NOTICE

$97,890,000*
THE REGENTS OF THE UNIVERSITY OF NEW MEXICO
System Refunding and Improvement Revenue Bonds
Series 2026

Preliminary Official Statement, subject to completion,
dated July 28, 2026

The Preliminary Official Statement, dated July 28, 2026 (the "Preliminary Official Statement"), relating to the above-described bonds (the "Bonds") of The Regents of the University of New Mexico (the "Regents"), has been posted on the internet as a matter of convenience. Paper copies of the Preliminary Official Statement are available from the Regents by contacting George Williford at Hilltop Securities Inc., 717 North Harwood Street, Suite 3400, Dallas, Texas 75201 (Telephone (214) 953-8705). The posted version of the Preliminary Official Statement has been formatted in Adobe Portable Document Format. Although this format should replicate the Preliminary Official Statement available from the Regents, appearance may vary for a number of reasons, including electronic communication difficulties or particular user software or hardware. Using software other than Adobe Acrobat may cause the Preliminary Official Statement that you view or print to differ in appearance from the Preliminary Official Statement.

The Preliminary Official Statement and the information contained therein are subject to completion or amendment or other change without notice. Under no circumstances shall the Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

For purposes of Rule 15c2-12 promulgated by the United States Securities and Exchange Commission, the Preliminary Official Statement alone, and no other document or information on the internet, constitutes the "Official Statement" that the Regents have "deemed final" as of its date in respect of the Bonds, except for certain information permitted to be omitted therefrom.

No person has been authorized to give any information or to make any representations other than those contained in the Preliminary Official Statement in connection with the offer and sale of the Bonds and, if given or made, such information or representations must not be relied upon as having been authorized. The information and expressions of opinion in the Preliminary Official Statement are subject to change without notice and neither the delivery of the Official Statement nor any sale made thereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Regents since the date of the Preliminary Official Statement.

By choosing to proceed and view the electronic version of the Preliminary Official Statement, you acknowledge that you have read and understood this Notice.

Preliminary Official Statement dated July 28, 2026.

* Preliminary; subject to change.

NEW ISSUE – Book-Entry Only

RATINGS: Moody's: "Aa3"
Standard & Poor's: "AA-"

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming compliance with certain covenants described herein, interest on the Bonds (as defined below) (including original issue discount treated as interest) (a) is excludable from the gross income of the recipients thereof for federal income tax purposes, under Section 103 of the Internal Revenue Code of 1986 (the "Code"), as amended, and (b) is not a specific item of tax preference for purposes of the federal alternative minimum tax under the Code; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Bond Counsel is also of the opinion based on existing laws of the State of New Mexico as enacted and construed that interest on the Bonds is exempt from all taxation by the State of New Mexico or any political subdivision thereof. For a more complete description of such opinion of Bond Counsel and a description of certain provisions of the Code, which may affect the federal tax treatment of interest on the Bonds for certain owners of such bonds. See "TAX MATTERS" herein.

The University of New Mexico

$97,890,000*
THE REGENTS OF THE UNIVERSITY OF NEW MEXICO
System Refunding and Improvement Revenue Bonds
Series 2026

Dated: Date of Delivery

Due: June 1, as shown on inside front cover

The System Refunding and Improvement Revenue Bonds, Series 2026 (the "Bonds") are special obligations of The Regents of the University of New Mexico (the "Regents") and shall not constitute a debt or liability of the State of New Mexico (the "State") or of any political subdivision thereof within the meaning of any State constitutional provision or statutory limitation and shall not constitute a pledge of the faith and credit of the State. The Bonds are payable solely from and secured by a pledge of and a first lien (but not an exclusive first lien) on Pledged Revenues, as more fully described herein, representing certain revenues of the Regents after the payment of certain operating and maintenance expenses. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the State or any political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment. The Regents do not have taxing power.

The Bonds will be issued in fully registered form and will initially be registered only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. The Bonds will be issued in book-entry form only, in denominations of $5,000 and any integral multiple thereof. So long as Cede & Co. is the registered owner of the Bonds, as nominee for DTC, references herein to the Bondholders or registered owners (other than under the caption "Book-Entry Only System" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (herein defined) of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as aforesaid, principal of, premium, if any, and interest on the Bonds are payable to Cede & Co., as nominee for DTC. The initial Paying Agent/Registrar for the Bonds is BOKF, NA, Albuquerque, New Mexico (see DESCRIPTION OF THE BONDS – Paying Agent/Registrar").

Interest on the Bonds is payable semiannually on each June 1 and December 1, commencing December 1, 2026 until maturity or prior redemption. The Bonds will bear interest at the rates set forth on the inside front cover.

The Bonds are issued to: (a) refund, refinance, and defease certain maturities of the outstanding The Regents of the University of New Mexico, Subordinate Lien System Refunding and Improvement Revenue Bonds, Series 2016A maturing after June 1, 2026 (the "Refunded 2016A Bonds") on or about October 15, 2026; (b) purchase, erect, alter, remodel, expand, improve, repair, furnish and equip buildings, improvements and facilities for the use of the University of New Mexico, including, but not limited to, the Geothermal Facility Project; (c) acquire a reserve fund insurance policy to fund a debt service reserve fund for the Bonds; and (d) fund the costs of issuance associated therewith (collectively, the "Project"). The Bonds may be subject to optional and mandatory sinking fund redemption prior to maturity as described herein. This cover page contains information for convenient and quick reference only. It is not a summary of this issue. Investors must read this entire Official Statement to obtain information essential and material to the making of an informed investment decision.

The Bonds are being offered when, as and if issued and delivered by the Regents, subject to the approving legal opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Regents by General Counsel, Daniel Jones, Esq. Certain legal matters will be passed upon by Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, as Disclosure Counsel. Hilltop Securities Inc., Dallas, Texas, serves as Municipal Advisor to the Regents. Certain legal matters will be passed upon for the Underwriters by McCall, Parkhurst & Horton L.L.P., Dallas, Texas. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about August 27, 2026 (the "Date of Delivery"), against payment therefor.

RBC CAPITAL MARKETS
JEFFERIES RAYMOND JAMES

Official Statement dated August __, 2026

* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

$97,890,000*
THE REGENTS OF THE UNIVERSITY OF NEW MEXICO
System Refunding and Improvement Revenue Bonds
Series 2026

Due June 1	Principal Amount*	Interest Rate	Price or Yield	CUSIP(1)
2027	$7,455,000			
2028	7,640,000			
2029	8,025,000			
2030	8,435,000			
2031	8,845,000			
2032	9,285,000			
2033	9,755,000			
2034	10,245,000			
2035	8,890,000			
2036	9,700,000			
2037	1,830,000			
2038	1,925,000			
2039	210,000			
2040	220,000			
2041	230,000			
2042	240,000			
2043	255,000			
2044	265,000			
2045	280,000			
2046	295,000			
2047	305,000			
2048	325,000			
2049	340,000			
2050	355,000			
2051	375,000			
2052	390,000			
2053	410,000			
2054	435,000			
2055	455,000			
2056	475,000			

(1) CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2026 CGS. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. The Regents makes no representation as to the accuracy of the CUSIP® information provided herein.

* Preliminary; subject to change.

The University of New Mexico
Scholes Hall, Room 127
Albuquerque, New Mexico 87131
(505) 277-6465
www.unm.edu

THE REGENTS

Paul Blanchard, Chair
Victor Reyes, Vice Chair
Paula Tackett, Secretary-Treasurer
Christina Campos, Member
Jack L. Fortner, Member
William H. Payne, Member
Patricia Williams, Member

ADMINISTRATIVE OFFICERS

Dr. Steve Goldstein, M.D., Ph.D., President
Barbara Rodriguez, Ph.D, Executive Vice President and Provost
Michael Richards, MD, MPH, Executive Vice President for UNM Health Sciences and Chief Executive Officer of the UNM Health System
Teresa Costantinidis, Executive Vice President for Finance and Administration
Andrew Jacobson, University Controller
Daniel Jones, General Counsel

BOND AND DISCLOSURE COUNSEL

Modrall, Sperling, Roehl, Harris & Sisk, P.A.

PAYING AGENT and REGISTRAR

BOKF, NA

MUNICIPAL ADVISOR

Hilltop Securities Inc.

UNDERWRITERS' COUNSEL

McCall, Parkhurst & Horton L.L.P.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended ("Rule 15c2-12"), and in effect on the date of this Preliminary Official Statement, this document constitutes an "official statement" of the University with respect to the Bonds that has been "deemed final" by the University as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

No dealer, salesman or any other person has been authorized to give any information or to make any representation, other than as contained in this Official Statement, in connection with the offering of the Bonds, and, if given or made, such information or representations must not be relied upon as having been authorized by the Regents or the Underwriters. This Official Statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized or in which any person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The Bonds have not been registered under the Securities Act of 1933 (the "Act"), as amended, in reliance upon exemptions contained in such Act. The registration and qualification of the Bonds in accordance with applicable provisions of the securities laws of the states in which the Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither the United States Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity, nor any agency or department thereof, has passed upon the merits of the Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

This Official Statement contains statements relating to future results that are "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. When used in this Official Statement, the words "estimate," "intend," "expect" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results; those differences could be material.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

SUBJECT TO APPLICABLE LEGAL LIMITATIONS, THE PRICES AT WHICH THE BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITERS (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITERS MAY ALLOW LIMITED CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE

UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

None of the University, the Municipal Advisor, Bond Counsel, Disclosure Counsel, or the Underwriters or their counsel make any representation or warranty with respect to the information contained in this Official Statement regarding The Depository Trust Company, New York, New York ("DTC") or its Book-Entry-Only System as described herein (or incorporated by reference) under the caption "DESCRIPTION OF THE BONDS – Book-Entry-Only System", as such information was provided by DTC.

References to website addresses presented herein are for informational purposes only and may be in the form of hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in Rule 15c2-12.

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OFFICIAL STATEMENT

relating to

$97,890,000*
THE REGENTS OF THE UNIVERSITY OF NEW MEXICO
System Refunding and Improvement Revenue Bonds
Series 2026

INTRODUCTION

Purpose of the Official Statement

The purpose of this Official Statement, which includes the cover page, inside front cover and the Appendices, is to set forth certain information concerning The Regents of the University of New Mexico (the "Regents"), a body corporate created and existing pursuant to Article XII, Sections 11 and 13 of the Constitution of the State of New Mexico (the "State") and Sections 21-7-3 to 21-7-6, NMSA 1978, the Regents' System Refunding and Improvement Revenue Bonds, Series 2026 in the aggregate principal amount of $97,890,000* (the "Bonds"), and the University of New Mexico (the "University"). Additional information concerning the University is attached as Appendix A hereto. The Bonds will be issued in accordance with the provisions of a resolution adopted by the Regents on May 19, 2026, as supplemented by the Pricing Certificate (collectively, the "Bond Resolution"). A summary of the Bond Resolution is attached as Appendix C hereto.

During the initial offering period for the Bonds, copies of the Bond Resolution and other documents related to the Bonds will be available for inspection at the Office of the Executive Vice President for Finance and Administration, Scholes Hall, Room 127, Albuquerque, New Mexico 87131, (505) 277-6465.

The following is a brief description of certain information concerning the Bonds and the University. A more complete description of such information and additional information that may affect decisions to invest in the Bonds is contained throughout this Official Statement, which should be read in its entirety. Certain capitalized terms used in the Official Statement which are not otherwise defined are defined in Appendix C.

The University

The University is a State educational institution created pursuant to the State Constitution and statutes of the State of New Mexico and is a fully accredited co-educational university offering undergraduate, graduate, and professional degree-granting programs. The main campus of the University is located in Albuquerque, New Mexico with four branch campuses in Gallup, Los Lunas, Los Alamos, and Taos, New Mexico. The University is the largest institution of post-secondary higher education in the State. See "THE UNIVERSITY" and Appendix A of this Official Statement.

* Preliminary; subject to change.

No Outstanding Superior Lien Bonds

The Regents previously issued the Superior Lien Revenue Bonds, Series 1992B on November 18, 1992 (the "Superior Lien Bonds") which were secured by Pledged Revenues with a lien on the Pledged Revenues superior to all other system revenue bonds outstanding or to be issued from time to time in the future.

The Superior Lien Bonds matured on June 1, 2022 and no Superior Lien Bonds remain outstanding. Pursuant to the Bond Resolution, no additional Superior Lien Bonds may be issued by the Regents.

As a result of the final maturity of the Superior Lien Bonds and the termination of their first and superior lien on the Pledged Revenues, the Bonds, together with all currently outstanding Parity Bonds (which were issued as "Subordinate Lien Bonds" junior to the then outstanding Superior Lien Bonds) are now effectively secured by a first lien (but not an exclusive first lien) on the Pledged Revenues.

Parity Bonds and Junior Lien Obligations

The Regents have previously issued certain other bonds payable from the Pledged Revenues that are on parity with the Bonds, which are being issued as Parity Bonds. As of July 1, 2026 the University has Parity Bonds outstanding in the aggregate principal amount of $283,680,000. Because the Superior Lien Bonds are no longer outstanding, these Parity Bonds are now secured by a first lien (but not an exclusive first lien) on the Pledged Revenues and include the following: (i) $11,560,000 principal amount of its Subordinate Lien System Refunding Revenue Bonds, Series 2002C, (ii) $118,460,000 principal amount of its Subordinate Lien System Refunding and Improvement Revenue Bonds, Series 2016A, (iii) $34,230,000 principal amount of its Subordinate Lien System Improvement Revenue Bonds, Series 2017, (iv) $11,535,000 principal amount of its Taxable Subordinate Lien System Refunding Revenue Bonds, Series 2019, (v) $57,155,000 Taxable Subordinate Lien System Refunding Revenue Bonds, Series 2021, and (vi) $50,740,000 System Improvement Revenue Bonds, Series 2023 with a lien on the Pledged Revenues on a parity with the lien thereon of the Bonds. The bonds listed in this paragraph, the Bonds, and all other bonds which may hereafter be issued on parity therewith pursuant to the Bond Resolution are hereinafter collectively referred to as "Parity Bonds."

The University has no Junior Lien Obligations outstanding at this time.

Other Obligations Not Secured by Pledged Revenues

In addition, as of July 1, 2026, the University has outstanding (i) $47,820,000 principal amount of its GNMA Collateralized Taxable Hospital Revenue Bonds, Series 2015, (ii) $ 76,679,756 principal balance on the 2020 HUD insured mortgage financed by direct GNMA placement for UNM Sandoval Regional Medical Center, a campus of UNM Hospital, and (iii) $305,100,978 drawn principal balance on the 2021 HUD insured mortgaged financed by direct GNMA placement for UNM Hospital. These obligations are not secured by Pledged Revenues.

Purpose of Issue

The Bonds are issued for the purpose to: (a) currently refund certain maturities of the University's outstanding Subordinate Lien System Refunding and Improvement Revenue Bonds, Series 2016A; (b)

purchase, erect, alter, remodel, expand, improve, repair, furnish, and equip buildings, improvements, and facilities for the use of the University, including, but not limited to, the Geothermal Facility Project; (c) acquire a reserve fund insurance policy for the Bonds; and (d) fund the costs of issuance associated therewith (collectively, the "Project").

Security for the Bonds

The Bonds are special obligations of the Regents and shall not constitute a debt or liability of the State or of any political subdivision thereof within the meaning of any State constitutional provision or statutory limitation and shall not constitute a pledge of the faith and credit of the State. The Bonds are payable solely from and secured by a pledge of and a first lien (but not an exclusive first lien) on Pledged Revenues (which represent certain revenues of the Regents after the payment of certain operating and maintenance expenses). The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the State or any political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment. The Regents do not have taxing power.

The Bonds are payable solely from and secured by the Pledged Revenues. The Bond Resolution further pledges the Pledged Revenues as security for the payment obligations of the University to any qualified swap provider and the provider of certain liquidity facilities on a parity basis with the above-mentioned pledge of the Pledged Revenues to Parity Bonds. Such pledges are subordinate and inferior to the cost of operation and maintenance of the System. See "INVESTMENT CONSIDERATIONS – Qualified Exchange Agreements" herein.

The funds and accounts established or continued by the Bond Resolution include a Parity Bonds Reserve Fund for the Bonds which is to be initially funded with a reserve fund surety bond.

For more information with respect to the security for the Bonds, see "SECURITY AND SOURCE OF PAYMENT."

Investment Considerations

There are a number of factors affecting institutions of higher education in general, including the University, which could have an adverse effect on the University's ability to make the payments required under the Bond Resolution. The remedies available upon an event of default under the Bond Resolution are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions the remedies provided for under the Bond Resolution may not be readily available or may be limited. See "INVESTMENT CONSIDERATIONS."

Professionals Involved in the Offering

At the time of the issuance and sale of the Bonds, Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, as Bond Counsel, will deliver the bond opinion in substantially the form included as Appendix D hereto. Certain legal matters relating to the University will be passed upon by General Counsel, Daniel Jones, Esq. Certain legal matters relating to the Bonds will be passed upon by Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by McCall, Parkhurst & Horton L.L.P., Dallas, Texas. See "LEGAL MATTERS." Hilltop Securities Inc., serves as Municipal Advisor to the University. Certain fees that are payable by the Regents with respect to the Bonds to various counsel,

the Underwriters, the Municipal Advisor, and the Paying Agent are contingent upon the issuance and delivery of the Bonds.

The University's Financial Statements for the Fiscal Year ended June 30, 2025, were audited by KPMG LLP. The audit for the Fiscal Year ended June 30, 2025 is attached as Appendix B hereto. Such financial statements are the most recently audited financial statements available at this time. KPMG LLP has not been engaged to perform, and has not performed since June 30, 2025, any procedures on the financial statements shown in the excerpt. Further, KPMG LLP has not been engaged to perform and has not performed any procedures relating to financial information or any other information contained in this Official Statement.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval of Bond Counsel and certain other conditions. It is anticipated that the Bonds will be delivered in book-entry only form through the facilities of DTC on or about August 27, 2026 against payment therefor. See "DESCRIPTION OF THE BONDS - Book-Entry Only System."

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. The quotations from, and summaries and explanations of the statutes, regulations and documents contained herein do not purport to be complete, and reference is made to such laws, regulations and documents for full and complete statements of their provisions.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Regents and the purchasers or holders of any of the Bonds.

APPLICATION OF BOND PROCEEDS

Sources and Uses of Funds

The proceeds of the Bonds when received by the University are expected to be used for the Project, including to pay the costs of issuing the Bonds, as shown below:

SOURCES OF FUNDS

Par Amount	$_____
Reoffering Premium	$_____
Total Sources	$_____

USES OF FUNDS

Acquisition Fund Deposit	
Refunding Escrow Deposit	
Underwriters' Discount[(1)]	
Costs of Issuance[(2)]	
Total Uses	$_____

(1) See "UNDERWRITING" herein.
(2) Includes legal fees, municipal advisor fees, ratings fees, debt service reserve insurance premium, printing and posting costs and miscellaneous costs.

The Project

The Bonds will provide funds to: (a) refund, refinance, and defease certain maturities of the outstanding The Regents of the University of New Mexico, Subordinate Lien System Refunding and Improvement Revenue Bonds, Series 2016A maturing after June 1, 2026 (the "Refunded 2016A Bonds") on or about October 15, 2026; (b) purchase, erect, alter, remodel, expand, improve, repair, furnish and equip buildings, improvements and facilities for the use of the University of New Mexico, including, but not limited to, the Geothermal Facility Project; (c) acquire a reserve fund insurance policy to fund a debt service reserve fund for the Bonds; and (d) fund the costs of issuance associated therewith.

The Geothermal Facility Project will produce a low-carbon heating system by replacing the steam heat exchangers in four buildings with electric heat pumps. The project will also include the installation of a 17,000 kWh battery storage system which will be adjacent to the central campus electric substation.

DESCRIPTION OF THE BONDS

General

The Bonds will be issued only as registered bonds without coupons in the denomination of $5,000 principal amount or any integral multiple thereof. The Bonds will be dated the date of their initial delivery to the Underwriters, and the Bonds will accrue interest from such date. Interest on the Bonds will be payable semiannually on each June 1 and December 1 (each an "Interest Payment Date"), commencing December 1, 2026 until maturity or prior redemption. The Bonds will mature on the dates and bear interest at the rates set forth on the inside front cover hereof.

Paying Agent/Registrar

The initial Paying Agent/Registrar for the Bonds is BOKF, NA, Albuquerque, New Mexico.

Book-Entry-Only System

The following information concerning The Depository Trust Company, New York, New York ("DTC") and the DTC book-entry only system was obtained from DTC and believed to be reliable; however, the Regents are not responsible for DTC's relationship with the Participants or its rules and procedures, or for the relationships to their customers or the Participant's rules and procedures.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of bonds certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration

in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the University as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the University or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the University, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the University or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the University or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The University may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the University and the Underwriters believe to be reliable, but neither the University nor the Underwriters take any responsibility for the accuracy thereof.

THE UNIVERSITY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE BONDS, REFERENCES HEREIN TO THE BONDHOLDERS OF THE BONDS WILL MEAN CEDE & CO., AND WILL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference only relates to those permitted to act by statute, regulation or otherwise on behalf of such Beneficial Owners for such purposes. When notices are given, they are to be sent to DTC, and the University does not have responsibility for distributing such notices to the Beneficial Owners.

The University does not have any responsibility or obligation to the DTC Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any DTC Participant; (b) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal of and premium, if any, and interest on the Bonds; (c) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; (d) any consent given or other action taken by DTC, or its nominee, Cede & Co., as Bond Owner; or (e) the distribution by DTC to DTC Participants or Beneficial Owners of any notices received by DTC as registered owner of the Bonds.

Redemption

Optional Redemption. The Bonds maturing on and after June 1, 20__ are subject to redemption prior to maturity at the option of the University, on June 1, 20__ and on any date thereafter, in whole or in part, at a redemption price equal to par, or portion thereof, so redeemed, plus accrued interest thereon to the redemption date, without premium.

Mandatory Sinking Fund Redemption. The Bonds maturing on June 1, 20__ are subject to mandatory sinking fund redemption, and shall be redeemed on June 1 in the years set forth below in the amount of the corresponding mandatory sinking fund redemption requirement for such Bonds at a redemption price of the principal amount of such Bonds called for redemption plus interest accrued to the date fixed for redemption, without premium, as follows:

$_____ Series 2026 Bonds due June 1, 20__

Year	Mandatory Sinking Fund Redemption Requirement
20__	
20__	
20__*	

*Maturity

Approximately forty-five (45) days prior to each mandatory redemption date that a Term Bond is to be mandatorily redeemed, the Paying Agent/Registrar shall select by lot the numbers of the Term Bond within the applicable stated maturity to be redeemed on the next following June 1 from money set aside for that purpose in the Bond Fund maintained for the payment of the Bonds. Any Term Bond not selected for prior redemption shall be paid on the date of its stated maturity.

The principal amount of the Term Bond required to be redeemed pursuant to the operation of such mandatory redemption provisions may be reduced, at the option of the University, by the principal amount of the Term Bond which, at least fifty (50) days prior to the mandatory redemption date (i) shall have been acquired by the University and delivered to the Paying Agent/Registrar for cancellation, (ii) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the University, or (iii) shall have been redeemed pursuant to the optional redemption provisions described above and not theretofore credited against a mandatory redemption requirement.

Notice of Redemption. Notice of redemption shall be given by the Registrar (defined herein) by sending notice thereof to the registered Owner of each Bond, or portion thereof, to be redeemed, at least 30 days prior to the redemption date at the address shown on the registration books of the Registrar as of the close of business on the fifth day prior to the sending of notice, and as otherwise required by law.

If the Bonds are no longer registered in book-entry-only form, each owner will receive an amount of Bonds equal to the original face amount then beneficially held by that owner, registered in such investor's name. Thereafter, any redemption of less than all of the Bonds of any maturity will continue to be paid to the registered owners of such Bonds on a pro-rata basis, based on the portion of the original face amount of any such Bonds to be redeemed.

Defeasance

When all principal, interest, and prior redemption premiums, if any, in connection with the Bonds have been duly paid, the pledge and lien and all obligations hereunder shall thereby be discharged and the Bonds shall no longer be deemed to be Outstanding within the meaning of the Bond Resolution. There shall be deemed to be such payment as to the Bonds when the Regents have caused to be placed in escrow and in trust with a bank doing business in the State which is a member of the Federal Deposit Insurance Corporation (or any successor federal agency) and exercising trust powers, an amount sufficient (including the known minimum yield from Federal Securities in which such amount may be initially invested) to meet all requirements of principal, interest and prior redemption premium, if any, on such Bonds as the same become due to maturity or upon any designated prior redemption date or dates. The Federal Securities shall become due at or prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the Regents and such bank at the time of the creation of the escrow, or the Federal Securities shall be subject to redemption at the option of the owners thereof to assure such availability as needed to meet such schedule. If any such Bond is to be redeemed prior to maturity, notice of redemption shall have been given or arrangements satisfactory to the Paying Agent/Registrar shall have been made for the giving of such notice. No Bonds may be refunded unless they mature or are callable for prior redemption under their terms within 15 years, or such longer period as may then be allowed by the laws of the State, from the date of issuance of the refunding bonds or unless the owners thereof voluntarily surrender them for exchange or payment.

Transferability and Registration

So long as DTC acts as the depository for the Bonds, Beneficial Owners may only transfer their interests in the Bonds through entries made on the books of DTC Participants.

Any Bond may be transferred at the principal office of the Registrar, by surrender of such Bond accompanied by an assignment in form satisfactory to the Registrar duly executed by the registered owner or his attorney duly authorized in writing. Thereupon, the Registrar will authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of like aggregate principal amount and of the same maturity.

The Registrar shall not be required to transfer or exchange (i) any Bond during the fifteen-day period preceding the mailing of notice calling Bonds for redemption; and (ii) any Bond called for redemption.

The registered owner of any Bond shall be deemed and regarded as the absolute owner of such Bond for the purpose of making payment thereof (except as otherwise provided in the Bond Resolution with respect to interest payments) and for all other purposes. All payments of or on account of interest or principal to any registered owner of any Bonds will be valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums paid.

If any Bond shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such evidence, information or indemnity relating thereto as it or the Regents may reasonably require, and upon payment of all expenses in connection therewith, authenticate and deliver a replacement Bond or Bonds of a like aggregate principal amount and of the same maturity. If such lost, stolen, destroyed or mutilated Bond shall have matured or shall have been called for redemption, the Paying Agent may pay such Bond in lieu of replacement.

Whenever any bond shall be surrendered to the Paying Agent upon payment thereof, or to the Registrar for transfer, exchange or replacement, such bond shall be promptly cancelled by the Paying Agent or Registrar.

TOTAL COMBINED DEBT SERVICE REQUIREMENTS

The following table presents debt service requirements for the Parity Bonds, including the Bonds, and pro forma debt service coverage ratios based on Fiscal Year ended June 30, 2025 Pledged Revenues of $770,279,573. Coverage ratios are based on assumptions that may not be realized.

Period Ending June 30	Outstanding Parity Bonds[1]	Series 2026 Bonds[2]	Total Debt Service Requirements[1][2]	Debt Service Coverage[1][2][3]
2027	$32,535,860	$12,159,158	$44,695,018	17.23x
2028	32,532,716	12,161,750	44,694,466	17.23x
2029	32,533,145	12,164,750	44,697,895	17.23x
2030	31,492,405	12,173,500	43,665,905	17.64x
2031	26,990,880	12,161,750	39,152,630	19.67x
2032	26,983,193	12,159,500	39,142,693	19.68x
2033	25,055,406	12,165,250	37,220,656	20.69x
2034	25,340,645	12,167,500	37,508,145	20.54x
2035	23,470,872	10,300,250	33,771,122	22.81x
2036	17,503,975	10,665,750	28,169,725	27.34x
2037	9,099,875	2,310,750	11,410,625	67.51x
2038	9,101,500	2,314,250	11,415,750	67.48x
2039	9,111,325	503,000	9,614,325	80.12x
2040	9,104,175	502,500	9,606,675	80.18x
2041	9,105,950	501,500	9,607,450	80.18x
2042	9,104,213	500,000	9,604,213	80.20x
2043	9,103,325	503,000	9,606,325	80.18x
2044	9,104,919	500,250	9,605,169	80.19x
2045	9,103,325	502,000	9,605,325	80.19x
2046	9,100,375	503,000	9,603,375	80.21x
2047	6,150,788	498,250	6,649,038	115.85x
2048	3,487,250	503,000	3,990,250	193.04x
2049	3,493,900	501,750	3,995,650	192.78x
2050	4,393,200	499,750	4,892,950	157.43x
2051	3,493,100	502,000	3,995,100	192.81x
2052	3,489,475	498,250	3,987,725	193.16x
2053	3,492,050	498,750	3,990,800	193.01x
2054	-	503,250	503,250	1,530.06x
2055	-	501,500	501,500	1,535.95x
2056	-	498,750	498,750	1,544.20x
TOTAL	$392,577,842	$131,924,658	$525,402,500	

(1) Based on an assumed interest rate of 4.00% for floating rate portion of the Outstanding Variable Rate Bonds. Excludes the Refunded 2016A Bonds. Preliminary; subject to change.
(2) Preliminary; subject to change. Based on an assumed principal amount of $97,890,000 for the Bonds and an effective interest rate (TIC) of 3.31%.
(3) Revenues and operating and maintenance expenses may change in the future.
Source: Hilltop Securities Inc. and University of New Mexico

INVESTMENT CONSIDERATIONS

Factors Affecting Universities

There are a number of factors affecting institutions of higher education in general, including the University, that could have an adverse effect on the University's financial position and its ability to generate Pledged Revenues and to make the payments required under the Bond Resolution. These factors include, but are not limited to: the continuing rising costs of providing higher education services; rising tuition costs and fees resulting in higher student loan debt; a decline in the number of college-age persons in the country; a decline in enrollment; competition for students from other institutions of higher and post-secondary education, including junior colleges and trade/vocational schools; limited employment opportunities available post-graduation; the failure to maintain or increase in the future the funds obtained by the University from various sources, including gifts and contributions from donors, grants or appropriations from governmental bodies and income from investment of endowment funds; adverse results from the investment of endowment funds; increasing costs of compliance with federal or State regulatory laws or regulations, including, without limitation, laws or regulations concerning environmental quality, work safety and accommodating the disabled; changes in federal governmental policy relating to the reimbursement of overhead costs of government contracts; any further unionization of the University's work force with consequent impact on wage scales and operating costs of the University; and legislation or regulations which may affect student aid and other program funding. Specific factors affecting the University include a decline in the State's population, State fiscal fluctuations, lottery scholarship and opportunity scholarship funding (see "Lottery and Opportunity Scholarships" herein), and declining federal support for research and competition for available awards. The University cannot assess or predict the ultimate effect of these factors on its operations or financial results of operations.

