not eligible	Not eligible	
Total	\$ 124,612,790	\$ 55,454,000			
Investments measured at the amortized cost:					
Money Market	\$ 11,600,515				
Total	\$ 11,600,515				
Total Investments	\$ 487,790,553				

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025 and 2024

(4) Accounts Receivable, Patient Receivables, and Other Receivables

Accounts receivable and patient receivables are shown net of allowances for doubtful accounts in the accompanying statements of net position. At June 30, 2025 and 2024, receivables consisted of the following:

	<u>2025</u>	<u>2024</u>
Accounts receivable, net		
Primary Institution:		
Contracts and grants	\$ 108,577,094	\$ 51,982,837
Tuition and fees	19,951,987	19,635,956
Auxiliaries	8,538,548	538,314
Sales and services	14,517,649	5,970,457
State of New Mexico bonds	26,545,841	17,282,709
HSC health services	4,701,509	7,465,660
Other	2,280,030	4,855,604
Total accounts receivable	<u>\$ 185,112,658</u>	<u>\$ 107,731,537</u>
Less: Allowance for doubtful accounts	<u>(39,624,831)</u>	<u>(36,449,491)</u>
Total accounts receivable, net	<u><u>\$ 145,487,827</u></u>	<u><u>\$ 71,282,046</u></u>
Discretely Presented Component Units	<u><u>\$ 4,180,310</u></u>	<u><u>\$ 1,940,766</u></u>
Patient receivables, net		
Primary Institution:		
Patient receivables	\$ 569,008,966	\$ 536,980,326
Less: Allowance for doubtful accounts and contractual adjustments	<u>(322,768,032)</u>	<u>(297,872,258)</u>
Total patient receivables, net	<u><u>\$ 246,240,934</u></u>	<u><u>\$ 239,108,068</u></u>
Other receivables		
Primary Institution:		
Interest receivable	\$ 2,594,095	\$ 2,113,228
Bernalillo County mill levy	2,183,760	2,862,606
Other receivables	7,416,753	22,843,123
Total other receivables	<u><u>\$ 12,194,608</u></u>	<u><u>\$ 27,818,957</u></u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025 and 2024

(5) Notes Receivable

At June 30, 2025 and 2024, notes receivable consisted of the following:

	<u>2025</u>	<u>2024</u>
Primary Institution:		
Student loans, current	\$ 1,644,241	\$ 4,775,103
Student loans, noncurrent	2,276,681	1,831,938
Total notes receivable	<u>\$ 3,920,922</u>	<u>\$ 6,607,041</u>

Federal Perkins Loans make up approximately 0.68% and 4.3% of the student loans at June 30, 2025 and 2024, respectively. Under this program, the federal government provides funds for approximately 75% of the total contribution for student loans, with the University providing the remaining balance. Under certain conditions, such loans can be forgiven at annual rates of 10% to 30% of the original balance up to maximums of 50% to 100% of the original loan. The federal government reimburses the University 10% for the amounts canceled on loans originated prior to July 1, 1993 under the Federal Perkins Loan Program. Under federal law, the authority for schools to make new Perkins Loans ended September 30, 2017, and final disbursements were permitted through June 30, 2018. As a result, students can no longer receive Perkins Loans.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025 and 2024

(6) Capital Assets

	Year Ended June 30, 2025				
	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Primary Institution:					
Capital assets not being depreciated					
Land	\$ 72,004,350	\$ 8,837,000	\$ 10,915,982	\$ -	\$ 91,757,332
Construction in progress	607,290,627	262,218,920	(134,842,731)	(362,100)	734,304,716
Fabricated equipment in progress	2,049,781	801,144	(39,036)	-	2,811,889
Total capital assets not being depreciated	<u>\$ 681,344,758</u>	<u>\$ 271,857,064</u>	<u>\$ (123,965,785)</u>	<u>\$ (362,100)</u>	<u>\$ 828,873,937</u>
Depreciable capital assets					
Land improvements	\$ 119,158,552	\$ -	\$ 6,422,831	\$ -	\$ 125,581,383
Infrastructure	209,204,765	-	5,187,896	-	214,392,661
Buildings	1,867,097,297	7,039,054	87,583,489	(2,950,303)	1,958,769,537
Equipment and furnishings	865,714,894	40,916,815	24,771,569	(17,545,094)	913,858,184
Library books	221,146,055	6,131,010	-	-	227,277,065
Total depreciable capital assets	<u>\$ 3,282,321,563</u>	<u>\$ 54,086,879</u>	<u>\$ 123,965,785</u>	<u>\$ (20,495,397)</u>	<u>\$ 3,439,878,830</u>
Less: Accumulated depreciation for					
Land improvements	\$ (74,849,119)	\$ (4,349,060)	\$ -	\$ -	\$ (79,198,179)
Infrastructure	(160,748,516)	(5,321,188)	-	-	(166,069,704)
Buildings	(920,921,745)	(50,341,317)	-	1,077,607	(970,185,455)
Equipment and furnishings	(644,187,696)	(48,272,567)	-	16,830,975	(675,629,288)
Library books	(209,659,695)	(5,755,263)	-	-	(215,414,958)
Total accumulated depreciation	<u>\$ (2,010,366,771)</u>	<u>\$ (114,039,395)</u>	<u>\$ -</u>	<u>\$ 17,908,582</u>	<u>\$ (2,106,497,584)</u>
Total depreciable capital assets, net	<u>\$ 1,271,954,792</u>	<u>\$ (59,952,516)</u>	<u>\$ 123,965,785</u>	<u>\$ (2,586,815)</u>	<u>\$ 1,333,381,246</u>
Capital asset summary					
Capital assets not being depreciated	\$ 681,344,758	\$ 271,857,064	\$ (123,965,785)	\$ (362,100)	\$ 828,873,937
Depreciable capital assets at cost	3,282,321,563	54,086,879	123,965,785	(20,495,397)	3,439,878,830
Total cost of capital assets	\$ 3,963,666,321	\$ 325,943,943	\$ -	\$ (20,857,497)	\$ 4,268,752,767
Less: Accumulated depreciation	<u>\$ (2,010,366,771)</u>	<u>\$ (114,039,395)</u>	<u>\$ -</u>	<u>\$ 17,908,582</u>	<u>\$ (2,106,497,584)</u>
Capital assets, net	<u>\$ 1,953,299,550</u>	<u>\$ 211,904,548</u>	<u>\$ -</u>	<u>\$ (2,948,915)</u>	<u>\$ 2,162,255,183</u>
Discretely Presented Component Units:					
Capital assets, net	<u>\$ 131,876</u>	<u>\$ 521,839</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 653,715</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025 and 2024

	Year Ended June 30, 2024				
	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Primary Institution:					
Capital assets not being depreciated					
Land	\$ 70,049,342	\$ 1,955,008	\$ -	\$ -	\$ 72,004,350
Construction in progress	480,928,682	214,868,001	(88,506,056)	-	607,290,627
Fabricated equipment in progress	2,247,183	345,978	(543,380)	-	2,049,781
Total capital assets not being depreciated	<u>\$ 553,225,207</u>	<u>\$ 217,168,987</u>	<u>\$ (89,049,436)</u>	<u>\$ -</u>	<u>\$ 681,344,758</u>
Depreciable capital assets					
Land improvements	\$ 99,984,374	\$ 167,841	\$ 19,006,337	\$ -	\$ 119,158,552
Infrastructure	197,396,057	-	11,808,708	-	209,204,765
Buildings	1,827,608,930	62,893	43,794,687	(4,369,213)	1,867,097,297
Equipment and furnishings	819,420,930	46,838,715	14,439,704	(14,984,455)	865,714,894
Library books	215,240,041	5,906,014	-	-	221,146,055
Total depreciable capital assets	<u>\$ 3,159,650,332</u>	<u>\$ 52,975,463</u>	<u>\$ 89,049,436</u>	<u>\$ (19,353,668)</u>	<u>\$ 3,282,321,563</u>
Less: Accumulated depreciation for					
Land improvements	\$ (70,357,969)	\$ (4,491,150)	\$ -	\$ -	\$ (74,849,119)
Infrastructure	(155,057,819)	(5,690,697)	-	-	(160,748,516)
Buildings	(874,589,553)	(47,160,222)	-	828,030	(920,921,745)
Equipment and furnishings	(612,280,455)	(46,923,976)	-	15,016,735	(644,187,696)
Library books	(204,076,400)	(5,583,295)	-	-	(209,659,695)
Total accumulated depreciation	<u>\$ (1,916,362,196)</u>	<u>\$ (109,849,340)</u>	<u>\$ -</u>	<u>\$ 15,844,765</u>	<u>\$ (2,010,366,771)</u>
Total depreciable capital assets, net	<u>\$ 1,243,288,136</u>	<u>\$ (56,873,877)</u>	<u>\$ 89,049,436</u>	<u>\$ (3,508,903)</u>	<u>\$ 1,271,954,792</u>
Capital asset summary					
Capital assets not being depreciated	\$ 553,225,207	\$ 217,168,987	\$ (89,049,436)	\$ -	\$ 681,344,758
Depreciable capital assets at cost	3,159,650,332	52,975,463	89,049,436	(19,353,668)	3,282,321,563
Total cost of capital assets	<u>\$ 3,712,875,539</u>	<u>\$ 270,144,450</u>	<u>\$ -</u>	<u>\$ (19,353,668)</u>	<u>\$ 3,963,666,321</u>
Less: Accumulated depreciation	<u>\$ (1,916,362,196)</u>	<u>\$ (109,849,340)</u>	<u>\$ -</u>	<u>\$ 15,844,765</u>	<u>\$ (2,010,366,771)</u>
Capital assets, net	<u>\$ 1,796,513,343</u>	<u>\$ 160,295,110</u>	<u>\$ -</u>	<u>\$ (3,508,903)</u>	<u>\$ 1,953,299,550</u>
Discretely Presented Component Units:					
Capital assets, net	<u>\$ 134,462</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,586)</u>	<u>\$ 131,876</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025 and 2024

(7) Other Assets – Current and Noncurrent

At June 30, 2025 and 2024, other assets consisted of the following:

	<u>2025</u>	<u>2024</u>
Other current assets		
Primary Institution:		
Prepaid expenses	\$ 24,151,242	\$ 18,221,203
Broadcast rights	1,050,855	964,730
Other	653,068	1,197,222
Total other current assets	<u>\$ 25,855,165</u>	<u>\$ 20,383,155</u>
Discretely Presented Component Units	<u>\$ 2,039,458</u>	<u>\$ 1,574,140</u>
Other noncurrent assets		
Primary Institution:		
Art and special collections	5,996,761	5,996,761
Prepaid expenses	278,007	290,062
Other	2,328,396	1,194,832
Total other noncurrent assets	<u>\$ 8,603,164</u>	<u>\$ 7,481,655</u>
Discretely Presented Component Units	<u>\$ 4,188,612</u>	<u>\$ 4,478,330</u>

(8) Accounts Payable and Accrued Payroll

At June 30, 2025 and 2024, accounts payable and accrued payroll consisted of the following:

	<u>2025</u>	<u>2024</u>
Primary Institution:		
Trade payables	\$ 139,642,201	\$ 154,095,402
Accrued payroll	73,907,935	73,012,900
Self-insurance reserve	10,043,564	4,045,289
Total accounts payable and accrued payroll	<u>\$ 223,593,700</u>	<u>\$ 231,153,591</u>
Discretely Presented Component Units	<u>\$ 2,385,285</u>	<u>\$ 2,145,524</u>

(9) Accrued Compensated Absences

Compensated absences are recorded as a liability when earned and more likely than not to be used or paid out in accordance with the University's policy. The University's liability is estimated based on its policies for all forms of leave, including annual leave and sick leave, and historical employee usage data.

Annual Leave: Regular full-time and part-time employees who work at least twenty (20) hours per week, as well as faculty on twelve-month contracts, are eligible to accrue annual leave. Employees may carry forward a maximum of 252 hours of annual leave into a new fiscal year. Upon separation from employment, employees are paid for their unused annual leave at their then current pay rate, up to 168 hours for voluntary separations and up to 252 hours for retirement, death, or involuntary separation.

Sick Leave: Eligible employees also accrue sick leave. Payout of sick leave is limited to specific circumstances. Prior to 1984, the University's sick leave plan placed no limitation on the number of hours an employee could accumulate. When the plan was revised, the existing accumulation of hours was placed into separate pools and employees may be paid 28.5% of the value of those hours upon retirement or death, not to exceed 1,040 hours. Employees hired prior to

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025 and 2024

August 1, 2017, are eligible for annual cash payments at a rate of 50% of the employee's hourly rate for unused sick leave hours exceeding 600 hours for full-time employees, 450 hours for employees with an FTE between 0.75 and full-time, and 300 hours for employees with an FTE between 0.5 and 0.75, up to a maximum of 120 hours per fiscal year. Upon retirement or death, these employees may also receive payment at 50% of their hourly rate for accumulated unused sick leave exceeding the same thresholds, not to exceed 440 hours. Employees hired on or after August 1, 2017, are not eligible for annual cash payments for excess sick leave; however, they receive payment under the same retirement or death provisions as employees hired before that date.

The University's liability for sick leave is recognized for leave that is earned and more likely than not to be used or paid out. Based on University policy and historical usage patterns, the liability represents estimated leave payments for employees eligible for the aforementioned cash-out and retirement payout provisions as employees earn more sick leave than historically utilized.

Changes in Compensated Absences: The following table summarizes the changes in the accrued compensated absences liability for the years ended June 30, 2025 and 2024. The column labeled 'Additions/(Reductions)' represents the net change during the fiscal year.

Fiscal Year	Balance July 1	Additions/(Reductions)	Balance June 30
2025	\$ 78,661,778	\$ 23,204,365	\$ 101,866,143
2024	76,099,740	2,562,038	78,661,778

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

(10) Other Accrued Liabilities — Current

At June 30, 2025 and 2024, other accrued liabilities consisted of the following:

	<u>2025</u>	<u>2024</u>
Primary Institution:		
Bond interest	\$ 938,744	\$ 1,036,480
Royalty sharing	1,179,485	1,591,362
Other	8,491,380	6,973,375
Total other accrued liabilities, current	<u>\$ 10,609,609</u>	<u>\$ 9,601,217</u>
Discretely Presented Component Units	<u>\$ 4,920,646</u>	<u>\$ 6,842,610</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025 and 2024

(11) Unearned Revenue

At June 30, 2025 and 2024, unearned revenue consisted of the following:

	2025	2024
Primary Institution:		
Contracts and grants	\$ 39,474,818	\$ 33,408,703
Prepaid tuition and fees	10,211,581	9,247,516
Gifts	6,473,339	7,220,110
Prepaid auxiliary operations sales	3,025,238	3,331,896
Sales and services	2,010,336	408,539
Other	922	625,922
Total unearned revenue	<u><u>\$ 61,196,234</u></u>	<u><u>\$ 54,242,686</u></u>
Discretely Presented Component Units	<u><u>\$ 705,212</u></u>	<u><u>\$ 647,292</u></u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025 and 2024

(12) Noncurrent Liabilities

At June 30, 2025 and 2024, noncurrent liabilities consisted of the following:

	Year Ended June 30, 2025					
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion	Noncurrent Portion
Primary Institution:						
Bonds payable	\$ 414,772,540	\$ -	\$ (34,167,256)	\$ 380,605,284	\$ 33,905,000	\$ 346,700,284
Long-term debt	366,046,610	69,848,814	(12,628,797)	423,266,627	14,801,738	408,464,889
Lease payable	36,790,020	6,994,856	(21,081,618)	22,703,258	3,465,869	19,237,389
SBITA payable	33,917,380	20,259,462	(16,819,474)	37,357,368	13,763,957	23,593,411
Student loan programs	3,975,494	1,898,621	(486,344)	5,387,771	-	5,387,771
Derivative instruments — interest rate swaps	562,858	-	(88,056)	474,802	-	474,802
Net pension liability	1,339,157,564	266,043,786	(242,388,015)	1,362,813,335	-	1,362,813,335
Net OPEB liability	128,231,300	15,750,038	(25,409,415)	118,571,923	-	118,571,923
Other	1,466,097	198,710	-	1,664,807	-	1,664,807
Total	\$ 2,324,919,863	\$ 380,994,287	\$ (353,068,975)	\$ 2,352,845,175	\$ 65,936,564	\$ 2,286,908,611
Discretely Presented Component Units:						
Due to University of New Mexico	\$ 123,422,612	\$ 49,143,024	\$ (36,467,143)	\$ 136,098,493	\$ 10,129,576	\$ 125,968,917
Other	1,413,724	-	(1,319)	1,412,405	-	1,412,405
Total	\$ 124,836,336	\$ 49,143,024	\$ (36,468,462)	\$ 137,510,898	\$ 10,129,576	\$ 127,381,322
	Year Ended June 30, 2024					
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion	Noncurrent Portion
Primary Institution:						
Bonds payable	\$ 448,057,142	\$ -	\$ (33,284,602)	\$ 414,772,540	\$ 32,745,000	\$ 382,027,540
Long-term debt	261,696,087	110,377,410	(6,026,887)	366,046,610	12,433,515	353,613,095
Lease payable	51,663,483	5,997,012	(20,870,475)	36,790,020	6,634,821	30,155,199
SBITA payable	43,275,165	7,586,735	(16,944,520)	33,917,380	11,975,031	21,942,349
Student loan programs	4,617,640	161,420	(803,566)	3,975,494	-	3,975,494
Derivative instruments — interest rate swaps	1,059,025	-	(496,167)	562,858	-	562,858
Net pension liability	1,324,449,719	569,525,545	(554,817,700)	1,339,157,564	-	1,339,157,564
Net OPEB liability	118,642,600	24,296,500	(14,707,800)	128,231,300	-	128,231,300
Other	884,416	581,681	-	1,466,097	-	1,466,097
Total	\$ 2,254,345,277	\$ 718,526,303	\$ (647,951,717)	\$ 2,324,919,863	\$ 63,788,367	\$ 2,261,131,496
Discretely Presented Component Units:						
Due to University of New Mexico	\$ 105,124,719	\$ 46,774,124	\$ (28,476,231)	\$ 123,422,612	\$ 9,870,115	\$ 113,552,497
Other	1,658,386	-	(244,662)	1,413,724	-	1,413,724
Total	\$ 106,783,105	\$ 46,774,124	\$ (28,720,893)	\$ 124,836,336	\$ 9,870,115	\$ 114,966,221

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025 and 2024

(13) Bonds Payable/Long-Term Debt

(A) University

The University pledges substantially all unrestricted revenues, excluding state appropriations, to satisfy its bond obligations. Pledged revenues for the University were \$770,279,573 and \$715,847,410 as of June 30, 2025, and 2024 (see Schedule 21).

At June 30, 2025 and 2024, bonds payable for the University consisted of the following:

	2025	2024
System Improvement Revenue Bonds	\$ 51,330,000	\$ 51,895,000
Series 2023 with interest ranging from 4.12% to 5.50% - final maturity 2053		
Taxable Subordinate Lien System Refunding Revenue Bond	62,740,000	70,080,000
Series 2021 with interest ranging from 0.17% to 2.17% - final maturity 2035		
Taxable Subordinate Lien System Refunding Revenue Bond	13,290,000	15,000,000
Series 2019 with interest ranging from 2.43% to 3.02% - final maturity 2032		
Subordinate Lien System Improvement Revenue Bonds	35,165,000	36,055,000
Series 2017 with interest ranging from 3.25% to 5.00% - final maturity 2047		
Subordinate Lien System Refunding & Improvement Revenue Bonds	126,625,000	134,405,000
Series 2016A with interest ranging from 2.25% to 5.00% - final maturity 2046		
Subordinate Lien System Refunding Revenue Bonds	3,665,000	5,455,000
Series 2002B (Variable) with a synthetic fixed interest rate of 3.83% achieved through an interest rate exchange agreement – final maturity 2026		
Subordinate Lien System Refunding Revenue Bonds	14,345,000	17,020,000
Series 2002C (Variable) with a synthetic fixed interest rate of 3.94% achieved through an interest rate exchange agreement – final maturity 2030		
Subordinate Lien System Improvement Revenue Bonds	3,450,000	6,755,000
Series 2001 Variable Rate Demand Bonds — rates reset weekly Weekly rate as of June 30, 2025 was 1.92% Ceiling of 12% – final maturity 2026		
	<hr/> \$ 310,610,000	<hr/> \$ 336,665,000
Add: Bond premiums	15,200,284	16,622,540
Less: Current portion of bonds payable	(26,930,000)	(26,055,000)
Noncurrent bonds payable	<hr/> \$ 298,880,284	<hr/> \$ 327,232,540

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025 and 2024

Future debt service for the University as of June 30, 2025, for the bonds is as follows:

Year ending	Principal	Interest	Total
June 30	\$	\$	\$
2026	\$ 26,930,000	\$ 11,264,930	\$ 38,194,930
2027	22,250,000	10,285,860	32,535,860
2028	22,785,000	9,747,716	32,532,716
2029	23,375,000	9,158,145	32,533,145
2030	22,960,000	8,532,405	31,492,405
2031–2035	94,510,000	33,330,997	127,840,997
2036–2040	34,650,000	19,270,850	53,920,850
2041–2045	33,195,000	12,326,731	45,521,731
2046–2050	20,535,000	5,190,513	25,725,513
2051–2053	9,420,000	1,054,625	10,474,625
	<u>\$ 310,610,000</u>	<u>\$ 120,162,772</u>	<u>\$ 430,772,772</u>

Standby Purchase Agreements:

A Standby Purchase Agreement (SBPA) provides liquidity support on variable rate bonds that are remarketed weekly. The liquidity/commitment fees are based on a percentage of the outstanding bond balance, payable semiannually. Liquidity fees for the years ended June 30, 2025 and 2024 were as follows:

	2001	2002B	2002C	Total
FY25	<u>\$ 7,209</u>	<u>\$ 15,483</u>	<u>\$ 64,765</u>	<u>\$ 87,457</u>
FY24	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,120</u>	<u>\$ 26,120</u>

Standby Purchase Agreements provide liquidity support on variable rate bonds that are remarketed weekly. The liquidity/commitment fees are based on a percentage of the outstanding bond balance, payable semi-annually. Liquidity fees for the years ended June 30, 2025, and 2024 were \$87,457 and \$26,120, respectively. A schedule including the provider and maturities is presented below, as of June 30, 2025. The current Standby Agreement with US Bank was initially entered into on December 31, 2014 for a three-year term expiring December 29, 2017, which was extended for two additional three-year terms through October 30, 2023. On September 15, 2023, the Standby Agreement with US Bank was extended through June 1, 2026, for the Series 2001 and 2002B bonds, and through September 15, 2026, for the Series 2002C bonds.