Special Obligations

The Bonds are special obligations of the Regents and shall not constitute a debt or liability of the State or of any political subdivision thereof within the meaning of any State constitutional provision or statutory limitation and shall not constitute a pledge of the faith and credit of the State. The Bonds are payable solely from and secured by a pledge of and a first lien (but not necessarily an exclusive first lien) on Pledged Revenues (which represent certain revenues of the University after the payment of certain operating and maintenance expenses). The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the State or any political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment. The Regents do not have taxing power.

University of New Mexico Hospital and Health System

Although the revenues of UNM Hospital are not pledged revenues in respect of the Bonds, the financial performance of the UNM Health System in short, medium and long-term could significantly impact, positively or negatively, the operating performance of the University. The largest contributor of revenues to the University is the UNM Health System, comprising approximately 70.6% of the University's revenues. As such, there are risks associated with operating a complex health care operation in addition to the risks associated with the University as described above. UNM Hospital has $305,100,978 in HUD-insured non-recourse debt outstanding at this time. Sandoval Regional Medical

Center has $76,679,755 in HUD-insured non-recourse debt outstanding at this time. The HUD insured debt for each is separately secured by and repayment is reliant on the revenues of the respective facilities.

Impact of competitive labor market conditions.

The operations of the University's healthcare facilities are dependent on the efforts, abilities and experience of facility management, healthcare professionals, such as nurses, pharmacists, lab technicians, and medical support personnel. The healthcare industry has been experiencing an extremely competitive labor market arising out of current economic conditions. The availability of nurses, other healthcare professionals and medical support personnel has been a significant operating issue for healthcare providers, which has been exacerbated by the current competitive labor market. Because a significant percentage of UNM Health System revenues consists of fixed, prospective payments, the ability to pass along increased labor costs is constrained. In the event the University is not entirely effective at recruiting and retaining qualified facility management, nurses and other medical support personnel, or in controlling labor costs, this could have an adverse effect on the University's consolidated results of operations.

Medicare and Medicaid Programs; General

A very significant portion of the UNM Health System net revenues derive from patients covered under the Medicare and Medicaid programs. Health care providers have been and will continue to be affected significantly by changes in the last several years in federal health care laws and regulations, particularly those pertaining to Medicare and Medicaid. The purpose of much of the recent statutory and regulatory activity has been to reduce the rate of increase in health care costs, particularly costs paid under the Medicare and Medicaid programs. The effects of these changes on operations, results of operations and financial condition of the University of New Mexico Hospital cannot be predicted. Past federal budgets have contained cuts to the Medicare and Medicaid program budgets. Any reduction in the level of Medicare and/or Medicaid spending or a reduction in the rate of increase of Medicare and/or Medicaid spending may have an adverse impact on the revenues of the University of New Mexico Hospital derived from the Medicare and Medicaid programs.

Cybersecurity

The University, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the University may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the University's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. No assurance can be given that the University's current efforts to manage cyber threats and security will, in all cases, be successful. The University cannot predict what future cybersecurity events may occur and what impact said events could have on its operations or finances.

The University relies on other entities and service providers in the course of operating the University as well as other trustees, fiscal agents, and dissemination agents. No assurance can be given that future cyber threats and attacks against other third party entities or service providers will not impact

the University and the owners of the Bonds, including the possibility of impacting the timely payments of debt service of the Bonds or timely filings pursuant to the Continuing Disclosure Undertaking.

Climate Change and Natural Disasters

The State and or University could experience additional weather events and natural disasters that could be deemed extreme which could result in negative economic impacts on the State and the University. Such effects may be exacerbated by a longer term shift in the climate over several decades. As a result, the State and University could lose tax revenues and new laws and regulations at the federal and state levels (including but not limited to air, water, hazardous substances, and waste regulations) could have a material adverse effect on the operations and/or financial condition of the University. The State or the University cannot predict the occurrence or extent of any future extreme weather events or natural disasters or the economic impacts that the occurrence of any such events may have on the State or the University.

Additional Bonds

The Regents have the right, subject to specified conditions in the Bond Resolution, to issue additional Parity Bonds payable from the Pledged Revenues on parity with the lien of the Bonds. **Additional Superior Lien Parity Bonds payable from the Pledged Revenues on a superior basis to the lien of the Bonds may not be issued by the Regents.** The Regents also have the right to issue additional Junior Lien Obligations without restriction.

Availability of Remedies

The remedies available upon an event of default under the Bond Resolution are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions the remedies provided for under the Bond Resolution may not be readily available or may be limited. The Bonds are subject to general principles of equity which may permit the exercise of judicial discretion; are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State; are subject, in part, to the provisions of the United States Bankruptcy Code and other applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; and are subject to the exercise by the United States of America of the powers delegated to it by the federal constitution. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

Uncertainty of Pledged Revenues

The future availability of Pledged Revenues and the ability of the Regents to make principal and interest payments on their Parity Bonds, and other obligations depends on the continued operation of the University, which receives substantial funding in the form of State appropriations that are not pledged to the payment of the Bonds. The ability of the University to continue operation is contingent upon, among other things, the receipt of sufficient annual appropriations by the State Legislature. For Fiscal Year 2026, the overall State appropriation for the University system was $557,355,200 for operations,

representing an increase of 10.2% from the Fiscal Year 2025 allocation. The University believes that, over time, current funding levels will remain relatively constant as it has several student success initiatives underway that are expected to increase student enrollment.

Future Changes to Law

Future changes to the Securities Act of 1933 (the "Act") and other statutes by which the University is governed could be adverse to the financial interests of the Regents and could adversely impact the security for the Bonds. There can be no assurance given by the Regents or the Underwriters that the Act and other statutes by which the University is governed will not in the future be amended in a manner which is adverse to the interests of the owners of the Bonds.

Lottery and Opportunity Scholarships

The Lottery Tuition Fund was established by the New Mexico Legislature in 1996 and received 50 percent of net lottery proceeds from sales in New Mexico until legislation was passed in 2001 dedicating 100 percent of net lottery proceeds to lottery scholarships. Lottery tuition scholarships are made available to New Mexico residents graduating from New Mexico high schools or receiving a GED who enroll in a New Mexico public college or university within a 16-month grace period after graduating high school. If a lottery tuition scholarship recipient maintains a 2.5 GPA and meets other criteria, the scholarship may continue for up to seven consecutive semesters. Receiving a lottery scholarship does not mean that the recipient attends college free of charge because the lottery scholarship does not cover the full cost of attendance. New Mexico lottery's contribution to the Lottery Tuition Fund is subject to fluctuation and volatility in any given year. Although recent adjustments to the Lottery Tuition Fund improved solvency, the Lottery Tuition Fund's growth has not kept pace with rising tuition costs of institutions of higher education. The scholarship award amount is determined by the HED on an annual basis based on the expected level of scholarship funding for the upcoming academic year. For academic year 2026-2027, the lottery scholarship amount for University students (main campus) is equal to 100 percent of tuition only. Approximately 8,169 students at the University received lottery tuition scholarships during 2026 Spring semester. For the academic year 2026-2027 the HED estimates that the lottery scholarship funding will cover approximately 100 percent of tuition, with no projected shortfall this academic year.

The Opportunity Scholarship Fund was established by the New Mexico Legislature in 2022 and provides tuition-free college. The Opportunity Scholarship is available to all New Mexico residents who are recent graduates or returning learners. A recent graduate is a student who (i) graduated from a New Mexico high school within the past 16 months, (ii) received a high school equivalency credential while maintaining residency in New Mexico, (iii) received a home school registration certificate from the New Mexico Public Education Department, and (iv) has not earned a bachelor's degree. A returning learner is a New Mexico resident, 18 years old or older, and enrolling in college more than 16 months after becoming a "recent graduate". Additionally, a returning learner cannot have more than 160 attempted credit hours from previous college attendance, or earned a bachelor's degree. A recent graduate qualifies if they meet the Lottery Scholarship criteria referenced above and is a New Mexico resident. A returning learner needs to enroll in at least six credit hours, maintain a 2.5 GPA, and be a New Mexico resident. Approximately 12,856 students at the University received Opportunity Scholarships during 2026 Spring semester.

Qualified Exchange Agreements

The Regents have entered into various interest rate swap agreements with JPMorgan Chase Bank in relation to prior Parity Bonds. See APPENDIX B - University of New Mexico Report on Examination of Combined Financial Statements and Additional Information for the Year Ended June 30, 2025, Note (13). Under such agreements, the Regents effectively fix the Regents' interest obligation on the relevant bonds. Under the agreements, the Regents are obligated to make payments to JPMorgan Chase Bank calculated on the basis of a predetermined fixed rate, and JPMorgan Chase Bank is obligated to make reciprocal floating rate payments, equal to the SIFMA Index, subject to certain conditions. These payments will be made on a net basis on the second Business Day immediately preceding each interest payment date. The interest rate swap is a "Qualified Exchange Agreement" and JPMorgan Chase Bank is a "Qualified Counterparty" under the Bond Resolution.

The University has also entered into an interest rate exchange agreement or basis swap (the "overlay swap"), which conforms to the outstanding notional amount and cash flow of an existing interest rate swap. See APPENDIX B - University of New Mexico Report on Examination of Combined Financial Statements and Additional Information for the Year Ended June 30, 2025, Note (13). In the overlay swap, the University will pay the SIFMA rate on a monthly basis and will receive payments from JPMorgan Chase Bank, as counterparty, based on a percentage of the Libor five year forward swap rate plus a fixed number of basis points, as listed below. The terms of the overlay swap are:

Series 2002C:
– original notional amount: $36.94 million
– current notional amount: $11.56 million
– University payment rate: SIFMA
– counterparty payment rate: 63.93% of 5-year USD swap rate plus 0.38%

Arrangements made in respect of any interest rate swap do not alter the Regents' obligation to pay principal of and interest on the relevant bonds from Pledged Revenues and other amounts pledged therefor. An interest rate swap does not provide a source of security or other credit for the relevant bonds. The Regents' obligations under the interest rate swap agreement to make fixed rate payments to JPMorgan Chase Bank are on parity with the Regents' obligation to pay principal of and interest on outstanding Parity Bonds.

Under certain circumstances, an interest rate swap may be terminated prior to the maturity of the relevant bonds. Accordingly, no assurance can be given that any interest rate swap will remain in effect. If an interest rate swap is terminated under certain market conditions, the Regents may owe a termination payment to JPMorgan Chase Bank or, alternatively, JPMorgan Chase Bank or may owe a termination payment to the Regents.

Damage to or Destruction of University Facilities

The Regents insure University facilities against certain risks through the State's risk management program. There can be no assurance that the amount of insurance obtained with respect to University facilities will be adequate or that the cause of any damage or destruction to University facilities will be as a result of a risk which is insured. Further, there can be no assurance of the ongoing financial stability of the State's risk management program for property losses. Damage or destruction of the University

facilities could impair the Regents' ability to generate Pledged Revenues sufficient to pay principal of and interest on Parity Bonds and other obligations.

Environmental Regulation

The University facilities are subject to various federal, state and local laws and regulations governing health and the environment. In general, these laws and regulations could result in liability to the Regents as the owner of the University facilities for remediating adverse environmental conditions on or relating to the University facilities, whether arising from preexisting conditions or conditions arising as a result of the activities conducted in connection with the ownership and operation of the University facilities. Costs incurred by the Regents with respect to environmental remediation or liability could adversely impact the University's financial condition and its ability to operate and to produce Pledged Revenues sufficient to pay principal of and interest on Parity Bonds and other obligations.

SECURITY AND SOURCE OF PAYMENT

Under the Bond Resolution, the Regents have pledged a first lien (but not an exclusive first lien) for the payment of Parity Bonds on the revenues received from the operation of revenue-producing facilities of the University subject to certain reservations and the exclusion of certain revenues, including State appropriations, after the payment of certain operation and maintenance costs of the University which consist primarily of utility costs and operation and maintenance expenses related to the physical plant of the University, as more fully described below.

No Outstanding Superior Lien Bonds

The Regents previously issued the Superior Lien Revenue Bonds, Series 1992B on November 18, 1992 (the "Superior Lien Bonds") which were secured by Pledged Revenues with a lien on the Pledged Revenues superior to all other system revenue bonds outstanding or to be issued from time to time in the future.

The Superior Lien Bonds matured on June 1, 2022 and no Superior Lien Bonds remain outstanding. Pursuant to the Bond Resolution, no additional Superior Lien Bonds may be issued by the Regents.

As a result of the final maturity of the Superior Lien Bonds and the termination of their first and superior lien on the Pledged Revenues, the Bonds, together with all currently outstanding Parity Bonds (which were issued as "Subordinate Lien Bonds" junior to the then outstanding Superior Lien Bonds) are now effectively secured by a first lien (but not an exclusive first lien) on the Pledged Revenues.

Parity Bonds

Parity Bonds are secured by an irrevocable first lien (but not an exclusive first lien) on and pledge of the Pledged Revenues (as defined in the Bond Resolution and as set forth in Appendix C hereto). Such Pledged Revenues, to the extent necessary to pay the debt service on the Parity Bonds, are deposited in a debt service fund in accordance with the terms of the Bond Resolution, after payment of certain operating and maintenance expenses of the University identified in the Bond Resolution. See "Historical

Pledged Revenues and Operating and Maintenance Expenses" for a condensed statement of Pledged Revenues and the items of operating and maintenance expense allowed to be paid from such Pledged Revenues prior to payment of debt service on the Parity Bonds.

The Pledged Revenues, with certain exceptions, consist of revenues received from the operation of the revenue-producing facilities of the University other than certain excluded facilities and sources. The largest sources of Pledged Revenues are student tuition and fees and sales and services from the University bookstore, parking revenues, some research activities, and instruction. See "Historical Pledged Revenues and Operating and Maintenance Expenses" for a general breakdown of the components of the Pledged Revenues. The University of New Mexico Hospital (the "Hospital") is one of the facilities excluded from Pledged Revenues except to the extent described in (iii) in the following sentence. Pledged Revenues include (i) the gross proceeds of the collection of student tuition and fees (except the fee now known as the "Student Activity Fee" and fees expressly imposed for the use or availability of buildings, structures or facilities excluded from the System), (ii) the gross amounts received by the University from the Income from the Permanent Fund, the Income from the Land Fund and the Income from the Other Lands Fund, and (iii) certain other revenue derived from sources other than ad valorem taxation and State appropriations, including amounts received from the Hospital with respect to the cost of an ambulatory care center originally financed with a prior bond issue and utilized by the Hospital pursuant to an agreement with the Regents. The Regents have retained the right to construct any one or more facilities for the University and to finance such construction in such manner that such facility or facilities and its revenues will not become Pledged Revenues. Amounts required to be rebated to the Federal Government in order to comply with the provisions of the Internal Revenue Code do not constitute Pledged Revenues. The Regents have reserved the right to defease such lien on Pledged Revenues by otherwise providing for the payment of the Bonds, as described in the Bond Resolution, or other Parity Bonds pursuant to the applicable bond resolution.

THE BONDS AND THE INTEREST THEREON SHALL CONSTITUTE SPECIAL OBLIGATIONS OF THE REGENTS, PAYABLE SOLELY FROM PLEDGED REVENUES AFTER THE PAYMENT OF CERTAIN OPERATING AND MAINTENANCE EXPENSES. THE BONDS AND THE INTEREST THEREON SHALL NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NOT CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF THE STATE BUT SHALL BE PAYABLE BY THE REGENTS SOLELY FROM THE FUNDS PROVIDED IN THE BOND RESOLUTION. THE ISSUANCE OF THE BONDS SHALL NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY FORM OF TAXATION THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE REGENTS DO NOT HAVE TAXING POWER.

Junior Lien Obligations

The Regents reserve the right to issue bonds or other obligations without limitation as to amount payable from Pledged Revenues having a lien thereon subordinate and junior to the lien of the Bonds and Parity Bonds.

Debt Service Reserve Account

Immediately upon the sale and delivery of the Bonds, the Regents will acquire a Parity Bonds Reserve Fund Surety Bond in an amount equal to the Reserve Requirement for the Bonds. The Reserve Requirement for a reserve account funded with the purchase of a reserve fund surety bond is the least of the following with respect to the Parity Bonds for which the reserve fund surety is obtained: (i) 10% of the proceeds, (ii) the maximum annual debt service, or (iii) 125% of the average annual debt service as permitted by the Internal Revenue Code of 1986, as amended ("the Code"). If the Regents elect to replace the reserve fund surety bond with a cash funded reserve, the Reserve Requirement for cash funded reserve accounts is the average annual debt service on all Parity Bonds with cash funded reserve accounts as calculated from time to time or as to any particular issue of Parity Bonds, if less, the maximum amount of proceeds of such Parity Bonds permitted to be placed in a reserve fund by the Code.

In the event of a drawing on the Reserve Account, the Regents are required to deposit Pledged Revenues, not required to be otherwise applied, into the Reserve Account drawn upon in an amount equal to the amount withdrawn therefrom no later than the end of the next full Fiscal Year.

Rate Covenant

The Regents have covenanted in the Bond Resolution that they will at all times impose and collect rates and charges for the use of all buildings and facilities comprising the System and for all commodities and services sold or supplied therein or furnished thereby, and will impose and collect such student tuition and fees for the use and availability of the System, as will be fully sufficient, together with the other income and revenue of the University received from sources other than (i) sources excluded from the System, (ii) the proceeds of ad valorem taxation, (iii) appropriations from the State, or (iv) the proceeds of any University contracts and grants, whether from or with public, private or governmental sources, which are restricted as to use, to permit the performance of all the covenants in and requirements of the Bond Resolution. The Regents' setting of student tuition and fees is not subject to control by the State; however, the Regents review information for determining increases in student tuition and fees on an annual basis. See "TUITION AND FEES" in Appendix A.

Additional Bonds

The Regents may issue additional Parity Bonds for the purpose of extending, enlarging, expanding, bettering or otherwise improving the System. Before any additional Parity Bonds are authorized or actually issued (excluding refunding bonds and obligations which Parity Bonds) payments into the Bond Service Fund and Reserve Fund must be current and the following conditions shall be met: (i) the Pledged Revenues received by the University in each of the two completed Fiscal Years immediately preceding the issuance of the Parity Bonds must be at least equal to (a) 200 percent of the highest Debt Service requirement for any succeeding Fiscal Year measured from the date of computation on all Outstanding Parity Bonds, but excluding the Parity Bonds proposed to be issued; and (b) 175 percent of the highest Debt Service requirement for any succeeding Fiscal Year measured from the date of computation on all Outstanding Parity Bonds and on the issue of Parity Bonds then proposed to be issued. A written certification, opinion, verification or other determination by the University's Executive Vice President of Finance and Administration, or successor in function, that said annual Pledged Revenues for such preceding Fiscal Years are at least equal to said amounts and the determinations of such amounts shall be conclusively presumed to be accurate in determining the right of the University to authorize, issue, sell and deliver the additional Parity Bonds.

If the proceedings authorizing such Parity Bonds pledge and provide for payment into the Bond Service Fund of income or revenues in addition to the Pledged Revenues, the amount received from such additional pledged source of income or revenue by the University for payment into the Bond Service Fund in each of the two completed Fiscal Years immediately preceding the issuance of the Parity Bonds may be taken into consideration and added to the Pledged Revenues received in each such Fiscal Year for purposes of the computation required to be made under the provisions set forth in the preceding paragraph. There shall also be taken into consideration and added to the Pledged Revenues received in each such completed Fiscal Year for the purposes of such computation under the provisions set forth in the preceding paragraph, the smallest amount of gross income or revenues estimated by the Executive Vice President of Finance and Administration of the University, or successor in function, to be produced in any future Fiscal Year from the operation of the additional facilities to be acquired with the proceeds of the Parity Bonds, which estimate in the case of housing facilities shall be based on a presumed eighty percent (80%) occupancy of such facilities at rentals equivalent to those charged by the University for similar facilities during the Fiscal Year immediately preceding the issuance of the Parity Bonds. If in the proceedings authorizing the Parity Bonds there is an agreement or covenant to increase student fees included as part of the Pledged Revenues beyond the amount imposed during each of said two preceding Fiscal Years, the additional income or revenues which would have been received in such preceding Fiscal Years if the increased fees had been in effect may also be taken into consideration and added to the Pledged Revenues received in each such Fiscal Year for the purposes of such computation. Such estimate shall be made by the Executive Vice President of Finance and Administration of the University, or successor in function, and shall be predicated on the number of students actually paying the increased fees in such Fiscal Year. See Appendix C for complete provisions relating to additional Parity Bonds.

Refunding Bonds with a lien on Pledged Revenues on parity with the lien thereon of the Bonds may be issued without meeting the above-described tests so long as the refunding bonds do not increase annual principal and interest obligations evidenced by the refunded obligations.

Historical Pledged Revenues and Operating and Maintenance Expenses

The following information regarding Pledged Revenues and operating and maintenance expenses payable from Pledged Revenues ahead of debt service on the Parity Bonds pursuant to the Bond Resolution has been compiled by the University from its general ledgers.

NET STUDENT TUITION/HISTORICAL PLEDGED REVENUES OF THE SYSTEM [1]

(Fiscal Year Ending June 30)

Pledged Revenues	2025	2024	2023	2022	2021
Student tuition and fees	$85,426,453	$88,423,591	$90,997,294	$106,804,970	$111,173,947
Contracts and Grants	139,264,080	119,726,841	57,928,067	41,189,341	64,492,368
Net Patient Services	225,725,946	219,280,521	204,472,642	202,569,297	171,757,956
Sales and Services	86,388,239	84,013,244	78,951,527	68,474,738	45,129,115
Investments	93,265,756	73,187,584	54,479,238	(26,831,827)	71,858,809
Gifts	55,690,430	54,585,631	35,855,521	3,064,267	8,884,574
Other	84,518,669	76,629,998	99,591,631	41,216,016	5,840,566
TOTAL	$770,279,573	$715,847,410	$622,275,920	$436,486,802	$479,137,335

HISTORICAL OPERATING AND MAINTENANCE EXPENSES[1][2]

(Fiscal Year Ending June 30)

Operating and Maintenance Expenses	2025	2024	2023	2022	2021
Utilities	$25,951,458	$23,529,879	$28,042,390	$22,665,361	$21,241,205
Insurance	10,155,902	8,483,753	7,077,871	5,695,645	6,024,990
Operation and maintenance employees	24,346,491	22,926,332	22,100,674	18,842,128	18,176,045
Repairs and Maintenance	39,436,981	38,415,847	36,229,526	25,795,119	25,398,958
Other	2,178,062	2,745,687	3,165,461	2,973,167	2,298,515
TOTAL	$102,068,894	$96,101,498	$96,615,921	$75,971,420	$73,139,713

HISTORICAL COVERAGE OF ANNUAL DEBT SERVICE[1]

(Fiscal Year Ending June 30)

	2025	2024	2023	2022	2021
Pledged Revenues	$770,279,573	$715,847,410	$622,275,920	$436,486,802	$ 479,137,335
Operating and Maintenance Expenses[2]	$(102,068,894)	$(96,101,498)	$(96,615,921)	$(75,971,420)	$ (73,139,713)
Net Pledged Revenues	$668,210,679	$619,745,912	$525,659,999	$ 360,515,382	$ 405,997,622
Annual Debt Service [3]	$38,194,165	$37,716,776	$35,808,183	$34,999,618	$35,393,095
Coverage Factor	17.50x	16.43x	14.68x	10.30x	11.47x

(1) Prepared by the University's Office of Planning, Budget and Analysis.
(2) Operating and Maintenance Expenses of the System as defined in the Bond Resolution.
(3) Principal and interest on Parity Bonds only, does not include the Hospital Mortgage Revenue Bonds, Series 2015, Series 2020 and Series 2021 which are secured by revenues other than Pledged Revenues.

The holders of the Parity Bonds have a lien on Pledged Revenues to secure the payment of the principal of and premium, if any, and interest on the Parity Bonds subject only to the payment of certain operating and maintenance costs relating primarily to utility costs and upkeep of the physical plant of the University. The total annual expenditures of the University include items not denominated as "operating and maintenance expenses" and are substantially in excess of such operating and maintenance expenses. The total revenues of the University are also well in excess of Pledged Revenues, with the largest other source being State appropriations. See "HISTORICAL OPERATING RESULTS" below for a condensed statement of revenues and expenditures of the University for the last five fiscal years and the audited financial statements in Appendix B hereto. The future availability of Pledged Revenues is dependent upon the continued operation of the University, which is substantially financed by State appropriations which are not pledged to the payment of the Parity Bonds. The ability of the University to make principal and interest payments on the Parity Bonds is contingent upon sufficient annual State appropriations to continue the operation of the University. See "INVESTMENT CONSIDERATIONS."

Future Borrowing

The University does not anticipate any future borrowings in the next two years. As necessary, funding streams will be identified to support any increase in debt service with the intention to maintain the University's current bond ratings. See "RATINGS."

No Defaults

The Regents have not defaulted on the payment of interest or principal on any debt obligation, or, at any time, issued refunding obligations in order to avoid a default on any existing obligation.

Innovate ABQ

On December 29, 2020, the real property interests of Innovate ABQ, Inc. were transferred to the Board of Regents of the University of New Mexico. Innovate ABQ, Inc. was incorporated by the UNM Board of Regents on October 30, 2014 as a non-profit, 501(c)(3) corporation under the aegis of the New Mexico University Research Park and Economic Development Act (URPEDA). The URPEDA corporation was dissolved on December 31, 2020. The University will continue to develop and market the property as the hub in an innovation district in Downtown Albuquerque to entrepreneurs, investors, and technology and bio-science research entities. The most significant improvement on the seven-acre site is the Lobo Rainforest Building developed in 2017 as a public-private partnership with Signet Enterprises. The building contains 160,000 square feet with ground floor office space and five (5) floors of apartment-style student housing with 310 beds. The University occupies the building under a thirty (30) year master lease which expires on August 30, 2047.

HISTORICAL OPERATING RESULTS

The tables on the following pages present the University's Condensed Revenue, Expenses and Change in Net Assets for each of the past five fiscal years. This information should be read in conjunction with the audited Financial Statements included in Appendix B hereto.

The University accounts for its financial resources in accordance with GASB Nos. 34 and 35. The Higher Education Department is required by statute to conduct special data verifications of the institutions of higher education. These data verifications are required to include enrollments, fund balances, compliance with legislation, comparison of expenditures to budgets and other areas to be determined.

The Higher Education Department is required to consider the data verification findings in making its annual recommendations to the executive branch and legislature for higher education funding. The most recent data verification was completed and included in the Higher Education Department's 2025 Annual Report. There were no unusual findings. In addition, the University's financial affairs are audited each year by the office of the State Auditor or an independent accounting firm approved by the State Auditor. Agency funds are not included in the annual audit and consist of assets held by the University as fiscal agent for others.

University of New Mexico
Condensed Revenue, Expenses and Change in Net Assets
(Fiscal Year Ended June 30) [1]

	2025	2024	2023	2022	2021
Revenue					
Tuition and fees	$106,838,068	$109,678,856	$110,120,466	$125,958,824	$130,344,997
Grants and contracts	473,230,718	452,103,068	399,335,008	427,996,838	384,083,671
Patient services, net	1,844,549,668	1,819,035,032	1,651,779,834	1,657,610,012	1,592,975,818
Sales and services	116,838,221	110,086,270	104,836,699	122,224,023	90,800,380
Other operating revenue	70,185,054	91,319,354	80,503,977	73,353,664	117,985,419
Total operating revenue	$2,611,671,729	$2,582,222,580	$2,346,575,983	$2,407,143,361	$2,316,190,285
Expenses					
Instruction	$302,420,287	$282,433,726	$260,748,645	$253,282,983	$242,992,467
Research	262,890,547	247,311,530	233,411,061	251,903,738	258,755,275
Public Service	2,125,308,440	2,014,423,749	1,873,551,660	1,838,669,543	1,675,932,773
Academic Support	63,514,308	59,501,552	54,872,186	47,693,813	43,201,530
Student services	40,766,372	38,398,648	34,504,952	30,402,504	28,739,834
Institutional Support	87,631,620	80,559,897	72,876,694	65,352,230	60,460,362
Operations of plant/Deprec	262,203,772	238,796,832	227,235,140	197,943,237	193,002,289
Student aid and activities	61,759,084	51,005,420	41,917,080	40,611,797	23,120,200
Intercollegiate athletics	43,679,402	40,363,002	34,948,601	31,199,909	24,458,665
Auxiliaries enterprises	54,997,597	49,820,320	48,361,535	34,756,762	33,329,867
Other operating expenses	98,827,546	89,719,054	81,554,331	81,265,169	116,093,346
GASB Pension and OPEB	(77,125,545)	(195,522,719)	68,202,566	85,236,931	763,818,778
Total operating expenses	$3,326,853,430	$2,996,811,011	$3,032,184,451	$2,958,318,616	$3,463,905,386
Non-operating Revenue (expenses)					
Appropriations	$530,395,335	$481,464,158	$414,605,700	$363,569,839	$343,973,371
Federal Pell Grants	53,918,894	42,252,126	36,000,515	32,786,601	33,495,135
Gifts	60,500,711	58,879,528	41,008,943	68,464,831	40,576,948
Lottery and Opportunity Scholarships	124,090,385	114,021,646	104,992,790	-	-
Federal CARES Act Grants	245,779	52,514,007	352,942	66,863,971	92,336,723
Investment income (loss)	105,665,969	86,720,594	60,283,527	(27,933,275)	78,944,518
Other non-operating revenues	(16,220,650)	(24,153,972)	(21,852,031)	(8,864,172)	(18,274,792)
Capital gifts, grants and appropriations	119,346,321	103,825,198	51,111,314	14,974,351	10,158,227
Mill levies	141,297,136	136,373,354	128,748,434	122,165,497	119,282,236
Total non-operating revenue	$1,118,789,880	$1,051,896,639	$815,252,134	$661,815,971	$700,492,366
Income after other revenues, expenses, gains and losses	$129,643,666	$110,640,716	$403,608,179	$110,640,716	($447,222,735)
Total Increase in net assets					
Net Assets, beginning of year	$1,305,445,684	$668,137,476	$538,493,810	$427,715,663	$875,390,600
Impact of change in accounting	-	-	-	137,431	(452,202)
Net Assets, end of year	$1,709,053,863	$1,305,445,684	$668,137,476	$538,356,379	$427,715,663

(1) Excerpted from the University's audited Financial Statements.

The following table presents the University's historical operational calculations on a system-wide consolidated basis. See "SECURITY AND SOURCE OF PAYMENT – Historical Pledged Revenues and Operating and Maintenance Expenses" for coverage ratios under the covenant requirements in the Bond Resolution.

University of New Mexico
Revenues Available for Debt Service
(Fiscal Year Ended June 30)[1]

	2025	2024	2023	2022	2021
Total Operating Revenue	$2,611,671,729	$2,582,222,580	$2,346,575,983	$2,407,143,361	$2,316,190,285
Total Operating Expense	3,326,853,430	2,996,811,011	3,032,184,451	2,958,318,616	3,463,905,386
Operating income (loss)	($715,181,701)	($414,588,431)	($685,608,468)	($551,175,255)	($1,147,715,101)
Total non-operating revenue	999,443,559	948,071,441	764,140,820	646,681,619	690,334,139
Increase (Decrease) in net assets	$284,261,858	$533,483,010	$78,532,352	$95,506,364	($457,380,962)
Increase (Decrease) in net assets	$284,261,858	$533,483,010	$78,532,352	$95,506,364	($457,380,962)
Plus: Depreciation	139,087,136	134,816,840	133,158,511	114,218,142	106,581,466
Plus: Interest Expense	24,942,519	22,846,970	18,526,653	16,678,724	16,456,762
Revenues Available for Debt Service	$448,291,513	$691,146,820	$230,217,516	$226,403,230	($334,342,734)
Adjustment for pension expense allocation	(88,994,854)	(202,385,019)	64,210,366	84,357,435	766,700,778
Adjusted Revenues Available for Debt Service	$359,296,659	$488,761,801	$294,427,882	$310,760,665	$432,358,044

(1) Excerpted from the University's Financial Statements.

THE UNIVERSITY

The University of New Mexico, a State educational institution created pursuant to the State Constitution and statutes, is a fully accredited co-educational university offering undergraduate, graduate, and professional degree-granting programs.

The University is the largest institution of higher education in the State with the main campus located in Albuquerque, New Mexico. Albuquerque is the center of a metropolitan area of over 900,000 inhabitants and is located in the north central portion of the State. New Mexico has a population of over 2,000,000 persons.

The University is comprised of 15 schools and colleges offering courses of study in, among other things, architecture and planning, arts and sciences, business management, education, engineering, fine arts, graduate studies, law, medicine, nursing, pharmacy, honors, libraries and learning sciences, and population health. It had approximately 23,955 students enrolled during the 2025 fall semester on the main campus. The University is accredited by the Higher Learning Commission and is further accredited by at least 45 other professional accrediting organizations.

The University was created by an act of the New Mexico Territorial Legislature in 1889. Instruction began three years later. The original 20-acre main campus has increased to over 800 acres. In addition to the main campus, the University also teaches some upper division courses at the Los Alamos Branch and select graduate courses in Santa Fe. There are branches of the University located in Gallup, Los Lunas (the Valencia Branch), Los Alamos, and Taos, New Mexico. The University also has a satellite center, which the University and Central New Mexico Community College share, located in Rio Rancho, New Mexico.

For more information on the University, see "The University Organization, Programs and Summary Financial Information" included as Appendix A of this Official Statement.

The Regents

The Regents are empowered to issue obligations for the benefit of the University under authority granted by Sections 6-17-1 through 6-17-18, NMSA 1978, as amended, and are charged with the management and control of the University. The Regents direct the disposition of funds belonging to or appropriated to the University and establish policies necessary for the governance and management of the University.

The State Constitution and legislation establishing the Regents provide for seven members (excluding ex-officio members), no more than four of whom shall be of the same political party. Members must be residents of the State and are appointed by the Governor of the State and confirmed by the Senate of the State for six-year terms except for the Student Regent who serves a two-year term. Members may serve more than one term.

The members of the Regents, the dates of expiration of their terms, occupations and residence are as follows:

	Term Expires	Occupation	Residence
Paul Blanchard, Chair	12/31/2028	Developer	Albuquerque
Victor Reyes, Vice Chair Student Regent	12/31/2026*	Lawyer	Albuquerque
Paula Tackett, Secretary-Treasurer	12/31/2028	Lawyer	Santa Fe
Christina Campos, Member	12/31/2030	Healthcare Administrator	Santa Rosa
Jack L. Fortner, Member	12/31/2026*	Lawyer	Farmington
William H. Payne, Member	12/31/2026*	Retired Military	Albuquerque
Patricia Williams, Member	12/18/2030	Lawyer	Albuquerque

*Will continue to serve until reappointed or a successor is appointed and approved.

State law also provides for two non-voting ex-officio members on the Boards of New Mexico colleges and universities (the Governor and the Commissioner of Higher Education Department) but such seats have not been traditionally taken by these officials at the University.

Capital Improvement Plan

The University staff annually presents a capital improvement plan to the Regents for approval. The plan addresses anticipated capital needs at the University's main campus, Health Sciences Center and branch campuses. After approval by the Regents, the plan is submitted to HED for review. HED also uses the plan to determine where the University's priorities fit vis-à-vis the State's other higher education institutions. The University has identified approximately $201,487,000 in capital improvement expenditures for all of its campuses in the year one portion of the plan, to be funded from a variety of sources. The University will seek funding from the State, the Federal government and private sources, as well as University revenue bonds. In the 2026 legislative session the University received $647,108,000 in State capital funding with $546,000,000 of that total for the new School of Medicine Facility.

LEGAL MATTERS

The Regents have engaged Modrall, Sperling, Roehl, Harris & Sisk, P.A., as Bond Counsel, and the opinion of Bond Counsel will be delivered at the time of delivery of the Bonds. Certain legal matters will be passed on for the Regents by General Counsel, Daniel Jones, Esq. Certain legal matters will be passed upon by Modrall, Sperling, Roehl, Harris & Sisk, P.A., as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by McCall, Parkhurst & Horton L.L.P.

TAX MATTERS

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, to be delivered at the time of original issuance of the Bonds, under existing laws, regulations rulings and judicial decisions, and assuming compliance with covenants described herein, interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed for the owners thereof; provided, however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Bond Counsel is also of the opinion, based on existing laws of the State of New Mexico as enacted and construed, that interest on the Bonds is excludable from all taxation by the State of New Mexico or any political subdivision thereof.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal tax purposes of interest on obligations such as the Bonds. The University has made various representations and warranties with respect to and has covenanted in the Bond Resolution and other documents, instruments and certificates to comply with the applicable provisions of the Code to assure that interest on the Bonds will not become includible in gross income. Failure to comply with these covenants or the inaccuracy of these representations and warranties may result in interest on the Bonds being included in gross income from the date of issue of the Bonds. The opinion of Bond Counsel assumes compliance with the covenants and the accuracy of such representations and warranties.

Although Bond Counsel has rendered an opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Before purchasing any of the

Bonds, potential purchasers should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

The opinions expressed by Bond Counsel are based upon existing law as of the date of issuance and delivery of the Bonds, and Bond Counsel expresses no opinion as of any date subsequent thereto or with respect to any pending legislation.

From time to time, there are legislative proposals in Congress that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted, it would apply to Bonds issued prior to enactment. Each purchaser of the Bonds should consult his or her own tax advisor regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

Original Issue Discount

The Bonds may be offered at a discount ("original issue discount") equal generally to the difference between public offering price and principal amount. For federal income tax purposes, original issue discount on a bond accrues periodically over the term of the bond as interest. The amount of original issue discount deemed received by the holder is excludable from gross income of the holder for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The accrual of original issue discount increases the holder's tax basis in the bond for determining taxable gain or loss from sale or from redemption prior to maturity. Holders of Bonds offered at an original issue discount should consult their tax advisors for an explanation of the accrual rules.

Original Issue Premium

The Bonds may be offered at a premium ("original issue premium") over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of a bond through reductions in the holders' tax basis in the bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortizable premium is accounted for as reducing the tax-exempt interest on the bond rather than creating a deductible expense or loss. Holders of Bonds offered at an original issue premium should consult their tax advisors for an explanation of the amortization rules.

Post-Issuance Tax Compliance Procedures

The Regents have previously adopted post-issuance tax compliance procedures which will be utilized in connection with investment and expenditure of the proceeds of the Bonds and the use of projects funded with such proceeds.

Internal Revenue Service Audit Program

The Internal Revenue Service (the "Service") has an ongoing program auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether the Service will commence an audit of the Bonds. If an audit is commenced,

under current procedures the Service will treat the University as the taxpayer and the Bond owners may have no right to participate in such procedure. Neither the Underwriter nor Bond Counsel is obligated to defend the tax-exempt status of the Bonds. The University has covenanted in the Bond Resolution not to take any action that would cause the interest on the Bonds to become includable in gross income except to the extent described above for the owners thereof for federal income tax purposes. None of the University, the Underwriters or Bond Counsel is responsible to pay or reimburse the costs of any Bond owner with respect to any audit or litigation relating to the Bonds.

LITIGATION

At the time of delivery of the Bonds, the Regents will deliver a no-litigation certificate to the effect that no litigation or administrative action or proceeding is pending or, to the knowledge of the appropriate University officials, threatened, restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, the effectiveness of the Bond Resolution, or contesting or questioning the proceedings and authority under which the Bonds have been authorized and are to be issued, sold, executed, or delivered, or the validity of the Bonds.

The Regents are party to various legal proceedings seeking damages or injunctive relief and generally incidental to the operations of the University. The University has coverage through the State of New Mexico Risk Management Division for these various claims. These proceedings are unrelated to the Bonds, the actions relating to the issuance of the Bonds or the security therefor. The ultimate disposition of such proceedings is not presently determinable, but will not, in the opinion of counsel for the Regents, have a material adverse effect on the Bonds or the security for the Bonds.

UNDERWRITING

RBC Capital Markets, LLC, Raymond James & Associates, Inc., and Jefferies LLC (collectively, the "Underwriters") have agreed, subject to certain customary conditions, to purchase the Bonds at a price equal to the initial offering prices to the public, as shown on the inside cover page hereof, less an Underwriters' discount of $_____. The Underwriters' obligations are subject to certain conditions precedent, and the Underwriters will be obligated to purchase all of the Bonds, if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

RBC Capital Markets, LLC has provided the following information for inclusion in this Official Statement. RBC Capital Markets, LLC is a full-service financial institution engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, RBC Capital Markets, LLC may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). RBC Capital Markets,

LLC may engage in transactions for its own accounts involving the securities and instruments made the subject of this securities offering or other offerings of the University. RBC Capital Markets, LLC may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the University. RBC Capital Markets, LLC may make a market in credit default swaps with respect to municipal securities in the future.

RBC Capital Markets, LLC, as an Underwriter has entered into a distribution arrangement with its affiliate RBC Securities, Inc. ("RBC Securities") (formerly known as City National Securities, Inc.). As part of this arrangement, the Underwriter may distribute municipal securities to investors through the financial advisor network of RBC Securities. As part of this arrangement, the Underwriter may compensate RBC Securities for its selling efforts with respect to the Bonds.

RATINGS

Moody's Investors Services, Inc. ("Moody's") and Standard & Poor's Global Ratings ("Standard & Poor's") have assigned their municipal bond ratings of "Aa3" and "AA-", respectively, to the Bonds. Such ratings reflect only the views of such organizations. An explanation of the significance of such ratings may be obtained from Moody's at 7 World Trade Center, 250 Greenwich Street, New York, New York 10007 and Standard & Poor's at 55 Water Street, New York, New York 10041. The ratings are not a recommendation to buy, sell or hold the Bonds and there is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if, in their judgment, circumstances so warrant. Any downward revision or withdrawal of the ratings given to the Bonds may have any adverse effect on the market price or marketability of the Bonds. The Regents have not undertaken any responsibility, other than the Continuing Disclosure Undertaking, to bring to the attention of the owners of the Bonds any proposed revision or withdrawal of the ratings on the Bonds, or to oppose any such proposed revision or withdrawal.

CONTINUING DISCLOSURE UNDERTAKING

In connection with the issuance of the Bonds, the University will execute a Continuing Disclosure Undertaking, in the form attached hereto as Appendix E, under which it will agree for the benefit of the owners of the Bonds to provide audited annual financial statements of the University when available after the end of each Fiscal Year, and to provide certain annual financial information and operating data relating to the University and timely notice of certain events.

The University previously entered into continuing disclosure undertakings in accordance with SEC Rule 15c2-12. The University has not been in default under its existing continuing disclosure undertakings with respect to the filing of audited annual financial statements and annual financial information and operating data as required by Rule 15c2-12. The audited annual financial statements and annual financial information have been timely filed, however, as related to the University's continuing disclosure obligations under its outstanding Series 2019 Bonds and Series 2021 Bonds, the University did not file a notice of the incurrence of a financial obligation related to the University of New Mexico Hospital's mortgage loan debt under HUD Section 232 loan guarantee program that closed on September 21, 2021. On February 27, 2023, the University filed a Material Event Notice, with a notice of late filing, related to this financial obligation.

As related to the University's continuing disclosure obligations under its outstanding Regents of the University of New Mexico (GNMA Collateralized Taxable Hospital Revenue Bonds), Series 2015 (the "Series 2015 Bonds"), the University of New Mexico Hospital did not file certain annual financial information and operating data for fiscal years, 2021, 2022, 2023, and 2025. On July 27 and 28, 2026, the University filed the required information on the Electronic Municipal Market Access database ("EMMA"). On May 16, 2025, Moody's downgraded the United States long-term credit rating from Aaa to Aa1. The downgrade impacted a range of US government and government-related securities including mortgage backed securities issued by Ginnie Mae ("GNMA"). The outstanding Series 2015 Bonds are part of the GNMA mortgage backed securities program and carry the associated rating. The University of New Mexico Hospital did not timely file the Moody's rating change on EMMA for the 2015 Bonds. The University is in the process of a corrective filing of the rating change on EMMA.

MUNICIPAL ADVISOR

Hilltop Securities Inc. ("Hilltop"), has been retained as a municipal advisor in connection with the issuance and sale of the Bonds. Although Hilltop has assisted in the preparation of the Official Statement, Hilltop is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement or any of the other legal documents, and further Hilltop does not assume any responsibility for the information, covenants and representations with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies or rating agencies.

MISCELLANEOUS

The references herein to the Bond Resolution, statutes, resolutions and contracts are brief outlines or partial excerpts of central provisions thereof. Such outlines or excerpts do not purport to be complete, and reference is made to such documents for full and complete statements of such provisions.

The agreement of the Regents with the owners of the Bonds is fully set forth in the Bond Resolution and the Bonds, and neither any advertisement of the Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of the Bonds. So far as any statements are made in this Official Statement involving matters of opinion, estimates, or projections, whether or not expressly stated as such, they are not to be construed as representations of fact. No representation is made that any of the estimates or projections will be realized. Prospective purchasers of the Bonds are also cautioned that the accuracy of any statistical, demographic or economic projection or analysis contained herein and in the Appendices hereto is not guaranteed and therefore investors are urged to consult their own advisors concerning such projections or analysis. Copies of the documents mentioned under this caption are on file at the offices of the Executive Vice President of Finance and Administration, Scholes Hall, Room 127, Albuquerque, New Mexico 87131, (505) 277-6465. The attached Appendices A through E are integral parts of this Official Statement and must be read together with all of the foregoing statements.

The execution and delivery of this Official Statement by its President and Secretary and Treasurer have been duly authorized by the Regents.

THE REGENTS OF THE UNIVERSITY OF NEW MEXICO

By _____
Chair

By _____
Secretary-Treasurer

APPENDIX A

THE UNIVERSITY
ORGANIZATION, PROGRAMS, AND SUMMARY OF FINANCIAL INFORMATION

ORGANIZATION

Administrative Officers

Article XII, Section 13 of the New Mexico Constitution vests control and management of the University of New Mexico (the "University") in a board of regents (the "Regents"). The Regents elect a president, who, with the advice and consent of the Regents, appoints the University's principal administrative officers. In addition to the specific responsibilities outlined below, the administrative officers as a group are charged with the general responsibility of carrying out the policies established by the Regents.

As of July 1, 2026, the following persons served as officers of the University:

Dr. Steve Goldstein, M.D., Ph.D, President

Dr. Steve Goldstein became the 24th president of The University of New Mexico on July 15, 2026. A nationally recognized physician-scientist, educator, and higher education leader, he brings more than three decades of experience advancing research universities, academic health systems, and student success.

Dr. Goldstein's leadership aligns with UNM's mission as New Mexico's flagship R1 research university, Hispanic-Serving Institution, and academic health system dedicated to serving communities across the state. His experience working with federal research agencies and translating scientific discovery into community impact complements UNM's partnerships with Sandia and Los Alamos National Laboratories and its commitment to advancing New Mexico's economy.

A Fellow of both the American Association for the Advancement of Science and the American Academy of Pediatrics, he has served in national advisory roles for the National Institutes of Health and National Science Foundation.

Dr. Goldstein earned bachelor's and master's degrees in biochemistry from Brandeis University and M.D. and Ph.D. degrees in molecular immunology from Harvard University.

Barbara Rodriguez, Ph.D, Executive Vice President and Provost

Barbara Rodriguez is the Executive Vice President and Provost, formally appointed in May 2026 after being named interim Executive Vice President and Provost in July 2025. Prior, she was Senior Vice Provost since 2018, where she oversaw faculty personnel matters, including tenure and promotion; faculty labor relations; and academic policies and procedures.

Dr. Rodriguez is a professor of speech and hearing sciences at UNM, joining the faculty in 1999. Before joining the faculty, she worked as a bilingual clinician throughout New Mexico, including K-12 public education settings, and directed the UNM Speech, Language, and Hearing Clinic from 1992-1994.

She earned both her bachelor of arts and master of sciences degree at UNM and her Ph.D. in speech-language pathology at the University of Washington.

Michael Richards, MD, MPH, Executive Vice President for UNM Health Sciences and Chief Executive Officer of the UNM Health System

Dr. Michael Richards has been serving as Executive Vice President for The University of New Mexico Health Sciences Center and Chief Executive Officer of the UNM Health System since January 2025.

Prior to his role as EVP and CEO, Dr. Richards served as UNM's Senior Vice President for Clinical Affairs and Interim Dean of the UNM School of Medicine. He is a professor and former chair of the Emergency Medicine Department as well as a former Chief of Staff at UNM Hospital.

Dr. Richards' efforts have laid the foundation for ongoing clinical growth and clinical partnerships, ensuring that more New Mexicans have access to health care. As a trusted advisor on health policy, New Mexico's governors and state legislators have relied on his expertise to help create better access for patients and improved health outcomes for vulnerable populations.

His years of teaching and mentoring generations of students and trainees is a testament to his commitment to the UNM Health Science Center's core mission of building and expanding New Mexico's health care workforce.

Dr. Richards received his medical training at the Brody School of Medicine at East Carolina University and a Master of Public Administration at the University of North Carolina. He completed his internship and residency in Emergency Medicine at UNM.

Teresa Costantinidis, Executive Vice President for Finance and Administration

Teresa Costantinidis joined the University in July 2019. Ms. Costantinidis is responsible for the units that provide financial, administrative, and operational support functions to the University Community including the Financial Services Division, Human Resources, Information Technologies, Police Department, Environmental Health & Safety, Policy, Strategic Initiatives and Institutional Support Services. Teresa works closely with senior leadership, including the President, Provost, Executive Vice President for Health Sciences, Deans, Regents, and the UNM Foundation.

Teresa has higher education budget, financial, and administrative management experience spanning over 35 years. Prior to this position, Teresa was the University of California, San Francisco's Vice Chancellor and Chief Financial Officer, responsible for planning and administering the overall campus operating and capital budgets, costing policy, federal indirect

cost rate negotiations, recharge, enterprise-wide decision support, risk management, insurance services, and planning and institutional analysis. At the UC Berkeley campus, Teresa served as the Assistant Vice Chancellor for Budget & Resource Planning and Senior Assistant Dean and Chief Operating Officer for the Haas School of Business.

Teresa is an active and contributing board member to professional and community organizations including the Western and National Associations of College and University Business Officers, Lobo Energy Incorporated, UNM Rainforest Innovations, Lobo Development Corporation, the Harwood Museum, and the New Mexico Public Broadcasting Service. She holds an MBA degree from UC Berkeley, and a BS degree in Biological Sciences from UC Davis.

Andrew Jacobson, University Controller

Mr. Jacobson has more than 25 years of leadership experience in finance and administration, including more than a decade in higher education in New Mexico. Prior to joining the University of New Mexico, he served as Associate Vice President of Finance at Central New Mexico Community College. Earlier in his career, he held senior leadership positions with the State of New Mexico, including Deputy Cabinet Secretary and Chief Financial Officer for the Higher Education Department and Deputy Cabinet Secretary for the Department of Finance and Administration. Throughout his career, Mr. Jacobson has overseen financial reporting, budgeting, treasury management, capital planning and financing, and related financial operations for public institutions. Mr. Jacobson earned a Bachelor of Arts degree from Alma College and an Executive Master of Business Administration degree from the University of New Mexico.

Daniel Jones, Esq., University General Counsel

Daniel A. Jones joined the University of New Mexico as General Counsel in February 2025. He previously served for eleven years in Florida Atlantic University's Office of the General Counsel, where he was appointed Vice President for Legal Affairs and General Counsel in April 2024.

Dr. Jones holds a Bachelor of Science in Business Administration from Samford University, a Master of Arts in History and a Ph.D. in Comparative Studies from Florida Atlantic University, and a Juris Doctor from the University of Alabama School of Law. Following law school, Dr. Jones was commissioned as an officer in the United States Air Force and served for four years as a litigator in the Judge Advocate General's Corps. He subsequently practiced in the private sector and served as an Assistant Attorney General in the Florida Attorney General's Office.

In addition to his legal practice, Dr. Jones has taught as an adjunct instructor in history and in higher education leadership and research methodology. He is licensed to practice in New York, Florida, and New Mexico.

Health Science Center

Kate R. Becker, JD, MHP, Chief Executive Officer, UNM Hospital

Kate Becker joined UNM Hospitals (UNMH) as Chief Executive Officer in July 2018. UNMH, home to the State's only Level 1 Trauma Center, annually manages more than 98,000 emergency visits, 7,000 trauma cases, 25,000 surgeries, and 660,000 outpatient visits at its Lomas and Sandoval campuses. UNMH is the State's only academic medical center and is the primary teaching hospital for the University's School of Medicine. UNMH cares for a large, diverse population with complex and urgent health needs, providing more than $135 million of uncompensated care per year. Thousands of patients receive advanced treatments in clinical trials and many more patients benefit from the telehealth network.

Ms. Becker previously worked for SSM Health, in St. Louis, Missouri. During her years with SSM Health, she served as President of SSM Health Saint Louis University Hospital, the primary teaching hospital of Saint Louis University; Interim President of SSM Health Cardinal Glennon Children's Hospital; and President of SSM Health St. Mary's Hospital.

Before joining SSM Health, Ms. Becker was the CEO of SLUCare, the faculty practice plan of Saint Louis University.

Ms. Becker serves on the boards of the New Mexico Hospital Association, the AAMC Council of Academic Health System Executives, and TriWest HealthCare, and is a past board member of America's Essential Hospitals and the American Hospital Association Region 6 Policy Board. Ms. Becker received her bachelor's degree, and her master's degree in public health, from Saint Louis University. She received her Juris Doctor degree from the Chicago-Kent College of Law.

Hengameh Raissy, PharmD, Vice President for Research, UNM Health Sciences Center

Dr. Hengameh Raissy is Professor of Pediatrics and Vice President of Research at HSC University of New Mexico. She graduated from the UNM College of Pharmacy in 1999 and joined pediatric department in 2001 after completion of a fellowship in pediatric pulmonary at UNM, School of Medicine. During her time at UNM, she has had multiple leadership positions and was appointed as the interim VPR In November 2022; she was selected as the VPR in December 2024. Dr. Raissy maintains her research endeavor as the Co- director of IDeA State Pediatric Clinical Trial Network and Co-Deputy director of CTSC. Her current research focuses on reducing disparities in pediatric research by enhancing professional development, strengthening pediatric clinical trial capacity, and bridging gaps to improve access to clinical trials in underserved and geographically isolated communities, ultimately improving child health outcomes.

Rebecca Napier, MBA, SHRM-SCP, Vice President of Finance & Administration for UNM Health Sciences Center

As the Vice President for Finance and Administration, Rebecca Napier provides executive leadership to the UNM HSC, which includes a School of Medicine, College of Nursing, College of Pharmacy, College of Population Health, a robust research enterprise, and a large integrated clinical

delivery system-UNM Health. UNM Health is comprised by New Mexico's only Level-1 Trauma Center, a Comprehensive Cancer Center, and more than a hundred outpatient clinics spread across the state.

She began her tenure with UNM on November 1, 2023. Immediately prior, she was the Chief Operating Officer for Florida Atlantic University Health (FAU Health), as well as Senior Associate Dean for Finance and Administration at their College of Medicine and served as the President of FAU /Broward Health Medical Group. Her impressive track record also includes leadership roles at the University of Texas (UT) Southwestern Medical Center and the University of Kentucky Health System.

Leading economic development initiatives, joint ventures and advanced start-up companies, her professional experience includes serving as the Senior Vice President and Chief Operating Officer at HEP Healthcare in Dallas, Texas, a subsidiary of Best Merchant Partners. In this position, she was pivotal in designing strategic plans to drive expansion and developing new service lines. Her responsibilities included budget and data analytics to drive operations and investor funding. She identified partnership opportunities, formulated new business models, and supported enhancing technology resources, including EHR and telemedicine platforms.

Ms. Napier also has collaborated on multiple research projects with resulting peer-reviewed publications in such periodicals as the Journal of the American College of Surgeons and the Journal for Student Medical Education. Similarly, she has multiple publications in the Cardiovascular Business Magazine and is a member of its editorial advisory board. Ms. Napier is an inventor with one patent and two additional provisional patents.

She also supports New Mexico more broadly through service on the boards of the Albuquerque Regional Economic Alliance and Leadership New Mexico, helping advance efforts focused on economic growth and community development across the state.

Lastly, she earned her Master of Business Administration (MBA) at Morehead State University and holds a Senior Certified Professional (SHRM-SCP) certification from the Society for Human Resource Management.

Faculty and Other Employees

The University employs approximately 26,400 people in full-time, part-time, professional and non-professional capacities at its main campus, branch campuses, graduate centers and hospitals. Of these people, over 3,865 persons are part of the University's full-time and part-time faculty. Members of the faculty have received their degrees from over 650 colleges and universities in the United States and approximately 35 schools and institutions in various foreign countries. The majority of the University's faculty members hold doctorate degrees.

In addition to the faculty, the University employs approximately 5,500 students as graduate assistants, teaching assistants and research assistants and in various work-study programs and part-time positions at the University.

The University employs approximately 17,000 staff members (including Hospital employees, but excluding student employees) in professional, crafts, manual and food service areas and in various clerical and technical positions at the University. The University is a party to 12 separate collective bargaining agreements covering a total of approximately 11,750 employees (including faculty, staff, graduate students, and hospital staff). The University works to maintain positive relationships with its unions and renegotiates collective bargaining agreements as needed per timelines outlined in the specific agreements.

	2025[1]	2024[1]	2023[1]	2022[1]	2021[1]
Faculty Headcount	3,320	3,225	3,194	2,974	3,057
Faculty, Full-time	2,443	2,393	2,100	2,233	2,276
% Full-time Faculty Who are Tenured	34.40%	32.41%	34.33%	29.6%	32.74%
% Full-time Faculty with Doctorates or Other Terminal Degrees	78.57%	72.78%	68.05%	71.8%	69.14%

(1) Main Campus full-time and part-time

All non-student University employees (except Hospital employees) are covered by the New Mexico Educational Retirement Plans, which is managed by the New Mexico Educational Retirement Board, a state agency. See "FINANCIAL INFORMATION: Retirement Program and Post-Retirement Benefits" in this Appendix A and Note 16 to the University's Financial Statements included as Appendix B to this Official Statement.