Liquidity Expiration	U.S. Bank				Grand Total
	Series 2001	Series 2002B	Series 2002C		
	\$ 3,450,000	\$ 3,665,000	\$ -	\$ 7,115,000	
6/1/2026	\$ -	\$ -	\$ 14,345,000	\$ 14,345,000	
9/15/2026					
Total	\$ 3,450,000	\$ 3,665,000	\$ 14,345,000	\$ 21,460,000	

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025 and 2024

The following provides the terms of the debt service requirements that would result if the SBPA commitments were to be exercised (bank bond rate and accelerated payment schedule):

- (1) **Bank Rate:** means, a rate per annum equal to (i) the period from and including the purchase date of such Bank Bond to and including the 30th day following such Purchase Date, the sum of 2.00% plus the Base Rate for such day, (ii) for the period from and including the 31st day immediately following the related Purchase Date to and including the 120th day following the related Purchase Date, the sum of 2.5% plus the Base Rate for such Day and (iii) the period from and after the 121st day immediately following the related Purchase Date, the sum of 3.00% plus the Base Rate for such day; provided that from and after the occurrence of an Event of Default, the "Bank Rate" shall mean the Default Rate; provided, further, that at no time shall the Bank Rate be less than the per annum interest rate applicable to Bonds that are not Bank Bonds.
- (2) **Base Rate:** means, for any day, an interest rate per annum equal to the highest of (i) the sum of 1.00% plus the Prime Rate for such date, (ii) the sum of 1.00% plus the Federal Funds Rate for such day, and (iii) the sum of 1.00% plus the SIFMA Rate for such day, and (iv) 7.5%. Each change in the base rate shall take effect at the time of any change in the Prime Rate or Federal Funds Rate.
- (3) **Accelerated payment schedule:** for any bonds acquired via the SBPA, those bonds are to be repaid beginning on the date 121 days plus 6 months following the purchase date, with payments every six months based on an amortization period that ends on the soonest to occur of the: (i) third anniversary of the bonds purchase via the SBPA, (ii) date upon which the bonds interest no longer adjusts either daily or weekly, (iii) date the SBPA ends, or (iv) date at which no available commitment remains available under the SBPA.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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Interest Rate Swap Agreements:

As of June 30, 2025, the University had the following derivative instruments outstanding:

Item/ Counterparty	Type	Objective	Effective Date	Maturity Date	Terms	Current Year Fair Value	Prior Year Fair Value	Current Year Notional Amount	Prior Year Notional Amount
Hedging Derivatives									
A - JP Morgan	Pay- fixed/Receive Variable interest rate swap	Hedge against rising SIFMA rates related to the 2001 System Improvement Revenue Bonds (Underlying Swap)	10/30/2002	6/1/2026	Receive SIFMA USD - Pay 4.16% Fixed	\$ (12,443)	\$ (19,379)	\$ 862,500	\$ 1,688,750
B - JP Morgan	Pay- fixed/Receive Variable interest rate swap	Hedge against rising SIFMA rates related to the 2002C Refunding Revenue Bonds (Underlying Swap)	10/30/2002	6/1/2030	Receive SIFMA USD - Pay 3.94% Fixed	\$ (524,226)	\$ (425,766)	\$ 14,345,000	\$ 17,020,000
C - JP Morgan	Pay- fixed/Receive Variable interest rate swap	Hedge against rising SIFMA rates related to the 2002B Refunding Revenue Bonds (Underlying Swap)	1/14/2003	6/1/2026	Receive SIFMA USD - Pay 3.83% Fixed	\$ (42,920)	\$ (45,301)	\$ 3,665,000	\$ 5,455,000
D - RBC Royal Bank	Pay- fixed/Receive Variable interest rate swap	Hedge against rising SIFMA rates related to the 2001 System Improvement Revenue Bonds (Underlying Swap)	10/30/2002	6/1/2026	Receive SIFMA USD - Pay 4.185% Fixed	\$ (12,652)	\$ (19,983)	\$ 862,500	\$ 1,688,750
Investment Derivatives									
E - JP Morgan	Pay- Variable/Recei- ve Variable interest rate swap	Hedge against falling SIFMA rates related to the 2001 System Imprv Rev Bonds (Swap Overlays)	8/15/2006	6/1/2026	Receive 63.55% of 5 year USD swap rate + .31% - Pay SIFMA	\$ 13,644	\$ (35,404)	\$ 1,725,000	\$ 3,377,500
F - JP Morgan	Pay- Variable/Recei- ve Variable interest rate swap	Hedge against falling SIFMA rates related to the 2002C Refunding Rev Bonds (Swap Overlays)	8/15/2006	6/1/2030	Receive 63.93% of 5 year USD swap rate + .38% - Pay SIFMA	\$ 103,795	\$ (17,025)	\$ 14,345,000	\$ 17,020,000

The fair values of the interest rate swaps are estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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Risks

Credit risk. Each of the University's derivative instruments is held with the same counterparty except for Derivative Instrument D. Deterioration of credit ratings could indicate a potential inability of the counterparty to make the required periodic payments. The credit ratings for each of the counterparties are as follows:

Entity	Moody's		S & P		Fitch	
	L/T Rating	S/T Rating	L/T Rating	S/T Rating	L/T Rating	S/T Rating
JP Morgan	A1	P-1	A	A-1	AA-	F1+
RBC Royal Bank	A1	P-1	AA-	A-1+	AA	F1+

Interest rate risk. The University is exposed to interest rate risk on its receive-variable, pay-fixed underlying interest rate swaps. As the Securities Industry and Financial Markets (SIFMA) swap index decreases, the University's net payment on the underlying swaps increases. Alternatively, on its pay-variable (SIFMA), received-variable (USD Swap Rate) overlay interest rate swaps, as USD Swap Rate and the SIFMA swap index increases, the University's net payment on the overlay swaps increases.

Basis risk. The variable-rate debt hedged by the University's derivative instruments are variable-rate demand obligation (VRDO) bonds that are remarketed every 7 days. The University is exposed to basis risk on its pay-variable (SIFMA), receive variable (USD Swap Rate) overlay interest rate swaps because the variable-rate payments received by the University on these derivative instruments are based on a rate (USD Swap Rate) other than the index (SIFMA) the University pays on the VRDO bonds. At June 30, 2025, the interest rate on the University's variable-rate hedged debt (SIFMA) was 1.920%, while the 63.55% of five-year USD Swap Rate, 3.428%, plus 0.31% was 2.488%. At June 30, 2024, the interest rate on the University's variable-rate hedged debt (SIFMA) was 3.88%, while the 63.55% of five-year USD Swap Rate, 4.34%, plus 0.31% was 3.07%.

Termination risk. The University or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. In addition, the University is exposed to termination risk on Derivative Instruments B and C because the contract provides the counterparty with a knock-out option to terminate the contract if the 180 day SIFMA is equal to or greater than 7%. The 180 day SIFMA is defined as the weighted average rate taken off the USD floating SIFMA Index Rates published within the previous 180 day period. If at the time of termination, a derivative instrument is in a liability position, the University would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements.

Rollover risk. The University is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the debt. When these derivative instruments terminate, or in the case of a termination option, if the counterparty exercises its option, the University will be re-exposed to the risks being hedged by the derivative instrument. Derivative Instruments B and C expose the University to rollover risk because the counterparty has the option to terminate the contract by exercising a knock-out option.

Foreign currency risk. The University has no exposure to foreign currency risk from its derivative instruments.

Commitments

All of the University's derivative instruments include provisions that require the University to post collateral in the event its credit rating falls below certain levels. The University has entered into a two-way Credit Support Annex (CSA) with the swap counter-parties which is based on each party's long-term unsecured unsubordinated debt rating. The following matrix dictates the potential collateral postings if the swaps mark-to-market values are above the mandated thresholds.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025 and 2024

Rating	Swap MTM Threshold for Party's A & B	
AA/Aa2 and >	USD	25,000,000
AA-/Aa3	USD	20,000,000
A+/A1	USD	15,000,000
A/A2	USD	10,000,000
A-/A3	USD	5,000,000
BBB+/Baa1 and <	USD	-

The collateral to be posted is to be in the form of U.S. Treasury securities in the amount of the fair value of derivative instruments in liability positions net of the effect of applicable netting arrangements. If the University or the counterparty does not post collateral, the derivative instrument may be terminated. The University's credit rating is AA-/Aa3 at June 30, 2025; therefore, no collateral has been posted.

Derivative Instrument Payments and Hedged Debt

As of June 30, 2025, aggregate debt service requirements of the University's debt (fixed-rate and variable-rate) and net receipts/payments on associated hedging derivative instruments are presented below. These amounts assume swap reference rates for future fiscal years will be consistent with the SIFMA yield curve rates measured on June 30, 2025. As these reference rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary. The hedging derivative instruments column reflects only net receipts/payments on derivative instruments that qualify for hedge accounting.

Year Ending June 30	Principal	Interest	Hedging Derivative Instruments, Net	Total
2026	9,900,000	581,566	242,720	10,724,286
2027	2,900,000	275,205	180,259	3,355,464
2028	3,030,000	241,409	99,795	3,371,204
2029	3,160,000	161,489	60,333	3,381,822
2030	2,470,000	76,684	20,634	2,567,318
	\$ 21,460,000	\$ 1,336,353	\$ 603,741	\$ 23,400,094

Fiscal Year Changes in Swap Valuations

The swaps were put in place starting in fiscal years 2002 and 2003. The University has recorded the swaps at their estimated fair values as of June 30, 2025. Swaps A through D are deemed cash flow hedges, and therefore, in addition to recording the liability at fair value, the University has recorded an offsetting asset titled "Interest Rate Swaps". Annually, the changes to the fair values are recorded as an increase or decrease to the liability and the offset asset. The fair value change in fiscal year 2025 for the hedge instruments was a \$81,812 increase to the liability and an equal offsetting decrease to the asset. For fiscal year 2024 the change was a \$224,556 decrease to the liability and an equal offsetting decrease to the asset. Swaps E and F are not cash flow hedges but rather are considered investment swaps, and changes in their fair value are recorded as investment gain (loss). The fair value change for swaps E and F as of June 30, 2025, was recorded to investment unrealized gain in the amount of \$169,867. As of June 30, 2024 the fair value change for swaps E and F was recorded to unrealized loss in the amount of \$271,612.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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(B) University of New Mexico Hospital

On December 12, 2014, the Regents adopted a Parameters Resolution authorizing the issuance of the Government National Mortgage Association (GNMA) Backed, HUD Insured Mortgage Bonds to redeem and refinance prior bonds. On May 7, 2015, the Regents adopted Resolutions authorizing the execution of amended FHA Documents and loan modification documents. On May 14, 2015, the Hospital issued \$115,000,000 in bonds (2015 Series Bonds). The bonds were issued pursuant to a trust indenture, dated as of May 1, 2015, by and between the Hospital and Wells Fargo Bank, National Association, as trustee for the purpose of refinancing a previously issued bond series. The 2015 Series bonds carry interest rates that range from 0.484% to 3.532%.

The Regents granted the GNMA Issuer in respect of the UNM Hospital HUD Insured Bonds a security interest in all of the Hospital's revenues, cash (with the exception of the proceeds of the UNM Hospital mill levy and state appropriations), accounts receivable, contract rights, and the proceeds of the same. In addition, in that certain Regulatory Agreement signed by the Regents, that is still in effect today, the University agreed and committed to HUD that it would not "assign, transfer, dispose of, or encumber any personal property of the project including revenues from any source." Lastly, in accordance with the terms of the Lease under which the University leases a portion of the Hospital facility from Bernalillo County, all reserves of the Hospital covered by the Lease are restricted to use for operation and maintenance of the Hospital. Failure to abide by the terms of the regulatory agreement with HUD could trigger an event of default. Events of default with financial consequences include failure to pay monthly debt servicing payments as agreed; transfer of or use of the mortgaged property for purposes other than the operation of the Hospital; and failure to adequately maintain the mortgaged property. In the event of default, HUD has the option to declare the entire balance immediately due and payable if the triggering event is not remedied within 30 days.

The 2015 Series Bonds were issued as special limited obligations of the Hospital and are secured primarily by fully modified mortgage-backed securities in the aggregate principal amount of \$55,609,000 (the GNMA securities), issued by Prudential Huntoon Paige Associates, Ltd. (the Lender), guaranteed as to principal and interest by the GNMA, with respect to the mortgage note.

Under the GNMA Mortgage-Backed Securities Program, the GNMA securities are a "fully modified pass through" mortgage backed security issued and serviced by the Lender. The face amount of the GNMA securities is to be the same amount as the outstanding principal balance of the Mortgage Note. The Lender is required to pass through to the trustee, as the holder of the GNMA securities, by the 15th day of each month, the monthly scheduled installments of principal and interest on the mortgage note (less the GNMA guaranty fee and the Lender's servicing fee), whether or not the Lender receives such payment from the Hospital under the mortgage note, plus any unscheduled prepayments of principal of the mortgage note received by the Lender. The GNMA securities are issued solely for the benefit of the trustee on behalf of the bondholders, and any and all payments received with respect to the GNMA securities are solely for the benefit of the bondholders.

Interest expense associated with the bonds was approximately \$2.0 million and \$2.3 million for the years ended June 30, 2025 and 2024, respectively. Interest income earned from the investment of the bond proceeds was approximately \$1.0 million and \$1.1 million for the years ended June 30, 2025 and 2024, respectively.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025 and 2024

Bonds payable activity consists of the following:

	Year Ended June 30, 2025				
	Beginning Balance	Additions	Deductions	Ending Balance	Amount Due Within One Year
Bonds Payable					
Bond Series 2015	\$ 61,485,000	\$ -	\$ (6,690,000)	\$ 54,795,000	\$ 6,975,000
	<u>\$ 61,485,000</u>	<u>\$ -</u>	<u>\$ (6,690,000)</u>	<u>\$ 54,795,000</u>	<u>\$ 6,975,000</u>
Year Ended June 30, 2024					
	Beginning Balance	Additions	Deductions	Ending Balance	Amount Due Within One Year
	\$ 67,965,000	\$ -	\$ (6,480,000)	\$ 61,485,000	\$ 6,690,000
	<u>\$ 67,965,000</u>	<u>\$ -</u>	<u>\$ (6,480,000)</u>	<u>\$ 61,485,000</u>	<u>\$ 6,690,000</u>

Future debt service (including mandatory redemptions) as of June 30, 2025, for the bonds is as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	6,975,000	1,874,344	8,849,344
2027	7,240,000	1,625,691	8,865,691
2028	7,520,000	1,367,502	8,887,502
2029	7,805,000	1,099,423	8,904,423
2030	8,105,000	821,102	8,926,102
2031-2033	<u>17,150,000</u>	<u>764,237</u>	<u>17,914,237</u>
Total	<u>\$ 54,795,000</u>	<u>\$ 7,552,299</u>	<u>\$ 62,347,299</u>

On November 15, 2004, the Hospital established a Mortgage Reserve Fund in accordance with the requirements and conditions of the 2004 FHA Regulatory Agreement. On May 14, 2015, a new Mortgage Reserve Fund was established for the 2015 series bonds. The Mortgage Reserve Fund is fully funded.

The mortgage note bears interest at 3.29%. The mortgage note has a term of 205 months following the commencement of amortization and matures on June 1, 2032. Principal and interest are payable in equal monthly installments upon commencement of amortization. A mortgage servicing fee of 12 basis points and a GNMA guaranty fee of 13 basis points are also included in the monthly payment, for a total of 3.54%.

Mortgages payable – On September 9, 2021, the Hospital's Lomas Campus closed on a mortgage loan to partially finance the construction of a new patient tower. The debt was issued under the HUD Section 242 loan guarantee program and is backed by GNMA securities. The mortgage has been fully drawn and carries an interest rate of 3.275%. The terms of the loan require interest only payments through construction. Principal and interest payments began on October 1, 2024, with loan maturity occurring on September 1, 2049. During the years ended June 30, 2025 and 2024, the Lomas Campus drew down \$43.1 million and \$110.4 million and incurred interest of \$10.0 million and \$7.3 million, respectively.

In July 2020, the Hospital's Sandoval Campus entered into an agreement and mortgage with KeyBank National Association to refinance the Sandoval Campus mortgage from an APR of 4.86% (3.33% net of BAB Subsidy) to an APR of 1.98%. In connection with the Sandoval Campus mortgage refinance, in July 2020 the outstanding

NOTES TO THE BASIC FINANCIAL STATEMENTS

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principal of the Series 2010A and Series 2010B bonds, net of the original issue discount, totaling \$113.3 million, along with \$5.1 million for interest payments due in the year ended June 30, 2021 through the January 2021 bond call date, were placed in an irrevocable trust from which the remaining debt service payments for bond defeasance were paid in January 2021. The Hospital's Sandoval Campus was released from all obligations related to the bonds in July 2020. A loss on defeasance of \$2.4 million was recorded as a deferred outflow at the July 2020 defeasance date. The deferred outflow is being amortized over the life of the mortgage, which is the same as the life of the defeased bonds. The Hospital's Sandoval Campus completed the mortgage refinance to reduce its total debt service payments by \$17.6 million and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$13.7 million.

The Hospital's Sandoval Campus mortgage note with KeyBank National Association has an original outstanding principal amount of \$111.5 million with monthly principal payments of \$0.6 million until July 2037, for a total of 204 installments. The note is insured by the United States Department of Housing and Urban Development and is collateralized by the Sandoval Campus building.

The Hospital's mortgage payable activity consists of the following:

	Year Ended June 30, 2025				
	Beginning Balance	Additions	Deductions	Ending Balance	Amount Due Within One Year
Mortgage Payable					
Lomas Campus	\$ 276,877,378	\$ 43,122,622	\$ (6,281,028)	\$ 313,718,972	\$ 8,617,994
Sandoval Campus	\$ 88,915,828	\$ -	\$ (6,057,520)	\$ 82,858,308	\$ 6,178,553
	\$ 365,793,206	\$ 43,122,622	\$ (12,338,548)	\$ 396,577,280	\$ 14,796,547
Year Ended June 30, 2024					
Mortgage Payable					
Lomas Campus	\$ 166,499,968	\$ 110,377,410	\$ -	\$ 276,877,378	\$ 6,281,028
Sandoval Campus	\$ 94,854,686	\$ -	\$ (5,938,858)	\$ 88,915,828	\$ 6,057,520
	\$ 261,354,654	\$ 110,377,410	\$ (5,938,858)	\$ 365,793,206	\$ 12,338,548

The Lomas Campus mortgage has been drawn down fully as of June 30, 2025. The remaining \$43,122,622 was drawn down and principal payments commenced during the year ending June 30, 2025. The following schedule summarizes the required future principal and interest mortgage payments as of June 30, 2025:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	14,796,547	11,730,425	26,526,972
2027	15,206,514	11,320,459	26,526,973
2028	15,628,472	10,898,500	26,526,972
2029	16,062,789	10,464,183	26,526,972
2030	16,509,841	10,017,132	26,526,973
2031–2035	89,728,687	42,906,176	132,634,863
2036–2040	79,079,227	30,265,803	109,345,030
2041–2045	75,215,048	18,603,425	93,818,473
2046–2050	74,350,155	5,395,548	79,745,703
Total	\$ 396,577,280	\$ 151,601,651	\$ 548,178,931

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(C) Lobo Energy

Lobo Energy engaged Yearout Energy Services Company, LLC (Yearout) to complete an investment grade energy audit of the University's South Campus facilities and entered into a utility savings contract with Yearout for a project for energy savings improvements for the acquisition, construction and installation of energy saving measures. To finance this project proceeds of \$6,780,814 received from two equipment purchase agreements with Banc of America Public Capital Corp entered into on July 2, 2024 are being used. The proceeds are reflected on the statement of net position as long-term debt. As of June 30, 2025, \$1,956,951 in restricted cash remains from these proceeds.

The first equipment purchase agreement is a tax-exempt agreement in the amount of \$3,006,442, including capitalized interest of \$135,290, with an interest rate of 4.50%. The agreement matures on July 2, 2044. No principal payments are due in FY 2025 and the agreement had a bond issuance cost of \$43,050.

The second equipment purchase agreement is a taxable agreement in the amount of \$3,774,372, which includes capitalized interest of \$217,404, with an interest rate of 5.76%. The agreement matures on July 2, 2044. No principal payments are due in FY 2025 and the agreement had a bond issuance cost of \$10,000.

Both agreements contained reporting covenant requiring Lobo Energy to submit an audited financial statement within 270 days of year end. Lobo Energy was in compliance with this reporting covenant since the audit report was submitted 270 days before year end. This debt is collateralized with a first priority security interest constituting a first lien on (a) the equipment subject to the agreements, (b) moneys and investments held from time to time in a specified escrow account and (c) any and all proceeds of any insurance proceeds.

The following is a summary of Lobo Energy's long-term debt for the year ended June 30, 2025:

	Year Ended June 30, 2025				
	Beginning Balance	Additions	Deductions	Ending Balance	Amount Due Within One Year
Tax Exempt Agreement	\$ -	\$ 3,006,442	\$ -	\$ 3,006,442	\$ 5,191
Taxable Agreement	- -	3,774,372	- -	3,774,372	- -
	<hr/> <u>\$ -</u>	<hr/> <u>\$ 6,780,814</u>	<hr/> <u>\$ -</u>	<hr/> <u>\$ 6,780,814</u>	<hr/> <u>\$ 5,191</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

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Maturities of long-term debt subsequent to June 30, 2025, are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	5,191	331,876	337,067
2027	188,446	350,693	539,139
2028	40,539	344,400	384,939
2029	47,853	342,613	390,466
2030	75,534	339,551	415,085
2031-2035	914,176	1,590,513	2,504,689
2036-2040	2,221,160	1,191,301	3,412,461
2041-2045	3,287,915	375,672	3,663,587
Total	<u>\$ 6,780,814</u>	<u>\$ 4,866,619</u>	<u>\$ 11,647,433</u>

(D) University of New Mexico Medical Group

UNNMG entered into a loan agreement with NMFA dated February 25, 2025, in the amount of \$18,000,000, plus an original premium issue of \$1,945,378 for the construction of the new Truman Clinic. The loan agreement requires monthly principal payments commencing in December 2026. The loan bears interest at a blended rate of 5.00%, payable monthly, and matures on May 1, 2047. Under the term of the loan agreement, UNNMG has certain covenants.

A summary of long-term debt activity for the year ended June 30, 2025, is as follows:

	Year Ended June 30, 2025				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Loan payable	\$ -	\$ 18,000,000	\$ -	\$ 18,000,000	\$ 260,000
Loan premium	-	1,945,378	(36,845)	1,908,533	-
	<u>\$ -</u>	<u>\$ 19,945,378</u>	<u>\$ (36,845)</u>	<u>\$ 19,908,533</u>	<u>\$ 260,000</u>

UNMMG scheduled principal and interest repayments on long-term debt are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	260,000	900,000	1,160,000
2027	535,000	900,000	1,435,000
2028	565,000	887,000	1,452,000
2029	590,000	860,250	1,450,250
2030	620,000	832,000	1,452,000
2031-2035	3,605,000	3,686,500	7,291,500
2036-2040	4,600,000	2,738,000	7,338,000
2041-2045	5,870,000	1,527,000	7,397,000
2046-2047	1,355,000	200,000	1,555,000
Total	<u>\$ 18,000,000</u>	<u>\$ 12,530,750</u>	<u>\$ 30,530,750</u>

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(E) *Lobo Development Corporation*

A promissory note payable to the University of New Mexico Foundation, Inc. was issued to finance a capital asset purchased on December 21, 2016. A first amendment to the promissory note was issued March 31, 2017, to reduce the monthly payments from \$10,006 to \$8,555. This was due to a \$141,941 payment made on March 31, 2017, to reduce the principal from \$979,292 to \$837,351 at that time. Principal and interest payments were due monthly on the twenty-first day of each month.

The note had a variable interest rate; therefore, effective January 1, 2024, the annual interest rate increased from 7.50% to 8.50%. This note was paid off in August 2024. At June 30, 2025, balance of the note payable was \$0. At June 30, 2024, balance of the note payable was \$253,404 and \$94,967 was due within one year. The promissory note was classified as long-term debt in the Statements of Net Position at June 30, 2024.