ACADEMIC PROGRAMS

The University of New Mexico is organized into 15 colleges and schools, which offer more than 250 baccalaureate, associates, masters, professional, and doctoral degrees. These colleges and schools are as follows:

James and Gail Elis School of Business Leadership
School of Architecture and Planning
College of Arts and Sciences
College of Education
School of Engineering
Honors College
College of Fine Arts
School of Law
School of Medicine
College of Nursing
School of Public Administration
College of Pharmacy
College of Population Health
College of University Libraries and Learning Sciences
University College

ACCREDITATION AND AFFILIATIONS

The University of New Mexico is accredited by the following organizations:

The Higher Learning Commission (Institutional)
The Association to Advance Collegiate Schools of Business International
National Association of Schools of Public Affairs and Administration
National Architectural Accrediting Board
Landscape Architectural Accreditation Board
Planning Accreditation Board
American Psychological Association
American Speech-Language-Hearing Association
Commission on Collegiate Interpreter Education
American Society for Biochemistry and Molecular Biology
Council for the Accreditation of Counseling and Related Education Programs
National Council on Family Relations
Commission on Sport Management Accreditation
Commission on Accreditation of Athletic Training Education
Council for the Accreditation of Educator Preparation
New Mexico Public Education Department
Accreditation Council for Education in Nutrition and Dietetics
Engineering Accreditation Commission of the Accreditation Board for Eng. and Tech.
Computer Science Accreditation Commission of the Accreditation Board for Eng. and Tech.
American Council for Construction Education
National Center for Construction Education and Research
American Welding Society
National Association of Schools of Music
National Association of Schools of Theatre
National Association of Schools of Dance
Commission on Collegiate Nursing Education
New Mexico State Board of Nursing
Accreditation Commission for Midwifery Education
Accreditation Council for Pharmacy Education
Liaison Committee on Medical Education (representing the Association of American Medical Colleges and the American Medical Association)
Commission on Accreditation of Allied Health Education Programs
Accreditation Review Commission on Education for the Physician Assistant, Inc.
Council on Education for Public Health
Accreditation Council for Occupational Therapy Education
Commission on Accreditation in Physical Therapy Education
National Accrediting Agency for Clinical Laboratory Sciences
Commission on Dental Accreditation
New Mexico Department of Health Licensing & Certification
American Bar Association
Association of American Law Schools
New Mexico State Board of Cosmetology/Barbering

BRANCH CAMPUSES; GRADUATE STUDIES; EDUCATION CENTER

In addition to its Main Campus in Albuquerque, New Mexico, and the extension and independent study programs offered through that campus, the University also administers four branch colleges and offers courses at nine distance education centers throughout the State of New Mexico. The branch colleges are located in Gallup, Los Lunas (Valencia County Branch), Los Alamos, and Taos, New Mexico. The distance education centers are at the University's four branches, and at Farmington, Kirtland Air Force Base, Santa Fe, and Rio Rancho, New Mexico.

The branch colleges offer a wide variety of programs and courses in academic, vocational/technical, and community service areas. Students taking classes in academic areas may earn credits toward a baccalaureate degree and credits earned in the academic programs are generally transferable to the University's main campus and treated as if they were earned at the main campus. Similarly, persons participating in the vocational/technical programs may earn credits toward associate degrees in nursing, electronics, and other fields. The branch colleges also strive to provide non-credit courses and programs on subjects of general community interest.

ENROLLMENT

Enrollment Statistics

The University saw an increase in enrollment in fall 2025 on the Main Campus. Overall headcount increased <1% to 23,955. Total credit hours have also increased slightly, reflecting increased enrollments and FTE.

Headcount data reflect a change in methodology using a student campus approach (the campus at which the student's program of study resides), while FTE and SHC data reflect all credit hours offered at all locations. This data will differ from other published resources that use course campus for determining Headcount. The course campus approach necessarily counts students in duplicate if they take courses at multiple campuses. The student campus approach counts students only once at their home campus.

Additionally, in prior years FTE was calculated as total credit/15 for undergraduates, and total credit/12 for graduates. Beginning Fiscal Year 2021, the University is using 12 for undergraduates and 9 for graduate students as the full-time criteria. (FTE is calculated as number of full-time students + total credits of undergraduate part-time students/12 and 9 for graduate students).

The following tables set forth the full-time and part-time enrollments by class, the full-time equivalent enrollments and the total enrollment at the University's Main Campus and the Health Sciences Center for the last five years. For discussion of the Health Sciences Center, see "HEALTH SCIENCES CENTER" herein in Appendix "A."

Main Campus and Health Sciences Center
Headcount Enrollment (Full and Part-time) by Class

Fall Term	Total	Freshman	Sophomore	Junior	Senior[1]	Non-Degree[2]	Graduate[3]
2021	21,638	----------	15,031[5]		-------	801	5,457[4]
2022	21,982	3,649	3,086	3,532	4,673	758	6,284
2023	22,630	3,886	3,549	3,758	4,932	709	5,796
2024	23,228	3,684	3,763	4,093	5,145	718	5,825
2025	23,955	3,730	3,830	4,251	5,359	684	6,101

(1) Includes baccalaureate certificate students.
(2) Includes non-degreed students with or without bachelors and concurrent dual credit students.
(3) Includes all graduate students, including those students enrolled in the Health Sciences Center, Law School, the Anderson Graduate School of Management, and MD.
(4) Includes full-time and part-time.
(5) Undergraduate breakout by Class level N/A.

Main Campus and Health Sciences Center
Full-time Equivalent Students by Class[1]

Fall Term	Total	Freshman	Sophomore	Junior	Senior[1]	Non-Degree[2]	Graduate[3]
2021	17,710	3,031	2,558	3,018	4,010	286	4,807
2022	18,101	3,542	2,857	3,103	3,708	305	4,586
2023	23,929	4,717	4,131	4,144	4,973	363	5,600
2024	24,785	4,499	4,349	4,560	5,265	388	5,724
2025	25,677	4,556	4,370	4,748	5,529	355	6,118

(1) Full-time equivalent is based on a class load of 12 credit hours per semester for undergraduates and 9 credit hours per semester for graduate and law students. Full-time equivalent enrollment for medical students is based on actual student enrollment, with some adjustment being made for variations in attendance during the summer sessions.
(2) Includes non-degreed students with or without bachelors and concurrent dual credit students.
(3) Includes all graduate students, including those students enrolled in the Health Sciences Center, Law School, the Anderson Graduate School of Management, and MD

Main Campus and Health Sciences Center
Full-time Equivalent Students by Class[1]

	2025	2024	2023	2022	2021
Total Headcount Enrollment	23,955	23,228	22,630	21,982	21,638
Total FTE Enrollment	25,677	24,785	23,929	18,101	17,710
Undergraduate Headcount	17,340	16,889	16,342	15,207	15,031
Undergraduate FTE	19,304	18,800	18,081	13,330	13,067
Full-time Undergraduates FTE	17,177	16,734	16,030	9,558	9,483
Part-time Undergraduates FTE	2,127	2,066	2,051	3,772	3,585
Graduate Headcount	4,819	4,833[2]	4,943[2]	5,130[2]	4,629[2]
Graduate FTE	4,164	4,135[2]	4,187[2]	3,227[2]	2,510[2]
Professional Headcount	1,796	1,506	1,345	1,645	1,161
Professional FTE	2,208	1,849	1,661	1,544	N/A[3]

(1) Full-time equivalent is based on a class load of 12 credit hours per semester for undergraduates and 9 credit hours per semester for graduate and law students. Full-time equivalent enrollment for medical students is based on actual student enrollment, with some adjustments being made for variations in attendance during the summer sessions.
(2) Includes non-degree graduates.
(3) FTE count is N/A for Dr. Nurse Practice or Dr. Physical Therapy.

THE UNIVERSITY OF NEW MEXICO
SUMMARY OF ENROLLMENT STATISTICS
FALL 2025

Totals by Campus	Enrollments[1]	Student Credit Hours[2]	Full-Time Equivalents[3]
Main Campus			
Undergraduate	18,199	242,634	20,220
Graduate and Professional (4)	4,797	44,123	4,870
Non-degree	583	2,757	295
Health Sciences Center (5)	426	10,062	426
Gallup Branch			
Undergraduate	1,766	19,925	1,660
Los Alamos Branch			
Undergraduate	341	4,465	372
Valencia County Branch			
Undergraduate	1,366	11,886	991
Los Alamos Graduate Center			
Graduate	Included in Main Campus		
Santa Fe Graduate Center			
Graduate	Included in Main Campus		
Taos Branch			
Undergraduate	807	7,095	591
Grand Total	28,285	342,947	29,425

(1) These statistics are as of the third Friday of classes for the fall and spring semesters, and as of the last day of classes for the summer semester. (These statistics represent unduplicated head counts.)
(2) A student credit hour (SCH) is a unit of measurement assigned to courses at colleges and universities, which operate on a semester system of sixteen-week sessions during the academic year. Typically, a 3-hour course with 10 students enrolled will generate thirty student credit hours.
(3) Revised - Full-time equivalents (FTEs) are computed by dividing undergraduate and graduate SCHs by a theoretical full-time load. For undergraduates the load is twelve hours of credit and for graduate and law students it is nine hours of credit. The medical graduate FTE is the actual student enrollment. The summer session SCHs were divided by a theoretical full-time load of 6 hours for both undergraduate and graduate categories.
(4) Except MD.
(5) School of Medicine (MD Program).

ADMISSIONS

The following table summarizes applications, acceptances, and matriculants for the University for the last five academic years:

Academic Year	Applications Fall (1)	Acceptances Fall	Matriculants Fall
2020-2021	14,050	9,095	3,083
2021-2022	13,676	11,115	3,508
2022-2023	13,631	10,677	3,611
2023-2024	13,125	10,432	3,651
2024-2025	13,589	10,868	3,803

(1) Includes new (freshman) and transfer admissions categories. The University admits approximately 60 percent of the applicants who apply at all class levels. Approximately 80 percent of the University's students are from the State of New Mexico; the remaining students are from other states (14 percent) and foreign countries (6 percent).

Beginning Freshman Class Profile

The following table sets forth the average American College Test ("ACT") composite score and average high school grade point average ("HS GPA") of the beginning undergraduate freshman class of the University for the past five fall semesters:

	Fall 2021	Fall 2022	Fall 2023	Fall 2024	Fall 2025
ACT	22.4	21.7	22.4	23	23
HS GPA (4.0 Scale)	3.42	3.42	3.37	3.38	3.4

Admission Criteria

The University maintains admission requirements for traditional freshman applicants that require the applicant to meet one of the following criteria:

1) Complete a specific college preparatory curriculum of at least 16 high school units with a 2.5 average as calculated by the University;
2) Qualify for admission through a comparison of a University calculated high school GPA and standardized test scores;
3) Be admitted upon review by the University's Admission Committee considering both quantitative and subjective factors.

ACT Taken After 10/19/05	Class Rank
18-20	Top 25% of Class
21-24	Top 50% of Class
25-28	Top 75% of Class
29 or Higher	No Rank Requirement

TUITION AND FEES

The University meets the costs of its educational programs primarily through State appropriations, tuition, fees, and federal grants. Tuition and fees are set by the Board of Regents of the University. Annually the Regents receive recommendations from the Administration that correlate annual tuition and fee increases to the average percentage increase in the higher education price index and per capita income in New Mexico. Compliance with the recommendations is subject to other factors such as State funding, availability of access grants to financially needy students, and unforeseen events. The following table sets forth the base tuition and fees charged to full-time and part-time undergraduate, graduate, and law students on the basis of in-state and out-of-state residence for the past 5 academic years:

	Full-Time Students				Part-Time Students	
	New Mexico Residents (per semester)		Non-Residents (per semester)		(per semester hour)	
Academic Year	Tuition	Fees	Tuition	Fees	New Mexico Residents Tuition	Non-Residents Tuition
2021-2022	$3,444.06	$813.00	$11,970.78	$650.40	$275.50	$974.76
2022-2023	4,251.90	795.90	12,569.28	636.72	283.46	1,047.44
2023-2024	4,251.90	897.00	15,711.60	897.00	283.46	1,047.44
2024-2025	4,251.90	897.00	15,711.60	897.00	283.46	1,047.44
2025-2026	4,294.50	897.00	15,868.80	897.00	286.30	1,057.92

(1) Adjusted to reflect Per Credit Hour Rate (hours 15 and above)

The income from student tuition and fees available for inclusion in Pledged Revenues is dependent on the number of students, particularly full-time students, enrolled. See "ENROLLMENT" for information concerning the University's recent enrollment history. It is possible that any significant increase in student tuition and fees or other required fees could result in a reduction of the number of students at the University.

The University competes for students with junior colleges, other colleges and universities, and other institutions of higher education, including vocational and other career-related schools. In addition, the University competes with other entities in the community in the sale of goods and services; this is particularly true of the goods and services offered by the University's auxiliary enterprises. Consequently, the revenues from student tuition and fees and these auxiliary enterprises of the University may vary depending on the University's ability to compete successfully with these various outside entities.

FINANCIAL AID

During the 2024-2025 academic year, approximately 23,764 students received some form of institutionally sponsored or supported financial assistance totaling approximately $343.8 million. Of this amount, $268.5 million was in the form of grants and scholarships, approximately $4.6 million in the form of student employment, and $70.1 million in the form of loans. The University expects that the percentage distribution among programs for the 2025-2026 academic years will be the same as those percentages for the 2024-2025 academic year.

A substantial portion of funds provided to students is derived from sources outside the University. Programs provided by the federal and state government are subject to appropriation and funding by the respective legislatures. There can be no assurance that the amounts of federal financial aid to students will be available in the future at the same levels and under the same terms and conditions as presently apply. Any changes in the availability of federal financial aid may affect the University's enrollment, but the impact of any such changes cannot be assessed at this time.

The Lottery Tuition Fund was established by the New Mexico Legislature in 1996 and receives 100 percent of net lottery proceeds from sales in New Mexico. Lottery tuition scholarships

are made available to New Mexico residents graduating from New Mexico high schools and are awarded during the second semester of full-time enrollment at an eligible New Mexico public college or university, including the University. If a lottery tuition scholarship recipient maintains a 2.5 GPA and meets other criteria, the scholarship may continue for up to seven consecutive semesters. The amount of the scholarship is equal to 100 percent of the tuition rate in the 2025-2026 academic year with a maximum of 30 credit hours a year. Additionally, beginning with the 2024-2025 academic year, the Lottery Scholarship is available during the summer semesters. See "INVESTMENT CONSIDERATIONS – Lottery Scholarships."

Number of Lottery Scholarship Recipients and Total Amounts Received

	Spring 2025		**Fall 2025**		**Spring 2026**	
	Students	Total Amount	Students	Total Amount	Students	Total Amount
Albuquerque	6,814	$27,498,978	5,806	$23,629,403	7,907	$32,131,866
Gallup	68	58,076	29	24,827	62	52,005
Los Alamos	19	18,578	12	12,716	25	23,795
Taos	48	44,636	31	26,660	70	64,490
Valencia	81	69,798	53	50,898	105	94,430

*Source: University of New Mexico Financial Aid Office.

The Opportunity Scholarship Fund was established by the New Mexico Legislature in 2022 and provides tuition-free college. Opportunity tuition scholarships are made available to New Mexico residents who are either recent graduate learners or residents who qualify as a returning learner. Returning learners cannot have earned a bachelors, Master, or Doctoral degree or have more than 160 attempted credit hours. They are awarded during the first semester of eligible full-time enrollment at an eligible New Mexico public college or university, including the University. If an Opportunity tuition scholarship recipient maintains a 2.5 GPA and meets other criteria, the scholarship may continue for up to 160 attempted credit hours. The amount of the scholarship is equal to 100 percent of the full tuition and mandatory fee rate in the 2025-2026 academic year plus course fees up to $50 per credit.

Number of Opportunity Scholarship Recipients and Total Amounts Received

	Spring 2025		**Fall 2025**		**Spring 2026**	
	Students	Total Amount	Students	Total	Students	Total Amount
Albuquerque	10,926	$28,892,923	12,648	$44,029,067	12,098	$33,193,237
Gallup	214	127,171	384	222,718	298	160,279
Los Alamos	77	53,136	106	76,486	89	70,073
Taos	188	132,626	224	136,684	225	152,654
Valencia	208	126,148	282	138,817	216	115,232

*Source: University of New Mexico Financial Aid Office.

STUDENT HOUSING

Residence Life and Student Housing strives to develop and maintain an environment of personal growth and academic opportunity for on-campus residents. In 2018, the University initiated the Freshman Live-In Requirement, which requires all first-time freshman to live on campus unless they are within a 30-mile radius of campus. Students within that radius are not required to live on campus but are strongly encouraged to do so for academic and personal success.

University Housing is comprised of four traditional style halls, two suite style halls, and two apartment style halls on main campus. There is also an apartment-style hall located off-campus in downtown Albuquerque.

Students electing to live in the University residence halls designed on main campus are required to sign a housing license agreement with the University for one academic year and have the option to sign a separate contract for the summer session. Students electing to live in Lobo Rainforest are required to sign an $11^1/_2$ month license agreement that runs from mid-August until the end of July.

During the summer term, student housing on main campus is available in connection with regular academic and special programs sponsored by the University. Short-term guests and conference groups utilize the other residence halls intermittently during the summer.

Residence Halls and Apartments
(Dates of Construction and Capacity)

Residence	Date Built	Design Capacity (1)
Alvarado	1965	166
Coronado	1959	433
Hokona	1957	304
Laguna/DeVargas(2)	1969	371
Santa Clara	1964	166
Student Residence Center Apts.	1992	424
Redondo Village Apts.	2001	397
Lobo Rainforest	2017	308
TOTAL		2,569

(1) Capacity does not reflect the assignment of space to live-in staff, modifications, etc.

Freshmen residence hall students are required to select a meal plan. Sophomores and above are not required to purchase a meal plan. Several meal options are available through the UNM Lobo Card office.

The semester contract rate for a room will be charged at the beginning of the semester to the student's Bursars Account. Students may choose to pay the charge in full or may set up a payment plan through the Bursars Office. Students who cancel a residence hall contract after the

commencement of classes are charged a daily rate for the time spent on campus and a percentage of the remainder of the contract which varies based on their enrollment status and date of move out.

Room and Board and Apartment Semester Charges

Double Room/ School Year	Full Meal Plan	Traditional Style Residence Hall	SRC & RVA Apartment Style Residence Hall [1]
2016-2017	$1,900	$2,445	$3,145
2017-2018	1,900	2,445	3,145
2018-2019	1,975	2,445	3,195
2019-2020	2,025	2,445	3,195
2020-2021	1,895	2,445	3,295
2021-2022	1,925	2,525	3,500
2022-2023	2,050	2,650	3,850
2023-2024	2,150	2,725	3,925
2024-2025	2,150	2,800	4,050
2025-2026	2,236	2,875	4,125

(1) Student Residence Center opened in 1992-93. Figures listed are for an average semester fee, room only. Redondo Village Apartments had 402 additional united opened in 2001, for an average semester fee, room only.

Occupancy Statistics - All UNM Operated Residence Halls Combined

Capacity[1]	Fall Term	Actual	Occupancy Rate	Spring Term	Actual	Occupancy Rate
2,126	2016	1,752	82.41%	2017	1,623	76.34%
2,126	2017	1,748	82.23%	2018	1,626	76.48%
2,126	2018	1,824	76.54%	2019	1,682	70.58%
2,383	2019	1,855	87.04%	2020	1,772	74.36%
1,694[2]	2020	1,250	73.70%	2021	819	48.35%
2,246	2021	1,981	88.20%	2022	1,820	81.00%
2,370	2022	2,353	99.30%	2023	2,181	92.00%
2,490	2023	2,469	99.20%	2024	2,289	91.90%
2,490	2024	2,530	101.60%	2025	2,272	91.20%
2,490	2025	2,549	102.40%	2026	N/A	N/A

(1) These capacity figures reflect the addition of some triple rooms and conversion of some single rooms to double occupancy. Triple room space is used only for overflow and is not a permanent designation.
(2) Temporary reduction in capacity during COVID-19 to assign all students to single rooms.

In 2010, the University entered into an agreement with American Campus Communities, Inc. (“ACC”) to construct student housing. ACC constructed an 864 bed, $41.6 million facility for upperclassmen located on the University’s South Campus, approximately one mile from the University’s Main Campus, which was completed for occupancy in the fall of 2011. The site is ground leased to ACC for 40 years with three 10-year extensions options. In 2012, ACC also constructed a 1,028 bed, $35.0 million facility for freshmen located on the University's main campus. Both projects were funded with ACC equity. Residents in these facilities sign a lease directly with ACC.

FINANCIAL INFORMATION

Endowment Funds

The University's endowment funds consist of two principal components. The first component consists of endowment assets held in the name of the University and the second component consists of endowment funds held by the UNM Foundation for the benefit of the University. The balances of the University endowment assets are liquid funds. The UNM Foundation was established in 1979 as a 501(c)(3) corporation to solicit and manage private support for the University. Endowment funds provide student financial assistance, endowed faculty positions, library support and funding for other programs and projects that assist in meeting the institutional long-term goals.

All liquid funds held in the University endowment fund and all funds in the UNM Foundation are invested in the Consolidated Investment Fund ("CIF"), an internal pool of common endowment funds. The Investment Committee of the UNM Foundation Board manages the common endowment funds. The CIF is invested in diversified funds with one year target allocation as follows: fixed income (12.0 percent); international equity (22.0 percent); domestic equity (33.0 percent); private investments (22.0 percent); marketable alternatives (5.0 percent); real assets (5.0 percent); and cash (1.0 percent). The actual asset allocation on June 30, 2025, was as follows: fixed income (13.3 percent); international equity (22.5 percent); domestic equity (35.5 percent); private investments (17.8 percent); marketable alternatives (5.5 percent); real assets (4.6 percent); and cash (0.8 percent). The University estimates the rebalancing activities (including rebalancing of less liquid investments) that were approved in June 2025 to take approximately eighteen months to complete. The actual asset allocation on June 30, 2025, was in compliance with the allocation ranges set by the CIF investment policy. The return on the CIF for the one-year period ending on June 30, 2025, was 11.2 percent, net of all management costs. Since inception in 1989, the CIF has produced an approximate average annual return of approximately 7.5 percent.

Historical Endowment Fund Balances

Fiscal Year Ending 30-June	University Endowment Assets	UNM Foundation Assets
2016	$208,100,937	$187,038,856
2017	221,716.884	203,623,738
2018	230,950,151	223,906,564
2019	230,020,480	229,871,870
2020	218,570,808	226,060, 001
2021	277,822,579	302,474,883
2022	255,214,851	348,845,442
2023	300,745,514	413,077,926
2024	341,630,672	472,779,720
2025	371,727,611	515,437,552

The University Development Program raises funds to support multiple causes and programs at the University. The primary donors to the University are alumni, friends, corporations, foundations, and other organizations. The funds are raised primarily through direct appeals to these stakeholders. Approximately 2.95 percent of the living alumni of the University participate in the Development Program through contribution of funds. For the year ended June 30, 2025, the Development Program raised approximately $115.1 million in total private support for the University from over 26,000 donations.

Land Fund, Permanent Fund and Other Lands Fund

Land Fund The United States granted certain land to the Territory of New Mexico in 1893 and in 1910. Under the terms of the grants, it was stipulated that those lands, as well as all funds derived from them, were to be held in trust for the common schools and other designated institutions of the State, including the University.

The custody and control of the granted trust lands is entrusted to the Commissioner of Public Lands. The University land under his jurisdiction is estimated by the State Land Office to include surface rights to 272,113 acres and subsurface rights to 361,051 acres. These lands are located throughout the State and are used for a variety of purposes.

Land income available to the University from these lands is derived from the surface uses of the land under lease agreements, plus any bonuses paid for mineral leases. Payment is made to the University by the State Commissioner of Public Lands, which receives such payments from various lessees on a monthly basis.

Permanent Fund Funds derived from the sale of land or from mineral royalties are transferred by the Commissioner of Public Lands to the University's Permanent Fund. The University's Permanent Fund is held in trust as part of the State Permanent Funds over which the

State Investment Council exercises complete investment jurisdiction and only the investment income from that fund is available to the University.

In order to achieve proportional equality in the diversification of investments and distribution of income, the 19 individual institutional funds were combined on September 21, 1961, for investment purposes, into a common trust fund known as the State Permanent Funds.

In combining the investments of the 19 funds, each of the beneficiary institutions was credited initially with it percentage share of the total assets transferred to the combined funds. Subsequent transfers of additional capital funds from the State Land Office have been similarly credited to the individual beneficiaries. Thus, each of the beneficiaries now participates pro rata in all investments held by the Permanent Funds in accordance with its percentage contribution to the combined assets.

Distributions from the Land and Permanent Fund to the University have been as follows for the past ten fiscal years:

Land and Permanent Fund Distribution

Fiscal Year	Total	Land Fund (1)	Permanent Fund
2016	$9,888,203	$749,633	$9,138,569
2017	10,995,164	2,162,257	8,832,907
2018	12,410,515	2,367,582	10,042,933
2019	15,238,920	5,258,875	9,880,045
2020	11,304,730	1,340,806	9,963,924
2021	10,909,457	638,747	10,270,710
2022	11,813,409	1,128,860	10,684,549
2023	16,353,261	5,325,882	11,027,379
2024	15,814,684	4,416,591	11,398,092
2025	14,590,948	1,979,698	12,611,250

(1) Revenues from the Land Fund include only those revenues from University land which are managed by the State Land Office and do not include revenues from lands managed separately by the University.

Land, Buildings and Improvements

The University's Main Campus in Albuquerque, New Mexico encompasses approximately 770 acres and consists of more than 325 buildings. Its general library holdings include more than 1,400,000 books and over 3,160,000 volumes of microforms and United States Federal Depository Documents. The cost value of the University's entire physical plant (including branch campuses and the hospitals) for the past ten fiscal years ended June 30 was as follows:

Fiscal Year	Total[(1)]	Land and Land Improvements	Buildings and Infrastructure	Library Books and Equipment	Construction in Progress
2016	$1,879,762,000	$119,294,000	$1,332,223,000	$405,752,000	$22,532,000
2017	2,766,553,000	138,277,000	1,673,827,000	877,391,000	77,038,000
2018	2,766,533,000	138,277,000	1,673,827,000	877,391,000	77,039,000
2019	2,926,902,000	142,448,000	1,775,362,000	889,070,000	110,022,000
2020	3,032,806,000	142,780,000	1,872,817,000	912,347,000	104,862,000
2021	3,122,661,000	144,384,000	1,899,574,000	941,568,000	137,135,000
2022	3,357,614,958	146,876,000	1,938,985,000	1,037,457,000	239,029,000
2023	3,712,875,539	170,033,716	2,025,004,987	1,034,660,971	483,175,865
2024	3,963,666,321	191,162,902	2,076,302,062	1,086,860,949	609,340,408
2025	4,268,752,767	217,338,715	2,173,162,198	1,141,135,249	737,116,605

(1) The above figures do not reflect depreciation.

Retirement Program and Post-Retirement Benefits

The University's full-time employees participate in one of two retirement plans authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board ("ERB") is the administrator of both plans. One plan is a cost-sharing, multiple-employer defined-benefit plan. The other plan is a defined contribution plan, available only to employees in positions designated by the ERB as eligible to participate in the plan (the "Alternative Retirement Plan"). The ERB issues a separate, publicly available financial report that includes Financial Statements and required supplementary information for the defined benefit plan. That report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, NM 87502. The report is also available on ERB's website at www.nmerb.org.

The ERB had 173,890 members as of June 30, 2025, including active, retired, inactive vested and inactive non-vested members. The market value of the Educational Retirement Fund (the "Fund") as of June 30, 2025, was $19 billion. The ERB had net investment gain for Fiscal Year 2025 of 10%. As of June 30, 2025, the actuarial value of assets was $18.6 billion, and the unfunded accrual actuarial liability ("UAAL") was $8.8 billion based on an assumed 7.00% rate of return. The ERB continues to monitor both its investment returns and general market conditions and may change its assumed rate of return as market conditions and experience warrant. The funded ratio on June 30, 2025, was 67.8%.

In July 2012, the ERB adopted goals of achieving 95%, plus or minus 5%, funded ratio by 2040. To achieve this goal, the New Mexico Legislature amended the Educational Retirement Act in the 2013 legislative session (Senate Bill 115; Chapter 61, Laws 2013). The amendments increase employee contributions for members whose salary exceeds $20,000 per year to 10.1% in Fiscal Year 2014 and 10.7% beginning in Fiscal Year 2015 (ERB members who make less than $20,000 contribute 7.9% of their gross salary); keeps in place scheduled increases in employer contribution rates; creates a new tier membership for persons who become members of the ERB Fund on or after July 1, 2013; creates certain actuarial limitations on benefits of new tier members; places limitations on future cost of living adjustments ("COLA") for current and future retirees which are tied to the future funded ratios of the Fund; and make certain other clarifying and technical changes. In Fiscal Year 2020, the ERB

decreased the assumed rate of return from 7.25% to 7.00%, on the advice of its actuary, after reviewing an experience study based on the June 30, 2019, valuation report.

In December 2013, the New Mexico Supreme Court, in Barlett v. Cameron, (316 P.3d 889), rejected the claims of certain retired teachers, professors and other public education employees challenging the state constitutionality of Senate Bill 115 (Chapter 61, Laws 2013) to the extent that it reduces the future amounts that all education retirees might receive as annual COLA. The Court held that Article XX, Section 22 of the New Mexico Constitution did not grant the retirees a right to an annual COLA based on the formula in effect on the date of their retirement for the entirety of their retirement. The Court held that in the absence of any contrary indication from the New Mexico Legislature, any future COLA to a retirement benefit is merely a year-to-year expectation that, until paid, does not create a property right under the New Mexico Constitution. Once paid, the COLA by statute becomes part of the retirement benefit and a property right subject to those constitutional protections.

In Fiscal Year 2025 for the defined benefit plan, the University was required to contribute 18.15% of the gross covered salary of eligible employees. For Alternative Retirement Plan (ARP) participants, New Mexico universities and colleges contribution is split such that in Fiscal Year 2023, employers contributed 10.9% of salary to participants' ARP accounts and 7.25% of ARP participants' salary was directed to the pension plan for purposes of meeting unfunded liability obligations. At this time, it is not expected that the employer contributions will increase in Fiscal Year 2026 or Fiscal Year 2027. 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.

Under the defined contribution Alternative Retirement Plan, the benefit received upon retirement is based on the amount contributed by the employee during their career, subject to any investment gains or losses. Employees are 100% vested in both the employee and employer contributions upon enrollment in the Alternative Retirement Plan. For Fiscal Year 2025, the university contributed 10.90% of participating employees' gross salary to the ARP on behalf of the participant, and 7.25% of the employees' gross salary to NMERB for a total of 18.15%. The University's 7.25% contribution remitted for the fiscal year ended June 30, 2025, was $15,355,630.

Under the defined benefit plan, a member's benefit is determined by a formula which includes 1) the member's final average salary, 2) the number of years of service credit, and 3) a multiplier. For members hired on or before June 30, 2019, the multiplier is 2.35%. For members hired after June 30, 2019, the multiplier accrues as follows:

Years of Service:	Benefit Percentage Earned:
1-10	1.35%
11-20	2.35%
21-30	3.35%
31 plus	2.40%

The University's contributions to ERB for the fiscal years ended June 30, 2025, 2024, 2023 were $128,05,594, $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.

The University offers other post-employment benefits under the UNM Retiree Welfare Benefit Plan, administered by the UNM Retiree Welfare Benefit Trust. This plan is used to provide post-employment benefits other than pensions for eligible employees. The plan offers health, dental and life insurance coverage to eligible retirees who have met the contribution requirements prior to retirement. The contribution requirements are established by and may be amended by the University Board of Regents. The asset values in the Trust for the fiscal years ended June 30, 2025, 2024 and 2023 were $87,223,723, $72,877,436, and $61,442,719, respectively.

Leases

UNM adopted GASB Statement No. 87, Leases, for the year ended June 30, 2023, with retrospective application to all periods presented.

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 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	**$149,971,186**	**$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**	**$688,137,476**

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 June 30, 2025
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 June 30, 2023	Additions	Deductions	Balance 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

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	$30,651,422	$10,038,648	$(17,327,867)	$23,362,203	

	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	$37,529,180	$1,486,205	$(8,363,963)	$30,651,422	

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.

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 UNM, a lessee that is 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.

Minimum Lease Payments

(a) University as Lessee

The following table is a schedule of future minimum lease payments where the University is a lessee 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
	$25,845,814	**$11,349,429**	**$37,195,243**

(b) University as Lessor

The following table 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**

Operating Budget

The University's operating budget is prepared by the Office of Planning, Budget and Analysis and is based on information supplied by each University department. The operating budget is submitted to the Regents in May of each year. Following approval by the Regents, the budget is then submitted to the New Mexico Higher Education Department ("HED") for its approval and then to the Budget Division of the State Department of Finance and Administration for official approval before July 1 of each year. The University's operating budget for its Fiscal Year 2026, which began July 1, 2025, has been approved.

State Appropriations

A significant amount of the University's current unrestricted funds revenues is derived from State appropriations. These appropriations are determined each year by the State Legislature and are excluded from Pledged Revenues. (State and local appropriations, which were classified by the auditors as other revenues, are not reflected in the table below and are also excluded from Pledged Revenues.) The State is not obligated to provide a specific appropriation in any year. The New Mexico Legislature has set the State budget appropriation for Fiscal Year 2026 at $557,355,200. The annual appropriation is distributed to the University in monthly installments. The University may request monthly installments from the State on an accelerated basis to meet temporary cash flow needs.

The following table sets forth combined State appropriations for the University, Health Sciences Center (formerly Medical Center) and branch colleges for the past ten fiscal years ended June 30.

Fiscal Year	Total[1]
2017	$301,844,838
2018	299,100,304
2019	310,784,779
2020	334,381,020
2021	322,785,925
2022	346,263,042
2023	404,313,948
2024	466,093,232
2025	500,481,456
2026	557,355,200

(1) State appropriations are reported as a single consolidated amount in accordance with GASB standards.

HED, formerly known as the Commission on Higher Education, was established in 1951 to oversee the finances of State institutions of higher education. The HED must review, adjust and approve requests for appropriations submitted by the State educational institutions before the submission of those requests to the State Legislature. Additionally, the HED must approve all building construction plans and projects undertaken by the educational institutions and any new advanced degree programs.

In addition to State appropriations for operations, the University receives proceeds from State general obligation bonds, severance tax bonds, and the State general fund for specific capital projects. Over the past five fiscal years, the University has received the following capital appropriations which are listed in the fiscal year when the University received the money:

State Appropriations for Capital Projects by appropriation year	2025	2024	2023	2022	2021
Buildings and Equipment Renewal/Replacement[1]	$21,256,746	$20,743,957	$15,573,662	$12,964,424	$10,000,000
General Appropriations for Capital Projects	61,628,333	35,845,000	44,543,297	-0-	-0-
Severance Tax Bonds for Capital Projects	65,000,000	-0-	-0-	13,192,000	15,241,500
General Obligation Bonds for Capital Projects[2]	-0-	94,500,000	-0-	89,200,000	-0-
TOTAL	$147,885,079	$151,088.957	$60,116,959	$115,356,424	$29,398,229

(1) Funded initially in Instruction and General and then transferred to Capital Fund
(2) General Obligation Bonds are subject to voter approval and are biannual

Governmental and Private Gifts, Grants and Contracts

The United States, and state and local governments, corporations, individuals and other entities through various gifts, grant and contract programs, provide a substantial portion of the University's current restricted funds revenues and a small portion of the University's unrestricted funds revenues. A portion of revenues from these gifts, grants and contracts are allocated to a University account titled "Indirect Costs Recovered" and constitute a portion of the University's Pledged Revenues. The University believes it has complied with all material conditions and requirements of these various gifts, grants and contracts. The following table sets forth revenues from federal, state, local government and private grants and contracts:

Fiscal Year	Total
2016	$310,819,879
2017	324,044,720
2018	326,326,209
2019	315,143,038
2020	329,242,047
2021	424,660,619
2022	496,461,669
2023	400,343,950
2024	510,982,596
2025	533,731,429

HEALTH SCIENCES CENTER

The Health Sciences Center ("HSC") is a component part of the University and is subject to governance by the Regents. Except as described below, revenues of HSC are not Pledged Revenues. HSC consists of the School of Medicine (including programs of Physical Therapy, Occupational Therapy, Physician Assistants, Medical Lab Sciences and Dental Programs), the College of Nursing, the College of Pharmacy, the College of Population Health, the Health Sciences Library and Informatics Center, a robust medical research enterprise and public service programs related to health sciences. The clinical elements of the HSC operate an integrated health care delivery care system, the UNM Health System, consisting of patient care facilities including the University of New Mexico Hospital (UNMH), with its Lomas and Sandoval campuses and their clinics, UNM Children's Hospital, UNM Psychiatric Center (UNMPC), UNM Children's Psychiatric Center, Carrie Tingley Hospital, and the UNM NCI designated Comprehensive Cancer Center. UNM Medical Group, Inc. is a non-profit corporation formed by the University under the University Research Park and Economic Development Act.

The components of UNMH are accredited as a single organization by the Joint Commission whose standards require a single governing body, a single medical staff, and approval of medical staff credentialing decisions and oversight of quality assurance matters by the governing body.

However, HSC also has clinics that are not accredited by the Joint Commission. UNMH is served by the unified medical staff with unified bylaws, rules and regulations, whose members are required to be employed by the University or to have faculty appointments in the School of Medicine. The Dental Ambulatory Surgery Center and various clinics operated by UNM Medical Group, Inc., are accredited by the Accreditation Association for Ambulatory Health Care (AAAHC).

Certain of the facilities/buildings that comprise the UNMH (as an inpatient hospital) are owned by Bernalillo County and certain of the facilities/buildings that comprise UNMH are owned by UNM (The Pavilion, The Critical Care Tower, Sandoval Regional Medical Center campus, and outpatient clinics). The facilities/buildings owned by Bernalillo County are leased to UNM under a long-term lease agreement between the Regents and the Board of Bernalillo County Commissioners, dated July 1, 1999 as amended by that certain First Amendment thereto dated as of November 18, 2004 ("Lease Agreement"). Under the Lease Agreement, the Regents are responsible for operation and maintenance of UNMH and the UNMPC. The Lease Agreement became effective on October 8, 1999, after receipt of approval from the Indian Health Service (required because of contractual obligations of the County to the federal government to provide health care to Native Americans). The Lease Agreement provides that the University will have exclusive responsibility and authority to control and manage the leased UNMH and the UNMPC in accordance with terms of the Lease Agreement. Consistent with provisions of the Lease Agreement and for purposes of compliance with federal and state laws and regulations and accreditation standards applicable to healthcare facilities, UNMH BOT (as described below) have been delegated governing body status, but the Regents are the ultimate governing body of UNMH's and all other HSC clinical, research and educational facilities.

The Lease Agreement provides for the appointment of a combined nine-member governing board, called UNM Hospital Board of Trustees ("UNMH BOT"), for the non-research, non-educational, clinical operations of UNMH, with such authority and powers as are delegated to the UNMH BOT by Regents' policy and consistent with applicable federal and state laws and regulations and accreditation standards. The non-research, non-educational clinical operations of UNMH delegated to the UNMH BOT are essentially those operations related to the delivery of routine patient care, including medical and surgical care, diagnostic procedures, psychiatric and mental health care, substance abuse services, rehabilitation, cancer treatment, home health services and hospice care, to HSC patients. The Regents have authority to appoint seven of the UNMH BOT members, provided that per the Lease Agreement, the All-Pueblo Council of Governors have the authority to nominate for approval by the Regents of one of the UNMH BOT members. The Bernalillo County Commissioners have authority to name two of the UNMH BOT members for appointment.

The University's Executive Vice President for Health Sciences also serves as the Chief Executive Officer of the UNM Health System. The Executive Vice President for Health Sciences has the authority, subject to President's approval, to appoint such other directors or administrators as in his or her judgment are necessary to carry out the functions of the HSC and of the UNM Health System.

University of New Mexico Hospital

UNM Hospital, a 606-bed hospital facility, is used by the School of Medicine as its primary teaching facility. It is the public hospital for Bernalillo County (the "County") and receives support from the County for operations and maintenance of the hospital through a mill levy that is presented to voters for approval every eight years. The mill levy was most recently approved in 2024.

Bernalillo County Property Tax Support

The Lease Agreement provides that the County will use its best efforts to obtain voter approval to continue to provide mill levy support for the operation and maintenance of UNM Hospital and UNM Psychiatric Center. Under New Mexico law, a levy of up to 6.5 mills can be levied to support UNMH and UNMPC for a period of up to 8 years before expiring unless extended by additional voter approval. In 1992, voter approval was obtained for 4.3 mills for UNMH and for 0.5 mills for UNMPC. In November 2000, voters re-approved, by a 2 to 1 margin, the levy in the combined amount of 6.0 mills for UNMH and UNMPC. In November 2008, voters reapproved, by a 2 to 1 margin, the levy in the combined amount of 6.4 mills for UNMH and UNMPC. Voters re-approved in 2016. The following is a ten-year history of Bernalillo County mill levy collections dedicated to UNMH.

Historical Mill Levy Collections

	UNMH Share of Mill Levy Collections	UNMPC Share of Mill Levy Collections
2016	$81,471,947	$14,377,402
2017	82,139,803	14,495,259
2018	86,523,778	15,268,902
2019	89,853,146	15,856,438
2020	92,326,229	16,292,864
2021	95,312,579	16,819,867
2022	97,605,586	17,224,515
2023	102,552,193	18,097,446
2024	117,236,607	19,136,747
2025	121,483,785	19,813,351

UNMPC receives 15 percent of the mill levy designated for the hospitals. None of the revenues received from the mill levy are Pledged Revenues.

Other Health Sciences Center Facilities

In addition to UNM Hospital, the Health Sciences Center is responsible for the operation of the UNM Psychiatric Center, the UNM Children's Psychiatric Center, UNM Sandoval Regional Medical Center, Carrie Tingley Hospital, the NCI designated UNM Comprehensive Cancer Center and related programs. Each of these facilities is used for teaching and research purposes as well as

providing patient care and public service programs. Like revenues derived from University Hospital, most revenue attributable to other HSC facilities are not part of the Pledged Revenues.

UNM Sandoval Regional Medical Center

UNM Sandoval Regional Medical Center, ("SRMC"), a 65-bed hospital facility, is a campus of UNM Hospital. SRMC was originally formed by the Regents of the University of New Mexico as a New Mexico government non-profit and University Research Park and Economic Development Act ("URPEDA") corporation. SRMC was acquired by UNMH effective January 1, 2024 under a zero dollar purchase agreement. As part of the agreement, UNMH acquired all assets and assumed all liabilities of SRMC, including the HUD-insured mortgage debt arising out of the construction of the SRMC hospital. As a part of this transaction, HUD, and each of the HUD-insured mortgage lenders to SRMC and UNM Hospital consented to the Asset Purchase Agreement transaction and entered into an Intercreditor Agreement related to their various mortgage positions and collateral. As of January 1, 2024, SRMC ceased to be a separate legal entity and became known as UNM Sandoval Regional Medical Center, a Campus of the University of New Mexico Hospital and is operated as a campus of UNMH.

In November 2008, the voters of Sandoval County voted to approve a mill levy to enable Sandoval County to contract with SRMC and another hospital to provide care to the sick of Sandoval County, in an amount equal to 4.25 mills. However, in November 2016 Sandoval County voters did not renew the property tax measure and SRMC recalibrated its programs to offset the loss of revenue. Prior to the 2018 mid-term elections, Sandoval County approached SRMC and requested a proposal to reinstate the programs that were lost when the Mill Levy was defeated in 2016. Working together, SRMC, Sandoval County government and the community, placed a new Mill Levy on the ballot for the November 2018 election. The ballot measure was overwhelming supported for 1.9 mills generating about $7 million annually. Those funds were included in the FY21 budget starting July 1, 2020. The revenues of the SRMC are not part of the Pledged Revenues. As a part of the Asset Purchase Agreement transaction described above, SRMC, Inc., and UNM Hospital entered into an Assignment and Assumption Agreement, to which the Sandoval County Commission consented, under which the Health Facilities Agreement that governs the use of such Mill Levy was assigned by SRMC, Inc. to UNM Hospital and was assumed by UNM Hospital.

Historical Balance Sheets, Income Statements, Cash Flows, and Patient Statistics of UNMH

The tables on the following pages show selected financial and statistical information regarding the University compiled by the UNMH finance office. Similar information was not compiled for other clinical operations of the Health Sciences Center because the operations at UNMH constitute the largest component of the activities of the Health Sciences Center. Revenues of UNMH and its assets are not pledged to payment of the Bonds. This information is also reported on the University's Combined Statement and should be read in conjunction with the audited Financial Statements included in Appendix B. During Fiscal Year 2025, GASB Statement 101 – Compensated Absences was adopted, and a liability for major medical leave benefits was recorded. As required by GASB 100 – Accounting Changes & Error Corrections, retroactive application of the standard is required, which resulted in the restatement of net assets at the beginning of Fiscal Year 2024.

University Hospital Balance Sheet
Fiscal Years 2025-2021

Assets	2025	2024	2023	2022	2021
Cash and Investments	$228,896,000	$328,006,000	$219,352,000	$265,125,000	$359,196,000
Accounts Receivables & Other Current Assets	437,074,000	428,598,000	339,861,000	312,257,000	276,174,000
Restricted Cash & Assets	57,525,000	59,588,000	83,860,000	255,662,000	334,663,000
Non-current Assets	57,525,000	59,588,000	83,860,000	255,662,000	334,663,000
Deferred Outflows	79,986,000	69,374,000	55,797,000	55,037,000	52,776,000
Fixed & Right to Use Assets	1,753,000	1,878,000	139,000	912,000	2,068,000
Total Assets	$1,821,598,000	$1,808,416,000	$1,410,780,000	$1,364,232,000	$1,286,910,000
Liabilities and Fund Balances					
Current Liabilities	$501,033,000	$459,152,000	$329,622,000	$357,827,000	$363,372,000
Non-current Liabilities	450,877,000	435,808,000	259,259,000	166,837,000	87,648,000
Deferred Inflows	273,000	348,000	464,000	2,088,000	557,000
Fund Balances	869,415,000	913,108,000	821,435,000	837,480,000	835,333,000
TOTAL	$1,821,598,000	$1,808,416,000	$1,410,780,000	$1,364,232,000	$1,286,910,000

University Hospital Income Statement
Fiscal Years 2025-2021

	2025	2024	2023	2022	2021
Net Patient Revenues	$1,660,556,000	$1,631,688,000	$1,328,882,000	$1,345,556,000	$1,319,372,000
County Taxes	121,484,000	117,237,000	102,552,000	97,606,000	95,513,000
Investment (Loss)					
Income	6,901,000	6,118,000	2,637,000	(747,000)	492,000
Other Revenues	78,653,000	137,582,000	57,735,000	78,295,000	129,279,000
Operating Revenues	$1,867,594,000	$1,892,625,000	$1,491,806,000	$1,520,710,000	$1,544,456,000
Expenses	$1,792,452,000	$1,696,083,000	$1,442,861,000	$1,458,162,000	$1,337,325,000
Net Margin Before Transfers	75,142,000	196,542,000	48,945,000	62,548,000	207,131,000
Transfer of Assets					196,000,000
Net assets acquired		19,352,000			
Cumulative effect of GASB 101		(12,218,000)			
Intergovernmental Transfers	(118,834,000)	(112,003,000)	(64,990,000)	(60,400,000)	(61,677,000)
Net Income	$(43,692,000)	$91,673,000	$(16,045,000)	$2,148,000	$341,454,000

University Hospital Cash Flow Statement
Fiscal Years 2025-2021

	2025	2024	2023	2022	2021
Change in Net Assets	$(43,692,000)	$91,673,000	$(16,045,000)	$2,148,000	$341,454,000
Depreciation	43,045,000	40,970,000	33,759,000	33,543,000	33,297,000
Gain/Loss on Retirement of Assets	13,000	(125,000)	(17,000)	324,000	(445,000)
Change in Assets*	(9,409,000)	(62,903,000)	144,211,000	41,813,000	(273,753,000)
Net Assets Acquired	-	19,352,000	-	-	-
Cumulative effect of GASB 101 Change in	-	12,218,000	-	-	-
Liabilities*	56,875,000	170,415,000	62,593,000	75,175,000	61,108,000
Capital Expenditures	(145,942,000)	(162,946,000)	(270,274,000)	(247,074,000)	(72,722,000)
Net Cash Provided/(Used) by Operations	(99,110,000)	108,654,000	(45,773,000)	(94,071,000)	88,939,000
Beginning Cash and Investments	328,006,000	219,352,000	265,125,000	359,196,000	270,257,000
Ending Balance	$228,896,000	$328,006,000	$219,352,000	$265,125,000	$359,196,000

*Presented net of assets/liabilities acquired

University Hospital Patient Statistics
Fiscal Years 2025-2021

		2025	2024	2023	2022	2021
Days	Adult	142,809	143,590	123,695	132,137	121,703
	Observe Equal	15,211	14,792	13,497	13,362	12,430
	Pediatric	36,436	37,020	38,961	42,268	35,774
	Newborn & Obstetric	12,436	15,257	14,793	15,446	14,195
	Total	206,892	210,659	190,946	203,213	184,102
Discharges	Adult	20,051	19,298	15,468	15,642	16,081
	Observe Equal	10,366	12,198	10,425	10,208	10,469
	Pediatric	5,495	5,464	5,313	5,488	3,691
	Newborn & Obstetric	4,723	5,856	5,737	5,751	5,355
	Total	40,635	42,816	36,943	37,089	35,596
Outpatient Visits	Outpatient Clinics	594,253	591,101	549,832	561,356	534,607
	Emergency Room	121,814	120,393	97,674	98,356	111,898
Ancillary Statistics	Operations	25,735	24,765	21,064	20,357	19,663
	Births	2,911	2,939	2,891	2,879	2,745

University Hospital Payor Mix
Fiscal Years 2025-2021

	2025	2024	2023	2022	2021
Gross					
Medicaid	30%	34%	35%	35%	35%
Medicare	32%	32%	35%	33%	33%
Managed Care/Insurance	27%	24%	21%	22%	23%
Self-pay	5%	5%	4%	5%	4%
Other	6%	5%	5%	5%	5%
Total	100%	100%	100%	100%	100%

Further information relating to the financial status of the University of New Mexico Hospital can be found in the University of New Mexico Hospital independent audit report.

APPENDIX B

UNIVERSITY OF NEW MEXICO
REPORT ON EXAMINATION OF COMBINED FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2025

(Includes consolidated audited Financial Statements for fiscal year ended June 30, 2025 for both Academic and Health Sciences Center campuses.)

AUDIT REPORT 2025

July 1, 2024 - June 30, 2025

THE UNIVERSITY OF NEW MEXICO

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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

Principal Financial Officials

Main Campus

Bruce Cherrin	Interim University Controller

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

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

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.

KPMG LLP

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

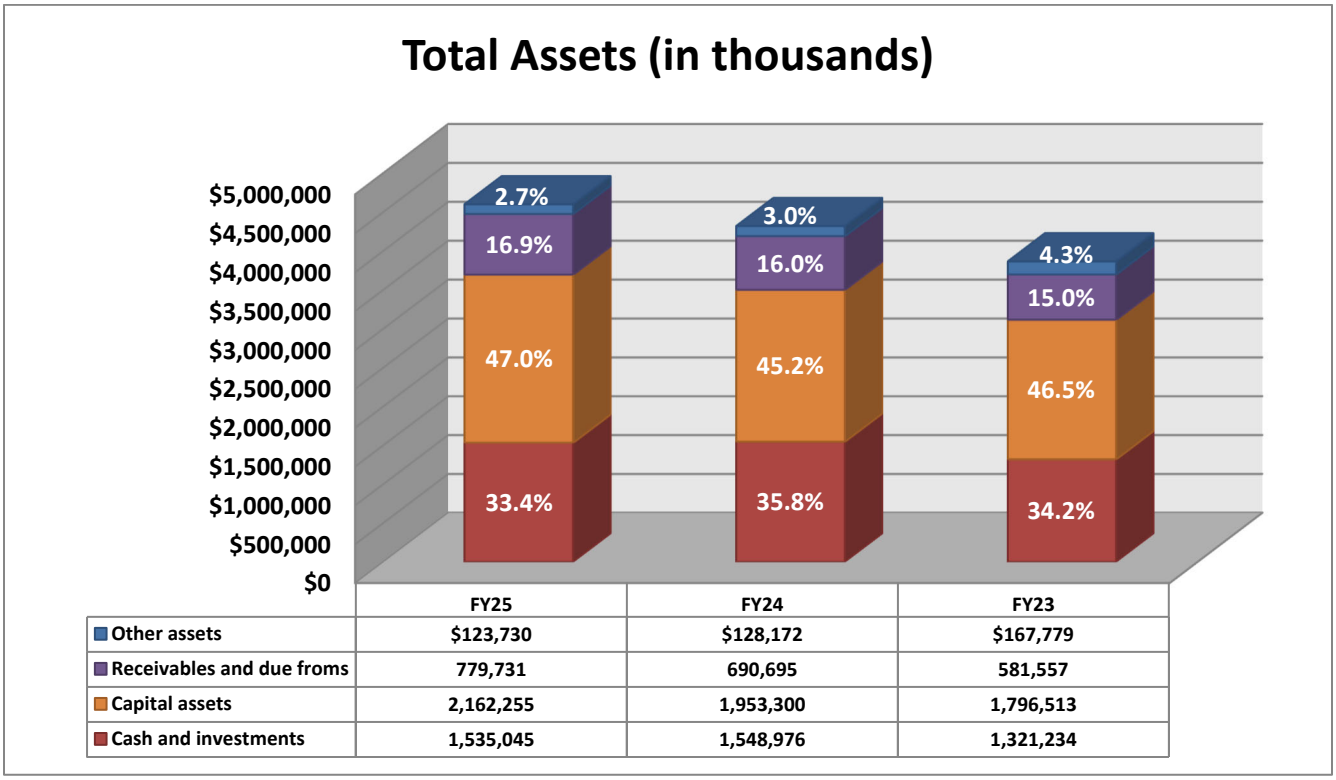
Current assets include cash and other assets that are deemed to be consumed or convertible to cash within one year. The most significant current assets of the University are net receivables, consisting of accounts receivable, patient receivables, and third-party settlements; short-term investments, consisting 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:



	FY25	FY24	FY23
Other assets	$123,730	$128,172	$167,779
Receivables and due froms	779,731	690,695	581,557
Capital assets	2,162,255	1,953,300	1,796,513
Cash and investments	1,535,045	1,548,976	1,321,234

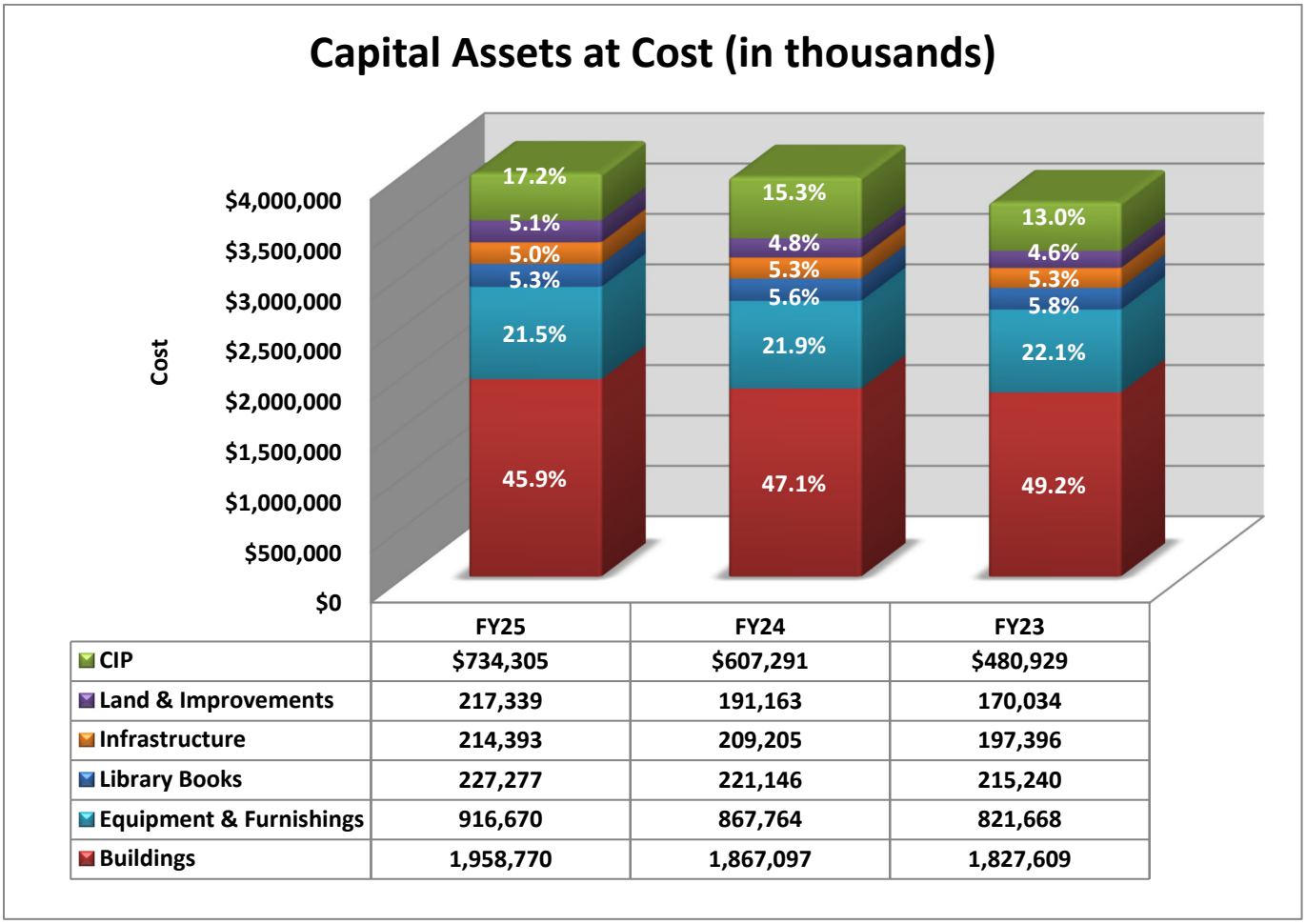
Total assets increased by $279.6 million from FY24 to FY25, compared to an increase of $454.1 million from FY23 to FY24. The increase for FY25 is primarily driven by capital assets increasing by $209.0 million due to the execution of major long-term strategic goals. This includes the deployment of new 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:



	FY25	FY24	FY23
CIP	$734,305	$607,291	$480,929
Land & Improvements	217,339	191,163	170,034
Infrastructure	214,393	209,205	197,396
Library Books	227,277	221,146	215,240
Equipment & Furnishings	916,670	867,764	821,668
Buildings	1,958,770	1,867,097	1,827,609

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.