(F) *Primary Institution*

At June 30, 2025 and 2024, bonds payable for the primary institution consisted of the following:

	2025			2024		
	Current	Noncurrent	Total	Current	Noncurrent	Total
University	\$ 26,930,000	\$ 298,880,284	\$ 325,810,284	\$ 26,055,000	\$ 327,232,540	\$ 353,287,540
University of New Mexico Hospital	6,975,000	47,820,000	54,795,000	6,690,000	54,795,000	61,485,000
Total	<u>\$ 33,905,000</u>	<u>\$ 346,700,284</u>	<u>\$ 380,605,284</u>	<u>\$ 32,745,000</u>	<u>\$ 382,027,540</u>	<u>\$ 414,772,540</u>

At June 30, 2025 and 2024, long-term debt for the primary institution consisted of the following:

	2025			2024		
	Current	Noncurrent	Total	Current	Noncurrent	Total
University of New Mexico Hospital	\$ 14,796,547	\$ 381,780,733	\$ 396,577,280	\$ 12,338,548	\$ 353,454,658	\$ 365,793,206
Lobo Development	\$ -	\$ -	\$ -	\$ 94,967	\$ 158,437	253,404
Lobo Energy	5,191	6,775,623	6,780,814	-	-	-
UNM Medical Group	-	19,908,533	19,908,533	-	-	-
Total	<u>\$ 14,801,738</u>	<u>\$ 408,464,889</u>	<u>\$ 423,266,627</u>	<u>\$ 12,433,515</u>	<u>\$ 353,613,095</u>	<u>\$ 366,046,610</u>

(14) Net Patient Service Revenues

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

	2025	2024
Primary Institution:		
Charges at established rates	\$ 3,777,955,285	\$ 3,528,734,670
Charity care	(146,968,443)	(120,785,200)
Contractual adjustments	(1,670,021,517)	(1,485,696,663)
Provision for doubtful accounts	(116,415,657)	(103,217,775)
Net patient service revenues	<u>\$ 1,844,549,668</u>	<u>\$ 1,819,035,032</u>

The Hospital is reimbursed by the Medicare and Medicaid programs on a prospective payment basis for hospital services, with certain items reimbursed at an interim rate with final settlement determined after submission of annual cost reports by the Hospital. The annual cost reports are subject to audit by the Medicare Administrative Contractor and the Medicaid audit agent. As of June 30, 2025, cost reports through 2023 have been final settled for the Medicaid

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program. Cost reports through 2018 have been final settled for the Medicare program. Retroactively calculated contractual adjustments arising under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

(15) Leases

A summary of the lease asset activity during the years ended June 30, 2025 and 2024 is as follows:

	Balance			
	June 30, 2024	Additions	Deductions	Balance
Right to use, Leases				
Buildings	\$ 67,352,608	\$ 362,851	\$ (12,149,173)	\$ 55,566,286
Equipment	1,536,545	-	-	1,536,545
Accumulated depreciation				
Buildings	(31,194,617)	(8,862,144)	5,532,897	(34,523,864)
Equipment	(1,506,822)	(29,723)	-	(1,536,545)
Right to use Leases, net	\$ 36,187,714	\$ (8,529,016)	\$ (6,616,276)	\$ 21,042,422
	Balance		Balance	
	June 30, 2023	Additions	Deductions	June 30, 2024
Right to use, Leases				
Buildings	\$ 74,515,647	\$ 6,176,236	\$ (13,339,275)	\$ 67,352,608
Equipment	1,536,545	-	-	1,536,545
Accumulated depreciation				
Buildings	(24,015,481)	(7,572,832)	393,696	(31,194,617)
Equipment	(1,150,151)	(356,671)	-	(1,506,822)
Right to use Leases, net	\$ 50,886,560	\$ (1,753,267)	\$ (12,945,579)	\$ 36,187,714

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Below is a summary of changes in the related lease liability and deferred inflow of resources during the years ended June 30, 2025 and 2024. The decreases in deferred inflow of resources represent amounts recognized in the Statements of Revenues, Expenses, and Changes in Net Position in the respective years:

	Balance June 30, 2024	Additions	Deductions	Balance June 30, 2025	Amounts due within one year
Lease liabilities	\$ 36,790,020	\$ 6,994,856	\$ (21,081,618)	\$ 22,703,258	\$ 3,465,869
Deferred inflow of resources - Leases	<u>\$ 30,651,422</u>	<u>\$ 10,038,648</u>	<u>\$ (17,327,867)</u>	<u>\$ 23,362,203</u>	
	Balance June 30, 2023	Additions	Deductions	Balance June 30, 2024	Amounts due within one year
Lease liabilities	\$ 51,663,483	\$ 5,997,012	\$ (20,870,475)	\$ 36,790,020	\$ 6,634,821
Deferred inflow of resources - Leases	<u>\$ 37,529,180</u>	<u>\$ 1,486,205</u>	<u>\$ (8,363,963)</u>	<u>\$ 30,651,422</u>	

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

Initial measurement of the lease receivable/payable amount is calculated at the present value of payments expected to be received/paid during the lease term, discounted using the University's incremental borrowing rate. Leases for which UNM is a lessee that are accounted for under this standard are capitalized as a right to use asset and lease payable discounted by the incremental borrowing rate. The right-to use-asset is also amortized on a straight-line basis over the term of the lease. Leases for which UNM is the lessor are also discounted by the incremental borrowing rate, with anticipated payments being recorded as a deferred inflow of resources, amortized on a straight-line basis over the term of the lease.

For lease agreements where UNM is the lessee, (i) there have been no outflows of resources recognized in the reporting periods for variable payments not previously included in the measurement of the lease liability, nor (ii) are there any residual value guarantees provided by UNM not included in the measurement of the lease liability.

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

The University, as the lessee, has entered into lease agreements with various entities for office, administrative, service and facility spaces. The most significant of these leases as of June 30, 2025 and 2024 are as follows:

UNM Hospital Administration:

In September 2018, the University entered into a 25-year lease agreement for administrative office space located at 1601 Lomas Blvd NE, associated with UNM Hospital operations. The lease includes options for UNM to extend the term for five additional periods of 10 years each. The current annual rent payment is \$385,000 through 2027, and will increase 10% every five years thereafter.

UNM Early Childhood Services Center:

In April 2022, the University entered into a 10-year lease agreement for the UNM Early Childhood Services Center, located at 4400 Alameda Blvd NE. This center provides culturally and linguistically appropriate

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professional development services to early learning programs throughout New Mexico. The lease includes options for UNM to extend the term for 36 months. Current annual lease payments are \$206,810, with yearly increases of 2.5%.

The University, acting as the lessor, has entered into lease agreements with various entities for office, administrative, and student housing spaces. The most significant of these leases as of June 30, 2025 and 2024 are as follows:

Lobo Village:

In May 2010, the University entered into a 40-year lease agreement for Lobo Village, operated by American Campus Communities. Lobo Village is an apartment-style student residential property located on the UNM South Campus. The lease includes options for American Campus Communities to extend the term for three additional periods of 10 years each. The property is primarily used by the University for student housing and activity space. The annual rent under this agreement is \$469,436.

Casas del Rio:

In May 2011, the University entered into a 40-year lease agreement for Casas del Rio, operated by American Campus Communities. Casas del Rio is a suite-style student residential property located on the UNM Main Campus. The lease includes options for American Campus Communities to extend the term for three additional periods of 10 years each. This facility is used by the University for student housing and activity space. The annual rent under this agreement is \$551,728.

Minimum Lease Payments

(a) University as Lessee

The following is a schedule of future minimum lease payments where the University is a lessee as of June 30, 2025.

Year ending June 30	Principal Payments	Interest Payments	Total Lease Payments
2026	3,465,869	782,046	4,247,915
2027	3,160,484	659,917	3,820,401
2028	2,999,820	553,843	3,553,663
2029	2,245,477	455,452	2,700,929
2030	2,077,684	360,206	2,437,890
2031-2035	4,155,200	1,126,443	5,281,643
2036-2040	2,699,529	577,817	3,277,346
2041-2045	1,899,195	110,143	2,009,338
2046 & After	-	-	-
	\$ 22,703,258	\$ 4,625,867	\$ 27,329,125

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(b) University as Lessor

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

Year ending June 30	Principal Receivable	Interest Revenue Receivable	Total Lease Receivable
2026	2,934,545	1,642,199	4,576,744
2027	2,630,682	756,847	3,387,529
2028	2,485,836	672,750	3,158,586
2029	2,161,283	595,840	2,757,123
2030	1,781,119	525,593	2,306,712
2031-2035	3,814,353	2,130,206	5,944,559
2036-2040	2,618,875	1,572,643	4,191,518
2041-2045	2,515,025	1,175,026	3,690,051
2046-2050	2,870,085	730,967	3,601,052
2051-2055	619,863	369,050	988,913
2056-2060	192,179	298,000	490,179
2061-2065	52,174	278,979	331,153
2066-2070	146,052	256,846	402,898
2071-2075	281,785	208,403	490,188
2076-2080	474,046	122,343	596,389
2081-2085	267,912	13,737	281,649
	<u>\$ 25,845,814</u>	<u>\$ 11,349,429</u>	<u>\$ 37,195,243</u>

(16) Risk Management

The University currently is a party to various litigation claims brought in the ordinary course of business. The University participates in the State of New Mexico Risk Management Program (Risk Management) that provides general liability, auto liability, medical malpractice, physical damage, and workers' compensation insurance. The Risk Management program liability insurance coverage includes most employee liability claims; those claims falling outside this state program are in limited amounts and are covered by the University from its operating budget either by direct payment or by the procurement of insurance coverage from a private carrier. The University paid Risk Management \$22,561,164 and \$22,394,737 in insurance premiums during fiscal years 2025 and 2024, respectively. The University's exposure is limited to \$2,500 per any first party incurred property loss, except for theft, which has a \$5,000 deductible. After conferring with legal counsel concerning pending litigation and claims, the University administration believes that the outcome of pending litigation should not have a materially adverse effect on the financial position or operations of the University.

The Hospital, BHO, and UNMMG (collectively referred to as Clinical Operations for the purposes of this footnote) have immunity from tort liability except as waived by the New Mexico Legislature. In this connection, under the New Mexico Tort Claims Act (NMTCA), the New Mexico Legislature waived the State's and the Clinical Operations' immunity for claims arising out of negligence out of the operation of the Clinical Operations, the treatment of the Clinical Operations' patients, and the healthcare services provided by Clinical Operations employees. In addition, the NMTCA limits, as an integral part of this waiver of sovereign immunity, the amount of damages that can be assessed against the Clinical Operations on any tort claim including medical malpractice, professional, or general liability claims.

The NMTCA provides that total liability for all claims that arise out of a single occurrence shall not exceed \$750,000 set forth as follows: (a) \$200,000 for real property; (b) up to \$300,000 for past and future medical and medically related

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expenses; and (c) up to \$400,000 for past and future noneconomic losses (such as pain and suffering) incurred or to be incurred by the claimant. While the language of the NMTCA does not expressly provide for third-party claims such as loss of consortium, the New Mexico appellate court decisions have allowed claimants to seek loss of consortium. As a result, if loss of consortium claims are presented, those claims cannot exceed \$350,000 in the aggregate. Thus, if a claim presents both direct claims and third-party claims, the maximum exposure of the Public Liability Fund, and, therefore, the Clinical Operations, cannot exceed \$1,100,000. The NMTCA prohibits the award of punitive or exemplary damages against the Clinical Operations.

The NMTCA requires the State Risk Management Division to provide coverage to the Clinical Operations for those torts where the Legislature has waived the state's immunity from liability up to the damages limits of the NMTCA, as described above, plus the cost incurred in defending any claims and/or lawsuits (including attorney's fees and expenses), with no deductible and with no self-insured retention by the Clinical Operations.

Effective July 1, 2009, the University began self-insuring its health and dental benefits. Under the plans, all eligible employees are provided access to the provider networks of Blue Cross Blue Shield, Presbyterian Health Plan, and UNM Team Health for health services, and Delta Dental for dental services. Effective July 1, 2016 the University began self-insuring its student health benefits. Blue Cross Blue Shield, Presbyterian Health Plan, and UNM Team Health provide administrative and claim payment services for the University's health plans and Delta Dental for the dental plan. Liabilities are based on an estimate of claims that have been incurred but not reported, invoices received but not yet paid, and catastrophic claims not covered by our excess claims carriers. At June 30, 2025 and 2024, the estimated amount of the University's claims and accrued invoices was \$517 thousand and \$4.0 million, respectively, which is included in accrued payroll. The liability for claims incurred but not reported was based on the actuarial analysis performed by Segal.

Changes in the University reported liability for health, dental, and life operations resulted from the following:

	Beginning Balance	Claims and Changes in Estimates	Claim Payments	Ending Balance
2025	\$ 4,045,289	\$ 127,055,894	\$ (130,584,230)	\$ 516,953
2024	4,867,097	109,584,729	(110,406,537)	4,045,289

The Hospital sponsors a self-insured health plan in which BHO also participates, as all employees are under the centralized umbrella of the Hospital. Blue Cross and Blue Shield of New Mexico and HMO New Mexico (BCBSNM) provide administrative claim payment services for the Hospital's plan. Liabilities are based on an estimate of claims that have been incurred but not reported (IBNR) and claims received but not yet paid. The estimated amount of the Hospital's IBNR and accrued claims was approximately \$5.9 million and \$5.4 million at June 30, 2025 and 2024, which is included in accrued payroll. As the Hospital receives all cash and pays all obligations of BHO, the estimated amount of BHO's IBNR and accrued invoices recorded in the Hospital's accrued payroll was approximately \$445,000 and \$430,000 at June 30, 2025 and 2024, respectively. The liability for IBNR was based on actuarial analysis calculated using information provided by BCBSNM.

Changes in the reported Clinical Operations liability during fiscal years 2025 and 2024 resulted from the following:

	Beginning Balance	Claims and Changes in Estimates	Claim Payments	Ending Balance
2025	\$ 5,399,093	\$ 64,114,239	\$ (63,584,770)	\$ 5,928,562
2024*	5,169,173	62,252,478	(62,022,558)	5,399,093

*Reclassification – Certain 2024 amounts have been reclassified to conform to the 2025 presentation.

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(17) Retirement Plans and Postemployment Benefits

(A) University

General Information about the Pension Plan

Plan description: The New Mexico Educational Retirement Act (ERA) was enacted in 1957. The act created the Educational Employees Retirement Plan (Plan) and, to administer it, the New Mexico Educational Retirement Board (NMERB). The Plan is included in NMERB's annual comprehensive financial report. The report can be found on NMERB's website at https://www.nmerb.org/Annual_reports.html.

The Plan is a cost-sharing, multiple-employer pension plan established to provide retirement and disability benefits for certified teachers and other employees of the state's public schools, institutions of higher learning, and state agencies providing educational programs. Additional tenets of the ERA can be found in Section 22-11-1 through 22-11-55, NMSA 1978, as amended.

The Plan is a pension trust fund of the State of New Mexico. The ERA assigns the authority to establish and amend benefit provisions to a nine-member Board of Trustees (Board); the state legislature has the authority to set or amend contribution rates and other terms of the Plan. NMERB is self-funded through investment income and educational employer contributions. The Plan does not receive General Fund Appropriations from the State of New Mexico.

All accumulated assets are held by the Plan in trust to pay benefits, including refunds of contributions as defined in the terms of the Plan. Eligibility for membership in the Plan is a condition of employment, as defined in Section 22-11-2, NMSA 1978. Employees of public schools, universities, junior and community colleges, public technical and vocational institutions, state special schools, charter schools, regional education cooperatives, the New Mexico Activities Association, and certain employees at state agencies that provide an educational program, who are employed more than 25% of a full-time equivalency, are required to be members of the Plan, unless specifically excluded. Substantially all of the University's full-time employees and a small portion of the full-time employees of the Hospital and BHO (collectively referred to as Clinical Operations for the purposes of this footnote) participate in the Plan.

Pension Benefit: A member's retirement benefit is determined by a formula which includes three component parts: 1) the member's final average salary (FAS), 2) the number of years of service credit, and 3) a multiplier.

For members hired on or before June 30, 2019 (Tiers 1-3 members) the multiplier is 2.35%. For members hired after June 30, 2019 the multiplier accrues as follows:

Years of Service	Benefit Percentage Earned
10 or less	1.35%
10.25 to 20	2.35%
20.25 to 30	3.35%
30.25 plus	2.40%

FAS is the average of the member's fiscal annual earnings for the last 20 calendar service quarters (60 months) prior to retirement or the highest average fiscal annual earnings for any 20 consecutive calendar quarters.

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Summary of plan provisions for retirement eligibility by tier:

Tier 1: Membership prior to July 1, 2010

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs:

- The member's age and earned service credit add up to the sum of 75 or more. Those who retire under the age of 60, and who have fewer than 25 years of earned service credit will receive reduced retirement benefits, or
- The member is at least 65 years of age and has five or more years of earned service credit, or
- The member has service credit totaling 25 years or more.

Tier 2: Membership on or after July 1, 2010, but prior to July 1, 2013

Chapter 288, Laws of 2009 changed the eligibility requirements for new members who were first employed on, or after, July 1, 2010 and before July 1, 2013, or at any time prior to July 1, 2010, was refunded all members contributions and then becomes re-employed after July 1, 2010. These members must meet one of the following requirements:

- The member's age and earned service credit add up to the sum of 80 or more. Those who retire under the age of 65, and who have fewer than 30 years of earned service credit will receive reduced retirement benefits, or
- The member is at least 67 years of age and has five or more years of earned service credit, or
- The member has service credit totaling 30 years or more.

Tier 3: Membership beginning on or after July 1, 2013, but prior to July 1, 2019

Section 2-11-23.2, NMSA 1978, added eligibility requirements for new members who were first employed on or after July 1, 2013, or who were employed before July 1, 2013 but terminated employment and subsequently withdrew all contributions and returned to work for an ERB employer on or after July 1, 2013. These members must meet one of the following requirements:

- The member's minimum age is 55 and has earned 30 or more years of service credit. Those who retire earlier than age 55, but with 30 years of earned service credit, will have a reduction in benefits to the actuarial equivalent of retiring at age 55, or
- The member's minimum age and earned service credit add up to the sum of 80 or more. Those who retire under the age of 65, and who have fewer than 30 years of earned service credit receive reduced retirement benefits, or
- The member's age is 67, and the member has earned five or more years of service credit.

Tier 4: Membership beginning on or after July 1, 2019

Section 2-11-23.3, NMSA 1978, added eligibility requirements for new members who were first employed on or after July 1, 2019, or who were employed before July 1, 2019 but terminated employment and subsequently withdrew all contributions and returned to work for an ERB employer on or after July 1, 2019. A member in this tier must meet one of the following requirements:

- The member is any age and has 30 or more years of earned service credit, or
- The member is at least 67 years of age and has 5 or more years of earned service credit, or
- The sum of the member's age and years of earned service credit equals at least 80.

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Form of payment: The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member's accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary.

Benefit options: The Plan has three benefit options available.

- **Option A – Straight Life Benefit** – The single life annuity option has no reductions to the monthly benefit, and there is no continuing benefit due to a beneficiary or estate, except the balance, if any, of member contributions plus interest less benefits paid prior to the member's death.
- **Option B – Joint 100% Survivor Benefit** – The single life annuity monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the same benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.
- **Option C – Joint 50% Survivor Benefit** – The single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the reduced 50% benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.

Disability benefit: An NMERB member is eligible for disability benefits if the member has acquired at least ten years of earned service credit and is found to be totally disabled. The disability benefit is equal to 2% of the member's Final Average Salary (FAS) multiplied by the number of years of total service credits. However, the disability benefit shall not be less than the smaller of (a) one-third of the member's FAS or (b) 2% of the member's FAS multiplied by total years of service credit projected to age 60.

Cost of living adjustment (COLA): All retired members and beneficiaries receiving benefits may receive an adjustment in their benefit on July 1 following the year a member retires, or July 1 following the year a member reaches the age below, whichever is later:

Membership	Age Eligible for COLA
Tier 1	65
Tier 2	65
Tier 3	67
Tier 4	67

If a member is eligible for a COLA, the amount depends on the annual change in the Consumer Price Index (CPI) and whether the fund is fully funded (that is, the fund's funded ratio is 100%). Accordingly, if there is no increase in the CPI, or the CPI is negative, the amount of the COLA will be zero (if the CPI is negative, retirement benefits will not be decreased).

When CPI has increased and the fund is fully funded, the COLA will be the same amount as the increase in the CPI except as follows: If the increase in the CPI is 2% or greater, the COLA will be one-half of the CPI increase, not to exceed 4% or to be less than 2%.

However, while the fund is not fully funded, the COLA for retirees will be reduced based on the median annual retirement benefit, calculated after the end of each fiscal year:

- When the funded ratio is 90% or less, the COLA for retirees whose annuity is at or below the median and who have 25 or more years of service credit at retirement will be reduced by 10%. For retirees

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whose annuity is either greater than the median or who have less than 25 years of service credit at retirement, the COLA will be reduced by 20%.

- When the funded ratio exceeds 90% but is less than 100%, the COLA for retirees whose annuity is at or below the median adjusted annuity and who had 25 or more years of service credit at retirement will be reduced by 5%. For retirees whose annuity is either greater than the median or who have less than 25 years of service credit at retirement, the COLA will be reduced by 10%.

Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

Refund of contributions: Members may withdraw their contributions only when they terminate covered employment in the State and their former employer(s) certification determination has been received by NMERB. Interest is paid to members when they withdraw their contributions following termination of employment at a rate set by the Board. Interest is not earned on contributions credited to accounts prior to July 1, 1971, or for contributions held for less than one year.

Contributions: For the fiscal year ended June 30, 2025 and 2024 educational employers contributed to the Plan based on the following rate schedule.

Fiscal Year	Date Range	Wage Category	Member Rate	Employer Rate	Combined Rate	Increase Over Prior Year
2025	7-1-24 to 6-30-25	Over \$24K	10.70%	18.15%	28.85%	0.00%
2025	7-1-24 to 6-30-25	\$24K or less	7.90%	18.15%	26.05%	0.00%
2024	7-1-23 to 6-30-24	Over \$24K	10.70%	18.15%	28.85%	1.00%
2024	7-1-23 to 6-30-24	\$24K or less	7.90%	18.15%	26.05%	1.00%

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. The University's contributions to ERB for the fiscal years ended June 30, 2025, 2024, 2023 were \$128,055,594, \$120,333,297, and \$102,864,990, respectively, which equal the amount of the required contributions for each fiscal year. The Clinical Operations' contributions to ERB for the fiscal years ended June 30, 2025, 2024, 2023 were \$144,116, \$166,863, and \$173,804, respectively, which equal the amount of the required contributions for each fiscal year.

Alternative Retirement Plan

Effective October 1991, the New Mexico legislature established an Alternative Retirement Plan (ARP) through the enactment of ERA Sections 22-11-47 through 52 NMSA 1978 to provide eligible employees an election to establish an alternative retirement investment plan. In contrast to the defined benefit plan administered by NMERB, the ARP is a defined contribution plan. NMERB is the trustee of the ARP which is administered by two third-party contractors for NMERB. The two administrators approved to offer ARP plans to eligible participants are Teachers Insurance and Annuity Association (TIAA) and Fidelity Investments.

These administrators have the authority to perform record keeping, enrollment education services, and other administrative duties for the ARP. The administrators are delegated any and all powers, as may be necessary or advisable, to discharge their duties under the ARP and have certain discretionary authority to decide matters under the ARP. As the ARP trustee, NMERB is responsible for selecting investment options that provide a prudent rate of return and ensuring that all investments, amounts, property, and rights under the executed Plan-Trust are held for the exclusive benefit of Plan participants and their beneficiaries, as defined in the Plan Document.

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Eligibility: Certain eligible employees of the University are eligible to make an election to participate within ninety days of employment. Information about the ARP is distributed by the employer. Those who do not elect to participate in the ARP remain members of the regular defined benefit retirement plan.

Section 22-11-47(D) NMSA 1978 allows an ARP participant a one-time option to make an irrevocable switch to the defined benefit retirement plan after seven years of ARP participation.

Form of payment: Retirement, death, and other benefits are based upon contributions made and earnings accumulated on those contributions, in accordance with the terms of the applicable vendor contracts and Internal Revenue Service Code. Retirement benefits shall, at the option of the employee, be paid in the form of:

- A lifetime income, if held in an annuity contract, or
- Payments for a term of years, or
- A single-sum cash payment.

ARP retirement, death, and other benefits, including disability benefits, cannot be paid from the funds administered by NMERB.

ARP contributions: A participating employer must contribute on behalf of each employee participant an amount of the participant's salary equal to the contribution that would be required of the employer if the participant were, instead, a regular member. For the year ended June 30, 2025, colleges and universities contributed 10.90% of participating employees' gross salary to the ARP vendor on behalf of the participant, and 7.25% of the employees' gross salary to NMERB, for a total of 18.15%. Employees participating in the ARP do not accrue rights to benefits in the defined benefit pension plan based on the 7.25% contributions to NMERB.

The colleges and universities are responsible for submitting employers' and employees' contributions directly to the ARP vendors and NMERB.

Employer contributions reported in the University's financial statements include amounts remitted on behalf of both the ARP defined contribution plan and the defined benefit plan. The 7.25% contribution remitted for the fiscal year ended June 30, 2025, and the amounts remitted for the fiscal years ended 2024 and 2023 were \$15,355,630, \$14,372,474, and \$11,565,240, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the University and Clinical Operations reported liabilities of \$1,360,917,764 and \$1,895,571, respectively, for their proportionate shares of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2024 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2024.

At June 30, 2024, the University and Clinical Operations reported liabilities of \$1,336,818,886 and \$2,338,678, respectively, for their proportionate shares of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2023 using generally accepted actuarial principles.