- 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%.

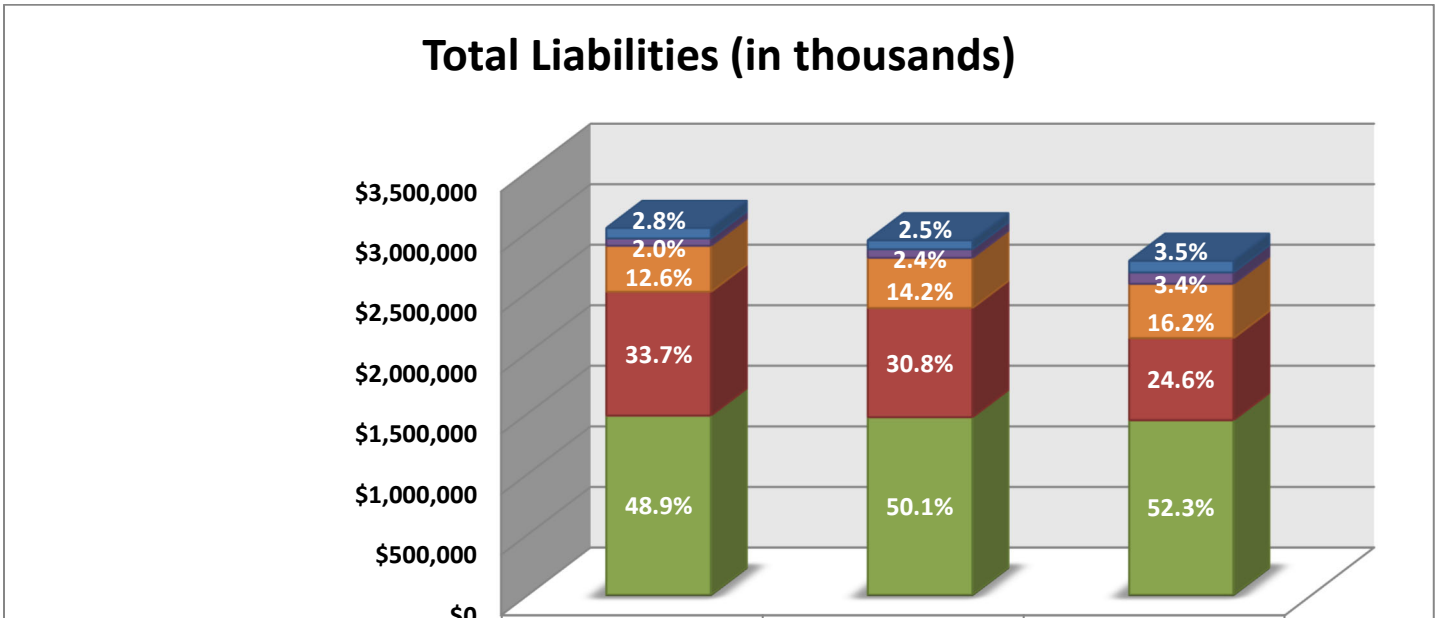
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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:



	FY25	FY24	FY23
Other liabilities	$85,943	$73,628	$95,661
Leases Payable and SBITAs payable	60,061	70,707	94,939
Bonds Payable	380,605	414,773	448,057
Accounts payable, accrued payroll, long-term debt and due to's	1,022,179	902,535	677,600
Net pension and OPEB liability	1,481,385	1,467,389	1,443,092

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)

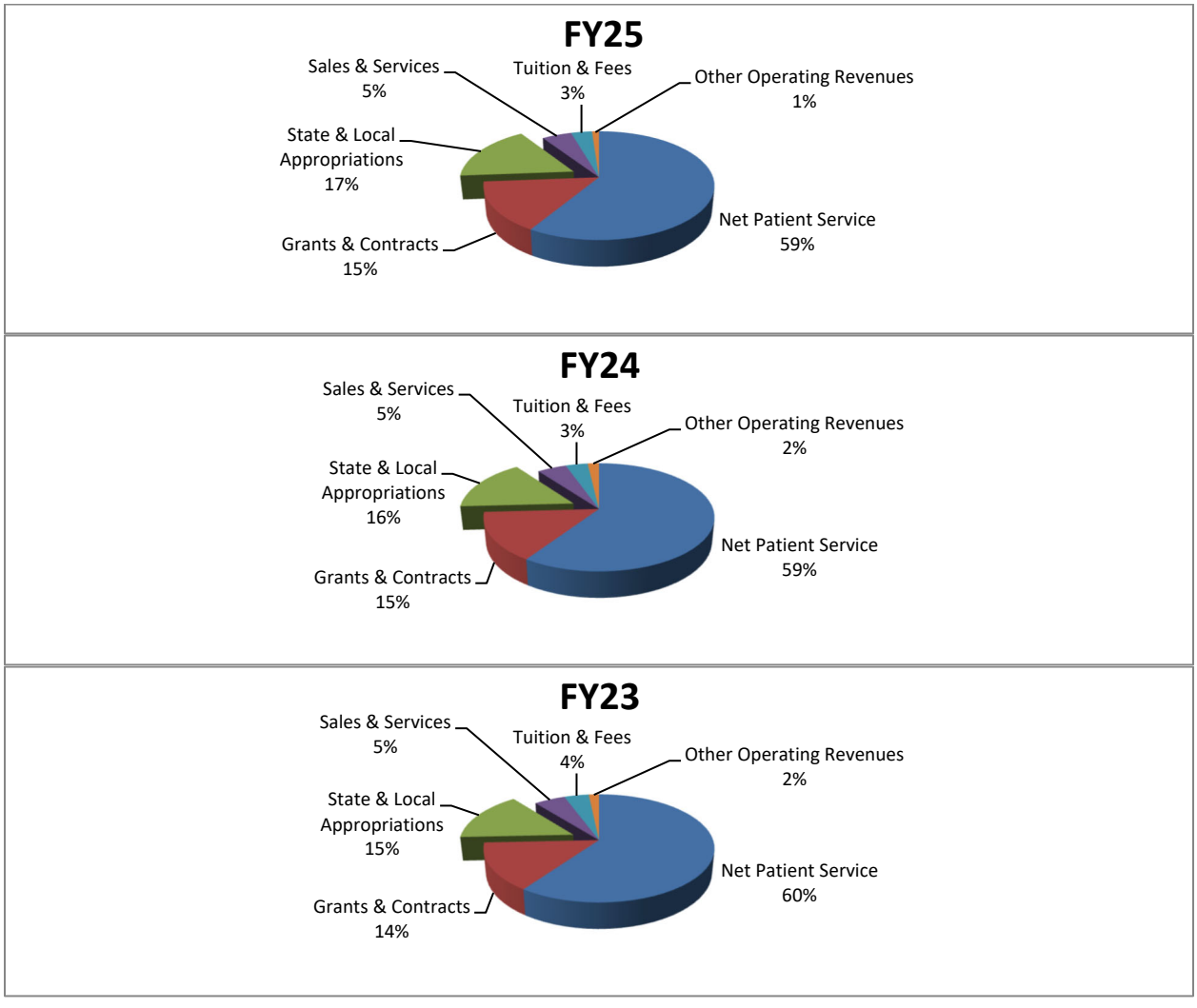
Year Ended June 30, 2025

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%

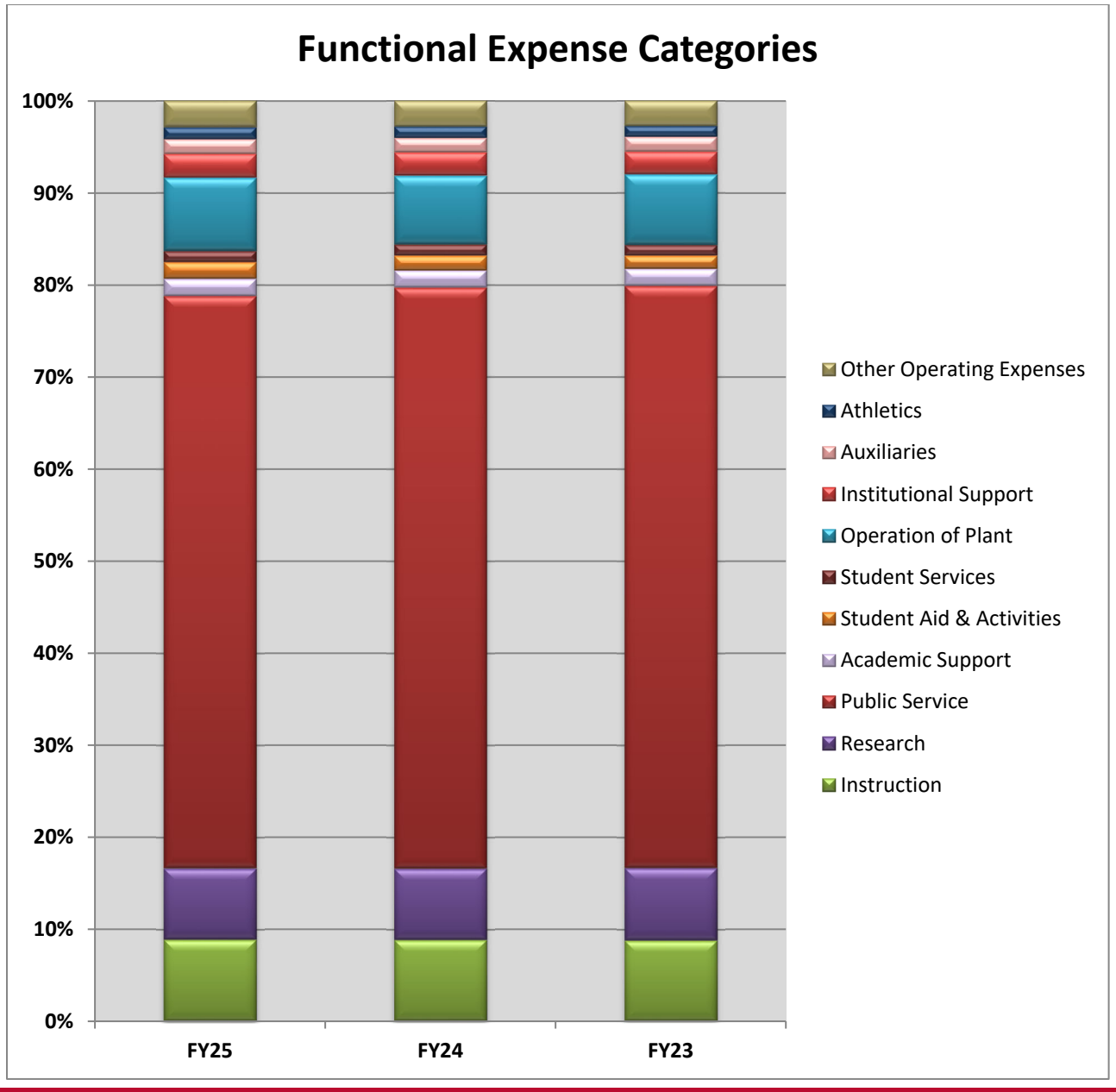
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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

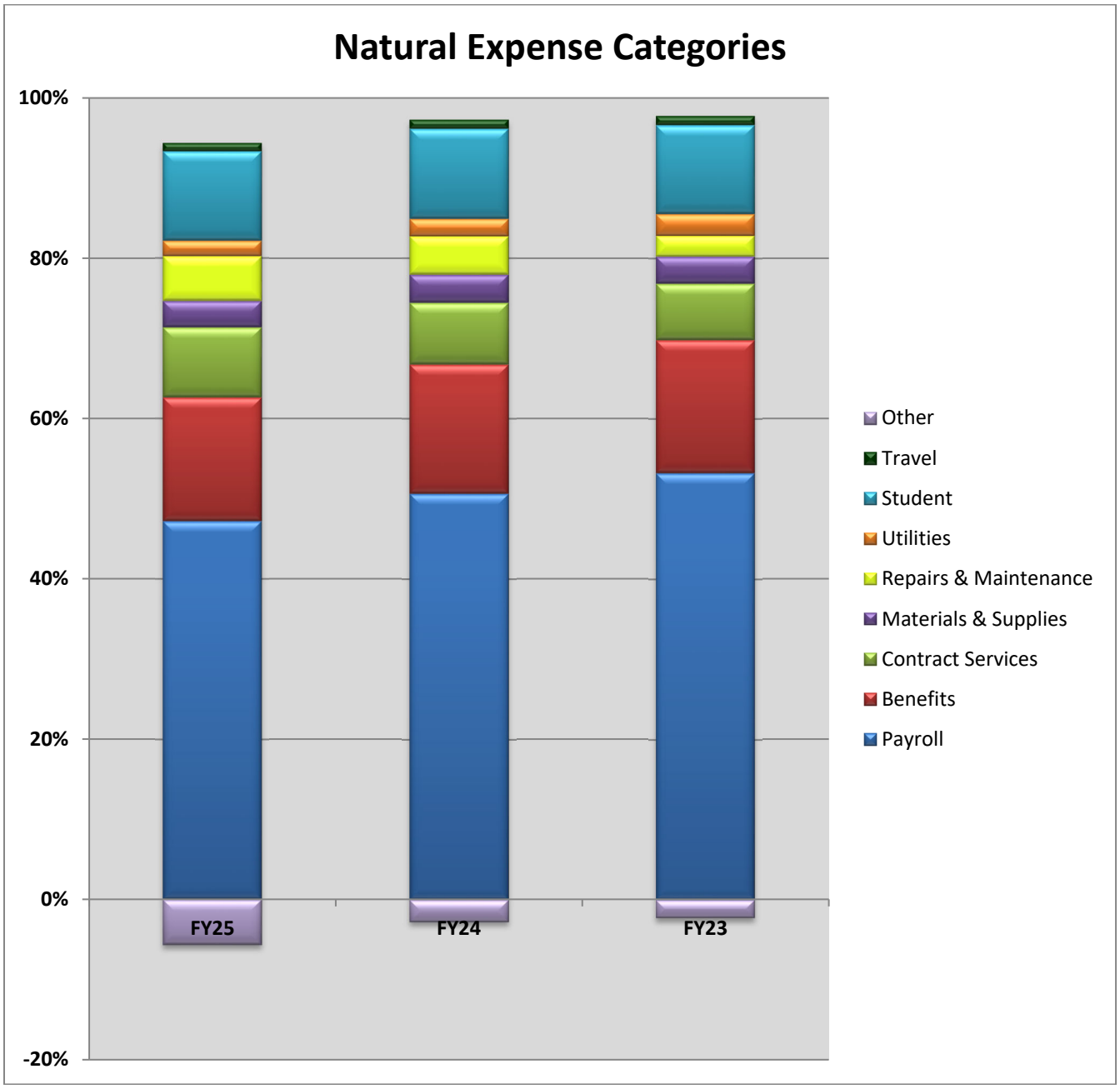
Operating Expenses: GASB standards allow public universities to present operating expenses in either a functional or natural format. UNM chose to present expenses on the statement of revenues, expenses, and changes in net position by the major functions of the University. The chart below shows the distribution 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

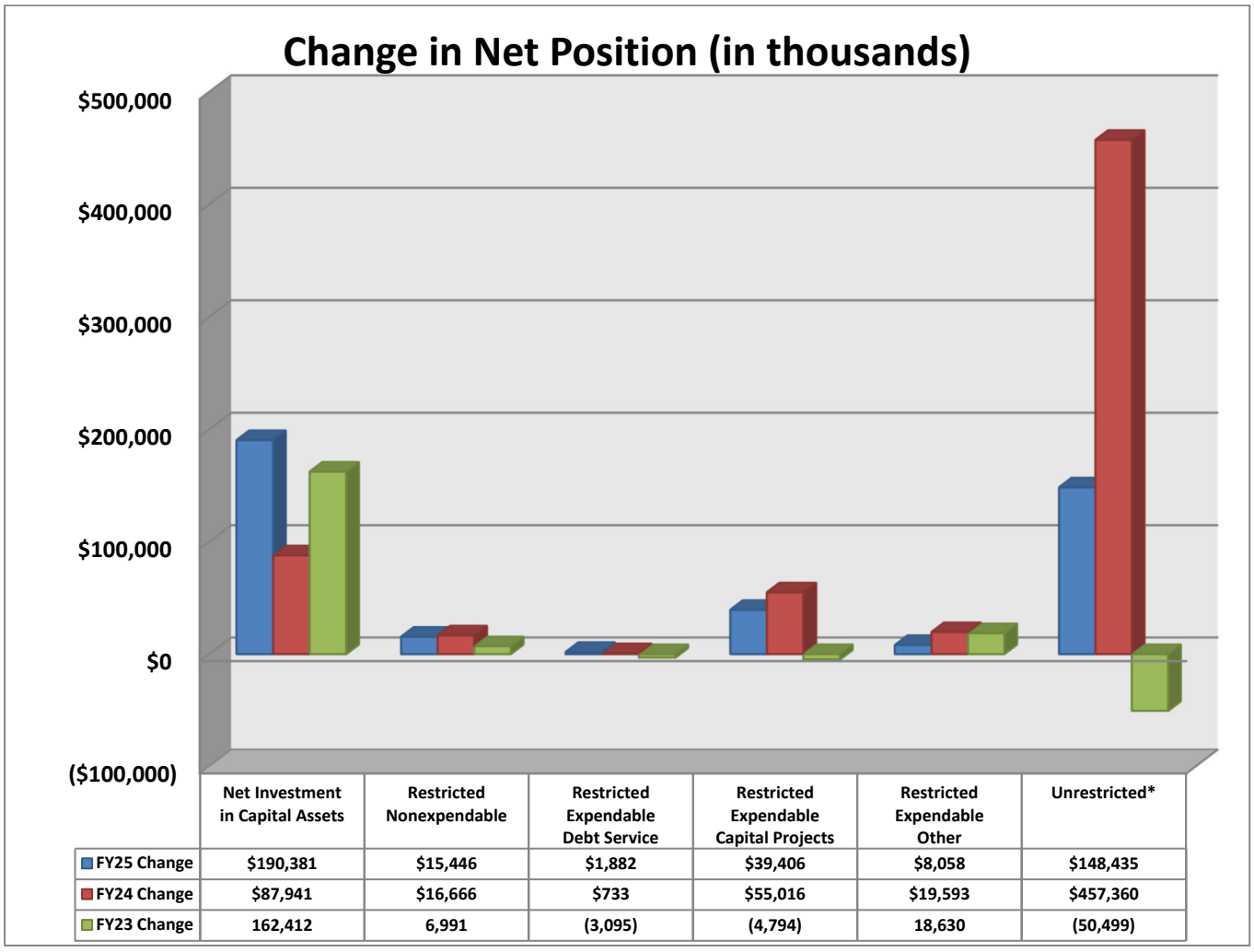
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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:



	Net Investment in Capital Assets	Restricted Nonexpendable	Restricted Expendable Debt Service	Restricted Expendable Capital Projects	Restricted Expendable Other	Unrestricted*
FY25 Change	$190,381	$15,446	$1,882	$39,406	$8,058	$148,435
FY24 Change	$87,941	$16,666	$733	$55,016	$19,593	$457,360
FY23 Change	162,412	6,991	(3,095)	(4,794)	18,630	(50,499)

* 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).

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 (OBBBA) 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

	PRIMARY INSTITUTION		DISCRETELY PRESENTED COMPONENT UNITS	
	2025	2024	2025	2024
ASSETS				
Current assets				
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

	PRIMARY INSTITUTION		DISCRETELY PRESENTED COMPONENT UNITS	
	2025	2024	2025	2024
LIABILITIES				
Current liabilities				
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	**$ 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	**$ 1,709,053,863**	**$ 1,305,445,684**	**$ 422,745,189**	**$ 383,439,510**

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	(139,625,876)	(204,475,572)
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)	16,655,962	(8,394,649)
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)	(12,672,298)	8,707,851
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 ACTIVIVITES		
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
Provison 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	$ 10,887,304	$ 7,248,299
Total additions	**$ 14,655,606**	**$ 11,139,713**
DEDUCTIONS		
Administrative expenses	$ 7,319	$ 6,996
Total deductions	**$ 7,319**	**$ 6,996**
Net increase in net position	**$ 14,648,287**	**$ 11,132,717**
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	**$ 87,223,723**	**$ 72,575,436**

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%
	100%	100%

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.

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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.

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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

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.

NOTES TO THE BASIC 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)
	$ 495,247,166	$ 659,708,926

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.

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

Discretely Presented Component Units 2025	Short Term Investments	Endowment Pools	Other Noncurrent Investments	Fair Value
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**

Discretely Presented Component Units 2024	Short Term Investments	Endowment Pools	Other Noncurrent Investments	Fair Value
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**

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025 and 2024

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

Primary Institution 2025	Fair Value	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				

Primary Institution 2024	Fair Value	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

Discretely Presented Component Units 2025	Fair Value	Investment Maturities: Less than 1 Year	1—5 Years	6—10 Years	Greater than 10 Years
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**				

Discretely Presented Component Units 2024	Fair Value	Investment Maturities: Less than 1 Year	1—5 Years	6—10 Years	Greater than 10 Years
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	$ 660,267	$ 139,903	$ 70,633,276	$ 445,835	$ 71,879,281

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
Illiquid Real Assets Funds	17,718,546
Real Estate Funds	7,114,127
Life Insurance Contracts	484,607
Total items not subject to credit risk	$ 459,732,584
Total Investments	**$ 531,611,865**

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	$ 442,644	$ 548,001	$ 61,897,086	$ 971,810	$ 63,859,541

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
Illiquid Real Assets Funds	9,555,754
Real Estate Funds	7,395,456
Life Insurance Contracts	495,278
Total items not subject to credit risk	$ 423,931,012
Total Investments	**$ 487,790,553**

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		
Investment Revenue		
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
Realized Gains (Losses)		
Endowments — Endowment Pools	14,377,379	9,270,113
Nonendowment investments	245,340	(1,412,517)
Unrealized Gains (Losses)		
Endowments — Endowment Pools	26,142,759	21,085,069
Nonendowment investments	12,634,858	12,121,932
Primary Institution Investment Income	**$ 105,665,969**	**$ 86,720,594**
Discretely Presented Component Units Investment Income	**$ 47,429,429**	**$ 52,526,859**

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 — Markatable	9,532,799	9,532,799	-	-
Equity — Non-markatable	33,819,674	-	-	33,819,674
Total	**$ 901,865,738**	**$ 518,339,133**	**$ 349,706,931**	**$ 33,819,674**

	Fair Value	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
Investments measured at the NAV:				
Private Investment Funds	$ 67,545,428	$ 33,245,795	Not eligible	Not eligible
Illiquid Real Assets Funds	12,382,271	2,870,444	Not eligible	Not eligible
Real Estate Funds	5,148,878	1,942,267	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

Primary Institution 2024	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 — Markatable	10,051,295	10,051,295	-	-
Equity — Non-markatable	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
Illiquid 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

Discretely Presented Component Units 2025	Fair Value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
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**	**$ -**

	Fair Value	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
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

Discretely Presented Component Units 2024	Fair Value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Beneficial interest in irrevocable split interest agreements	$ 20,479,573	$ -	$ 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**	**$ -**

	Fair Value	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
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:

	2025	2024
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	$ 185,112,658	$ 107,731,537
Less: Allowance for doubtful accounts	(39,624,831)	(36,449,491)
Total accounts receivable, net	$ 145,487,827	$ 71,282,046
Discretely Presented Component Units	$ 4,180,310	$ 1,940,766
Patient receivables, net		
Primary Institution:		
Patient receivables	$ 569,008,966	$ 536,980,326
Less: Allowance for doubtful accounts and contractual adjustments	(322,768,032)	(297,872,258)
Total patient receivables, net	$ 246,240,934	$ 239,108,068
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	$ 12,194,608	$ 27,818,957

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:

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

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	$ 681,344,758	$ 271,857,064	$(123,965,785)	$ (362,100)	$ 828,873,937
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	$ 3,282,321,563	$ 54,086,879	$ 123,965,785	$ (20,495,397)	$ 3,439,878,830
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	$(2,010,366,771)	$ (114,039,395)	$ -	$ 17,908,582	$ (2,106,497,584)
Total depreciable capital assets, net	$ 1,271,954,792	$ (59,952,516)	$ 123,965,785	$ (2,586,815)	$ 1,333,381,246
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	(2,010,366,771)	(114,039,395)	-	17,908,582	(2,106,497,584)
Capital assets, net	$ 1,953,299,550	$ 211,904,548	$ -	$ (2,948,915)	$ 2,162,255,183
Discretely Presented Component Units:					
Capital assets, net	$ 131,876	$ 521,839	$ -	$ -	$ 653,715

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	$ 553,225,207	$ 217,168,987	$ (89,049,436)	$ -	$ 681,344,758
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	$ 3,159,650,332	$ 52,975,463	$ 89,049,436	$ (19,353,668)	$ 3,282,321,563
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	$ (1,916,362,196)	$ (109,849,340)	$ -	$ 15,844,765	$ (2,010,366,771)
Total depreciable capital assets, net	$ 1,243,288,136	$ (56,873,877)	$ 89,049,436	$ (3,508,903)	$ 1,271,954,792
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	$ 3,712,875,539	$ 270,144,450	$ -	$ (19,353,668)	$ 3,963,666,321
Less: Accumulated depreciation	(1,916,362,196)	(109,849,340)	-	15,844,765	(2,010,366,771)
Capital assets, net	$ 1,796,513,343	$ 160,295,110	$ -	$ (3,508,903)	$ 1,953,299,550
Discretely Presented Component Units:					
Capital assets, net	$ 134,462	$ -	$ -	$ (2,586)	$ 131,876

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:

	2025	2024
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	$ 25,855,165	$ 20,383,155
Discretely Presented Component Units	$ 2,039,458	$ 1,574,140
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	$ 8,603,164	$ 7,481,655
Discretely Presented Component Units	$ 4,188,612	$ 4,478,330

(8) Accounts Payable and Accrued Payroll

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

	2025	2024
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	$223,593,700	$231,153,591
Discretely Presented Component Units	$ 2,385,285	$ 2,145,524

(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:

	2025	2024
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	$ 10,609,609	$ 9,601,217
Discretely Presented Component Units	$ 4,920,646	$ 6,842,610

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	$ 61,196,234	$ 54,242,686
Discretely Presented Component Units	$ 705,212	$ 647,292

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 Series 2023 with interest ranging from 4.12% to 5.50% - final maturity 2053	$ 51,330,000	$ 51,895,000
Taxable Subordinate Lien System Refunding Revenue Bond Series 2021 with interest ranging from 0.17% to 2.17% - final maturity 2035	62,740,000	70,080,000
Taxable Subordinate Lien System Refunding Revenue Bond Series 2019 with interest ranging from 2.43% to 3.02% - final maturity 2032	13,290,000	15,000,000
Subordinate Lien System Improvement Revenue Bonds Series 2017 with interest ranging from 3.25% to 5.00% - final maturity 2047	35,165,000	36,055,000
Subordinate Lien System Refunding & Improvement Revenue Bonds Series 2016A with interest ranging from 2.25% to 5.00% - final maturity 2046	126,625,000	134,405,000
Subordinate Lien System Refunding Revenue Bonds Series 2002B (Variable) with a synthetic fixed interest rate of 3.83% achieved through an interest rate exchange agreement – final maturity 2026	3,665,000	5,455,000
Subordinate Lien System Refunding Revenue Bonds Series 2002C (Variable) with a synthetic fixed interest rate of 3.94% achieved through an interest rate exchange agreement – final maturity 2030	14,345,000	17,020,000
Subordinate Lien System Improvement Revenue Bonds 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	3,450,000	6,755,000
	$ 310,610,000	$ 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	$ 298,880,284	$ 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 June 30	Principal	Interest	Total
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
	$ 310,610,000	$ 120,162,772	$ 430,772,772

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	$ 7,209	$ 15,483	$ 64,765	**$ 87,457**
FY24	$ -	$ -	$ 26,120	**$ 26,120**

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.

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

June 30, 2025 and 2024

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/Receive 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/Receive 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.

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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:

	Moody's		S & P		Fitch	
Entity	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.