The University's proportion of the net pension liability is based on a projection of the University's long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions at June 30, 2024, actuarially determined. At June 30, 2024, the University's proportion was 15.48610%, which was an increase of 0.09256% from its proportion measured as of June 30, 2023. At June 30, 2023, the University's

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proportion was 15.39354%, which was a decrease of 0.29566% from its proportion measured as of June 30, 2022. At June 30, 2024, the Clinical Operations' proportion was 0.02157%, which was a decrease of 0.00536% from its proportion measured as of June 30, 2023. At June 30, 2023, the Clinical Operations' proportion was 0.02693%, which was a decrease of 0.01048% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2025, the University and Clinical Operations recognized pension income of \$88,115,000 and \$879,854, respectively. For the year ended June 30, 2024, the University and Clinical Operations recognized pension income of \$201,113,867 and \$1,271,152, respectively. At June 30, 2025 and 2024, the University and Clinical Operations reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Year Ended June 30, 2025</u>						
	<u>Deferred Outflows of Resources</u>			<u>Deferred Inflows of Resources</u>		
	<u>University</u>	<u>Clinical Operations</u>	<u>Total</u>	<u>University</u>	<u>Clinical Operations</u>	<u>Total</u>
Differences between expected and actual experience	\$110,975,244	\$154,573	\$111,129,817	\$3,017,133	\$4,202	\$3,021,335
Changes of assumptions	-	-	-	35,666,082	49,678	35,715,760
Net difference between projected and actual earnings on pension plan investments	-	-	-	41,224,747	57,420	41,282,167
Changes in proportion and differences between University and Clinical Operations contributions and proportionate share of contributions	6,375,789	-	6,375,789	14,439,696	888,416	15,328,112
University and Clinical Operations contributions subsequent to the measurement date	128,055,594	144,116	128,199,710	-	-	-
Total	\$245,406,627	\$298,689	\$245,705,316	\$94,347,658	\$999,716	\$95,347,374
<u>Year Ended June 30, 2024</u>						
	<u>Deferred Outflows of Resources</u>			<u>Deferred Inflows of Resources</u>		
	<u>University</u>	<u>Clinical Operations</u>	<u>Total</u>	<u>University</u>	<u>Clinical Operations</u>	<u>Total</u>
Differences between expected and actual experience	\$37,891,312	\$66,288	\$37,957,600	\$12,087,283	\$21,146	\$12,108,429
Changes of assumptions	-	-	-	198,380,627	347,054	198,727,681
Net difference between projected and actual earnings on pension plan investments	-	-	-	8,374,515	14,651	8,389,166
Changes in proportion and differences between University and Clinical Operations contributions and proportionate share of contributions	21,138	-	21,138	27,580,752	1,131,461	28,712,213
University and Clinical Operations contributions subsequent to the measurement date	120,333,296	166,863	120,500,159	-	-	-
Total	\$158,245,746	\$233,151	\$158,478,897	\$246,423,177	\$1,514,312	\$247,937,489

The \$128,199,710 reported as deferred outflows of resources related to pensions resulting from University and Clinical Operations contributions subsequent to the measurement date of June 30, 2024 will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. The \$120,500,159 reported as deferred outflows of resources related to pensions resulting from University and Clinical Operations contributions subsequent to the measurement date of June 30, 2023 was recognized as a reduction of the net pension liability in

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the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	University	Clinical Operations	Total
2025	(29,731,823)	(599,484)	(30,331,307)
2026	64,575,409	(177,002)	64,398,407
2027	(678,130)	(53,109)	(731,239)
2028	<u>(11,162,082)</u>	<u>(15,547)</u>	<u>(11,177,629)</u>
Total	<u>\$23,003,374</u>	<u>(\$845,142)</u>	<u>\$22,158,232</u>

Actuarial assumptions: Actuarial assumptions and methods are set by the Plan's Board of Trustees, based upon recommendations made by the Plan's actuary. The assumptions for the year ended June 30, 2024 were based on Board-adopted assumptions on February 23, 2024, in conjunction with the six-year actuarial experience study period ended June 30, 2023.

The total pension liability in the June 30, 2025 and 2024 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary Increases	3.00% composed of 2.30% inflation, plus a 0.70% productivity increase rate, plus step-rate promotional increase for less than 15 years of service.
Investment Rate of Return	7.00%
Mortality	Healthy males: 2021 TRS of Texas Healthy Pensioner Mortality Tables, set back one year. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2021. Healthy females: 2021 TRS of Texas Healthy Pensioner Mortality Tables. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2021.

The long-term expected rate of return on pension plan investments was determined using a building-block approach that includes the following:

- Rate of return projections that are the sum of current yield plus projected changes in price (valuations, defaults, etc.)
- Application of key economic projections (inflation, real growth, dividends, etc.)
- Structural themes (supply and demand imbalances, capital flows, etc.) developed for each major asset class.

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The target allocation for each major asset class and the long-term expected rate of return are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equities	28%	
Fixed income	24%	
Alternatives	47%	
Cash	1%	
Total	<u>100%</u>	<u>7.00%</u>

Discount rate: A single discount rate of 7.00% was used to measure the total pension liability as of June 30, 2024. This is the same rate used for June 30, 2022. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were sufficient to finance all projected future benefit payments of current plan members. As a result, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

A single discount rate of 7.00% was used to measure the total pension liability as of June 30, 2023. This is the same rate used for June 30, 2022. The 7.00% was based on a long-term expected rate of return on pension plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were sufficient to finance all projected future benefit payments of current plan members. As a result, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The projections of cash flows used to determine the single discount rates assumed that plan member and employer contributions will be made at the current statutory levels. Additionally, contributions received through the Alternative Retirement Plan (ARP) and the Return-to-Work Program are included in the projection of cash flows. These contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five-year contribution history.

Sensitivity of the University's and Clinical Operations' proportionate shares of the net pension liability to changes in the discount rate: The following presents the University's and Clinical Operations' net pension liability at June 30, 2025, which was measured using the discount rate of 7.00%, as well as what the net pension liability would have been if it were calculated using a discount rate that was one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current discount rate.

	Year Ended June 30, 2025		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
	\$ 1,871,338,330	\$ 1,360,917,764	\$ 938,483,070
University's proportionate share of the net pension liability	2,606,516	1,895,571	1,307,177
Clinical Operations' proportionate share of the net pension liability	<u>\$ 1,873,944,846</u>	<u>\$ 1,362,813,335</u>	<u>\$ 939,790,247</u>
Total			

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The following presents the University's and Clinical Operations' net pension liability at June 30, 2024, which was measured using the discount rate of 7.00%, as well as what the net pension liability would have been if it were calculated using a discount rate that was one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current discount rate.

	Year Ended June 30, 2024		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
University's proportionate share of the net pension liability	\$1,817,291,615	\$1,336,818,886	\$939,891,878
Clinical Operations' proportionate share of the net pension liability	3,179,234	2,338,678	1,644,280
Total	<u>\$ 1,820,470,849</u>	<u>\$ 1,339,157,564</u>	<u>\$ 941,536,158</u>

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in separately issued NMERB'S financial reports. The reports can be found on NMERB's website at <https://www.erb.nm.gov/annual-reports/>.

(B) Clinical Operations

The Clinical Operations have a defined-contribution plan covering eligible employees, which provides retirement benefits. The name of the plan is UNM Hospital Tax Sheltered Annuity Plan, formerly known as the University of New Mexico Hospital/Bernalillo Medical Center Tax Sheltered Annuity Plan. The Clinical Operations contribute 6% or 8% of an employee's salary to the plan, depending on employment level. The plan was established by the UNM Hospital Board of Trustees and can be amended at its discretion. The plan is administered by the Hospital's Human Resources Department.

The expense for the defined-contribution plan was \$24,900,000 and \$22,800,000 in fiscal years 2025 and 2024, respectively. Total employee contributions under this plan were \$34,500,000 and \$31,200,000 in fiscal years 2025 and 2024, respectively. The Hospital also offers a Roth 403b defined-contribution plan option. Total employee contributions were approximately \$4,100,000 and \$3,400,000 in fiscal years 2025 and 2024, respectively.

The Clinical Operations also offer a deferred compensation plan, called the UNM Hospital 457(b) Deferred Compensation Plan, which provides employees with an additional retirement savings plan. Employees can make voluntary contributions to this plan. The plan was established by the UNM Hospital Board of Trustees and can be amended at its discretion. The plan is administered by the Hospital's Human Resources Department. There was no expense for the deferred compensation plan in 2025 and 2024, respectively, as the Clinical Operations do not contribute to this plan. Total employee contributions under this plan were \$5,267,000 and \$5,077,000 in fiscal years 2025 and 2024, respectively.

The Clinical Operations have a 401(a) defined-contribution plan, called the UNM Hospital 401(a) Plan, which was established for the purpose of providing retirement benefits for eligible participants and their beneficiaries. The 401(a) plan allows for tax-deferred employer contributions based on management's recommendation that is approved by the Board of Trustees on an annual basis. The plan was established by the UNM Hospital Board of Trustees and can be amended at its discretion. All assets of the plan are held in a trust fund, are not considered Clinical Operations assets, and are under the direction of a plan administrator. The expense for the 401(a) defined-contribution plan was \$970,000 and \$801,000 in fiscal years 2025 and 2024, respectively. Only the Clinical Operations contribute to this plan.

A small portion of the Clinical Operations' full-time employees participates in the ERB defined-benefit plan authorized under the Educational Retirement Act as described above.

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(18) Other Postemployment Benefits

General Information about the OPEB Plan

Plan description: The University of New Mexico Retiree Welfare Benefit Trust (VEBA Trust) administers the University of New Mexico Retiree Welfare Benefit Plan (VEBA Plan) – a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all eligible employees of the University. The University is the fiduciary of the VEBA Trust, and the VEBA Trust's financial statements and required supplementary information are included in the University's financial report.

Management of the VEBA Plan is vested in the VEBA Trust's VEBA Committee, which consists of nine members:

- UNM Controller or Designee
- UNM Vice President of Human Resources or Designee
- Two Faculty Appointees (appointed by the UNM President)
- Two Staff Appointees (appointed by the UNM President)
- Member of the Debt Investment Advisory Committee (ex-officio, appointed by the UNM President)
- Two UNM Presidential Appointees

Plan membership: In order for a retiree of the University to be eligible for OPEB other than basic life insurance, the employee must have been hired prior to July 1, 2015 and contribute to the VEBA Trust for at least five continuous years immediately prior to retirement. If hired prior to July 1, 2013 and retired prior to July 1, 2018, employees must have continually contributed to the VEBA Trust. Employees were automatically enrolled into the VEBA Trust upon its establishment unless they requested to opt out. Opportunities to opt out will occur annually during the benefits open enrollment period. Employees hired on or after July 1, 2015 are not eligible for OPEB other than basic life insurance. Contributions to the VEBA Trust are not required for the basic life insurance benefit since these benefits are not funded through the VEBA Trust.

At January 1, 2025, OPEB plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	3,670
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	<u>7,906</u>
Total plan members	<u>11,576</u>

Of the 7,906 active employees, 2,325 were contributing to the VEBA Trust. The remaining 5,671 would only be eligible for the retiree life insurance benefit.

Benefits provided: The VEBA Plan provides health, dental, and life insurance coverage to eligible retirees and their covered dependents. Eligible retirees of the University receive healthcare coverage through a self-insured medical plan, including prescription drugs, administered through UNM LoboHealth (administered by UNM Team Health and BCBS of NM) and Presbyterian Health Plan. Prescription drug benefits are administered by Express Scripts, Inc. Eligible Medicare retirees receive healthcare coverage through one of seven fully insured medical and prescription drug plans: Humana PPO, Aetna PPO ESA, Blue Cross Blue Shield HMO I (Enhanced), Blue Cross Blue Shield HMO II (Standard), Presbyterian Select HMO-POS, Presbyterian Premier HMO-POS, and UHC AARP supplement. Eligible retirees are also offered one of two dental insurance benefit options: Premier High Option and PPO Low Option. Basic life insurance benefits are available to retirees of the University without the requirement to opt in to the VEBA Trust. The authority to establish and amend the benefit provisions rests with the Board of Regents.

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Retiree Contributions: The contribution requirements of VEBA Plan members and the University are established and may be amended by the Board of Regents. Retiree contributions for medical and dental insurance are required for both retiree and dependent coverage. Retirees are required to pay the full premiums less a subsidy provided by the University. The contribution percentage to premiums for retirees 65 years of age and over is determined by service credits paid into the VEBA as of January 1, 2025 and 2024, as follows:

65+ Retirees		UNM	Retiree
Number of VEBA Service Credit Years Contributed		UNM	Retiree
5 - 9	10%	90%	
10 - 14	15%	85%	
15 - 19	20%	80%	
20 - 24	25%	75%	
Grandfathered with 25+ Service Credits	30%	70%	

The contribution percentage to premiums for retirees under the age of 65 is determined by service credits paid into the VEBA and their preretirement annual salary as of January 1, 2025 and 2024, as follows:

Pre- 65 Retirees		Less than \$25,000		\$25,000 - \$34,999		\$35,000 and above	
Number of VEBA Service Credit Years Contributed		UNM	Retiree	UNM	Retiree	UNM	Retiree
5 - 9	25%	75%	20%	80%	15%	85%	
10 - 14	30%	70%	25%	75%	20%	80%	
15 - 19	35%	65%	30%	70%	25%	75%	
20 - 24	40%	60%	35%	65%	30%	70%	
Grandfathered with 25+ Service Credits	60%	40%	50%	50%	40%	60%	

Retiree contributions for basic life insurance coverage are 60% of the premium prior to age 65 and 70% of the premium after the age of 65.

Benefits-eligible employees, who do not opt-out of the VEBA Trust, contribute 0.75% of their salary to the VEBA Trust in order to ensure that the health benefits continue into retirement. The University matches the 0.75% contribution made by the employee. Employees who opt out have a one-time opportunity to opt-in 5 years after they opted out.

Investments

Investment policy: The VEBA Trust's policy in regard to the allocation of invested assets was established and may be amended by the VEBA Committee. The long-term objective of the VEBA Trust is to earn a return sufficient to preserve the purchasing power of the VEBA Trust to fund retirement benefits for contributing employees.

Rate of return: For the years ended June 30, 2025 and 2024, the annual money-weighted rate of return on investments, net of investment expense, were 14.60 percent and 11.32 percent, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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Net OPEB Liability of the University

The Net OPEB Liability was measured as of June 30, 2025 and 2024, respectively. Plan Fiduciary Net Position (plan assets) was valued as of the measurement dates and the Total OPEB Liability was determined from actuarial valuations as of June 30, 2025 and 2023, respectively.

The components of the net OPEB liability of the University at June 30, 2025 and 2024 were as follows:

	2025	2024
Total OPEB liability	\$205,795,646	\$189,655,000
Plan fiduciary net position	87,223,723	61,423,700
University's net OPEB liability	<u>\$118,571,923</u>	<u>\$128,231,300</u>
Plan fiduciary net position as a percentage of the total OPEB liability	42.38%	32.39%

Actuarial assumptions: The total OPEB liability was determined by an actuarial valuation as of January 1, 2025 using a measurement date of June 30, 2025. The following actuarial assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.00%
Investment rate of return	6.00%
Discount rate	5.78%
Healthcare cost trend rates	Non-Medicare Medical: 8.50% graded down to 4.50% over 16 years Medicare Supplement: 6.25% graded down to 4.50% over 7 years MAPD: 6.00% for 5 years, then 5.75% graded down to 4.50% over 5 years Dental: 4.00%

The mortality, retirement, disability, turnover, and salary increase assumptions are based on the Educational Retirement Board (ERB) of New Mexico Actuarial Valuation Report as of June 30, 2024.

Determination of Discount Rate and Investment Rates of Return

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best estimate ranges of expected future rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin.

Prior to FY25, the discount rate was determined by blending the University's long-term rate of return assumption on VEBA Trust assets and the interest rate reported under the 20-Year Municipal Bond Index. GASB 75 requires the use of a long-term rate of return on assets to be used for discounting payments in periods where the plan's fiduciary net position is projected to be greater than or equal to the benefit payments that are projected to be made in those periods, and the use of the 20-Year Municipal Bond Index for discounting payments in other periods. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was used for the 20-Year Municipal Bond Index, based on this index rate that is reported on the last Friday prior to the measurement date. A blended discount rate was calculated based on separating the projected future payments between retiree medical and retiree life insurance benefits. The VEBA Trust assets were projected using the expected employer and employee payroll contributions and the expected long-term rate

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of return. Retiree medical payments from the VEBA Trust were assumed to begin when the future projected benefit payments are projected to be fully-funded by the trust, before which the payments were assumed to be paid from general assets on a pay-as-you-go basis.

The target allocation and projected arithmetic real rates of return for each major asset class, after deducting the 2.50% inflation assumption, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	2025		2024	
	Target Allocation	Long-Term Expected Rate of Return	Target Allocation	Long-Term Expected Rate of Return
Domestic equity	44.69%	6.00%	44.69%	6.00%
International equity	29.74%	6.10%	29.74%	6.10%
Fixed income	24.99%	1.80%	24.99%	1.80%
Cash	0.58%	1.00%	0.58%	1.00%
Total	<u>100%</u>		<u>100%</u>	

Based on the plan's target allocation, the assumed long-term rate of return for the VEBA Trust is 6.00%.

Municipal bond rate: 5.20% and 3.93% based on the 20-year municipal bond rate for the Bond Buyer GO Index as of June 30, 2025 and June 30, 2024, respectively.

Discount rate: The discount rates used to measure the Total OPEB Liability (TOL) were 5.78% and 5.85% as of June 30, 2025 and June 30, 2024, respectively. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the contractually determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan Fiduciary Net Position (FNP) was projected to be available to make all projected future health benefit payments for current VEBA plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments for future medical and dental benefits. However, because retiree life insurance benefits will not be financed by the VEBA Trust, those benefits were discounted using prevailing market rates for high quality municipal bonds. The blended discount rate of 5.78% developed for the overall plan reflects a 6.00% discount rate for future medical and dental benefits and a 5.20% discount rate for future life insurance benefits.

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Schedule of Changes in the Net OPEB Liability

June 30, 2025 June 30, 2024

Total OPEB Liability

Changes for the year:

Service cost	\$ 5,185,723	\$ 2,128,000
Interest on the total OPEB liability	22,594,412	11,753,200
Changes of benefit terms	-	-
Differences between expected and actual experience	(14,976,690)	(26,283,900)
Changes of assumptions	16,657,876	36,580,100
Benefit payments	<u>(13,320,675)</u>	<u>(5,371,600)</u>
Net change in Total OPEB Liability	\$ 16,140,646	\$ 18,805,800
Total OPEB Liability - beginning	189,655,000	170,849,200
Total OPEB Liability - ending	<u>\$ 205,795,646</u>	<u>\$ 189,655,000</u>

Plan Fiduciary Net Position

Changes for the year:

Contributions - employer	\$ 17,150,529	7,301,600
Contributions - employee	3,829,858	1,929,900
Net investment income	18,135,607	5,363,800
Benefit payments	(13,320,675)	(5,371,600)
Administrative expense	(14,315)	(6,600)
Other	19,019	-
Net change in Plan Fiduciary Net Position	25,800,023	9,217,100
Total OPEB Liability - beginning	61,423,700	52,206,600
Total OPEB Liability - ending	<u>\$ 87,223,723</u>	<u>\$ 61,423,700</u>

Net OPEB Liability

Net OPEB Liability - ending	\$ 118,571,923	\$ 128,231,300
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	42.38%	32.39%
Covered Payroll	\$ 259,427,600	\$ 257,324,800
Plan Total OPEB Liability as a percentage of the covered payroll	45.71%	49.83%

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Sensitivity of the net OPEB liability to changes in the discount rate:

The following presents the University's net OPEB liability at June 30, 2025, which was measured using the discount rate of 5.78%, as well as what the net OPEB liability would have been if it were calculated using a discount rate that was one percentage point lower (4.78%) or one percentage point higher (6.78%) than the current discount rate.

	Year Ended June 30, 2025		
	1% Decrease (4.78%)	Current Discount Rate (5.78%)	1% Increase (6.78%)
Net OPEB liability	\$ 142,561,117	\$ 118,571,923	\$ 98,335,640

The following presents the University's net OPEB liability at June 30, 2024, which was measured using the discount rate of 5.85%, as well as what the net OPEB liability would have been if it were calculated using a discount rate that was one percentage point lower (4.85%) or one percentage point higher (6.85%) than the current discount rate.

	Year Ended June 30, 2024		
	1% Decrease (4.85%)	Current Discount Rate (5.85%)	1% Increase (6.85%)
Net OPEB liability	\$ 153,313,500	\$ 128,231,300	\$ 107,438,800

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates:

The following presents the University's net OPEB liability at June 30, 2025 and 2024, which was measured using the current healthcare cost trend rates, as well as what the net OPEB liability would have been if it were calculated using healthcare cost trend rates that were one percentage point lower or one percentage point higher than the current healthcare cost trend rates.

	Year Ended June 30, 2025		
	1% Decrease in Health Care Cost Trend Rates	Current Health Care Cost Trend Rates	1% Increase in Health Care Cost Trend Rates
Net OPEB liability	\$ 97,061,945	\$ 118,571,923	\$ 144,227,076

	Year Ended June 30, 2024		
	1% Decrease in Health Care Cost Trend Rates	Current Health Care Cost Trend Rates	1% Increase in Health Care Cost Trend Rates
Net OPEB liability	\$ 107,517,100	\$ 128,231,300	\$ 153,282,400

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OPEB plan fiduciary net position: The University is the fiduciary of the VEBA Trust, and detailed information about the VEBA Trust's fiduciary net position is included in this financial report.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the University recognized OPEB expense of \$21,686,538 and for the year ended June 30, 2024, the University recognized OPEB expense of \$6,862,300. At June 30, 2025 and 2024, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Year Ended June 30, 2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,011,700	\$ 25,098,575
Changes of assumptions	32,363,665	1,232,554
Net difference between projected and actual earnings on OPEB plan investments	-	3,735,822
Total	<u>\$ 35,375,365</u>	<u>\$ 30,066,951</u>

	Year Ended June 30, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,043,595	\$ 25,613,995
Changes of assumptions	32,981,663	4,597,863
Net difference between projected and actual earnings on OPEB plan investments	5,690,400	-
University contributions subsequent to the measurement date	7,333,300	-
Total	<u>\$ 57,048,958</u>	<u>\$ 30,211,858</u>

The \$7,333,300 reported as deferred outflows of resources related to OPEB resulting from University contributions subsequent to the measurement date of July 1, 2024 was recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	
2026	\$ 6,271,881
2027	(264,019)
2028	(68,319)
2029	(988,427)
2030	357,298
Total	<u>\$ 5,308,414</u>

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(19) Commitments and Contingencies

(A) Commitments

In addition to the lease commitments in note 15, the University had commitments totaling \$202,093,555 at June 30, 2025. These commitments consisted of the following:

<u>2025</u>	
Materials and services	\$50,255,988
Construction projects	<u>151,837,567</u>
Total commitments	<u><u>\$202,093,555</u></u>

(B) Contingencies

The University is liable or contingently liable in connection with certain claims that arise in the normal course of its activities. It is the opinion of management that uninsured losses resulting from these claims would not be material to the University's financial position or operations.

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

(C) Mortgage Reserve Fund

On November 15, 2004, the Hospital established a mortgage reserve fund in accordance with the requirements and conditions of the 2004 FHA Regulatory Agreement. On May 14, 2015, a new mortgage reserve fund was established for the 2015 series bonds. The mortgage reserve fund is fully funded.

The mortgage note bears interest at 3.29%. The mortgage note has a term of 205 months following the commencement of amortization and matures on June 1, 2032. Principal and interest are payable in equal monthly installments upon commencement of amortization. A mortgage servicing fee of 12 basis points and a GNMA guarantee fee of 13 basis points are also included in the monthly payment, for a total of 3.54%.

(20) Unrestricted Net Position – Committed and Dedicated

Unrestricted net position is subject to contractual commitments and dedications to support the missions of the University in current and future years. The net position of unrestricted funds of the primary institution fall into one of three categories:

- Committed: A formal, written commitment/contract has been made for these funds. Examples include signed employment offer letters to Deans, Department Chairs, and Research Faculty, start-up funds for new research projects, cost share on awarded sponsored agreements, and appropriated state funding for special projects.
- Dedicated: An Executive Vice President, Vice President, Dean, or Department Chair has dedicated these funds for a clear, focused purpose to support the missions of the University.
- Discretionary: The remaining funds that are not committed or dedicated.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025 and 2024

The following is a breakdown of the University's unrestricted net position as of June 30 (unaudited):

	<u>2025</u>	<u>2024</u>
Unrestricted net position	\$ (134,670,938)	\$ (283,105,860)
Less:		
Working capital – patient care operations		
Clinical operations – UNM Hospitals	269,784,554	408,942,161
Total working capital – patient care operations	269,784,554	408,942,161
Net pension and OPEB obligations		
Pension	(1,212,455,393)	(1,428,616,156)
OPEB	<u>(113,263,509)</u>	<u>(101,394,200)</u>
Total net pension and OPEB obligations	(1,325,718,902)	(1,530,010,356)
Committed		
HSC capital initiatives	34,000,000	-
Blended component units	83,903,192	91,123,695
Other	<u>242,330,436</u>	<u>223,273,383</u>
Total committed	360,233,628	314,397,078
Dedicated		
Plant funds – repair and replacement	132,970,454	118,887,296
Quasi-endowment funds – Regents' scholarships	142,726,489	135,682,577
Student loan funds	1,053,018	1,003,932
Other	<u>212,891,084</u>	<u>179,845,394</u>
Total dedicated	489,641,045	435,419,199
Ending discretionary funds balance	<u>\$ 71,388,737</u>	<u>\$ 88,146,058</u>

(21) Beneficial Interest in New Mexico Land Grant Permanent Fund

The New Mexico Land Grant Permanent Fund (LGPF) was originally established pursuant to the Enabling Act for New Mexico passed by the U.S. Congress on June 20, 1910 (which encompassed the Ferguson Act of 1898) and was made the law of New Mexico by its reference in the New Mexico Constitution. The Enabling Act (and its acceptance in the New Mexico Constitution) set forth certain parcels of land granted by the United States in trust to the State of New Mexico (State) for the purposes of establishing a permanent fund which could only be used for the purposes set out in the Enabling Act, namely, the funding of schools and state institutions throughout New Mexico. Highly restrictive criteria governing permitted uses of the assets of the LGPF are specifically prescribed in the New Mexico Constitution. The beneficiaries of the LGPF are also specifically prescribed in the New Mexico Constitution and in state statute. The University is one of the specific entities identified that has a beneficial interest in the LGPF.

On July 1, 2016, the State changed its policy regarding the presentation of the University's beneficial interest in the LGPF within the State's Annual Comprehensive Financial Report. As a result of the State's change in policy, the University no longer presents its beneficial interest in the LGPF as an asset in its stand-alone Statement of Net Position (SNP). The distribution of income from the LGPF, as required by law, received by the University for its beneficial interest in the LGPF continues to be presented in its stand-alone Statement of Revenue, Expenses, and Changes in Net Position (SRECPN) as investment income.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025 and 2024

The University's beneficial interest and income received from this beneficial interest for the years ending June 30, 2025 and 2024 are as follows:

	As of June 30	
	2025	2024
Balance of the University's beneficial interest in the LGPF	\$ 353,176,087	\$ 313,640,410
<hr/>		
Income received from the University's beneficial interest in the LGPF	\$ 12,611,250	\$ 11,398,092

(22) Subscription Based Information Technology Agreements

A summary of the subscription-based information technology arrangements (SBITA) asset activity during the years ended June 30, 2025 and 2024 is as follows:

	Balance		Balance		Amounts due within a year
	June 30, 2024	Additions	Deductions	June 30, 2025	
SBITA liabilities	\$ 33,917,380	\$ 20,259,462	\$ (16,819,474)	\$ 37,357,368	\$ 13,763,957

	Balance		Balance		Amounts due within a year
	June 30, 2023	Additions	Deductions	June 30, 2024	
SBITA liabilities	\$ 43,275,165	\$ 7,586,735	\$ (16,944,520)	\$ 33,917,380	\$ 11,975,031

A summary of the changes in related SBITA liability during the years ended June 30, 2025 and 2024 is as follows:

	Balance			June 30, 2025
	June 30, 2024	Additions	Deductions	
Right to use SBITA	\$ 87,210,201	\$ 20,992,956	\$ (18,733,399)	\$ 89,469,758
Accumulated depreciation	(53,632,618)	(17,938,639)	18,733,399	(52,837,858)
Right to use SBITA, net	\$ 33,577,583	\$ 3,054,317	\$ -	\$ 36,631,900

	Balance			June 30, 2024
	June 30, 2023	Additions	Deductions	
Right to use SBITA	\$ 79,510,910	\$ 7,699,291	\$ -	\$ 87,210,201
Accumulated depreciation	(36,402,430)	(17,230,188)	- -	(53,632,618)
Right to use SBITA, net	\$ 43,108,480	\$ (9,530,897)	\$ -	\$ 33,577,583

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025 and 2024

UNM is the end user for numerous SBITAs. Short-term SBITAs, which have a maximum possible term of 12 months or less, are recognized as an outflow of resources when payment is made. For SBITAs with subscription terms extending beyond one year, UNM recognizes an intangible right-to-use subscription asset and a corresponding subscription liability.

Initial measurement of the subscription asset/liability is calculated at the present value of payments expected to be paid during the subscription term, discounted using the University's incremental borrowing rate. The right-to use-asset is amortized on a straight-line basis over the subscription term.

There have been no outflows of resources recognized in the reporting periods for variable payments not previously included in the measurement of the SBITA liability, or other payments such as termination penalties.

A schedule of future minimum SBITA payments for the University as of June 30, 2025 is as follows:

Year ending June 30	Principal		Interest		Total
	Payable		Payable		
2026	\$ 13,763,957		\$ 1,111,876		\$ 14,875,833
2027	11,832,447		716,108		12,548,555
2028	3,832,539		366,547		4,199,086
2029	2,801,038		234,269		3,035,307
2030	1,443,777		141,085		1,584,862
2031-2035	3,683,610		157,351		3,840,961
	<u>\$ 37,357,368</u>		<u>\$ 2,727,236</u>		<u>\$ 40,084,604</u>

(23) Subsequent Events

Management has evaluated subsequent events through December 1, 2025 to determine whether such events should be recorded or disclosed in the financial statements or notes for the year ended June 30, 2025. This date represents the date the financial statement audit report was available to be issued. The University is not aware of any subsequent events that would require recognition or disclosure in the accompanying financial statements.

REQUIRED SUPPLEMENTAL INFORMATION – PENSION

Schedule of Proportionate Share of Net Pension Liability and Employer Contributions

Schedule 1

The schedule of proportionate share of net pension liability and the schedule of employer contributions present multiyear trend information for the last 10 fiscal years.

Schedule of Proportionate Share of Net Pension Liability - ERB Plan

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
University's and Clinical Operations' proportion of the net pension liability (asset)	15.50767%	15.42047%	15.72661%	15.80580%	15.81387%	16.42216%	16.99433%	16.96537%	16.58948%	16.49188%
University's and Clinical Operations' proportionate share of the net pension liability (asset)	\$ 1,362,813,335	\$ 1,339,157,564	\$ 1,324,449,719	\$ 1,120,230,812	\$ 3,204,781,099	\$ 1,244,357,298	\$ 2,020,852,577	\$ 1,885,441,562	\$ 1,193,850,905	\$ 1,068,222,984
University's and Clinical Operations' covered payroll	\$ 663,912,727	\$ 600,809,294	\$ 533,129,650	\$ 506,412,799	\$ 505,156,445	\$ 480,032,441	\$ 474,922,764	\$ 483,027,675	\$ 470,690,396	\$ 450,281,155
University's and Clinical Operations' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	205.27%	222.89%	248.43%	221.21%	634.41%	259.22%	425.51%	390.34%	253.64%	237.23%
Plan fiduciary net position as a percentage of the total pension liability	66.57%	65.19%	64.87%	69.77%	39.11%	64.13%	52.17%	52.95%	61.58%	63.97%

Schedule of Employer Contributions - ERB Plan

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required employer contribution	\$ 128,199,710	\$ 120,500,160	\$ 103,038,794	\$ 80,769,142	\$ 71,657,411	\$ 71,479,637	\$ 66,727,310	\$ 66,012,818	\$ 67,140,847	\$ 65,427,748
Contributions in relation to the statutorily required contribution	\$ 128,199,710	\$ 120,500,160	\$ 103,038,794	\$ 80,769,142	\$ 71,657,411	\$ 71,479,637	\$ 66,727,310	\$ 66,012,818	\$ 67,140,847	\$ 65,427,748
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University's and Clinical Operations' covered payroll	\$ 706,334,490	\$ 663,912,727	\$ 600,809,294	\$ 533,129,650	\$ 506,412,799	\$ 505,156,445	\$ 480,032,441	\$ 474,922,764	\$ 483,027,675	\$ 470,690,396
Contributions as a percentage of covered payroll	18.15%	18.15%	17.15%	15.15%	14.15%	14.15%	13.90%	13.90%	13.90%	13.90%

Notes to Schedule 1:**Changes in benefit provisions**

There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2025.

Changes in assumptions and methods

Actuarial assumptions and methods are set by the Board of Trustees, based upon recommendations made by the plan's actuary. The assumptions for the year ended June 30, 2024 were based on Board adopted assumptions on February 23, 2024, in conjunction with the six-year actuarial experience study for the period ended June 30, 2023.

See accompanying independent auditors' report

REQUIRED SUPPLEMENTAL INFORMATION – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHEDULE 2

Schedule of Changes in the University's Net OPEB Liability and Related Ratios

The schedule of changes in the University's net OPEB liability and related ratios presents multiyear trend information for the last 10 fiscal years. Fiscal Year 2017 was the first year of implementation, therefore, only nine years are shown. Until a full 10-year trend is compiled, information for those years for which information is available will be presented.

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability									
Service cost	\$ 5,185,723	\$ 2,128,000	\$ 2,180,100	\$ 1,741,700	\$ 1,890,700	\$ 3,267,100	\$ 3,501,200	\$ 3,526,500	\$ 3,019,400
Interest cost	22,594,412	11,753,200	11,247,900	9,365,900	8,920,400	10,640,500	10,007,700	9,469,800	9,058,700
Differences between expected and actual experience	(14,976,690)	(26,283,900)	-	23,091,200	-	(38,575,300)	-	-	-
Changes of assumptions	16,657,876	36,580,100	(3,057,100)	4,104,100	(6,533,800)	7,729,900	(7,105,700)	(6,444,700)	7,114,000
Benefit payments	(13,320,675)	(5,371,600)	(5,415,400)	(5,443,800)	(5,295,500)	(5,298,600)	(4,913,700)	(4,841,600)	(4,818,100)
Net change in total OPEB liability	\$ 16,140,646	\$ 18,805,800	\$ 4,955,500	\$ 32,859,100	\$ (1,018,200)	\$ (22,236,400)	\$ 1,489,500	\$ 1,710,000	\$ 14,374,000
Total OPEB liability – beginning	\$ 189,655,000	\$ 170,849,200	\$ 165,893,700	\$ 133,034,600	\$ 134,052,800	\$ 156,289,200	\$ 154,799,700	\$ 153,089,700	\$ 138,715,700
Total OPEB liability – ending (a)	\$ 205,795,646	\$ 189,655,000	\$ 170,849,200	\$ 165,893,700	\$ 133,034,600	\$ 134,052,800	\$ 156,289,200	\$ 154,799,700	\$ 153,089,700
Plan fiduciary net position									
Contributions – employer	\$ 17,150,529	\$ 7,301,600	\$ 7,382,600	\$ 7,490,200	\$ 7,459,600	\$ 7,513,700	\$ 7,322,500	\$ 7,467,800	\$ 7,675,100
Contributions – member	3,829,858	1,929,900	1,967,300	2,046,500	2,164,100	2,215,100	2,408,800	2,625,900	2,856,600
Net investment income	18,135,607	5,363,800	(10,733,700)	11,408,000	1,853,500	2,111,000	2,080,800	1,615,600	895,000
Benefit payments	(13,320,675)	(5,371,600)	(5,415,400)	(5,443,800)	(5,295,500)	(5,298,600)	(4,913,700)	(4,841,600)	(4,818,100)
Administrative expense	(14,315)	(6,600)	(6,000)	(8,700)	(3,200)	(5,400)	(5,300)	-	-
Other	19,019	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	\$ 25,800,023	\$ 9,217,100	\$ (6,805,200)	\$ 15,492,200	\$ 6,178,500	\$ 6,535,800	\$ 6,893,100	\$ 6,867,700	\$ 6,608,600
Plan fiduciary net position – beginning	\$ 61,423,700	\$ 52,206,600	\$ 59,011,800	\$ 43,519,600	\$ 37,341,100	\$ 30,805,300	\$ 23,912,200	\$ 17,044,500	\$ 10,435,900
Plan fiduciary net position – ending (b)	\$ 87,223,723	\$ 61,423,700	\$ 52,206,600	\$ 59,011,800	\$ 43,519,600	\$ 37,341,100	\$ 30,805,300	\$ 23,912,200	\$ 17,044,500
University's net OPEB liability – ending (a) - (b)	\$ 118,571,923	\$ 128,231,300	\$ 118,642,600	\$ 106,881,900	\$ 89,515,000	\$ 96,711,700	\$ 125,483,900	\$ 130,887,500	\$ 136,045,200
Plan fiduciary net position as a percentage of the total OPEB liability	42.38%	32.39%	30.56%	35.57%	32.71%	27.86%	19.71%	15.45%	11.13%
Covered-employee payroll	\$ 259,427,600	\$ 257,324,800	\$ 262,302,500	\$ 272,862,900	\$ 288,544,300	\$ 295,345,700	\$ 321,166,700	\$ 350,452,500	\$ 383,432,900
University's net OPEB liability as a percentage of covered-employee payroll	45.71%	49.83%	45.23%	39.17%	31.02%	32.75%	39.07%	37.35%	35.48%

See accompanying independent auditors' report

(Continued)

REQUIRED SUPPLEMENTAL INFORMATION – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Schedule of Changes in the University's Net OPEB Liability and Related Ratios

SCHEDULE 2

Notes to Schedule 2:

Benefit changes

None

Changes in Assumptions

The following assumptions were changed since the prior valuation:

For current active employees, eligibility for future VEBA retiree health benefits was based on the VEBA Indicator code provided in the census data, regardless of the employee's date of hire. The prior approach relied on date of hire to determine which current active employees are contributing to the VEBA. Based on discussions with the University, it was decided that the VEBA Indicator code provides a more reliable way of identifying the contributing actives. Two other changes were made in conjunction with this change: (1) The opt-in assumption for current non-contributing active employees was updated from 10% to a 50% opt-in assumption for the members who opted out of the VEBA after July 1, 2020 and a 0% opt-in assumption for all other non-contributing active employees. Because employees who opt-out of contributing are provided with a one-time option to opt-in, on the five-year anniversary of opting out, many active employees will not have the opportunity to rejoin the health and dental benefits group. (2) The date of hire for current active employees was assumed to be the earlier of date of hire and date of seniority. In addition, for current contributing employees and employees who have opted-out of health benefits, the date of hire was set to be no later than June 30, 2015. These changes had a combined impact of increasing the total OPEB liability by \$9.5 million.

The valuation year per capita health costs and associated trend rates, including non-Medicare medical, Medicare supplement, and Medicare Advantage Prescription Drug plans, were updated. The updated claims and associated trend assumptions had a combined impact of increasing the total OPEB liability by \$4.2 million.

The discount rate decreased from 5.87% to 5.78%. This change increased the total OPEB liability by \$2.0 million.

The mortality, disability, turnover, and retirement rates were updated based on the recent experience study conducted for the Educational Retirement Board (ERB) of New Mexico pension valuation. These changes increased the total OPEB liability by \$1.3 million.

Male participants were assumed to be two years older than their wives and female participants were assumed to be one year younger than their husbands. In the prior valuation, males were assumed to be 3 years older than females. This change increased the total OPEB liability by \$0.6 million.

In the prior valuation, 25% of future non-Medicare retirees were assumed to discontinue or lapse coverage at age 65. This assumption was lowered to 15%. In addition, the 15% lapse assumption is now also applied to current non-Medicare retirees.

See accompanying independent auditors' report

REQUIRED SUPPLEMENTAL INFORMATION – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Schedule of University Contributions

SCHEDULE 3

The schedule of University contributions presents multiyear trend information for the last 10 fiscal years. Fiscal Year 2017 was the first year of implementation, therefore, only nine years are shown. Until a full 10-year trend is compiled, information for those years for which information is available will be presented.

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 9,817,226	\$ 7,333,300	\$ 7,301,600	\$ 7,382,600	\$ 5,210,300	\$ 7,459,600	\$ 7,513,700	\$ 7,322,500	\$ 7,467,800
Contributions in relation to the actuarially determined contribution	9,817,226	7,333,300	7,301,600	7,382,600	5,210,300	7,459,600	7,513,700	7,322,500	7,467,800
Contribution deficiency (excess)	\$ -								
Covered payroll	\$ 251,220,133	\$ 259,427,600	\$ 257,324,800	\$ 262,302,500	\$ 272,862,900	\$ 288,544,300	\$ 295,345,700	\$ 321,166,700	\$ 350,452,500
Contributions as a percentage of covered payroll	3.91%	2.83%	2.84%	2.81%	1.91%	2.59%	2.54%	2.28%	2.13%

Notes to Schedule 3:

Valuation date January 1, 2025

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Actuarial Cost Method
Asset valuation method	Market Value
Salary increases	2%
Investment rate of return	6%, net of OPEB plan investment expenses.
Mortality rates	Post-Retirement Healthy: 2021 Teacher Retirement System of Texas Healthy Pensioner Mortality Tables, set back 1 year for males, projected generationally from 2021 with the ultimate rates of Scale MP-2020. Post-Retirement Disabled: 2021 Teacher Retirement System of Texas Disabled Pensioner Mortality, set forward 2 years for males and 3 years for females, with minimum rates at all ages of 4.0% for males and 2.0% for females, projected generationally from 2021 with the ultimate rates of Scale MP-2020. Pre-Retirement: Pub-2010 “Teacher” classification Headcount-Weighted Employee Mortality, projected generationally with the ultimate rates of Scale MP-2020.

See accompanying independent auditors' report

REQUIRED SUPPLEMENTAL INFORMATION – OTHER POSTEMPLOYMENT BENEFITS (OPEB)**Schedule of Investment Returns****SCHEDULE 4**

The schedule of investment returns presents multiyear trend information for the last 10 fiscal years. Fiscal Year 2017 was the first year of implementation, therefore, only nine years are shown. Until a full 10-year trend is compiled, information for those years for which information is available will be presented.

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2017
Annual money-weighted rate of return, net of investment expense	14.60%	11.32%	9.83%	-17.43%	26.04%	4.55%	6.18%	6.77%	11.26%	11.26%

See accompanying independent auditors' report

Combining Statement of Net Position as of June 30, 2025 – Blended Component Units

SCHEDULE 5

	UNM Rainforest Innovations	Lobo Development Corporation	Lobo Energy, Inc.	UNM Medical Group, Inc.	Total before Eliminations
ASSETS					
Current assets					
Cash and cash equivalents	\$ 4,219,990	\$ 4,133,280	\$ 261,211	\$ 42,870,408	\$ 51,484,889
Short-term investments	12,561,341	-	-	-	12,561,341
Accounts receivable, net	714,888	-	10,944	-	725,832
Patient receivables, net	-	-	-	48,485,921	48,485,921
Leases receivable, net	-	1,161,306	-	-	1,161,306
Leases interest receivable	-	14,599	-	-	14,599
Due from The University of New Mexico	-	-	-	4,365,672	4,365,672
Due from affiliates	-	-	-	4,649,504	4,649,504
Estimated third-party payor settlements	-	-	-	-	-
Other receivables, net	-	-	-	-	-
Inventories	-	-	-	-	-
Other current assets	-	275	6,599	2,050,391	2,057,265
Total current assets	\$ 17,496,219	\$ 5,309,460	\$ 278,754	\$ 102,421,896	\$ 125,506,329
Noncurrent assets					
Cash and cash equivalents	\$ -	\$ -	\$ 1,956,951	\$ 17,556,416	\$ 19,513,367
Leases receivable, noncurrent	-	4,678,372	-	-	4,678,372
Investments	3,448	-	-	50,285,468	50,288,916
Other noncurrent assets	-	-	-	2,328,396	2,328,396
Right-to-use asset, net	338,875	-	-	9,562,368	9,901,243
Capital assets, net	15,397	14,345,298	5,864,067	7,407,101	27,631,863
Total noncurrent assets	\$ 357,720	\$ 19,023,670	\$ 7,821,018	\$ 87,139,749	\$ 114,342,157
Total assets	\$ 17,853,939	\$ 24,333,130	\$ 8,099,772	\$ 189,561,645	\$ 239,848,486
DEFERRED OUTFLOWS OF RESOURCES					
Loss on bond refundings	\$ -	\$ -	\$ -	\$ -	\$ -
Total deferred outflows of resources	\$ -	\$ -	\$ -	\$ -	\$ -
LIABILITIES					
Current liabilities					
Accounts payable and accrued expenses	\$ 373,158	\$ 58,586	\$ 507,956	20,278,567	\$ 21,218,267
Lease Payable - Current	159,335	-	-	935,248	1,094,583
SBITA Payable - current	-	-	-	947,933	947,933
Bonds payable – current	-	-	-	-	-
Long-term debt – current	-	485,927	5,191	-	491,118
Due to The University of New Mexico	541,848	-	-	47,220,895	47,762,743
Due to affiliates	-	-	-	8,836,965	8,836,965
Accrued compensated absences	-	-	-	-	-
Estimated third-party payor settlements	-	-	-	-	-
Medicare accelerated and advance payment program	-	-	-	-	-
Other current liabilities	4,206,003	-	69,303	75,000	4,350,306
Total current liabilities	\$ 5,280,344	\$ 544,513	\$ 582,450	\$ 78,294,608	\$ 84,701,915
Noncurrent liabilities					
Lease payable - noncurrent	\$ 188,059	\$ -	\$ -	\$ 5,701,572	\$ 5,889,631
SBITA payable - noncurrent	-	-	-	2,205,264	2,205,264
Long-term debt – noncurrent	-	10,798,101	6,775,623	19,908,533	37,482,257
Due to The University of New Mexico	-	-	-	-	-
Other liabilities - noncurrent	-	-	-	-	-
Total noncurrent liabilities	\$ 188,059	\$ 10,798,101	\$ 6,775,623	\$ 27,815,369	\$ 45,577,152
Total liabilities	\$ 5,468,403	\$ 11,342,614	\$ 7,358,073	\$ 106,109,977	\$ 130,279,067
DEFERRED INFLOW OF RESOURCES					
Related to leases	\$ -	\$ 5,446,512	\$ -	\$ -	\$ 5,446,512
Total deferred outflows of resources	\$ -	\$ 5,446,512	\$ -	\$ -	\$ 5,446,512
NET POSITION					
Net investment in capital assets	\$ 6,878	\$ 3,061,270	\$ 1,040,204	\$ 4,827,335	\$ 8,935,687
Restricted expendable	-	-	-	-	-
Unrestricted	12,378,658	4,482,734	(298,505)	78,624,333	95,187,220
Total net position	\$ 12,385,536	\$ 7,544,004	\$ 741,699	\$ 83,451,668	\$ 104,122,907

See accompanying independent auditors' report

Combining Statement of Net Position as of June 30, 2024 – Blended Component Units

SCHEDULE 6

	UNM Rainforest Innovations	Lobo Development Corporation	Lobo Energy, Inc.	UNM Medical Group, Inc.	Total before Eliminations
ASSETS					
Current assets					
Cash and cash equivalents	\$ 8,219,474	\$ 4,869,538	\$ 315,847	\$ 43,672,510	\$ 57,077,369
Short-term investments	12,685,152	-	-	-	12,685,152
Accounts receivable, net	510,834	-	10,944	-	521,778
Patient receivables, net	-	-	-	49,971,239	49,971,239
Leases receivable, net	-	1,221,993	-	-	1,221,993
Leases interest receivable	-	19,212	-	-	19,212
Due from The University of New Mexico	-	-	-	4,142,066	4,142,066
Due from affiliates	-	-	-	2,921,537	2,921,537
Estimated third-party payor settlements	-	-	-	-	-
Other receivables, net	-	-	-	64,453	64,453
Inventories	-	-	-	-	-
Other current assets	117	275	60,041	1,893,698	1,954,131
Total current assets	\$ 21,415,577	\$ 6,111,018	\$ 386,832	\$ 102,665,503	\$ 130,578,930
Noncurrent assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 43,113,836	\$ 43,113,836
Leases receivable, noncurrent	-	5,998,097	-	-	5,998,097
Investments	3,448	-	-	41,343,231	41,346,679
Other noncurrent assets	-	-	-	1,194,832	1,194,832
Right-to-use asset, net	495,279	-	-	6,959,527	7,454,806
Capital assets, net	25,986	16,481,655	-	3,317,692	19,825,333
Total noncurrent assets	\$ 524,713	\$ 22,479,752	\$ -	\$ 95,929,118	\$ 118,933,583
Total assets	\$ 21,940,290	\$ 28,590,770	\$ 386,832	\$ 198,594,621	\$ 249,512,513
DEFERRED OUTFLOWS OF RESOURCES					
Loss on bond refundings	\$ -	\$ -	\$ -	\$ -	\$ -
Total deferred outflows of resources	\$ -	\$ -	\$ -	\$ -	\$ -
LIABILITIES					
Current liabilities					
Accounts payable and accrued expenses	\$ 331,814	\$ 24,028	\$ 15,761	\$ 18,116,448	\$ 18,488,051
Lease Payable - Current	155,491	-	-	724,101	879,592
SBITA Payable - current	-	-	-	344,402	344,402
Bonds payable – current	-	-	-	-	-
Long-term debt – current	-	94,967	-	-	94,967
Due to The University of New Mexico	635,101	471,583	-	73,568,271	74,674,955
Due to affiliates	-	-	-	11,368,678	11,368,678
Accrued compensated absences	-	-	-	-	-
Estimated third-party payor settlements	-	-	-	-	-
Medicare accelerated and advance payment program	-	-	-	-	-
Unearned revenue	6,799,867	-	-	-	6,799,867
Other current liabilities	1,591,362	-	73,570	-	1,664,932
Total current liabilities	\$ 9,513,635	\$ 590,578	\$ 89,331	\$ 104,121,900	\$ 114,315,444
Noncurrent liabilities					
Lease payable - noncurrent	\$ 347,000	\$ -	\$ -	\$ 5,828,762	\$ 6,175,762
SBITA payable - noncurrent	-	-	-	62,391	62,391
Long-term debt – noncurrent	-	158,437	-	-	158,437
Due to The University of New Mexico	-	11,284,028	-	-	11,284,028
Other liabilities - noncurrent	-	-	-	-	-
Total noncurrent liabilities	\$ 347,000	\$ 11,442,465	\$ -	\$ 5,891,153	\$ 17,680,618
Total liabilities	\$ 9,860,635	\$ 12,033,043	\$ 89,331	\$ 110,013,053	\$ 131,996,062
DEFERRED INFLOW OF RESOURCES					
Related to leases	\$ -	\$ 6,828,168	\$ -	\$ -	\$ 6,828,168
Total deferred outflows of resources	\$ -	\$ 6,828,168	\$ -	\$ -	\$ 6,828,168
NET POSITION					
Net investment in capital assets	\$ 18,774	\$ 4,472,640	\$ -	\$ 3,317,563	\$ 7,808,977
Restricted expendable	-	-	-	-	-
Unrestricted	12,060,881	5,256,919	297,501	85,264,005	102,879,306
Total net position	\$ 12,079,655	\$ 9,729,559	\$ 297,501	\$ 88,581,568	\$ 110,688,283