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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 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
	$ 61,485,000	$ -	$ (6,690,000)	$ 54,795,000	$ 6,975,000

	Year Ended June 30, 2024				
	Beginning Balance	Additions	Deductions	Ending Balance	Amount Due Within One Year
Bonds Payable					
Bond Series 2015	$ 67,965,000	$ -	$ (6,480,000)	$ 61,485,000	$ 6,690,000
	$ 67,965,000	$ -	$ (6,480,000)	$ 61,485,000	$ 6,690,000

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

Years Ending June 30,	Principal	Interest	Total
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	17,150,000	764,237	17,914,237
Total	$ 54,795,000	$ 7,552,299	$ 62,347,299

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

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				
	Beginning Balance	Additions	Deductions	Ending Balance	Amount Due Within One Year
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:

Years Ending June 30,	Principal	Interest	Total
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 collaterized 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	-
	$ -	$ 6,780,814	$ -	$ 6,780,814	$ 5,191

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

Years Ending June 30,	Principal	Interest	Total
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	$ 6,780,814	$ 4,866,619	$ 11,647,433

(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				
	Beginning Balance	Additions	Deductions	Ending Balance	Amount Due Within One Year
Loan payable	$ -	$ 18,000,000	$ -	$ 18,000,000	$ 260,000
Loan premium	-	1,945,378	(36,845)	1,908,533	-
	$ -	$ 19,945,378	$ (36,845)	$ 19,908,533	$ 260,000

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

Years Ending June 30,	Principal	Interest	Total
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	$ 18,000,000	$ 12,530,750	$ 30,530,750

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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	$ 33,905,000	$ 346,700,284	$ 380,605,284	$ 32,745,000	$ 382,027,540	$ 414,772,540

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	$ 14,801,738	$ 408,464,889	$ 423,266,627	$ 12,433,515	$ 353,613,095	$ 366,046,610

(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	$ 1,844,549,668	$ 1,819,035,032

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 June 30, 2025
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 June 30, 2023	Additions	Deductions	Balance 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	$ 30,651,422	$ 10,038,648	$ (17,327,867)	$ 23,362,203	

	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	$ 37,529,180	$ 1,486,205	$ (8,363,963)	$ 30,651,422	

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

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

(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
	$ 25,845,814	$ 11,349,429	$ 37,195,243

(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 option*s: 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

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

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:

	Year Ended June 30, 2025					
	Deferred Outflows of Resources			Deferred Inflows of Resources		
	University	Clinical Operations	Total	University	Clinical Operations	Total
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

	Year Ended June 30, 2024					
	Deferred Outflows of Resources			Deferred Inflows of Resources		
	University	Clinical Operations	Total	University	Clinical Operations	Total
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	(11,162,082)	(15,547)	(11,177,629)
Total	**$23,003,374**	**($845,142)**	**$22,158,232**

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	**100%**	**7.00%**

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%)
University's proportionate share of the net pension liability	$1,871,338,330	$1,360,917,764	$938,483,070
Clinical Operations' proportionate share of the net pension liability	2,606,516	1,895,571	1,307,177
Total	**$ 1,873,944,846**	**$ 1,362,813,335**	**$ 939,790,247**

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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	$939,891,878
Clinical Operations' proportionate share of the net pension liability	3,179,234	2,338,678	1,644,280
Total	**$ 1,820,470,849**	**$ 1,339,157,564**	**$ 941,536,158**

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	7,906
Total plan members	11,576

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

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

Number of VEBA Service Credit Years Contributed	Less than $25,000		$25,000 - $34,999		$35,000 and above	
	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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June 30, 2025 and 2024

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	$118,571,923	$128,231,300
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:

	2025		2024	
Asset Class	**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	**100%**		**100%**	

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	(13,320,675)	(5,371,600)
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	**$ 205,795,646**	**$ 189,655,000**
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	**$ 87,223,723**	**$ 61,423,700**
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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June 30, 2025 and 2024

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	**$ 35,375,365**	**$ 30,066,951**

	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	**$ 57,048,958**	**$ 30,211,858**

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	$ 5,308,414

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June 30, 2025 and 2024

(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:

	2025
Materials and services	$50,255,988
Construction projects	151,837,567
Total commitments	$202,093,555

(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.

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

	2025		2024	
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	(113,263,509)		(101,394,200)	
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	242,330,436		223,273,383	
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	212,891,084		179,845,394	
Total dedicated		489,641,045		435,419,199
Ending discretionary funds balance		**$ 71,388,737**		**$ 88,146,058**

(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 (SRECNP) as investment income.

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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

	For the Years Ended June 30	
	2025	2024
Income received from the University's benefical 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 June 30, 2024	Additions	Deductions	Balance June 30, 2025	Amounts due within a year
SBITA liabilities	$ 33,917,380	$ 20,259,462	$ (16,819,474)	$ 37,357,368	$ 13,763,957

	Balance June 30, 2023	Additions	Deductions	Balance June 30, 2024	Amounts due within a year
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, 2024	Additions	Deductions	Balance June 30, 2025
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, 2023	Additions	Deductions	Balance June 30, 2024
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 Payable	Interest Payable	Total
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
	$ 37,357,368	$ 2,727,236	$ 40,084,604

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

SCHEDULE 2

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	$ (3,999,484)	$ (736,258)	$ 1,902,315	$ (26,359,522)	$ (29,192,949)
Cash and cash equivalents – beginning of year	8,219,474	4,869,538	315,847	86,786,346	100,191,205
Cash and cash equivalents – end of year	**$ 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	$ 6,188,491	$ 1,502,841	$ (168,800)	$ 8,882,224	$ 16,404,756
Cash and cash equivalents – beginning 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
Annuities 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**

See accompanying independent auditors' report

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**

See accompanying independent auditors' report

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	$ 502,805,233	$ 680,966,777	$ 826,048,569	$ 145,081,792

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	$ 121,168,045	$ 136,064,664	$ 182,617,172	$ 46,552,507

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	$ 3,775,065,142
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	$ 3,775,065,142
Difference	$ -
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	$ 3,362,849,287
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	$ 3,362,849,287
Difference	$ -

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		**$ 1,591,024**
Enterprise Bank	Checking	Los Alamos Campus Depository	**$ 3,100**	**$ 2,115**
		Less FDIC Insurance		(2,115)
		Uninsured Public Funds		**$ -**
U.S. Bank	Checking	General Depository	**$ (5,575,019)**	**$ 2,198,091**
		Less FDIC Insurance		(250,000)
		Uninsured Public Funds		**$ 1,948,091**
		Collateral Requirement (50%)		**$ 974,045**
		Fair Value of Collateral		**$ 50,000,000**
		Over (Under) Collateralized		**$ 49,025,955**
Wells Fargo	Checking	Hospital Operating Account	$ 188,995,776	$ 202,519,992
	Savings	Hospital Operating Account	57,525,008	57,525,008
			$ 246,520,784	**$ 260,045,000**
		Less FDIC Insurance		(500,000)
		Uninsured Public Funds		**$ 259,545,000**
		Collateral Requirement (50%)		**$ 129,772,500**
		Fair Value of Collateral		**$ 451,441,534**
		Over (Under) Collateralized		**$ 321,669,034**
	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	75,000	75,000
			$ 42,411,962	**$ 42,676,556**
		Less FDIC Insurance		(250,000)
		Uninsured Public Funds		**$ 42,426,556**
		Collateral Requirement (50%)		**$ 21,213,278**
		Fair Value of Collateral		**$ 120,000,000**
		Over (Under) Collateralized		**$ 98,786,722**
	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
			$ 209,795,314	**$ 210,254,065**
		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

Main Campus*

CUSIP Identification	Maturity Date	Type of Securities		Amount
572684	12/5/2025	LOC	$	50,000,000
		Total Pledged Collateral	**$**	**50,000,000**

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

UNM Medical Group***

CUSIP Identification	Maturity Date	Type of Securities		Amount
107829898	N/A	Travelers	$	70,000,000
1004935	9/17/2029	FHLB		50,000,000
		Total Pledged Collateral	**$**	**120,000,000**

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

UNM Hospital**

CUSIP Identification	Maturity Date	Type of Securities		Amount
1005225	9/26/2029	LOC	$	220,000,000
107829896	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
3132DWAV5	1/1/2051	FMAC		166,695
		Total Bank Of New York	**$**	**451,441,534**

** - 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**
			$ 213,614	**$ 213,614**
		Less NCUA Insurance		(213,614)
		Uninsured Public Funds		**$ -**
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
			$ 16,714,490	**$ 16,129,888**
		Less FDIC Insurance		(9,926,815)
		Uninsured Public Funds		**$ 6,203,073**
		Collateral Requirement (50%)		**$ 3,101,537**
		Fair Value of Collateral		**$ 7,696,821**
		Over (Under) Collateralized		**$ 4,595,284**
Washington Federal	Cash	UNM Foundation Operating	**$ 9,885**	**$ 9,885**
		Less FDIC Insurance		(9,885)
		Uninsured Public Funds		**$ -**
		Collateral Requirement (50%)		**$ -**
		Fair Value of Collateral		**$ -**
		Over (Under) Collateralized		**$ -**
	Other	Foundation Money Market	**$ 17,917**	**$ 17,917**
		Less SIPC Insurance		(17,917)
		Uninsured Public Funds		**$ -**
		Total Cash and Cash Equivalents – UNM Foundation	**$ 16,955,906**	**$ 16,371,304**
		****UNM Lobo Club**	8,497,321	8,511,556
		****UNM Alumni Association**	464,918	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
		Total Pledged Collateral	**$ 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	$ 1,848,921
PNC Bank	**Lobo Energy - Business Checking	Checking - Non-Interest Bearing	242,103	242,103
Enterprise Bank	Los Alamos Campus Depository	Checking - Interest Bearing	2,115	3,100
U.S. Bank	General Depository	Checking - Interest Bearing	2,198,091	(5,575,019)
	UNMMG Money Markets	Money Market	455,876	453,136
Wells Fargo	Hospital Operating Account	Checking - Non-Interest Bearing	202,519,992	188,995,776
	Hospital Operating Account	Savings	57,525,008	57,525,008
	Hospital - Petty Cash/Other	Cash on Hand	-	47,110
	*UNMMG Operating Accounting - interest bearing	Checking - Interest Bearing	42,075,805	41,811,211
	*UNMMG certificate of Deposit - interest bearing	CD	486,000	486,000
	*UNMMG Cancer Center - interest bearing	Checking - Interest Bearing	39,751	39,751
	*UNMMG Truman RX - interest bearing	Checking - Interest Bearing	75,000	75,000
	UNMMG - Petty Cash/Other	Cash on Hand	-	5,310
Bank of Oklahoma	**Lobo Energy	Checking-non-interest bearing	489,613	489,613
	**Lobo Energy	Checking-non-interest bearing	14,363	14,363
	**Lobo Energy	Checking-interest bearing	1,452,975	1,452,975
NMFA	*UNMMG	Project Fund	14,661,472	14,661,472
	*UNMMG	Debt Service Fund	1,453,286	1,453,286
	*UNMMG	Reserve Fund	1,441,658	1,441,658
Other	Interest-Bearing Cash Sweep (ICS)	Sweep	153,909,339	153,909,339
	Commercial Paper Overnight Sweep	Sweep	32,120,326	32,101,168
	Component Unit deposits held by UNM	Cash on Hand	-	(30,963)
	VEBA Trust assets held by UNM	Trust	-	(305,287)
	Petty Cash/Other	Cash on Hand	-	(117,856)
		**Rainforest Innovations	4,255,157	4,219,991
	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
	VEBA Trust	Money Market	$ 791,471	791,471
		Mutual Funds - Fixed Income	20,845,130	20,845,130
		Mutual Funds - Equity	65,279,528	65,279,528
Fidelity Investments	ASM Student Portfolio Account	Money Market	52,045	52,045
		Exchange-Traded Funds	3,922,139	3,922,139
		Mutual Funds - Equity	1,178,783	1,178,783
		Equity	223,287	223,287
Northern Trust	Consolidated Investment Fund	Money Market	6,656,092	6,656,092
		Mutual Funds - Fixed	48,261,689	48,261,689
		Mutual Funds - Equity	204,721,684	204,721,684
		Real Estate Funds	5,148,878	5,148,878
		Illiquid Real Assets	12,382,271	12,382,271
		Private Investment Funds	67,545,428	67,545,428
		Alternative Investments	19,996,935	19,996,935
Societe Generale	Operating Investment Accounts	Flexible Repurchase Agreement	46,811,924	46,811,924
US Bank	Operating Investment Accounts	Money Market	4,866,577	4,866,577
		U.S. Treasury Securities	181,384,141	181,384,141
		Foreign Issued	34,734,890	34,734,890
		Corporate Bonds	158,330,636	158,330,636
		Mortgage/Asset-Backed Bonds	47,307,520	47,307,520
		Municipal Bonds	4,749,909	4,749,909
	Hospital Short-Term Investment Accounts	Money Market	845,519	845,519
	Hospital Short-Term Investment Accounts	U.S. Treasury Securities	39,713,221	39,713,221
	*UNMMG Investment Account	U.S. Treasury Securities	15,726,125	15,726,125
	*UNMMG Investment Account	Corporate Bonds	14,155,178	14,155,178
	*UNMMG Investment Account	Municipal Bonds	337,530	337,530
Wells Fargo	Bldg, Renewal & Replacement	Money Market	4,962,367	4,962,367
		U.S. Treasury Securities	4,313,623	4,313,623
	Retirement of Indebtedness	Money Market	3,535,916	3,535,916
		Commercial Paper	1,810,697	1,810,697
		U.S. Treasury Securities	2,487,492	2,487,492
		Hospital Trust Accounts (Short term)	37,170,681	37,170,681
Investment in TLSC	Hospital Other Investments	Equity	5,370,176	5,370,176
Investment in TriWest	Hospital Other Investments	Equity	21,731,038	21,731,038
Investment in TRL (TriCore)	Hospital Other Investments	Equity	6,718,460	6,718,460
		**Rainforest Innovations	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	17,917
Nusenda Credit Union	General Fund	Savings	193,450	193,450
	Restricted Fund	Savings	20,164	20,164
Wells Fargo	Operating	Checking - Interest Bearing	2,886,646	2,807,628
	Development	Checking - Interest Bearing	3,566,427	4,230,047
	Operating	Institutional Insured Liquid Deposit	7,966,382	7,966,382
	Development	Institutional Insured Liquid Deposit	1,710,433	1,710,433
Washington Federal	Operating	Checking - Interest Bearing	9,885	9,885
		Total Cash and Cash Equivalents - UNM Foundation, Inc.	**$ 16,371,304**	**$ 16,955,906**
		****UNM Lobo Club**	8,511,556	8,497,321
		****UNM Alumni Association**	466,723	464,918
		Total Cash and Cash Equivalents - Discretely Presented Component Units	**$ 25,349,583**	**$ 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	$ 598,928
Hilltop Financial Services	Charitable Trust Fund	Domestic Corporate Stock	243,042	243,042
		Mutual Funds-Fixed	194,614	194,614
Morgan Stanley Smith Barney	UNM Foundation Inc.	Domestic Corporate Stock	72	72
Vanguard Investments	Operating Fund	Mutual funds, fixed	2,641,841	2,641,841
Cash Value Life Insurance Policies	Nonendowed Fund	Other	484,607	484,607
Northern Trust	Consolidated Investment Fund	Money Market	4,692,253	4,692,253
		Mutual Funds - Fixed	67,796,821	67,796,821
		Mutual Funds - Equity	295,907,171	295,907,171
		Real Estate Funds	7,114,127	7,114,127
		Illiquid Real Assets	17,718,546	17,718,546
		Private Investment Funds	94,193,380	94,193,380
		Alternative Investments	28,015,254	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

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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 ___X___ No
- Significant deficiency(ies) identified? _____ Yes ___X___ None reported

Noncompliance material to basic financial statements noted? _____ Yes ___X___ 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 out 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	$ 732,249,914
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

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE BOND AUTHORIZING RESOLUTION

The following is a brief summary of certain provisions of the Bond Authorizing Resolution adopted by the Regents on May 19, 2026 and the Pricing Certificate executed on August __, 2026 (collectively, the "Bond Resolution"). This summary does not purport to be complete and reference should be made to the Bond Resolution for a full and complete statement of its provisions.

Definitions

"Acquisition Fund" means the Regents of the University of New Mexico System Refunding and Improvement Revenue Bonds, Series 2026 Acquisition Fund, established in the Bond Resolution and to be maintained by the Regents for the acquisition of the Improvement Project.

"*Act*" means the general laws of the State, including Sections 6-17-1 through 6-17-19 NMSA 1978, as amended, and 6-14-1 through 6-14-12 NMSA 1978, as amended, and the enactments of the Regents relating to the issuance of the Bonds, including the Bond Resolution and the Pricing Certificate.

"*Authorized Denominations*" means $5,000 principal amount and any integral multiple thereof.

"*Authorized Officer*" means the President and Vice President of the Regents and the following officers of the University: President, Executive Vice President for Finance and Administration, or any other officer of the University when designated by a certificate signed by the President of the Regents from time to time, a certified copy of which shall be delivered to the Paying Agent and the Registrar.

"*Bond*" or "*Bonds*" or *"2026 Bonds"* or *"Series 2026 Bonds"* means the Regents of the University of New Mexico System Refunding and Improvement Revenue Bonds, Series 2026 authorized by this Resolution.

"*Bond Counsel*" means an attorney at law or a firm of attorneys, designated by the Regents, experienced in matters pertaining to the issuance of, and the tax-exempt nature of interest on, bonds issued by states and their political subdivisions.

"*Bond Register*" means the books maintained by the Registrar for the registration, transfer and exchange of the Bonds.

"*Bond Resolution*" means the Resolution adopted by the Regents on May 19, 2026, as amended or supplemented by the Pricing Certificate and as amended or supplemented from time to time, but only as may be permitted by the Bond Resolution.

"*Bond Value*" means, as of any date of calculation, a Bond's outstanding principal amount.

"*2001 Bonds*" means the bonds designated as "The Regents of the University of New Mexico, Subordinate Lien System Improvement Revenue Bonds, Series 2001" issued in the original principal amount of $52,625,000.

"*2002B Bonds*" means the bonds designated as "The Regents of the University of New Mexico, Subordinate Lien System Refunding Revenue Bonds, Series 2002B" issued in the original aggregate principal amount of $25,475,000.

"*2002C Bonds*" means the bonds designated as "The Regents of the University of New Mexico, Subordinate Lien System Revenue Bonds, Series 2002C" issued in the original aggregate principal amount of $37,840,000.

"2016A Bonds" means the bonds designated as "The Regents of the University of New Mexico, Subordinate Lien System Refunding and Improvement Revenue Bonds, Series 2016A" issued in the original aggregate principal amount of $160,290,000.

"*2017 Bonds*" means the bonds designated as "The Regents of the University of New Mexico Subordinate Lien System Improvement Revenue Bonds, Series 2017" issued in the original aggregate principal amount of $40,900,000.

"*2019 Bonds*" means the bonds designated as "The Regents of the University of New Mexico Taxable Subordinate Lien System Refunding Revenue Bonds, Series 2019" issued in the original aggregate principal amount of $24,150,000.

"*2021 Bonds*" means the bonds designated as "The Regents of the University of New Mexico Taxable Subordinate Lien System Refunding Revenue Bonds, Series 2021" issued in the original aggregate principal amount of $75,770,000.

"*2023 Bonds*" means the bonds designated as "The Regents of the University of New Mexico System Improvement Revenue Bonds, Series 2023" issued in the original aggregate principal amount of $51,995,000.

"*Business Day*" means any day other than (a) a Saturday or Sunday, (b) any day on which the following offices are authorized or required to remain closed: offices of the University and offices of banks located in the cities in which the principal offices of the Fiscal Agent are located or (c) a day on which the New York Stock Exchange is closed.

"*Closing Date*" means the date of the original issuance and delivery to the Purchaser or their designee of the Series 2026 Bonds.

"*Code*" means the Internal Revenue Code of 1986, as amended.

"*Continuing Disclosure Undertaking"* means the written undertaking for the benefit of the registered owners of the Bonds required by Section (b)(5)(i) of Securities and Exchange

Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, § 240.15c2-12) to provide continuing disclosure.

"*Counsel*" means an attorney or a firm of attorneys admitted to practice law in the highest court of any state in the United States of America or in the District of Columbia.

"*Debt Service*" means for any particular Fiscal Year and for all series of Parity Bonds, an amount equal to the sum of (a) all interest payable during such Fiscal Year on all Outstanding Parity Bonds, plus (b) the principal installment or installments of Outstanding Parity Bonds falling due during such Fiscal Year, calculated on the assumption that Outstanding Parity Bonds on the day of calculation cease to be outstanding by reason of payment either upon maturity or by application of any scheduled sinking fund installments as provided for in resolutions now or hereafter adopted authorizing the issuance of Parity Bonds, plus (c) any net periodic payments on a notional amount required to be made by the Regents pursuant to a Qualified Exchange Agreement minus (d) any net periodic payments on a notional amount to be received by the Regents pursuant to a Qualified Exchange Agreement.

"*Debt Service Grants*" means, collectively, the aggregate of the payments received or to be received by the Regents, whether as grants or otherwise, pursuant to presently outstanding agreements of the Regents with the United States of America, or any of its agencies, within the meaning of the provisions of Section 6-17-14 NMSA 1978, as amended, which have been specifically pledged or dedicated to specific prior Parity Bonds or other bonds, and only if in compliance with the covenant of Section 7.09 of the Bond Resolution, pursuant to such agreements hereafter entered into by the Regents.

"*Delegate*" means the President of the University or the Executive Vice President for Finance and Administration or such other Authorized Officer of the University delegated the authority to approve the final terms of the 2026 Bonds.

"*Depository*" means The Depository Trust Company, 570 Washington Blvd., Jersey City, New Jersey 07310, or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other address and/or such other securities depositories as an Authorized Officer of the University may designate.

"*Eligible Investments*" means (a) Permitted Investments, (b) any money market fund whose investments are restricted to Permitted Investments, and (c) to the extent to which they are at the time legal investments for the University, any of the following:

(a) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including (i) Export-Import Bank, (ii) Farm Credit System Financial Assistance Corporation, (iii) Farmers Home Administration, (iv) General Services Administration, (v) United States Maritime Administration, (vi) Small Business Administration, (vii) Government National Mortgage Association (GNMA), (viii) United States Department of Housing and Urban Development (PHAs) and (ix) Federal Housing Administration;

(b) (i) Senior debt obligations rated "AAA" by S&P and "Aaa" by Moody's issued by (A) the Federal National Mortgage Association or (B) the Federal Home Loan Mortgage Corporation, or (ii) senior debt obligations of other government sponsored agencies approved by S&P and Moody's;

(c) United States dollar denominated deposit accounts, federal funds and bankers acceptances with domestic commercial banks which have a rating on their short-term certificates of deposit on the date of purchase of "A-l" or "A-1+" by S&P and "P-1" by Moody's and maturing no more than 360 days after the date of purchase (ratings on holding companies are not to be considered as the rating of the bank);

(d) Commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by S&P and "P-1" by Moody's and which matures not more than 270 days after the date of purchase;

(e) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by Moody's or S&P;

(f) Pre-refunded Municipal Obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local government unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(i) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of S&P and Moody's or any successors thereto; or

(ii) (A) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (B) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(g) Investment agreements (supported by appropriate opinions of counsel) with notice to S&P and Moody's; and

(h) Other forms of investments (including repurchase agreements) with notice to S&P and Moody's.

The value of the above investments, which shall be determined as of the end of each month, shall be calculated as follows:

(a) As to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times), the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination;

(b) As to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times, the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Regents in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;

(c) As to certificates of deposit and bankers acceptances, the face amount thereof, plus accrued interest; and

(d) As to any investment not specified above, the value thereof established by prior agreement among the Regents, the Paying Agent, S&P and Moody's.

"*EMMA*" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system located on its website at emma.msrb.org.

"*Escrow Deposit Agreement*" means an agreement, if any, between the Regents and BOKF, NA for the deposit of a portion of the proceeds of the Bonds to be applied to the current refunding of the Refunded Bonds.

"*Expenses*" means the reasonable and necessary fees, costs and expenses incurred by the University or the Regents in connection with the issuance of the Bonds and the execution and delivery of the Related Documents, including, without limitation, costs of advertising and publication of the Bond Resolution, cost of printing bonds and any disclosure documents, legal fees and expenses, fees and expenses of the Fiscal Agent, the Purchaser (including underwriters discount), any premium payable to a provider of a Parity Bonds Reserve Fund Surety Bond, fees and expenses of any certified public accountant or firm of certified public accountants incurred in connection with the issuance of, and disclosure matters pertaining or allocable to, the Bonds and the Project and all reasonable fees and administrative costs of the Regents or the University relating to the foregoing.

"*Favorable Opinion of Bond Counsel*" means an opinion or opinions of Bond Counsel, addressed to the Regents and any other party required by the Bond Resolution or a Related Document to the effect that the action proposed to be taken is authorized or permitted by the laws of the State, the Bond Resolution and applicable Related Document and will not adversely affect any exclusion from gross income for federal income tax purposes of interest on the Series 2026 Bonds, any exemption for the Series 2026 Bonds from federal or state securities laws or any

protection afforded to the Series 2026 Bond owners by applicable federal bankruptcy laws, as the case may be.

"*Federal Securities*" means direct obligations of, or obligations the principal and interest of which are unconditionally guaranteed by the United States of America.

"*Fiscal Agent*" means BOKF, NA, serving as the Paying Agent/Registrar, which shall be an Insured Bank.

"*Fiscal Year*" means the twelve-month period used by the University for its general accounting purposes as the same may be changed from time to time, presently being a period beginning on July 1 of each year and ending on June 30 of the next succeeding year.

"*Improvement Project"* means purchasing, erecting, altering, remodeling, expanding, improving, repairing, furnishing and equipping buildings, improvements and facilities for the use of the University of New Mexico, including, but not limited to, the Geothermal Facility Project, (b) the acquisition of a reserve fund insurance policy to fund or otherwise funding a debt service reserve fund for the 2026 Bonds associated with the Improvement Project; and (c) the funding of the Expenses associated therewith as described in Exhibit C to the Bond Resolution.

"*Income from the Permanent Fund*," "*Income from the Other Lands Fund*" and "*Income from the Land Fund*" shall mean, respectively, the gross income from the Permanent Fund of the University, the gross income of the University derived from the lease or rentals of its lands or its other property, and the gross income of the University derived from the lease or rental of such of the lands or other property, if any, held by the State for the benefit of the University which remain unsold, as established and provided for by Article XII of the New Mexico Constitution, which income may be pledged to the payment of the obligations of the Regents pursuant to Section 6-17-14 NMSA 1978, as amended.

"*Insured Bank*" means a bank or savings and loan association whose deposits are insured by an agency of the United States of America and having a capital and surplus of not less than $10,000,000 at the time of such appointment.

"*Interest Payment Date*" means each June 1 and December 1 or, if any June 1 or December 1 is not a Business Day, the next succeeding Business Day or such other day designated in the Pricing Certificate.

"Issuance Expense Fund" means the fund created in this Bond Resolution for the deposit of a portion of the proceeds of the Bonds to pay Expenses associated with the issuance of the Bonds.

"*Letter of Representations*" means the Blanket Issuer Letter of Representations provided to the Depository Trust Company and dated April 24, 1996.

"*Moody's*" means Moody's Investors Service, and, if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the University.

"*NMSA 1978*" means the compilation of the laws of the State known as New Mexico Statutes Annotated, 1978 Compilation, as amended and supplemented from time to time.

"*Officer's Certificate*" means a certificate executed by an Authorized Officer.

"*Official Statement*" means a Preliminary Official Statement and a final Official Statement relating to the sale of the Bonds (including the cover page and all summary statements, appendices and other materials included or incorporated by reference or attached thereto), as amended or supplemented, or any other preliminary or final official statement of the University or prospectus used with respect to the Bonds.

"*Operating and Maintenance Expenses*" means the reasonable operating and maintenance expenses of the System which shall be deemed to include all costs of heating and lighting the buildings, improvements and facilities comprising the System, insurance, the cost of services of employees operating and maintaining the buildings, improvements or facilities comprising the System, the cost of food, repairs, costs of reasonable replacements of equipment, and any other incidental costs not herein specifically enumerated, but which are reasonably necessary to operate and maintain the buildings, facilities, improvements and equipment comprising the System.

"*Outstanding*" or "*outstanding*" when used in reference to bonds means, on any particular date, the aggregate of all bonds delivered under the applicable resolution authorizing the issuance of such bonds including, without limiting the generality of the foregoing, the Series 2026 Bonds issued under the Bond Resolution, excepting:

(a) those paid but not yet cancelled, those cancelled at or prior to such date or those delivered or acquired by the Regents at or prior to such date for cancellation;

(b) those otherwise deemed to be paid in accordance with Article IX of the Bond Resolution or similar section of any resolution of the Regents authorizing the issuance of the applicable bonds;

(c) those in lieu of or in exchange or substitution for which other bonds shall have been delivered, unless proof satisfactory to the Regents and the paying agent for the applicable bonds is presented that any bond for which a new bond was issued or exchanged is held by a bona fide holder or in due course; and

(d) those which have been refunded in accordance with Section 6.03 of the Bond Resolution or similar section of any resolution of the Regents authorizing the issuance of the applicable bonds.

"*Owner*" means the registered owner of any Bond as shown on the Bond Register.

"*Parity Bond Service Fund*" means the fund created in Section 5.01(b) of the Bond Resolution for the payment of principal of and interest on the Bonds, as well as any accounts designated thereunder.

"*Parity Bonds*" means all bonds or other obligations, including the outstanding the 2001 Bonds, the 2002B Bonds, the 2002C Bonds, the 2016A Bonds, the 2017 Bonds, the 2019 Bonds, the 2021 Bonds, the 2023 Bonds, the 2026 Bonds (when and if issued), and any payment obligation under a Qualified Exchange Agreement, now outstanding or hereafter payable from the Pledged Revenues on a parity with the lien thereon of the Parity Bonds.

"*Parity Bonds Reserve Fund*" means "The Regents of the University of New Mexico System Parity Bonds Reserve Fund" formerly known as "The Regents of the University of New Mexico System Subordinate Lien Parity Bonds Reserve Fund" and continued in Section 5.01 of the Bond Resolution.