See accompanying independent auditors' report

Combining Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2025
Blended Component Units

SCHEDULE 7

	UNM Rainforest Innovations	Lobo Development Corporation	Lobo Energy, Inc.	UNM Medical Group, Inc.	Total before Eliminations
OPERATING REVENUES					
Net patient service	\$ -	\$ -	\$ -	\$ 236,451,503	\$ 236,451,503
Sales and services	-	1,265,580	1,832,235	56,250,034	59,347,849
Operational support	2,034,000	-	-	-	2,034,000
Other operating revenues	6,334,347	712,680	-	3,785,577	10,832,604
Total operating revenues	\$ 8,368,347	\$ 1,978,260	\$ 1,832,235	\$ 296,487,114	\$ 308,665,956
OPERATING EXPENSES					
General and administrative	\$ 3,100,808	\$ 782,306	\$ 468,613	\$ 314,448,437	\$ 318,800,164
Depreciation expense	166,993	443,872	-	3,099,669	3,710,534
Program expenses	-	-	-	-	-
Other operating expense	6,595,720	322,275	780,220	-	7,698,215
Total operating expenses	\$ 9,863,521	\$ 1,548,453	\$ 1,248,833	\$ 317,548,106	\$ 330,208,913
Net operating income (loss)	\$ (1,495,174)	\$ 429,807	\$ 583,402	\$ (21,060,992)	\$ (21,542,957)
NONOPERATING REVENUES (EXPENSES)					
State appropriations	\$ -	\$ -	\$ -	\$ 1,233,900	\$ 1,233,900
Sandoval county mill levy	-	-	-	-	-
Federal CARES Act grants	-	-	-	-	-
Investment income	1,805,211	325,326	211,530	2,125,373	4,467,440
Interest expense	-	-	-	-	-
Distributions to the University of New Mexico	-	-	-	-	-
Other nonoperating revenues and expenses, net	(4,156)	(2,940,688)	(350,734)	12,571,819	9,276,241
Net nonoperating revenues (expenses)	\$ 1,801,055	\$ (2,615,362)	\$ (139,204)	\$ 15,931,092	\$ 14,977,581
Income (loss) before capital contributions	\$ 305,881	\$ (2,185,555)	\$ 444,198	\$ (5,129,900)	\$ (6,565,376)
Capital contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Total capital contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Change in net position	\$ 305,881	\$ (2,185,555)	\$ 444,198	\$ (5,129,900)	\$ (6,565,376)
Net position at beginning of year	\$ 12,079,655	\$ 9,729,559	\$ 297,501	\$ 88,581,568	\$ 110,688,283
Net position at end of year	\$ 12,385,536	\$ 7,544,004	\$ 741,699	\$ 83,451,668	\$ 104,122,907

See accompanying independent auditors' report

Combining Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2024
 Blended Component Units

SCHEDULE 8

	UNM Rainforest Innovations	Lobo Development Corporation	Lobo Energy, Inc.	UNM Medical Group, Inc.	Total before Eliminations
OPERATING REVENUES					
Net patient service	\$ -	\$ -	\$ -	\$ 246,703,199	\$ 246,703,199
Sales and services	-	700,000	1,032,000	52,126,535	53,858,535
Operational support	2,034,000	-	-	-	2,034,000
Other operating revenues	6,197,890	1,342,512	-	4,806,708	12,347,110
Total operating revenues	\$ 8,231,890	\$ 2,042,512	\$ 1,032,000	\$ 303,636,442	\$ 314,942,844
OPERATING EXPENSES					
General and administrative	\$ 5,598,536	\$ 669,733	\$ 438,392	\$ 310,289,688	\$ 316,996,349
Depreciation expense	171,312	503,240	-	3,153,877	3,828,429
Program expenses	3,961,861	95,963	780,267	-	4,838,091
Other operating expense	-	-	-	6,971,020	6,971,020
Total operating expenses	\$ 9,731,709	\$ 1,268,936	\$ 1,218,659	\$ 320,414,585	\$ 332,633,889
Net operating income (loss)	\$ (1,499,819)	\$ 773,576	\$ (186,659)	\$ (16,778,143)	\$ (17,691,045)
NONOPERATING REVENUES (EXPENSES)					
State appropriations	\$ -	\$ -	\$ -	\$ 1,216,092	\$ 1,216,092
Sandoval county mill levy	-	-	-	-	-
Federal CARES Act grants	-	-	-	-	-
Investment income	1,657,158	343,584	4,852	1,897,599	3,903,193
Interest expense	(6,305)	(384,148)	-	-	(390,453)
Distributions to the University of New Mexico	-	(596,448)	-	-	(596,448)
Distributions from the University of New Mexico	-	1,577,505	-	-	1,577,505
Other nonoperating revenues and expenses, net	-	1,535	-	5,488,593	5,490,128
Net nonoperating revenues	\$ 1,650,853	\$ 942,028	\$ 4,852	\$ 8,602,284	\$ 11,200,017
Income (loss) before capital contributions	\$ 151,034	\$ 1,715,604	\$ (181,807)	\$ (8,175,859)	\$ (6,491,028)
Capital contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Total capital contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Change in net position	\$ 151,034	\$ 1,715,604	\$ (181,807)	\$ (8,175,859)	\$ (6,491,028)
Net position at beginning of year	\$ 11,928,621	\$ 8,013,955	\$ 479,308	\$ 96,757,427	\$ 117,179,311
Net position at end of year	\$ 12,079,655	\$ 9,729,559	\$ 297,501	\$ 88,581,568	\$ 110,688,283

See accompanying independent auditors' report

Combining Statement of Cash Flows as of June 30, 2025 – Blended Component Units

SCHEDULE 9

	UNM Rainforest Innovations	Lobo Development Corporation	Lobo Energy, Inc.	UNM Medical Group, Inc.	Total before Eliminations
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from insurance and patients	\$ -	\$ -	\$ -	\$ 294,030,525	\$ 294,030,525
Cash payments to employees	-	(592,336)	(915,287)	(30,066,434)	(31,574,057)
Cash payments for benefits	-	-	-	(4,359,612)	(4,359,612)
Cash payments to suppliers	(7,755,532)	(477,687)	(270,721)	(45,019,184)	(53,523,124)
Other cash receipts (payments)	1,986,279	1,977,016	1,832,235	(260,955,647)	(255,160,117)
Net cash provided by (used in) operating activities	\$ (5,769,253)	\$ 906,993	\$ 646,227	\$ (46,370,352)	\$ (50,586,385)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Cash received from state appropriations	\$ -	\$ -	\$ -	\$ 1,233,900	\$ 1,233,900
Cash received from Sandoval County mill levy	-	-	-	-	-
Cash received from federal CARES Act grants	-	-	-	-	-
Other nonoperating cash receipts (payments)	-	(360,724)	-	-	(360,724)
Net cash provided by (used in) noncapital financing activities	\$ -	\$ (360,724)	\$ -	\$ 1,233,900	\$ 873,176
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Cash received from mortgage refinancing	\$ -	\$ -	\$ -	\$ -	\$ -
Cash received from federal bond subsidy	-	-	-	-	-
Principal payments of bonds	-	-	-	-	-
Principal payments on mortgage	-	-	-	-	-
Interest payments on bonds	-	-	-	-	-
Interest and insurance payments on mortgage	-	-	-	-	-
Cash payments for mortgage reserve fund	-	-	-	-	-
Other cash receipts (payments)	(155,097)	(1,612,466)	1,044,558	12,446,444	11,723,439
Net cash provided by (used in) capital and related financing activities	\$ (155,097)	\$ (1,612,466)	\$ 1,044,558	\$ 12,446,444	\$ 11,723,439
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturities of investments	\$ 2,719,332	\$ -	\$ -	\$ 31,437,721	\$ 34,157,053
Purchases of investments	(2,595,521)	-	-	(32,458,767)	(35,054,288)
Investment income	1,801,055	329,939	211,530	2,022,371	4,364,895
Other cash receipts	-	-	-	5,329,161	5,329,161
Net cash provided by investing activities	\$ 1,924,866	\$ 329,939	\$ 211,530	\$ 6,330,486	\$ 8,796,821
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
Cash and cash equivalents – beginning of year	\$ (3,999,484)	\$ (736,258)	\$ 1,902,315	\$ (26,359,522)	\$ (29,192,949)
Cash and cash equivalents – end of year	8,219,474	4,869,538	315,847	86,786,346	100,191,205
	\$ 4,219,990	\$ 4,133,280	\$ 2,218,162	\$ 60,426,824	\$ 70,998,256

See accompanying independent auditors' report

Combining Statement of Cash Flows as of June 30, 2024 – Blended Component Units

SCHEDULE 10

	UNM Rainforest Innovations	Lobo Development Corporation	Lobo Energy, Inc.	UNM Medical Group, Inc.	Total before Eliminations
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from insurance and patients	\$ -	\$ -	\$ -	\$ 257,754,916	\$ 257,754,916
Cash payments to employees	-	(530,379)	(898,831)	(27,918,975)	(29,348,185)
Cash payments for benefits	-	-	-	(3,795,568)	(3,795,568)
Cash payments to suppliers	(6,520,025)	(256,818)	(306,821)	(45,922,832)	(53,006,496)
Other cash receipts (payments)	12,900,471	2,034,504	1,032,000	(173,684,268)	(157,717,293)
Net cash provided by (used in) operating activities	\$ 6,380,446	\$ 1,247,307	\$ (173,652)	\$ 6,433,273	\$ 13,887,374
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Cash received from state appropriations	\$ -	\$ -	\$ -	\$ 1,216,092	\$ 1,216,092
Cash received from Sandoval County mill levy	-	-	-	-	-
Cash received from federal CARES Act grants	-	-	-	-	-
Other nonoperating cash receipts	-	982,565	-	-	982,565
Net cash provided by noncapital financing activities	\$ -	\$ 982,565	\$ -	\$ 1,216,092	\$ 2,198,657
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Cash received from mortgage refinancing	\$ -	\$ -	\$ -	\$ -	\$ -
Cash received from federal bond subsidy	-	-	-	-	-
Principal payments of bonds	-	-	-	-	-
Principal payments on mortgage	-	-	-	-	-
Interest payments on bonds	-	-	-	-	-
Interest and insurance payments on mortgage	-	-	-	-	-
Cash payments for mortgage reserve fund	-	-	-	-	-
Other cash receipts (payments)	(152,812)	(1,072,228)	-	(3,923,102)	(5,148,142)
Net cash provided by (used in) capital and related financing activities	\$ (152,812)	\$ (1,072,228)	\$ -	\$ (3,923,102)	\$ (5,148,142)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturities of investments	\$ 3,401,565	\$ -	\$ -	\$ 29,389,421	\$ 32,790,986
Purchases of investments	(3,440,708)	-	-	(29,624,825)	(33,065,533)
Investment income	-	345,197	4,852	797,986	1,148,035
Other cash receipts	-	-	-	4,593,379	4,593,379
Net cash provided by (used in) investing activities	\$ (39,143)	\$ 345,197	\$ 4,852	\$ 5,155,961	\$ 5,466,867
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
Cash and cash equivalents – beginning of year	\$ 6,188,491	\$ 1,502,841	\$ (168,800)	\$ 8,882,224	\$ 16,404,756
Cash and cash equivalents – end of year	2,030,983	3,366,697	484,647	77,904,122	83,786,449
Cash and cash equivalents – end of year	\$ 8,219,474	\$ 4,869,538	\$ 315,847	\$ 86,786,346	\$ 100,191,205

See accompanying independent auditors' report

Combining Statement of Net Position as of June 30, 2025 – Discretely Presented Component Units

SCHEDULE 11

	University of New Mexico Foundation, Inc.	UNM Lobo Club	The University of New Mexico Alumni Association	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 16,955,906	\$ 8,497,321	\$ 464,918	\$ 25,918,145
Short-term investments	-	-	12,011,209	12,011,209
Accounts receivable, net	4,027,597	106,591	46,122	4,180,310
Other current assets	2,033,517	5,578	363	2,039,458
Total current assets	\$ 23,017,020	\$ 8,609,490	\$ 12,522,612	\$ 44,149,122
Noncurrent assets				
Investments	\$ 519,600,656	\$ -	-	\$ 519,600,656
Beneficial interest in irrevocable split interest agreements	21,327,282	-	-	21,327,282
Other noncurrent assets	4,188,612	-	-	4,188,612
Capital assets, net	653,715	-	-	653,715
Total noncurrent assets	\$ 545,770,265	\$ -	\$ -	\$ 545,770,265
Total assets	\$ 568,787,285	\$ 8,609,490	\$ 12,522,612	\$ 589,919,387
LIABILITIES				
Current liabilities				
Accounts payable and accrued expenses	\$ 2,083,100	\$ 199,480	102,705	\$ 2,385,285
Advance funding received	-	-	-	-
Unearned revenue	-	705,212	-	705,212
Other current liabilities	4,920,646	-	-	4,920,646
Total current liabilities	\$ 13,408,531	\$ 4,629,483	\$ 102,705	\$ 18,140,719
Noncurrent liabilities				
Due to The University of New Mexico	\$ 125,968,917	\$ -	\$ -	\$ 125,968,917
Annuities payable	1,412,405	-	-	1,412,405
Total noncurrent liabilities	\$ 127,381,322	\$ -	\$ -	\$ 127,381,322
Total liabilities	\$ 140,789,853	\$ 4,629,483	\$ 102,705	\$ 145,522,041
DEFERRED INFLOWS OF RESOURCES				
Beneficial interest in irrevocable split interest agreements	\$ 21,652,157	\$ -	\$ -	\$ 21,652,157
Total deferred inflows of resources	\$ 21,652,157	\$ -	\$ -	\$ 21,652,157
NET POSITION				
Net investment in capital assets	\$ 653,715	\$ -	\$ -	\$ 653,715
Restricted nonexpendable	361,575,528	-	-	361,575,528
Restricted expendable	35,757,602	194,939	-	35,952,541
Unrestricted	8,358,430	3,785,068	12,419,907	24,563,405
Total net position	\$ 406,345,275	\$ 3,980,007	\$ 12,419,907	\$ 422,745,189

See accompanying independent auditors' report

Combining Statement of Net Position as of June 30, 2024 – Discretely Presented Component Units

SCHEDULE 12

	University of New Mexico Foundation, Inc.	UNM Lobo Club	The University of New Mexico Alumni Association	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 15,341,929	\$ 6,510,584	\$ 434,638	\$ 22,287,151
Short-term investments	-	-	11,170,385	11,170,385
Accounts receivable, net	1,766,107	135,442	39,217	1,940,766
Due from The University of New Mexico	-	828,075	-	828,075
Other current assets	1,537,877	7,965	28,298	1,574,140
Total current assets	\$ 18,645,913	\$ 7,482,066	\$ 11,672,538	\$ 37,800,517
Noncurrent assets				
Investments	\$ 476,620,168	\$ -	-	\$ 476,620,168
Beneficial interest in irrevocable split interest agreements	20,479,573	-	-	20,479,573
Other noncurrent assets	4,478,330	-	-	4,478,330
Capital assets, net	131,876	-	-	131,876
Total noncurrent assets	\$ 501,709,947	\$ -	\$ -	\$ 501,709,947
Total assets	\$ 520,355,860	\$ 7,482,066	\$ 11,672,538	\$ 539,510,464
LIABILITIES				
Current liabilities				
Accounts payable and accrued expenses	\$ 1,985,504	\$ 75,750	84,270	\$ 2,145,524
Due to The University of New Mexico	7,312,567	3,385,623	-	10,698,190
Unearned revenue	-	647,292	-	647,292
Other current liabilities	6,842,610	-	-	6,842,610
Total current liabilities	\$ 16,140,681	\$ 4,108,665	\$ 84,270	\$ 20,333,616
Noncurrent liabilities				
Due to The University of New Mexico	\$ 113,552,497	\$ -	\$ -	\$ 113,552,497
Annuites payable	1,413,724	-	-	1,413,724
Total noncurrent liabilities	\$ 114,966,221	\$ -	\$ -	\$ 114,966,221
Total liabilities	\$ 131,106,902	\$ 4,108,665	\$ 84,270	\$ 135,299,837
DEFERRED INFLOWS OF RESOURCES				
Beneficial interest in irrevocable split interest agreements	\$ 20,771,117	\$ -	\$ -	\$ 20,771,117
Total deferred inflows of resources	\$ 20,771,117	\$ -	\$ -	\$ 20,771,117
NET POSITION				
Net investment in capital assets	\$ 131,876	\$ -	\$ -	\$ 131,876
Restricted nonexpendable	331,082,768	-	-	331,082,768
Restricted expendable	30,236,815	148,767	-	30,385,582
Unrestricted	7,026,382	3,224,634	11,588,268	21,839,284
Total net position	\$ 368,477,841	\$ 3,373,401	\$ 11,588,268	\$ 383,439,510

See accompanying independent auditors' report

Combining Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2025

Discretely Presented Component Units

SCHEDULE 13

	University of New Mexico Foundation, Inc.	UNM Lobo Club	The University of New Mexico Alumni Association	Total
OPERATING REVENUES				
Nongovernmental grants, bequests, and contributions	\$ 34,283,017	\$ 6,843,578	\$ -	\$ 41,126,595
Sales and services	-	609,965	-	609,965
Operational support	-	-	-	-
Other operating revenues	10,791,446	-	664,115	11,455,561
Total operating revenues	\$ 45,074,463	\$ 7,453,543	\$ 664,115	\$ 53,192,121
OPERATING EXPENSES				
General and administrative	\$ 18,363,925	\$ 343,994	\$ 533,073	\$ 19,240,992
Program expenses	-	6,732,951	263,420	6,996,371
Distributions to the University of New Mexico	47,975,781	-	-	47,975,781
Total operating expenses	\$ 66,339,706	\$ 7,076,945	\$ 796,493	\$ 74,213,144
Net operating income (loss)	\$ (21,265,243)	\$ 376,598	\$ (132,378)	\$ (21,021,023)
NONOPERATING REVENUES (EXPENSES)				
Investment income	\$ 46,038,917	\$ 230,008	\$ 1,160,504	\$ 47,429,429
Other nonoperating revenues and expenses, net	-	-	(196,487)	(196,487)
Distributions to the University of New Mexico	-	-	-	-
Net nonoperating revenues	\$ 46,038,917	\$ 230,008	\$ 964,017	\$ 47,232,942
Income (loss) before other revenues	\$ 24,773,674	\$ 606,606	\$ 831,639	\$ 26,211,919
Contributions to permanent endowments	\$ 13,093,760	\$ -	\$ -	\$ 13,093,760
Total other revenues	\$ 13,093,760	\$ -	\$ -	\$ 13,093,760
Change in net position	\$ 37,867,434	\$ 606,606	\$ 831,639	\$ 39,305,679
Net position at beginning of year	368,477,841	3,373,401	11,588,268	383,439,510
Net position at end of year	\$ 406,345,275	\$ 3,980,007	\$ 12,419,907	\$ 422,745,189

Combining Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2024
 Discretely Presented Component Units

SCHEDULE 14

	University of New Mexico Foundation, Inc.	UNM Lobo Club	The University of New Mexico Alumni Association	Total
OPERATING REVENUES				
Nongovernmental grants, bequests, and contributions	\$ 34,510,102	\$ 7,549,942	\$ -	\$ 42,060,044
Sales and services	-	563,414	-	563,414
Operational support	8,762,563	-	-	8,762,563
Other operating revenues	214,846	-	567,331	782,177
Total operating revenues	\$ 43,487,511	\$ 8,113,356	\$ 567,331	\$ 52,168,198
OPERATING EXPENSES				
General and administrative	\$ 16,828,886	\$ 419,972	\$ 527,942	\$ 17,776,800
Program expenses	-	7,436,509	260,386	7,696,895
Distributions to the University of New Mexico	47,298,017	-	-	47,298,017
Total operating expenses	\$ 64,126,903	\$ 7,856,481	\$ 788,328	\$ 72,771,712
Net operating income (loss)	\$ (20,639,392)	\$ 256,875	\$ (220,997)	\$ (20,603,514)
NONOPERATING REVENUES (EXPENSES)				
Investment income	\$ 51,198,305	\$ 36,826	\$ 1,291,728	\$ 52,526,859
Other nonoperating revenues and expenses, net	-	28,776	3,291	32,067
Distributions to the University of New Mexico	-	-	(129,897)	(129,897)
Net nonoperating revenues	\$ 51,198,305	\$ 65,602	\$ 1,165,122	\$ 52,429,029
Income (loss) before other revenues	\$ 30,558,913	\$ 322,477	\$ 944,125	\$ 31,825,515
Contributions to permanent endowments	\$ 13,773,356			\$ 13,773,356
Total other revenues	\$ 13,773,356	\$ -	\$ -	\$ 13,773,356
Change in net position	\$ 44,332,269	\$ 322,477	\$ 944,125	\$ 45,598,871
Net position at beginning of year	324,145,572	3,050,924	10,644,143	337,840,639
Net position at end of year	\$ 368,477,841	\$ 3,373,401	\$ 11,588,268	\$ 383,439,510

Budgetary Comparison Schedules – Unrestricted and Restricted – All Operations

Year Ended June 30, 2025

SCHEDULE 15

	Original Budget	Final Budget	Actuals	Final Budget vs Actuals Favorable (Unfavorable)
Unrestricted and Restricted Beginning Net Position	\$ 541,940,491	\$ 658,160,328	\$ 658,160,328	\$ -
Unrestricted and Restricted Revenues:				
Tuition and Fees	\$ 234,740,428	\$ 241,416,014	\$ 249,408,590	\$ 7,992,576
Federal Government Appropriations	45,491	45,491	80,602	35,111
State Government Appropriations	497,829,170	501,536,990	501,498,249	(38,741)
Local Government Appropriations	10,287,327	10,537,327	10,899,279	361,952
Federal Government Contracts/Grants	348,419,094	378,529,449	309,213,633	(69,315,816)
State Government Contracts/Grants	169,641,911	175,557,578	176,682,136	1,124,558
Local Government Contracts/Grants	3,486,872	3,692,640	2,848,549	(844,091)
Private Contracts/Grants	65,152,230	70,827,694	79,374,750	8,547,056
Endowments and Private Gifts	1,255,719	1,148,829	1,396,766	247,937
Land and Permanent Fund	13,903,141	13,903,141	14,590,948	687,807
Sales and Services	626,039,717	654,119,376	654,056,859	(62,517)
Other	287,690,835	344,143,705	380,916,747	36,773,042
Total Unrestricted and Restricted Revenues	\$ 2,258,491,935	\$ 2,395,458,234	\$ 2,380,967,108	\$ (14,491,126)
Unrestricted and Restricted Expenditures:				
Instruction	\$ 356,137,133	\$ 349,544,085	\$ 332,259,232	\$ 17,284,853
Academic Support	81,337,990	83,707,753	75,540,699	8,167,054
Student Services	45,481,584	46,968,937	44,329,055	2,639,882
Institutional Support	101,063,833	102,628,378	96,466,321	6,162,057
Operations and Maintenance	55,680,068	55,949,259	52,074,840	3,874,419
Student Social and Cultural	12,617,878	13,334,778	11,659,253	1,675,525
Research	328,773,997	347,016,225	280,695,574	66,320,651
Public Service	617,729,403	630,812,500	594,390,914	36,421,586
Internal Services	12,774,233	23,751,973	21,498,569	2,253,404
Student Aid, Grants, and Stipends	243,059,827	257,955,348	249,494,044	8,461,304
Auxiliary Services	58,154,678	59,160,905	58,661,583	499,322
Intercollegiate Athletics	43,846,450	45,652,421	45,573,687	78,734
Independent Operations	127,190,697	130,132,491	125,432,932	4,699,559
Capital Outlay	162,967,435	175,434,049	173,975,757	1,458,292
Building Renewal and Replacement	22,838,854	18,271,083	18,120,182	150,901
Retirement of Indebtedness	39,294,165	39,294,165	38,211,121	1,083,044
Total Unrestricted and Restricted Expenditures	\$ 2,308,948,225	\$ 2,379,614,350	\$ 2,218,383,763	\$ 161,230,586
Net Transfers	\$ 11,321,032	\$ 6,962,565	\$ 5,304,896	\$ (1,657,669)
Change in Net Position (Budgetary Basis)	\$ (39,135,258)	\$ 22,806,449	\$ 167,888,241	\$ 145,081,792
Ending Net Position	<u>\$ 502,805,233</u>	<u>\$ 680,966,777</u>	<u>\$ 826,048,569</u>	<u>\$ 145,081,792</u>

Under title 5 of the New Mexico Administrative Code, chapter 3, part 4, paragraph 10 – Items of Budgetary Control: The total expenditures in each of the following budgetary functions will be used as the items of budgetary control. Total expenditures or transfers in each of these items of budgetary control may not exceed the amounts shown in the approved budget: A. Unrestricted expenditures and restricted expenditures, B. Instruction and general, C. Each budget function in current funds other than instruction and general, D. Within the plant funds budget: major projects, library bonds, equipment bonds, minor capital outlay, renewals and replacements, and debt service, and E. Each individual item of transfer between funds and/or functions.

See accompanying independent auditors' report.

Budgetary Comparison Schedules - Unrestricted - Instruction & General
 Year Ended June 30, 2025

SCHEDULE 16

	Original Budget	Final Budget	Actuals	Final Budget vs Actuals Favorable (Unfavorable)
Unrestricted Beginning Net Position	\$ 124,011,046	\$ 152,210,283	\$ 152,210,283	\$ -
Unrestricted Revenues:				
Tuition and Fees	\$ 206,923,222	\$ 212,992,880	\$ 220,383,122	\$ 7,390,242
Federal Government Appropriations	-	-	4,093	4,093
State Government Appropriations	402,780,128	402,892,928	403,379,233	486,305
Local Government Appropriations	10,287,327	10,537,327	10,899,279	361,952
Federal Government Contracts/Grants	180,000	180,000	174,033	(5,967)
State Government Contracts/Grants	22,863	37,137	25,169	(11,968)
Local Government Contracts/Grants	-	-	-	-
Private Contracts/Grants	-	-	-	-
Endowments and Private Gifts	13,903,141	13,903,141	14,590,948	687,807
Land and Permanent Fund	-	-	-	-
Sales and Services	1,235,966	1,254,617	2,156,185	901,568
Other	74,679,228	77,551,028	87,303,087	9,752,059
Total Unrestricted Revenues	\$ 710,011,875	\$ 719,349,058	\$ 738,915,149	\$ 19,566,091
Unrestricted Expenditures:				
Instruction	\$ 348,291,904	\$ 343,147,007	\$ 325,694,328	\$ 17,452,679
Academic Support	80,531,126	82,702,021	75,009,767	7,692,254
Student Services	44,854,060	46,324,505	43,981,614	2,342,891
Institutional Support	100,756,833	102,284,878	96,343,096	5,941,782
Operations and Maintenance	55,657,568	55,926,759	52,074,840	3,851,919
Total Unrestricted Expenditures	\$ 630,091,491	\$ 630,385,170	\$ 593,103,645	\$ 37,281,525
Net Transfers	\$ (82,763,385)	\$ (105,109,507)	\$ (115,404,615)	\$ (10,295,108)
Change in Net Position (Budgetary Basis)	\$ (2,843,001)	\$ (16,145,619)	\$ 30,406,889	\$ 46,552,507
Ending Net Position	<u>\$ 121,168,045</u>	<u>\$ 136,064,664</u>	<u>\$ 182,617,172</u>	<u>\$ 46,552,507</u>

See accompanying independent auditors' report.

Budgetary Comparison Schedules - Restricted - Instruction & General
 Year Ended June 30, 2025

SCHEDULE 17

	Original Budget	Final Budget	Actuals	Final Budget vs Actuals	
				Favorable	(Unfavorable)
Restricted Beginning Net Position	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted Revenues:					
Tuition and Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Government Appropriations	\$ -	\$ -	\$ -	\$ -	\$ -
State Government Appropriations	\$ -	\$ -	\$ -	\$ -	\$ -
Local Government Appropriations	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Government Contracts/Grants	7,248,337	5,657,695	5,857,924	200,229	
State Government Contracts/Grants	1,914,128	1,942,751	1,128,552	(814,199)	
Local Government Contracts/Grants	50,000	50,000	\$ -	(50,000)	
Private Contracts/Grants	284,652	650,796	580,026	(70,770)	
Endowments and Private Gifts	\$ -	\$ -	\$ -	\$ -	\$ -
Land and Permanent Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and Services	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -
Total Restricted Revenues	\$ 9,497,117	\$ 8,301,242	\$ 7,566,502	\$ (734,740)	
Restricted Expenditures:					
Instruction	\$ 7,845,229	\$ 6,397,078	\$ 6,564,904	\$ (167,826)	
Academic Support	806,864	1,005,732	530,932	474,800	
Student Services	627,524	644,432	347,441	296,991	
Institutional Support	307,000	343,500	123,225	220,275	
Operations and Maintenance	22,500	22,500	\$ -	22,500	
Total Restricted Expenditures	\$ 9,609,117	\$ 8,413,242	\$ 7,566,502	\$ 846,740	
Net Transfers	\$ 112,000	\$ 112,000	\$ -	\$ (112,000)	
Change in Net Position (Budgetary Basis)	\$ -	\$ -	\$ -	\$ -	
Ending Net Position	\$ -	\$ -	\$ -	\$ -	

See accompanying independent auditors' report.

Reconciliation of Budgetary Basis to Financial Statement Basis
 Unrestricted and Restricted - All Operations
 Year Ended June 30, 2025

Total Unrestricted and Restricted Revenues:

Budgetary Basis	\$ 2,380,967,108
Reconciling items:	
University of New Mexico Hospital	1,730,195,087
University of New Mexico Behavioral Health Operations	90,765,221
Blended component units	321,548,841
Intercompany eliminations	(579,261,199)
Endowment fund items	36,986,928
Investment in plant items	9,611,917
Institutional fund items	(162,547,535)
Bond proceeds	1,033,733
CPH and CTH	(43,725,519)
Other	(10,509,440)
Total reconciling items	\$ 1,394,098,034
Total reconciled unrestricted and restricted revenues per budgetary basis	<u>\$ 3,775,065,142</u>

Basic Financial Statements

Operating revenues	\$ 2,611,671,729
Nonoperating revenues	1,024,721,886
Nonoperating revenues netted in other nonoperating revenues and expenses	19,325,206
Capital contributions	119,346,321
Total unrestricted and restricted revenues per financial statements	<u>\$ 3,775,065,142</u>
Difference	<u>\$ -</u>

Total Unrestricted and Restricted Expenditures:

Budgetary Basis	\$ 2,218,383,763
Reconciling items:	
University of New Mexico Hospital	1,803,678,900
University of New Mexico Behavioral Health Operations	86,978,477
Blended component units	330,212,637
Intercompany eliminations	(579,261,199)
Endowment fund items	5,295,626
Investment in plant items	9,944,001
Depreciation expense	66,960,505
Institutional fund items	(157,605,419)
Adjustments subsequent to Actuals submission to HED	28,928,731
Capitalized expenditures	(115,150,601)
GASB 68 pension expense	(216,681,927)
GASB 75 other postemployment benefits expense	11,869,309
Elimination of internal sales revenue	(117,345,745)
Other	(13,357,771)
Total reconciling items	\$ 1,144,465,524
Total reconciled unrestricted and restricted expenditures per budgetary basis	<u>\$ 3,362,849,287</u>

Basic Financial Statements

Operating expenditures	\$ 3,326,853,431
Nonoperating expenditures	25,278,327
Nonoperating expenditures netted in other nonoperating revenues and expenses	10,717,529
Total unrestricted and restricted expenditures per financial statements	<u>\$ 3,362,849,287</u>
Difference	<u>\$ -</u>

See accompanying independent auditors' report.

Schedule of Pledged Collateral as of June 30, 2025 - Primary Institution

Financial Institution	Account Type	Account Name	Book Balance	Bank Balance
PNC Bank	Checking	**Lobo Development - Business Checking	\$ 1,848,921	\$ 1,848,921
PNC Bank	Checking	**Lobo Energy - Business Checking	242,103	242,103
		Less FDIC Insurance		(500,000)
		Uninsured Public Funds	<u><u>\$</u></u>	<u><u>1,591,024</u></u>
Enterprise Bank	Checking	Los Alamos Campus Depository	\$ 3,100	\$ 2,115
		Less FDIC Insurance		(2,115)
		Uninsured Public Funds	<u><u>\$</u></u>	<u><u>-</u></u>
U.S. Bank	Checking	General Depository	\$ (5,575,019)	\$ 2,198,091
		Less FDIC Insurance		(250,000)
		Uninsured Public Funds	<u><u>\$</u></u>	<u><u>1,948,091</u></u>
		Collateral Requirement (50%)	<u><u>\$</u></u>	<u><u>974,045</u></u>
		Fair Value of Collateral	<u><u>\$</u></u>	<u><u>50,000,000</u></u>
		Over (Under) Collateralized	<u><u>\$</u></u>	<u><u>49,025,955</u></u>
Wells Fargo	Checking	Hospital Operating Account	\$ 188,995,776	\$ 202,519,992
	Savings	Hospital Operating Account	<u><u>\$ 57,525,008</u></u>	<u><u>57,525,008</u></u>
			<u><u>\$ 246,520,784</u></u>	<u><u>\$ 260,045,000</u></u>
		Less FDIC Insurance		(500,000)
		Uninsured Public Funds	<u><u>\$</u></u>	<u><u>259,545,000</u></u>
		Collateral Requirement (50%)	<u><u>\$</u></u>	<u><u>129,772,500</u></u>
		Fair Value of Collateral	<u><u>\$</u></u>	<u><u>451,441,534</u></u>
		Over (Under) Collateralized	<u><u>\$</u></u>	<u><u>321,669,034</u></u>
	Checking	*UNMMG Operating Account	\$ 41,811,211	\$ 42,075,805
	CD	*UNMMG certificate of Deposit	486,000	486,000
	Checking	*UNMMG Cancer Center	39,751	39,751
	Checking	*UNMMG Truman RX	<u><u>\$ 75,000</u></u>	<u><u>75,000</u></u>
			<u><u>\$ 42,411,962</u></u>	<u><u>\$ 42,676,556</u></u>
		Less FDIC Insurance		(250,000)
		Uninsured Public Funds	<u><u>\$</u></u>	<u><u>42,426,556</u></u>
		Collateral Requirement (50%)	<u><u>\$</u></u>	<u><u>21,213,278</u></u>
		Fair Value of Collateral	<u><u>\$</u></u>	<u><u>120,000,000</u></u>
		Over (Under) Collateralized	<u><u>\$</u></u>	<u><u>98,786,722</u></u>
	Other	Interest-Bearing Cash Sweep (ICS)	153,909,339	153,909,339
		Guaranteed Investment Contract		
		Commercial Paper Overnight Sweep	32,101,168	32,120,326
		UNMMG Money Markets	453,136	455,876
		*UNMMG Project Fund - NMFA	14,661,472	14,661,472
		*UNMMG Debt Service Fund - NMFA	1,453,286	1,453,286
		*UNMMG Reserve Fund - NMFA	1,441,658	1,441,658
		VEBA Trust assets held by UNM	(305,287)	-
		Petty Cash/Other	(117,856)	-
		Petty Cash - Hospital	47,110	-
		Petty Cash - UNMMG	5,310	-
		Component Unit deposits held by UNM	(30,963)	-
		**Lobo Energy	1,956,951	1,956,951
		**Rainforest Innovations	4,219,990	4,255,157
			<u><u>\$ 209,795,314</u></u>	<u><u>\$ 210,254,065</u></u>
		Total Cash and Cash Equivalents – Primary Institution	\$ 495,247,165	\$ 517,266,850

*Blended Component Units - Public Money Entities

**Blended Component Units - Non-Public Money Entities

SCHEDULE 18

CUSIP Identification	Maturity Date	Type of Securities	Amount
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Main Campus*

572684	12/5/2025	LOC	\$ 50,000,000
<i>Total Pledged Collateral</i> <u>\$ 50,000,000</u>			

* - Pledged collateral is held by U.S. Bank in the University's name

UNM Medical Group***

107829898 N/A	Travelers	\$	70,000,000
1004935	9/17/2029 FHLB		50,000,000
<i>Total Pledged Collateral</i> <u>\$ 120,000,000</u>			

*** - Pledged collateral is held by Wells Fargo's trust departments or their agent in UNMMG's name

CUSIP Identification	Maturity Date	Type of Securities	Amount
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UNM Hospital**

1005225	9/26/2029	LOC	\$ 220,000,000
107829896	N/A	N/A BOND	230,000,000
36179XDE3	8/20/2052	GNMA	772
36179XAA4	6/20/2052	GNMA	41,438
36179X2K1	5/20/2051	GNMA	5,861
36179WRZ3	11/20/2051	GNMA	8,098
36179T7K5	8/20/2048	GNMA	12,910
31418EU81	8/1/2053	FNMA	1,044,808
3140XCTL2	4/1/2047	FNMA	27,919
3140XC6U7	12/1/2045	FNMA	7,901
3140KFPK5	11/1/2050	FNMA	82,183
3138M6P27	12/1/2042	FNMA	42,949
3132DWA5	1/1/2051	FMAC	166,695
<i>Total Bank Of New York</i> <u>\$ 451,441,534</u>			

** - Pledged collateral is held in safekeeping by the Bank of New York Mellon

Schedule of Pledged Collateral as of June 30, 2025 - Discretely Presented Component Units

Financial Institution	Account Type	Account Name	Book Balance	Bank Balance
*UNM Foundation				
Nusenda Federal Credit Union	Cash	General Fund	\$ 193,450	\$ 193,450
		Restricted Fund	\$ 20,164	\$ 20,164
			<u>\$ 213,614</u>	<u>\$ 213,614</u>
		Less NCUA Insurance		(213,614)
		Uninsured Public Funds		<u>\$ -</u>
Wells Fargo Bank	Cash	Operating	\$ 2,807,628	\$ 2,886,646
	Cash	Development	4,230,047	3,566,427
	Cash	UNM Foundation Operating - IILD	7,966,382	7,966,382
	Cash	Development - IILD	1,710,433	1,710,433
			<u>\$ 16,714,490</u>	<u>\$ 16,129,888</u>
		Less FDIC Insurance		(9,926,815)
		Uninsured Public Funds		<u>\$ 6,203,073</u>
		Collateral Requirement (50%)		<u>\$ 3,101,537</u>
		Fair Value of Collateral		<u>\$ 7,696,821</u>
		Over (Under) Collateralized		<u>\$ 4,595,284</u>
Washington Federal	Cash	UNM Foundation Operating	\$ 9,885	\$ 9,885
		Less FDIC Insurance		(9,885)
		Uninsured Public Funds		<u>\$ -</u>
		Collateral Requirement (50%)		<u>\$ -</u>
		Fair Value of Collateral		<u>\$ -</u>
		Over (Under) Collateralized		<u>\$ -</u>
	Other	Foundation Money Market	\$ 17,917	\$ 17,917
		Less SIPC Insurance		(17,917)
		Uninsured Public Funds		<u>\$ -</u>
Total Cash and Cash Equivalents – UNM Foundation			\$ 16,955,906	\$ 16,371,304
			**UNM Lobo Club	8,497,321
			**UNM Alumni Association	464,918
				8,511,556
				466,723
Total Cash and Cash Equivalents – Discretely Presented Component Units			\$ 25,918,145	\$ 25,349,583

*Discretely Presented Component Units - Public Money Entities

**Discretely Presented Component Units - Non-Public Money Entities

See accompanying independent auditors' report.

SCHEDULE 18

CUSIP Identification	Maturity Date	Type of Securities	Amount
UNM Foundation			
31418DYR7	4/1/2051	FNMA - 30 yr MBS	3,743,344
3140KAYT7	6/1/2051	FNMA - 30 yr MBS	3,953,477
<i>Total Pledged Collateral</i>		\$	7,696,821

Pledged collateral is held by Wells Fargo's trust departments in UNM Foundation's name.

Schedule of Individual Deposit and Investment Accounts as of June 30, 2025 - Primary Institution

Individual Deposit Accounts

Name of Bank/Broker	Account Type	Balance per Bank Statement	Reconciled Balance per Books
PNC Bank	*Lobo Development - Business Checking	Checking - Non-Interest Bearing	\$ 1,848,921
PNC Bank	**Lobo Energy - Business Checking	Checking - Non-Interest Bearing	242,103
Enterprise Bank	Los Alamos Campus Depository	Checking - Interest Bearing	2,115
U.S. Bank	General Depository	Checking - Interest Bearing	2,198,091
	UNMMG Money Markets	Money Market	455,876
Wells Fargo	Hospital Operating Account	Checking - Non-Interest Bearing	202,519,992
	Hospital Operating Account	Savings	57,525,008
	Hospital - Petty Cash/Other	Cash on Hand	-
	*UNMMG Operating Accounting - interest bearing	Checking - Interest Bearing	42,075,805
	*UNMMG certificate of Deposit - interest bearing	CD	486,000
	*UNMMG Cancer Center - interest bearing	Checking - Interest Bearing	39,751
	*UNMMG Truman RX - interest bearing	Checking - Interest Bearing	75,000
	UNMMG - Petty Cash/Other	Cash on Hand	-
Bank of Oklahoma	**Lobo Energy	Checking-non-interest bearing	489,613
	**Lobo Energy	Checking-non-interest bearing	14,363
	**Lobo Energy	Checking-interest bearing	1,452,975
NMFA	*UNMMG	Project Fund	14,661,472
	*UNMMG	Debt Service Fund	1,453,286
	*UNMMG	Reserve Fund	1,441,658
Other	Interest-Bearing Cash Sweep (ICS)	Sweep	153,909,339
	Commercial Paper Overnight Sweep	Sweep	32,120,326
	Component Unit deposits held by UNM	Cash on Hand	-
	VEBA Trust assets held by UNM	Trust	-
	Petty Cash/Other	Cash on Hand	-
	**Rainforest Innovations		4,255,157
Total Cash and Cash Equivalents - Primary Institution		\$ 517,266,851	\$ 495,247,166

*Blended Component Units - Public Money Entities

**Blended Component Units - Non-Public Money Entities

See accompanying independent auditors' report.

SCHEDULE 19

Individual Investment Accounts

Name of Bank/Broker	Account Type	Balance per Bank Statement		Reconciled Balance per Books	
Bank of Oklahoma	Retirement of Indebtedness	Money Market	\$ 13,358	\$ 13,358	13,358
	VEBA Trust	Money Market	\$ 791,471	791,471	791,471
		Mutual Funds - Fixed Income	20,845,130	20,845,130	20,845,130
		Mutual Funds - Equity	65,279,528	65,279,528	65,279,528
Fidelity Investments	ASM Student Portfolio Account	Money Market	52,045	52,045	52,045
		Exchange-Traded Funds	3,922,139	3,922,139	3,922,139
		Mutual Funds - Equity	1,178,783	1,178,783	1,178,783
		Equity	223,287	223,287	223,287
Northern Trust	Consolidated Investment Fund	Money Market	6,656,092	6,656,092	6,656,092
		Mutual Funds - Fixed	48,261,689	48,261,689	48,261,689
		Mutual Funds - Equity	204,721,684	204,721,684	204,721,684
		Real Estate Funds	5,148,878	5,148,878	5,148,878
		Illiquid Real Assets	12,382,271	12,382,271	12,382,271
		Private Investment Funds	67,545,428	67,545,428	67,545,428
Societe Generale	Operating Investment Accounts	Alternative Investments	19,996,935	19,996,935	19,996,935
		Flexible Repurchase Agreement	46,811,924	46,811,924	46,811,924
US Bank	Operating Investment Accounts	Money Market	4,866,577	4,866,577	4,866,577
		U.S. Treasury Securities	181,384,141	181,384,141	181,384,141
		Foreign Issued	34,734,890	34,734,890	34,734,890
		Corporate Bonds	158,330,636	158,330,636	158,330,636
		Mortgage/Asset-Backed Bonds	47,307,520	47,307,520	47,307,520
		Municipal Bonds	4,749,909	4,749,909	4,749,909
	Hospital Short-Term Investment Accounts	Money Market	845,519	845,519	845,519
	Hospital Short-Term Investment Accounts	U.S. Treasury Securities	39,713,221	39,713,221	39,713,221
	*UNMMG Investment Account	U.S. Treasury Securities	15,726,125	15,726,125	15,726,125
	*UNMMG Investment Account	Corporate Bonds	14,155,178	14,155,178	14,155,178
Wells Fargo	*UNMMG Investment Account	Municipal Bonds	337,530	337,530	337,530
	Bldg, Renewal & Replacement	Money Market	4,962,367	4,962,367	4,962,367
		U.S. Treasury Securities	4,313,623	4,313,623	4,313,623
	Retirement of Indebtedness	Money Market	3,535,916	3,535,916	3,535,916
Investment in TLSC		Commercial Paper	1,810,697	1,810,697	1,810,697
		U.S. Treasury Securities	2,487,492	2,487,492	2,487,492
		Hospital Trust Accounts (Short term)	37,170,681	37,170,681	37,170,681
	Hospital Other Investments	Equity	5,370,176	5,370,176	5,370,176
Investment in TriWest	Hospital Other Investments	Equity	21,731,038	21,731,038	21,731,038
Investment in TRL (TriCore)	Hospital Other Investments	Equity	6,718,460	6,718,460	6,718,460
	**Rainforest Innovations		12,564,790	12,564,790	12,564,790
Total Investments - Primary Institution			\$ 1,106,647,128		\$ 1,106,647,128

*Blended Component Units - Public Money Entities

**Blended Component Units - Non-Public Money Entities

See accompanying independent auditors' report.

Schedule of Individual Deposit and Investment Accounts as of June 30, 2025 - Discretely Presented Component Units

Individual Deposit Accounts

Name of Bank/Broker	Account Type	Balance per Bank Statement	Reconciled Balance per Books
Component Units – Public Money Entities			
*UNM Foundation, Inc.			
Hilltop Securities	Charitable Trust Fund	Money Market	17,917
Nusenda Credit Union	General Fund	Savings	193,450
	Restricted Fund	Savings	20,164
Wells Fargo	Operating	Checking - Interest Bearing	2,886,646
	Development	Checking - Interest Bearing	3,566,427
	Operating	Institutional Insured Liquid Deposit	7,966,382
	Development	Institutional Insured Liquid Deposit	1,710,433
Washington Federal	Operating	Checking - Interest Bearing	9,885
Total Cash and Cash Equivalents - UNM Foundation, Inc.			\$ 16,371,304
**UNM Lobo Club			8,511,556
**UNM Alumni Association			466,723
Total Cash and Cash Equivalents - Discretely Presented Component Units			\$ 25,349,583
			\$ 16,955,906
			\$ 25,918,145

*Discretely Presented Component Units - Public Money Entities

**Discretely Presented Component Units - Non-Public Money Entities

See accompanying independent auditors' report.

SCHEDULE 19

Individual Investment Accounts

Name of Bank/Broker	Account Type	Balance per Bank Statement	Reconciled Balance per Books
Component Units – Public Money Entities			
*UNM Foundation, Inc.			
Fidelity	Operating Fund	Mutual Funds-Equity	\$ 598,928
Hilltop Financial Services	Charitable Trust Fund	Domestic Corporate Stock	243,042
		Mutual Funds-Fixed	194,614
Morgan Stanley Smith Barney	UNM Foundation Inc.	Domestic Corporate Stock	72
Vanguard Investments	Operating Fund	Mutual funds, fixed	2,641,841
Cash Value Life Insurance Policies	Nonendowed Fund	Other	484,607
Northern Trust	Consolidated Investment Fund	Money Market	4,692,253
		Mutual Funds - Fixed	67,796,821
		Mutual Funds - Equity	295,907,171
		Real Estate Funds	7,114,127
		Illiquid Real Assets	17,718,546
		Private Investment Funds	94,193,380
		Alternative Investments	28,015,254
Total Investments - UNM Foundation, Inc.		\$ 519,600,656	\$ 519,600,656
**UNM Alumni Association		12,011,209	12,011,209
Total Investments - Discretely Presented Component Units		\$ 531,611,865	\$ 531,611,865

*Discretely Presented Component Units - Public Money Entities

**Discretely Presented Component Units - Non-Public Money Entities

See accompanying independent auditors' report.

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

**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 University of New Mexico Board of Regents
 University of New Mexico
 And
 Mr. Joseph M. Maestas, 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 business-type activities, the fiduciary activities, and the aggregate discretely presented component units of the University of New Mexico (the University or UNM) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and the budgetary comparisons schedules (Schedules 15 through 17) presented as supplementary information for the year ended June 30, 2025, and have issued our report thereon dated December 1, 2025.

Our report includes a reference to other auditors who audited the financial statements of UNM Hospital and UNM Behavioral Operations, the blended component unit financial statements of UNM Medical Group, Inc., UNM Rainforest Innovations, Lobo Development Corporation, and Lobo Energy, Inc., and the discretely presented component unit financial statements of UNM Lobo Club and UNM Alumni Association, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University'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 University'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*.

The results of our tests disclosed certain matters that are required to be reported per Section 12-6-5 NMSA 1978 that we have described in the accompanying Schedule of Section 12-6-5 NMSA 1978 Findings as items 2025-001 to 2025-005.

Management's Responses to Findings

The University's responses to the findings identified in our audit are described in the accompanying schedule of section 12-6-5 NMSA 1978 findings. The University's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 University'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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Albuquerque, New Mexico
December 1, 2025

SUMMARY OF AUDITORS' RESULTS (AS REQUIRED BY 2.2.2.10 NMAC L(1)(F))

Year Ended June 30, 2025

Basic Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to basic financial statements noted? _____ Yes No

SUMMARY OF FINDINGS AND RESPONSES

Year Ended June 30, 2025

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

2025-001. Inaccurate recording of expenditures related to capital assets under construction (Other Matter) – UNM

Condition: During audit procedures the auditor noted an increase in the current year operations and maintenance of plant expenses. Upon investigation by management, it was determined that management had not appropriately identified \$32.1 million of capital expenditures that were recorded in operation and maintenance of plant expenses related to current year construction expenditures. UNM recorded the correcting entry in the basic financial statements as of June 30, 2025.

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.

Effect: The University's capital assets, net was understated by \$32.1 million, and the operation and maintenance of plant expenses were overstated by the same amount.

Cause: The process for reviewing the operations and maintenance of plant expense accounts for capital expenditures and updating the University's workbook used to track the status and accumulate capital expenditures related to all major construction projects is a manual process, as is the review by someone other than the preparer.

Recommendation: Management should implement training over the performance of UNM's review of the operations and maintenance of plant expenses and stress the importance of following the process for both performance and review. Further we recommend evidence of reviews be formalized and evidence retained.

Management Response: Management agrees with the recommendation. Management will review the overall process for monitoring capital expenditures related to Construction in Progress and implement additional procedures to ensure we appropriately identify and record capital expenditures during our review of the operations and maintenance of plant expense accounts. To improve oversight of this process, management will be transferring this process to the Financial Reporting team, who has the available capacity to devote sufficient resources. In addition, management will ensure that staff members responsible for this process are properly trained, as well as formalize and document evidence of review. Due to the extremely high volume of data and manual work involved with the current process, management will also evaluate the feasibility of having these processes completed and reviewed at recurring intervals throughout the year, instead of immediately subsequent to fiscal year-end when available time and personnel resources are at their lowest. Furthermore, management expects the implementation of the University's new Enterprise Resource Planning system to replace the current Banner system, will include certain Project Management capabilities, which will eliminate the majority of the manual effort required in the current year process.

SUMMARY OF FINDINGS AND RESPONSES

Year Ended June 30, 2025

2025-002 (2019-004). User Access Review (Other Matter) – UNM Medical Group

Condition: In our testing of the controls over user access for Lawson and IDX, we noted that although management performs a quarterly audit to ensure accounts for terminated employees are disabled, the audit does not include the review of roles and permissions for active users. Additionally, for one sampled new hire, we also noted that the Lawson access provisioned for the user was not consistent with the access requested and approved. The absence of a periodic user access review on the users and their roles and permissions may result in users gaining access privileges beyond those necessary to perform their assigned duties, thereby breaking down segregation of duties. Further, unauthorized access to financial data may result in the destruction of financial data or improper changes to financial data, including the recording of unauthorized or nonexistent transactions or inaccurate recording of transactions.

In prior years, it had been identified certain controls over user access reviews were not operating effectively. Management has continued to update processes and procedures to address the specific deficiencies identified in prior years. The root cause of prior year deficiencies related to the training of application administration personnel on accurate documentation and timely completion of disabling accounts.

Management has implemented the following changes over the past several years to address the control deficiencies: updated documented procedures for the IDX account audits and increased the audit sample sizes; developed more specific training for IT analysts; utilized a nightly safety net report from the HR department to identify employee records that were terminated; and emphasized IT and HR collaborations on the termination processes and procedures.

Criteria: The entity's systems process, record, and store information that is vital to the entity's daily operations, and certain systems contain protected health information of the entity's patients. It is critical that access to these systems is properly maintained to prevent inappropriate transactions from occurring, data from being lost, and protected health information from being released. The entity has a formal policy to periodically review user access to ensure active employees have the proper level of access in the applicable systems and that terminated employees have been timely deactivated. Based on industry standards, a user access review should include a review over each user's roles and permissions for appropriateness and segregation of duties conflicts.

Effect: A lack of precision over the review of users' roles and permissions within a system may lead to 1) unauthorized access to data that might result in destruction of data or improper changes to data, including the recording of unauthorized or nonexistent transactions or inaccurate recording of transactions (particular risks might arise when multiple users access a common database), 2) the possibility of IT personnel gaining access privileges beyond those necessary to perform their assigned duties, thereby breaking down segregation of duties, and 3) unauthorized changes to data in master files.

Cause: The active user review for roles and permissions was outside the scope of the process that was in place.

Recommendation: Management should design and implement a control over user access review of all users with access to systems impacting financial reporting. Best practices for user access reviews include the following:

SUMMARY OF FINDINGS AND RESPONSES

Year Ended June 30, 2025

- The review should be thoroughly documented and cover all users and their assigned permissions, the reviewer, the review date, and the overall conclusion regarding appropriateness of user access.
- Individuals performing a review should not assess their own access. Instead, another member of management with the authority and knowledge of the specific area should confirm the reviewers' assigned access.
- Actions taken to implement any noted changes must be documented. This can be achieved by confirming with the reviewer and providing evidence to support that the change was fully processed.
- Document any conflicting permissions identified from the review and identify mitigating controls that would address the segregation of duties risks or remove the conflicting permissions.
- Management should retain evidence demonstrating that the information used for these reviews is complete and accurate. This may include, where applicable, any queries, date/time stamps indicating when information was extracted from systems, and or/ screenshots displaying total record counts for comparison to the extracts.

Management Response: UNMMG IT Applications Management will work with the leadership of each business department to review the access provided to their respective employees.

Lawson – With regards to active employee access reviews, Information Technology Management (IT Executive Director System & Development) will work with the leadership of Human Resources, Finance, Purchasing, and Materials Management (departments with access above normal employee level access) on an annual basis to review the access provided to the respective departments' employees. Information Technology will provide Role access reports from the Infor Security module to these business departments to review and determine if the access for each employee is appropriate.

Expected completion of initial annual departmental review process for Lawson is May 31, 2026.

IDX – The IT Applications team has defined position specific security roles for IDX to provide access that is appropriate for staff members based on their job duties; these roles are called User Profiles. The appropriate IDX User Profile will be identified by the management of the department at the time that IDX access is requested, and IT Applications will assign the User Profile as requested. On an annual basis, the UNMMG IT Applications team will provide User Profile reports to the business departments for review; this will encompass at least 75% of all IDX users. The review will ask that each department confirms that the individual is still employed in that department and the User Profile that is assigned is still appropriate.

Expected completion of the departmental review process for IDX is April 30, 2026.

The UNMMG Chief Financial Officer and Chief Information Officer will be responsible for the implementation of the corrective action plan steps as outlined above.

SUMMARY OF FINDINGS AND RESPONSES

Year Ended June 30, 2025

2025-003 (2019 – 004). User Access Review (Other Matter) – UNM Hospital

Condition: In our testing of the controls over user access for Lawson and Cerner Millennium, we noted that although management performs a quarterly audit to ensure accounts for terminated employees are disabled, the audit does not include the review of roles and permissions for active users. Management has made progress in the design of processes and controls to address the deficiency, however they have not yet been implemented.

Additionally, for one sampled new hire, we also noted that the Lawson access provisioned for the user was not consistent with the access requested and approved.

The absence of a periodic user access review on the users and their roles and permissions may result in users gaining access privileges beyond those necessary to perform their assigned duties, thereby breaking down segregation of duties. Further, unauthorized access to financial data may result in the destruction of financial data or improper changes to financial data, including the recording of unauthorized or nonexistent transactions or inaccurate recording of transactions.

Criteria: The entity's systems process, record, and store information that is vital to the entity's daily operations, and certain systems contain protected health information of the entity's patients. It is critical that access to these systems is properly maintained to prevent inappropriate transactions from occurring, data from being lost, and protected health information from being released. Based on industry standards, a user access review should include a review over each user's roles and permissions for appropriateness and segregation of duties conflicts.

Effect: A lack of precision over the review of users' roles and permissions within a system may lead to 1) unauthorized access to data that might result in destruction of data or improper changes to data, including the recording of unauthorized or nonexistent transactions or inaccurate recording of transactions (particular risks might arise when multiple users access a common database), 2) the possibility of IT personnel gaining access privileges beyond those necessary to perform their assigned duties, thereby breaking down segregation of duties, and 3) unauthorized changes to data in master files.

Cause: The user access review process is not adequately designed to include review of roles and permissions.

Recommendation: Management should design and implement a control over user access review of all users with access to systems impacting financial reporting. Best practices for user access reviews include the following:

- The review should be thoroughly documented and cover all users and their assigned permissions, the reviewer, the review date, and the overall conclusion regarding appropriateness of user access.
- Management at the department level with a thorough understanding of appropriate employee access requirements should conduct periodic reviews of their employees' user access and confirm that access permissions are aligned with each employee's assigned roles and responsibilities.
- Individuals performing a review should not assess their own access. Instead, another member of management with the authority and knowledge of the specific area should confirm the reviewers' assigned access.

SUMMARY OF FINDINGS AND RESPONSES

Year Ended June 30, 2025

- Actions taken to implement any noted changes must be documented. This can be achieved by confirming with the reviewer and providing evidence to support that the change was fully processed.
- Document any conflicting permissions identified from the review and identify mitigating controls that would address the segregation of duties risks or remove the conflicting permissions.
- Management should retain evidence demonstrating that the information used for these reviews is complete and accurate. This may include, where applicable, any queries, date/time stamps indicating when information was extracted from systems, and/or screenshots displaying total record counts for comparison to the extracts.

Management Response:

Lawson – With regards to active employee access reviews, Information Technology Management (IT Executive Director Systems & Development) will work with the leadership of Human Resources, Finance, Purchasing, and Materials Management (departments with access above normal employee level access) on an annual basis to review the access provided to the respective departments' employees. Information Technology will provide Role access reports from the Infor Security module to these business departments to review and determine if the access for each employee is appropriate. Expected completion of initial annual departmental review process is March 31, 2026.

Further, Information Technology Management (IT Executive Director Systems & Development) currently downloads the Infor SOC 1 report on an annual basis, reviews the report, and sends this report to the Finance Controller for review. IT Executive Management and Finance Controller will define a formalized SOC report review process for Infor/Lawson. Expected completion of formalized SOC report review process is March 31, 2026.

With regards to inconsistent access given, Information Technology Management (IT Executive Director Systems & Development) will work with the leadership of Human Resources, Finance, Purchasing, and Materials Management to define user access templates based on department defined employee roles. Creating employee role templates will minimize deviations from standard role definitions. Expected completion of department user access templates is March 31, 2026.

Soarian – The current process for Cerner Soarian access is to review users on a quarterly basis. Due to the large number of users, reviewing all on a quarterly basis is not viable or an effective approach. User accounts for administrator, financially significant, or management-type groups will continue to be audited on a quarterly basis, as these accounts may result in more damage to the organization if compromised. The remaining users will be divided across the four quarterly audits during each year, ensuring that each user group is actively audited at least once per year.

The normal user-audit process is to have one person do the initial review and a second person crosscheck the proposed actions. Due to staffing vacancies, the secondary review did not occur for the administrator level reviewer. Additional staff have been trained to allow for the cross-checks to occur in future user audits. System administrator access and access for users conducting the audits will be approved by their immediate supervisor.

SUMMARY OF FINDINGS AND RESPONSES

Year Ended June 30, 2025

Cerner – With regards to access review, Information Technology Management (IT Executive Director Clinical Informatics) will work with the Clinical Informatics Governance committees to review the access provided for specific roles within Oracle Health. The Clinical Informatics Governance committee will develop a process for account access reviews to address the audit observation. Expected completion of Clinical governance committee review process is March 31, 2026.

Further, Information Technology Management (IT Executive Director Clinical Informatics) will define a formalized SOC report review process for Oracle Health with the Clinical Informatics Governance committees. Expected completion of formalized SOC report review process is March 31, 2026.

SUMMARY OF FINDINGS AND RESPONSES

Year Ended June 30, 2025

2025-004 (2024-006). User Access Review (Other Matter) – UNM Behavioral Health Operations

Condition: In our testing of the controls over user access for Lawson and Cerner Millennium, we noted that although management performs a quarterly audit to ensure accounts for terminated employees are disabled, the audit does not include the review of roles and permissions for active users. The same deficiency was identified and reported in the prior year. Management has made progress in the design of processes and controls to address the deficiency, however they have not yet been implemented. Additionally, for one sampled new hire, we also noted that the Lawson access provisioned for the user was not consistent with the access requested and approved. The absence of a periodic user access review on the users and their roles and permissions may result in users gaining access privileges beyond those necessary to perform their assigned duties, thereby breaking down segregation of duties. Further, unauthorized access to financial data may result in the destruction of financial data or improper changes to financial data, including the recording of unauthorized or nonexistent transactions or inaccurate recording of transactions.

Criteria: The entity's systems process, record, and store information that is vital to the entity's daily operations, and certain systems contain protected health information of the entity's patients. It is critical that access to these systems is properly maintained to prevent inappropriate transactions from occurring, data from being lost, and protected health information from being released. Based on industry standards, a user access review should include a review over each user's roles and permissions for appropriateness and segregation of duties conflicts.

Effect: A lack of precision over the review of users' roles and permissions within a system may lead to 1) unauthorized access to data that might result in destruction of data or improper changes to data, including the recording of unauthorized or nonexistent transactions or inaccurate recording of transactions (particular risks might arise when multiple users access a common database), 2) the possibility of IT personnel gaining access privileges beyond those necessary to perform their assigned duties, thereby breaking down segregation of duties, and 3) unauthorized changes to data in master files.

Cause: The user access review process is not adequately designed to include review of roles and permissions.

Recommendation: Management should design and implement a control over user access review of all users with access to systems impacting financial reporting. Best practices for user access reviews include the following:

- The review should be thoroughly documented and cover all users and their assigned permissions, the reviewer, the review date, and the overall conclusion regarding appropriateness of user access.
- Management at the department level with a thorough understanding of appropriate employee access requirements should conduct periodic reviews of their employees' user access and confirm that access permissions are aligned with each employee's assigned roles and responsibilities.
- Individuals performing a review should not assess their own access. Instead, another member of management with the authority and knowledge of the specific area should confirm the reviewers' assigned access.
- Actions taken to implement any noted changes must be documented. This can be achieved by confirming with the reviewer and providing evidence to support that the change was fully processed.
- Document any conflicting permissions identified from the review and identify mitigating controls that would address the segregation of duties risks or remove the conflicting permissions.
- Management should retain evidence demonstrating that the information used for these reviews is complete and accurate. This may include, where applicable, any queries, date/time stamps indicating

SUMMARY OF FINDINGS AND RESPONSES

Year Ended June 30, 2025

when information was extracted from systems, and/or screenshots displaying total record counts for comparison to the extracts.

Management response:

Lawson – With regards to active employee access reviews, Information Technology Management (IT Executive Director Systems & Development) will work with the leadership of Human Resources, Finance, Purchasing, and Materials Management (departments with access above normal employee level access) on an annual basis to review the access provided to the respective departments' employees. Information Technology will provide Role access reports from the Infor Security module to these business departments to review and determine if the access for each employee is appropriate. Expected completion of initial annual departmental review process is March 31, 2026.

Further, Information Technology Management (IT Executive Director Systems & Development) currently downloads the Infor SOC 1 report on an annual basis, reviews the report, and sends this report to the Finance Controller for review. IT Executive Management and Finance Controller will define a formalized SOC report review process for Infor/Lawson. Expected completion of formalized SOC report review process is March 31, 2026.

With regards to inconsistent access given, Information Technology Management (IT Executive Director Systems & Development) will work with the leadership of Human Resources, Finance, Purchasing, and Materials Management to define user access templates based on department defined employee roles. Creating employee role templates will minimize deviations from standard role definitions. Expected completion of department user access templates is March 31, 2026.

Soarian – The current process for Cerner Soarian access is to review users on a quarterly basis. Due to the large number of users, reviewing all on a quarterly basis is not viable or an effective approach. User accounts for administrator, financially significant, or management-type groups will continue to be audited on a quarterly basis, as these accounts may result in more damage to the organization if compromised. The remaining users will be divided across the four quarterly audits during each year, ensuring that each user group is actively audited at least once per year.

The normal user-audit process is to have one person do the initial review and a second person crosscheck the proposed actions. Due to staffing vacancies, the secondary review did not occur for the administrator level reviewer. Additional staff have been trained to allow for the cross-checks to occur in future user audits. System administrator access and access for users conducting the audits will be approved by their immediate supervisor.

Cerner – With regards to access review, Information Technology Management (IT Executive Director Clinical Informatics) will work with the Clinical Informatics Governance committees to review the access provided for specific roles within Oracle Health. The Clinical Informatics Governance committee will develop a process for account access reviews to address the audit observation. Expected completion of Clinical governance committee review process is March 31, 2026.

Further, Information Technology Management (IT Executive Director Clinical Informatics) will define a formalized SOC report review process for Oracle Health with the Clinical Informatics Governance committees. Expected completion of formalized SOC report review process is March 31, 2026.

SUMMARY OF FINDINGS AND RESPONSES

Year Ended June 30, 2025

2025-005. Inaccurate Classification Within the Statements of Cash Flows (Other Matter) – UNM Foundation

Condition: During audit test work 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.

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.

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 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.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2025

Uniform Guidance Audit Findings

None noted.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2025

Findings reported in accordance with Section 12-6-5 NMSA 1978

2024-001 Analysis of correlated accounts – Significant deficiency – UNM Foundation

Current year status – Resolved

2024-002. User Access Review – Other non-compliance as required by Section 12-6-5 NMSA 1978 – UNM Hospital

Current year status – Modified and repeated at 2025-002

2024-003. User Access Review – Other non-compliance as required by Section 12-6-5 NMSA 1978 – UNM Medical Group

Current year status – Modified and repeated at 2025-001

2024-004 Inaccurate classification of new endowment fund between the Foundation and University of New Mexico – Other non-compliance as required by Section 12-6-5 NMSA 1978 – UNM Foundation

Current year status – Resolved

2024-005 Reclassification of amounts between investments held in endowment pools and due to the University of New Mexico – Other non-compliance as required by Section 12-6-5 NMSA 1978 – UNM Foundation

Current year status – Resolved

2024-006. User Access Review – Other non-compliance as required by Section 12-6-5 NMSA 1978 – UNM Behavioral Health Operations

Current year status – Modified and repeated at 2025-003

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Schedule of Pledged Revenues for the year ended June 30, 2025 — University Only
Unaudited

	Tuition and fees	Net patient service	Grants and contracts
Revenues	\$ 106,838,068	\$ 1,844,549,668	\$ 578,369,314
Excluded Revenues:			
State appropriations	-	-	-
Local appropriations	-	-	-
Distributions to UNM from UNMMG	-	(211,790,823)	-
Distributions to UNM from Hospital	-	-	-
Restricted funds	21,411,615	-	-
Federal grants & contracts	-	-	354,808,949
State grants & contracts	-	-	64,838,495
Nongovernmental grants & contracts	-	-	40,025,383
Facilities and administrative cost recovery	-	-	(68,980,291)
University of New Mexico Hospital (Hospital)	-	1,541,721,274	40,411,094
University of New Mexico Behavioral Health Operations (BHO)	-	52,441,768	4,035,353
Blended component units	-	236,451,503	3,966,250
Total Excluded Revenues	\$ 21,411,615	\$ 1,618,823,722	\$ 439,105,234
Pledged Revenues	\$ 85,426,453	\$ 225,725,946	\$ 139,264,080

Resources available to cover the University's debt service (excluding Hospital, BHO, and component units)

Pledged Revenues	\$ 770,279,573
Less FY25 debt service for the University:	
University's interest payments on debts	11,974,659
University's principal repayments on debts	26,055,000
Excess of pledged revenues over debt service	<u>\$ 732,249,914</u>
University's future average annual debt service through year ended June 30, 2053	\$ 15,361,354
University's future highest annual debt service year ended June 30, 2026	\$ 37,918,096

See accompanying independent auditors' report.

SCHEDULE 21

Sales, services, and auxiliary enterprises	State and local appropriations	County mill levies	Investments	Capital	Gifts	Other	Total
\$ 151,464,899	\$ 530,395,335	\$ 141,297,136	\$ 105,665,969	\$ 119,346,321	\$ 60,500,711	\$ 128,030,044	\$ 3,766,457,465
- 477,424,698	-	-	-	-	-	-	477,424,698
- 29,913,879	-	-	-	-	-	-	29,913,879
- -	-	-	-	-	-	-	(211,790,823)
- -	-	-	-	-	-	-	-
8,071,335	-	-	1,031,310	99,077,811	-	2,212,349	131,804,420
- -	-	-	-	-	-	-	354,808,949
- -	-	-	-	-	-	-	64,838,495
- -	-	-	-	-	-	-	40,025,383
- -	-	-	-	-	-	-	(68,980,291)
- 9,495,208	121,483,785	6,901,463	-	4,777,164	22,775,211	1,747,565,199	
- 12,327,650	19,813,351	-	20,268,510	33,117	88,803	109,008,552	
57,005,325	1,233,900	-	4,467,440	-	-	18,435,012	321,559,430
\$ 65,076,660	\$ 530,395,335	\$ 141,297,136	\$ 12,400,213	\$ 119,346,321	\$ 4,810,281	\$ 43,511,375	\$ 2,996,177,892
\$ 86,388,239	\$ -	\$ -	\$ 93,265,756	\$ -	\$ 55,690,430	\$ 84,518,669	\$ 770,279,573

EXIT CONFERENCE

June 30, 2025

The financial statements were prepared by the financial officials of the University of New Mexico. An exit conference was conducted on October 21, 2025, in which the contents of this report were discussed with the following:

UNIVERSITY OF NEW MEXICO

Jack Fortner	Chair, UNM Board of Regents Audit Committee
Victor Reyes	Vice Chair, UNM Board of Regents Audit Committee
Paul Blanchard	UNM Board of Regents Audit Committee
Garnett S. Stokes	UNM President
Teresa Costantinidis	Executive Vice President for Finance & Administration
Bruce Cherrin	Interim University Controller
Rebecca Napier	Vice President for Finance & Administration, UNM Health Sciences
Joseph Wrobel	Chief Budget and Facilities Officer, UNM Health Sciences
Jason Galloway	Chief Financial Services Officer, UNM Health Sciences
Francie Cordova	Chief Compliance Officer
Terry Babbitt	Chief of Staff
Emily Morelli	Secretary to the Board of Regents
Victor Griego	Internal Audit Director
Barbara Rodriguez	Interim Provost and Executive Vice President for Academic Affairs

KPMG LLP

John Bunnell	Managing Director
Evron Mendoza	Manager

Baker Tilly

Josh Lewis	Partner
Lauren Kistin	Senior Manager

CARR, RIGGS & INGRAM, LLC

Paul Garcia	Partner
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