"*Parity Bonds Reserve Fund Surety Bond*" formerly known as the "Subordinate Lien Parity Bonds Reserve Fund Surety Bond" means the policy or policies of insurance or surety bond or bonds issued to the Regents in an amount which is equal to the Reserve Requirement, the proceeds of which shall be used only to prevent deficiencies in the payment of the principal of or interest on Parity Bonds for which such policy was obtained resulting from insufficient amounts being on deposit in the Parity Bond Service Fund to make such payments of principal and interest as the same become due. Such policy or surety bond shall be written by the provider of the Parity Bonds Reserve Fund Surety Bond or by a similar entity experienced in insuring municipal bonds whose policies of insurance would not in and of itself adversely affect the rating on Parity Bonds by Moody's or by S&P in effect at the time such policy is initially deposited in or credited to the reserve account of the applicable Parity Bonds.

"*Paying Agent Agreement*" means the Paying Agent and Fiscal Agent Agreement relating to the Bonds, by and between the Regents and the Fiscal Agent, as amended from time to time.

"*Paying Agent/Registrar*" means BOKF, NA or such other commercial bank or financial institution designated in the Pricing Certificate to serve as paying agent and registrar hereunder, or any successor thereto, as agent of the Regents, for the payment, registration, transfer and exchange of the Bonds, which shall be an Insured Bank.

"*Permitted Investments*" means direct obligations of the United States of America, or any of its agencies, or obligations fully guaranteed by the United States of America.

"*Person*" means any individual, corporation, partnership (in which case each general partner shall be deemed a Person), joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision of a government.

"*Pledged Revenues*" means:

(a) The gross income and revenues of whatever nature derived from the operation or ownership of the System (except as otherwise excluded under the definition of System).

(b) All gross proceeds of student tuition and fees of every nature collected from students at the University, except (i) the fee now known as "Student Activity Fee" and (ii) fees expressly imposed for the use or availability of buildings, structures or facilities excluded from the System under the definition thereof.

(c) The gross amounts received by the University from the Income from the Permanent Fund, the Income from the Other Lands Fund and the Income from the Land Fund.

(d) With respect to any Parity Bonds to which applicable, the proceeds of Debt Service Grants and the proceeds of any interest subsidy paid for or on account of the Regents or the University by any governmental body or agency.

(e) All other income or revenues received by the University from proprietary activities carried on by the University, but excluding: (i) revenues arising from the operation, ownership or leasing of the University of New Mexico Hospital, other than payments made by the University of New Mexico Hospital, or successor thereto, to the University or the Regents for the use of the ambulatory care center previously financed with the proceeds of bonds issued by the Regents in 1989, (ii) the proceeds of ad valorem taxes, (iii) the proceeds of any University contracts and grants, whether from or with public, private or governmental sources, which are restricted as to use, and (iv) State appropriations. If the pledge of any one or more sources of other income or revenue to the payment of the Bonds shall ever be held by final decision of a court of competent jurisdiction to make the Bonds invalid because of constitutional restrictions on State indebtedness, the income or revenue derived from such other source or sources shall no longer be subject to the pledge herein contained; and provided further, that there shall not be included in the other income or revenue which is the subject of this paragraph any income or revenue excluded under the provisions of paragraphs (a) or (b) of this definition.

"*Pledged Revenues Fund*" means "The Regents of the University of New Mexico System Pledged Revenues Fund" which is contained in Section 5.01 of the Bond Resolution.

"*Pricing Certificate*" means one or more certificates executed by the Delegate dated on or before the date of delivery of the Bonds, setting forth the following final terms of the Bonds including, but not limited to: (i) the interest and principal payment dates; (ii) the principal amount, denominations and maturity amortization of the Bonds, including the series designations; (iii) the sale price; (iv) the Purchaser; (v) the interest rate or rates; (vi) the interest payment periods; (vii) the redemption and tender provisions; (viii) the creation of any capitalized interest fund, including the size and funding of such fund(s); (ix) the amount of Underwriter's discount; (x) the acquisition of and terms related to a bond insurance policy and/or Parity Bonds Reserve Fund Surety Bond, if any, (xi) the federal tax status of the Bonds or any portion thereof, (xii) the maturities of the 2016A Bonds to be refunded pursuant to the Refunding Project, and (xii) the final terms of Related

Documents and agreements, if any, with agents or service providers required for the purchase, sale, issuance and delivery of the Bonds, all subject to the parameters and conditions contained in this Resolution.

"*Principal Office*" means the address for the Regents, the Fiscal Agent and any other party to a Related Document as stated in the Bond Resolution or a Related Document.

"Project" means, collectively, the Improvement Project and the Refunding Project.

"*Purchase Contract*" means the purchase contract or contracts among the Regents and the Purchaser relating to the purchase and sale of the Bonds.

"*Purchaser*" means the bond underwriter or underwriters as the original purchasers of the Bonds to be designated by the Delegate in the Pricing Certificate.

"*Qualified Counterparty*" or "*Qualified Swap Provider*" means any Person entering into a Qualified Exchange Agreement with the Regents which, at the time of the execution of the Qualified Exchange Agreement, is rated in one of the two highest rating categories by S&P or Moody's and meets all the requirements of the Public Securities Short-Term Rate Act, Sections 6-18-1 through 6-18-16 NMSA 1978, as amended, its successors and assigns, or any substitute Qualified Counterparty or Qualified Swap Provider, appointed or consented to from time to time by an Authorized Officer.

"*Qualified Exchange Agreement*" means any financial arrangement between the Regents and a Qualified Counterparty which satisfies the requirements of the Public Securities Short-Term Interest Rate Act, Sections 6-18-1 through 6-18-16 NMSA 1978, as amended, at the time the agreement is entered into.

"*Rating Agency*" means (a) Moody's and (b) S&P, the successor of either of them, or if either of them no longer exists and has no successor, then any other nationally recognized rating agency requested by the University to maintain a rating on any of the Bonds.

"*Rating Category*" means a generic securities rating category, without regard, unless otherwise stated with respect to any Rating Category in the Bond Resolution, in the case of a long-term rating category, to any refinement or gradation of such long-term rating category by a numerical modifier or otherwise.

"*Rebate Fund*" means the Series 2026 Rebate Fund established pursuant to Section 5.01 of the Bond Resolution.

"*Record Date*" means the fifteenth day immediately preceding an Interest Payment Date.

"*Redemption Account*" means each account of the Bond Service Fund for the deposit of money as set forth in Section 5.03 of the Bond Resolution to pay the optional redemption price of a series of Parity Bonds.

"*Redemption Price*" means the redemption price set forth herein of the Bonds payable to a Bondholder in connection with a redemption in whole or in part of the Bonds prior to the maturity date thereof expressed as a percentage of the Bond Value of such Bonds, and accrued interest, if any, to the date of redemption.

"*Refunded Bonds*" means the specified maturities of the 2016A Bonds set forth in the Pricing Certificate to be current refunded, refinanced and paid pursuant to the Refunding Project.

"*Refunding Project*" means (a) the current refunding of the Refunded Bonds, (b) the acquisition of a reserve fund insurance policy to fund or otherwise funding a debt service reserve fund for the 2026 Bonds associated with the Refunding Project; and (c) the funding of the Expenses associated therewith. The Refunded Bonds shall be redeemed on the Closing Date or within 90 days following the Closing Date.

"*The Regents of the University of New Mexico*," "*the Regents*," "*the Board of Regents*" and "*the Board*" mean the body corporate in which is vested the management and control of the University pursuant to Section 21-7-3 NMSA 1978 as amended.

"*Related Documents*" means, collectively, the Purchase Contract, Tax Compliance Certificate, the Continuing Disclosure Undertaking, the Paying Agent Agreement, the Escrow Deposit Agreement, if any, and any and all other documents contemplated thereby or as required by the provider of the Parity Bonds Reserve Fund Surety Bond or any municipal bond insurer.

"*Renewal and Replacement Fund*" means "The Regents of the University of New Mexico System Renewal and Replacement Fund" continued by Section 5.01 of the Bond Resolution.

"*Reserve Requirement*" for (a) cash funded reserve accounts shall mean the average annual Debt Service on all Parity Bonds with cash funded reserve accounts as calculated from time to time or as to any particular issue of Parity Bonds, if less, the maximum amount of proceeds of such Parity Bonds permitted to be placed in a reserve fund by the Code or (b) for a reserve account funded with the purchase of a reserve fund surety bond, the least of the following with respect to the Parity Bonds for which the reserve fund surety is obtained (i) 10% of the proceeds (ii) the maximum annual debt service or (iii) 125% of the average annual debt service as permitted by the Code.

"*S&P*" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, and, if such entity no longer performs the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the University.

"*Series 2026 Rebate Fund*" means "The Regents of the University of New Mexico, System Refunding and Improvement Revenue Bonds, Series 2026 Rebate Fund" created by Section 5.01 of the Bond Resolution.

"*Special Record Date*" means a date established for payment of overdue interest on the Bonds by the Paying Agent pursuant to Section 3.01 of the Bond Resolution.

"*State*" means the State of New Mexico.

"*System*" means all housing facilities (student, faculty and other) and all other buildings, structures, improvements and facilities located on any campus of the University from the use and availability of which income or revenue (including in the term "income or revenue" the proceeds of student tuition and fees) is produced, present and future, owned or operated by the Regents or the University, including, without limitation, dormitories, student unions, auditoriums, dining halls, book stores, stadiums, golf courses, swimming pools, hospitals or infirmaries, printing plants owned or operated by the University, classroom buildings, administrative buildings, research facilities and development buildings; provided, that as additional housing and other facilities are acquired by the University from time to time hereafter, and as existing facilities in the System are improved or extended, such additional, improved or extended facilities shall become part of the System; provided further, that the Regents retain the right to acquire, construct or operate any one or more such facilities hereafter and to provide by resolution that any such facility so acquired, constructed or operated shall not become a part of the System, and such facilities so excepted shall not become a part of the System and the income and revenues derived therefrom shall not be part of the Pledged Revenues; and provided further, that the University of New Mexico Hospital now or hereafter owned, operated or leased by the University shall not be considered a part of the System for any purposes of the Bond Resolution.

"*Tax Compliance Certificate*" means the certificate bearing such name executed by an Authorized Officer and relating to the Bonds.

"*The University of New Mexico*" and "*University*" mean the state educational institution designated as the University of New Mexico at Albuquerque and so confirmed by Section 11 of Article XII of the New Mexico Constitution, as amended.

Funds and Accounts

In the Bond Resolution, the Regents continue the following special and separate funds which were created pursuant to prior bond resolution of the Regents:

(a) Pledged Revenues Fund;

(b) Renewal and Replacement Fund;

(c) Parity Bond Service Fund;

(d) Parity Bonds Reserve Fund; and

(e) Bond Purchase Fund.

In the Bond Resolution, the Regents establish the following special and separate funds and accounts:

(a) Within the Parity Bond Service Fund, the account known as the 2026 Interest Account, 2026 Principal Account, 2026 Redemption Account and 2026 Additional Payments Account;

(b) Within the Parity Bonds Reserve Fund, the Series 2026 Reserve Account;

(c) Series 2026 Acquisition Fund;

(d) Series 2026 Escrow Deposit Account;

(c) Series 2026 Issuance Expense Fund; and

(d) Series 2026 Rebate Fund.

Flow of Pledged Revenues

So long as any of the Bonds or any Parity Bonds are outstanding, either as to principal or interest, or both, the Regents shall cause the Pledged Revenues to be collected and deposited as received on a daily basis in the Pledged Revenues Fund and to make the payments from the Pledged Revenues Fund into the Renewal and Replacement Fund, the Parity Bond Service Fund and the Parity Bonds Reserve Fund and as otherwise required or permitted by the Bond Resolution.

As a first charge on the moneys deposited in the Pledged Revenues Fund, there shall be paid, from time to time, the Operating and Maintenance Expenses as they become due and payable. After the payment of the Operating and Maintenance Expenses of the System which are then due, the following payments shall be made from the Pledged Revenues Fund:

(a) ***Parity Bond Payments***. While any Parity Bonds, including the 2026 Bonds, are Outstanding, Pledged Revenues shall be deposited into the Parity Bond Service Fund and shall be used to pay the principal of and interest on Parity Bonds coming due in each Fiscal Year pursuant to the terms of the Bond Resolution and of the resolutions under which such Parity Bonds were issued.

(i) *Interest Account*. Prior to each Interest Payment Date, the amount necessary to pay the next maturing installment of interest on each series of Outstanding Parity Bonds and the Series 2026 Bonds shall be credited to the Interest Account for that series of bonds.

(ii) *Principal Account and Redemption Account*. Prior to each principal payment date, redemption date, or maturity date with respect to the Capital Appreciation Bonds, the amount necessary to pay the next regularly scheduled installment of principal, whether at maturity, prior redemption or on a mandatory sinking fund redemption date, on each series of Outstanding Parity Bonds shall be credited to the Principal Account or Redemption Account, as the case may be, for that series of Parity Bonds. Deposits to the Principal Accounts for the Parity Bonds of each series for the next installment of principal becoming due shall be made in substantially equal semiannual deposits commencing on May 20th or November

20th which is less than 7 months prior to the month in which the first installment of principal (or Maturity Amount with respect to the Capital Appreciation Bonds) on each series of Bonds is due. Deposits to the Redemption Accounts for the Bonds of each series shall be made in compliance with Section 3.03 of the Bond Resolution.

(iii) *Payments and Reimbursements to Facility Provider and Qualified Counterparty*. The following amounts required to be paid by the Regents shall be deposited in the Principal Account and Interest Account for the 2001 Bonds, for the 2002B Bonds and for the 2002C Bonds or other sinking fund which shall be a subaccount of such respective Principal Account or Interest Account, and paid from the Pledged Revenues with the same priority as other payments of Debt Service on Parity Bonds:

(A) on or prior to the date when due, amounts to pay or reimburse a Facility Provider (as such term is defined in the resolution for the 2001 Bonds, the resolution for the 2002B Bonds or the resolution for the 2002C Bonds) for payments of Debt Service (but not the Tender Price (as such term is defined in the resolution for the 2001 Bonds, the resolution for the 2002B Bonds or the resolution for the 2002C Bonds) made by that Facility Provider; and

(B) no later than the Business Day prior to the date when due, amounts that are payable to a Qualified Counterparty under a Qualified Exchange Agreement if such payments are designated in the resolution of the Regents relating to that Qualified Exchange Agreement as being secured by a lien on Pledged Revenues on a parity with the lien thereon securing Parity Bonds; the lien of exchange termination payments payable pursuant to a Qualified Exchange Agreement on Pledged Revenues shall be subordinate to the lien of Parity Bonds on Pledged Revenues.

(iv) *Transfer of Money*. Each payment of principal and interest coming due on the Bonds shall be transferred from the applicable sinking fund account or subaccount by the Paying Agent and payment obligations shall be made directly to the Qualified Counterparty or Facility Provider entitled to receive payments of Parity Bonds, on or before the due date of such payment.

(v) *Parity Bonds Reserve Fund*. After and subject to the payments required by subparagraphs (i), (ii) and (iii) above, and except as provided in this subparagraph (v) and subparagraph (vi) hereof, any money required to be credited or transferred from the Pledged Revenues Fund to the Series 2001 Reserve Account, Series 2002B Reserve Account, Series 2002C Reserve Account, Series 2014B Reserve Account, Series 2014C Reserve Account, Series 2016A Reserve Account, Series 2017 Reserve Account, Series 2019 Reserve Account, Series 2021 Reserve Account, Series 2023 Reserve Account, or Series 2026 Reserve Account of the Parity Bonds Reserve Fund shall be so deposited or credited.

The Reserve Requirement for a series of Parity Bonds may be satisfied by a deposit of a Parity Bonds Reserve Fund Surety Bond in the Parity Bonds Reserve Fund or the deposit of bond proceeds or Pledged Revenues in the Parity Bonds Reserve Fund. Commencing upon the date of delivery of the Bonds, the Regents shall deposit or cause to be deposited Bond proceeds or other funds in the Parity Bonds Reserve Fund to satisfy the Reserve Requirement. Any form of such deposit may be exchanged for any other permitted form of deposit of an equivalent amount; provided, however, (A) if the Regents desire to substitute a Parity Bonds Reserve Fund Surety Bond for a reserve account initially funded with cash, it must obtain a policy covering all of the common cash reserve accounts for the Parity Bonds with cash funded reserves to draw on the Parity Bonds Reserve Fund Surety Bond; (B) that the Parity Bonds Reserve Fund Surety Bond policy shall be written by an entity experienced in insuring municipal bonds whose policies of insurance would not in and of itself adversely affect the rating on Parity Bonds by Moody's or by S&P in effect at the time such policy is initially deposited in or credited to the reserve account of the applicable Parity Bonds; (C) that prior to the expiration of a Parity Bonds Reserve Fund Surety Bond in any account, another Parity Bonds Reserve Fund Surety Bond of equivalent credit quality is provided, and, if such replacement Parity Bonds Reserve Fund Surety Bond is unavailable, the Reserve Requirement will be funded on a scheduled basis or at one time prior to the expiration of the existing Parity Bonds Reserve Fund Surety Bond; (D) if the terms of a Parity Bonds Reserve Fund Surety Bond prohibit replenishment after draw-down, the Regents shall provide an additional Parity Bonds Reserve Fund Surety Bond or sufficient funds to ensure satisfaction of the Reserve Requirement; and (E) if a Parity Bonds Reserve Fund Surety Bond permits premature termination without payment, the conditions for such premature termination will be limited to a default on any Parity Bonds.

If the full amount necessary to pay the Debt Service on a series of Parity Bonds is not on deposit in the related Interest Account or Principal Account, when due, the amount necessary to pay the deficiency shall be transferred to that Principal Account or Interest Account (a) from money on deposit in the Parity Bonds Reserve Fund, if the Reserve Requirement for the Parity Bonds with the deficiency was funded or satisfied with moneys or investments on deposit or credited to the Parity Bonds Reserve Fund, or (b) from a draw on the respective Parity Bonds Reserve Fund Surety Bond if the Reserve Requirement for the Parity Bonds with the deficiency was funded with the purchase of a Parity Bonds Reserve Fund Surety Bond. Deficiencies in the Interest Accounts or Principal Accounts for Parity Bonds with reserve accounts funded with the purchase of a Parity Bonds Reserve Fund Surety Bond can only be satisfied with draws on the respective Reserve Fund Surety Bonds and not from moneys or investments on deposit in the Parity Bonds Reserve Fund. The amount transferred from the Parity Bonds Reserve Fund and amounts required to be reimbursed on a Parity Bonds Reserve Fund Surety Bond to pay Debt Service on the Parity Bonds shall be reimbursed on a pro-rata basis to the Parity Bonds Reserve Fund and the provider of a Parity Bonds Reserve Fund Surety Bond from the first amounts available therefor in the Pledged Revenues Fund no later than

the end of the next full Fiscal Year or such other period of time as set forth in the Regents resolution authorizing the issuance of the applicable Parity Bonds.

The amount of money and, to the extent the coverage of such surety bond will permit, the proceeds of any Parity Bonds Reserve Fund Surety Bond on deposit in the Series 2001, Series 2002B, Series 2002C, Series 2016A, Series 2017, Series 2019, Series 2021, Series 2023 or Series 2026 Reserve Account shall be used first to pay any deficiency in the amount available to pay Debt Service on the 2001 Bonds, 2002B Bonds, 2002C Bonds, Series 2016A Bonds, Series 2017 Bonds, Series 2019 Bonds, Series 2021 Bonds, Series 2023 Bonds, Series 2026 Bonds, respectively, as the case may be, and second, to pay any deficiency in the amount available to pay amounts owing under the applicable Qualified Exchange Agreement; provided, however, that the use of such moneys or proceeds of a Parity Bonds Reserve Fund Surety Bond to pay amounts owing under the applicable Qualified Exchange Agreement shall only be made with the Insurer's consent so long as the Insurer is rated "A" or above by S&P and Moody's

(vi) Termination Upon Deposits to Maturity. No payment need be made into the Parity Bond Service Fund if all proceeds paid under a Parity Bonds Reserve Fund Surety Bond have been reimbursed and the amounts in the Parity Bond Service Fund, together with moneys on deposit in the Parity Bonds Reserve Fund, total a sum at least equal to the entire amount of principal and interest due on the Outstanding Parity Bonds to their respective maturities, both accrued and not accrued. In such case, moneys in the Parity Bond Service Fund and Parity Bonds Reserve Fund shall be used solely to pay such principal and interest as the same shall become due, and any moneys in excess thereof in such Funds and any other Pledged Revenues may be used as provided below in this Section.

(vii) Payment of Certain Interest, Fees and Expenses; Additional Payments Account. Any balance of Pledged Revenues after making the payments hereinabove provided shall be used by the Regents for payment to the provider of a Parity Bonds Reserve Fund Surety Bond under a Parity Bonds Reserve Fund Surety Bond of all unpaid moneys owed by the Regents to such provider of a arity Bonds Reserve Fund Surety Bond including interest on the amount of the proceeds paid with respect to Parity Bonds pursuant to any such Parity Bonds Reserve Fund Surety Bond and expenses of such provider of a Parity Bonds Reserve Fund Surety Bond. The amount of insurance proceeds used to pay principal and interest on the Bonds pursuant to a Parity Bonds Reserve Fund Surety Bond shall be payable in the manner and with the priority set forth in this Section.

After making or crediting the payments required by the foregoing subparagraphs of this paragraph (b), amounts on deposit in the Pledged Revenues Fund shall be used as necessary to pay, first, all amounts, including payments owed to any Facility Provider for a series of Parity Bonds or relating to a Qualified Exchange Agreement which are not payable pursuant to the terms of any preceding paragraph of this Section and second, expenses, fees, rebate payments and the tender price of Parity Bonds purchased by the

Regents. Pledged Revenues used to pay amounts pursuant to this paragraph shall be deposited by the Regents into the Additional Payments Account on or before the due date thereof.

(b) ***Renewal and Replacement Fund***. The Regents are current in making the required semiannual deposits of $50,000 into the Renewal and Replacement Fund as required by the resolutions authorizing the Parity Bonds presently outstanding on the date of adoption of this Bond Resolution. Therefore no funds need be deposited therein upon issuance of the Bonds. After making the payments required by subparagraph (a) of this Section, there shall be accumulated in the Renewal and Replacement Fund the greater of (i) $10,000,000 or (ii) four percent (4%) of the original cost of the buildings, equipment, and furnishings constituting the System as determined at the end of each Fiscal Year (the "Renewal and Replacement Requirement"). On or before the end of each Fiscal Year, the Executive Vice-President for Finance and Administration of the University, or his or her successor in function, shall file with the Fiscal Agent a certificate setting forth the original cost of all buildings, equipment and furnishings added to the System in the preceding Fiscal Year, the original cost of all additions and extensions added to buildings, equipment, or furnishings which are a part of the System and the original cost of any buildings, equipment, or furnishings which were removed from the System during such preceding Fiscal Year, together with the resulting original cost of the buildings, equipment and furnishings constituting the System as of the end of such preceding Fiscal Year. If the amount on deposit in the Renewal and Replacement Fund is, at any time, less than the Renewal and Replacement Requirement, payments shall be made from Pledged Revenues, but after and subject to the payments required in provisions contained in subparagraph a of this Section, in semiannual installments on or before each May 20 and November 20 on which there is a deficiency, in amounts not less than $50,000. Moneys on deposit in the Renewal and Replacement Fund shall be first used to pay currently maturing installments of principal of and interest on Parity Bonds for the payment of which there is insufficient money in the Parity Bond Service Fund and Parity Bonds Reserve Fund (including any surety bond coverage) and, second, shall be used or reserved at the request of the Regents for the purpose of making improvements, extensions, repairs and replacements to the facilities of the University constituting the System.

(c) **Use of Surplus Pledged Revenues**. After making the payments described above, the remaining Pledged Revenues, if any, may be applied as determined by the Regents to any other lawful purpose or purposes authorized by the Constitution and laws of the State as the Regents may direct.

General Administration of Funds

The funds and accounts designated in the Bond Resolution shall be administered as follows:

(a) Investment of Money. Money in the Pledged Revenues Fund may be invested in any manner allowed for money of the University or the Regents by the laws of the State and money in the Parity Bond Service Fund, Parity Bonds Reserve Fund, Issuance

Expense Fund and Rebate Fund may be invested in Eligible Investments, maturing prior to the date on which the money so invested will be needed for the payment of principal of or interest on Parity Bonds, for the payment of Expenses or for rebate to the government of the United States of America as applicable. Money in the Renewal and Replacement Fund may be invested in such Eligible Investments as may hereafter be permitted by the laws of the State and with the advice and consent of the State Board of Finance if required by State law. The obligations so purchased as an investment of moneys in any such Fund shall be deemed at all times to be part of such Fund, and the interest accruing thereon and any profit realized therefrom shall be credited to such Fund (subject to withdrawal and use at any time as permitted by Section 5.04 of the Bond Resolution, as applicable), and any loss resulting from such investment shall be charged to the Fund. Any obligations so purchased as an investment of moneys in any Fund shall be presented for redemption or sale on the prevailing market whenever it shall be necessary to do so in order to provide moneys to meet any payment or transfer from such Fund.

(b) Deposits of Funds. The moneys and investments comprising the funds designated in the Bond Resolution shall be maintained and kept in an Insured Bank or Banks. Each payment shall be made into and credited to the proper fund at the designated time, except that when the designated time shall be a Saturday, a Sunday or a legal holiday, then such payment shall be made on the next succeeding business day. Nothing herein shall prevent the establishment of one or more such accounts in Insured Banks for all of the funds and accounts in Sections 5.01, 5.02, 5.03, and 5.04 of the Bond Resolution or shall prevent the combination of such funds with any other Insured Bank account or accounts for other funds and accounts of the Regents; provided that the Rebate Fund (to be created only if any portion of the Bonds is issued as federally tax-exempt under the Code) shall not be combined with any other fund or account. The moneys in funds which are not invested shall be secured at all times in a manner required by the laws of the State for the securing of public moneys. The Fiscal Agent shall make such credit arrangements with any other bank or banks at which the Bonds are payable as will assure prompt payment of the principal of, premium, if any, and interest on the Bonds as set forth in the Bond Resolution.

Lien on Pledged Revenues; Equality of Bonds

(a) Lien on Pledged Revenues. The Bonds, together with all other Outstanding Parity Bonds are secured by an irrevocable first lien (but not necessarily an exclusive first lien) on the Pledged Revenues after payment of Operating and Maintenance Expenses of the System. The Regents hereby pledge and grant to the owners of the Bonds a security interest in the Pledged Revenues and in the moneys and securities on deposit in the Parity Bond Service Fund, the Parity Bonds Reserve Fund and the Renewal and Replacement Fund for the payment of the principal of, premium, if any, and interest on the Bonds. The Regents hereby pledge and grant to any provider of a Parity Bonds Reserve Fund Surety Bond a security interest, subordinate to the security interest to the owners of Bonds stated above, in the Pledged Revenues and in the money and securities on deposit in the Parity Bonds Reserve Fund for the repayments of amounts owed to any provider of a Parity Bonds Reserve Fund Surety Bond. The pledges made pursuant to this Section are subject to the

uses of the moneys in such Funds permitted by Section 5.03 of the Bond Resolution and shall have the priority set forth in Section 5.03 of the Bond Resolution. The Bonds from time to time Outstanding shall not be entitled to any priority one over the other in the application of the Pledged Revenues, regardless of the time or times of their issuance.

(b) Other Related Documents. Payments under any other Related Documents are secured by an irrevocable, first lien (but not an exclusive first lien) on the Pledged Revenues after payment of Operating and Maintenance Expenses, and the Regents grant to the parties entitled to payments thereunder a security interest in, the Pledged Revenues for those payments. The priority of the payments on Pledged Revenues referred to in this paragraph (b) shall be as set forth in Section 5.03 of the Bond Resolution.

Parity Bonds

(a) Limitations Upon Issuance of Parity Bonds. Nothing in the Bond Resolution shall be construed in such a manner as to prevent the issuance by the Regents of Parity Bonds payable from the Pledged Revenues and constituting a lien upon the Pledged Revenues on a parity with the lien of the Bonds, nor to prevent the issuance of bonds or other obligations refunding all or a part of the Bonds. Before any such additional Parity Bonds are issued (excluding refunding bonds or refunding obligations which refund Parity Bonds) all of the following conditions shall be met:

(1) the Pledged Revenues received by the University in each of the two completed Fiscal Years immediately preceding the issuance of the additional bonds must be at least 200% of the highest Debt Service requirement for any succeeding Fiscal Year measured from the date of computation on all Outstanding Parity Bonds, but excluding the bonds proposed to be issued. A written certification, opinion, verification or other determination by the Executive Vice President for Finance and Administration of the University, or his or her successor in function, that the annual Pledged Revenues for such preceding Fiscal Years are at least equal to such amounts and the determinations of such amounts shall be conclusively presumed to be accurate in determining the right of the University to authorize, issue, sell and deliver the additional Parity Bonds; and

(2) the Pledged Revenues received by the University in each of the two completed Fiscal Years immediately preceding the issuance of the additional bonds must be at least 175% of the highest Debt Service requirement for any succeeding Fiscal Year measured from the date of computation on all Outstanding Parity Bonds and on the issue of bonds then proposed to be issued. A written certification, opinion, verification or other determination by the Executive Vice President for Finance and Administration of the University, or his or her successor in function, that the annual Pledged Revenues for such preceding Fiscal Years are at least equal to such amounts and the determinations of such amounts shall be conclusively presumed to be accurate in determining the right of the University to authorize, issue, sell and deliver the additional

Parity Bonds. The Executive Vice President for Finance and Administration of the University, or his or her successor in function, may take into account the adjustments hereafter provided in this subparagraph (ii). If the proceedings authorizing the additional bonds pledge and provide for payment into the applicable Bond Service Fund of income or revenues in addition to the Pledged Revenues, the amount received from such additional pledged source of income or revenue by the University for payment into the applicable Bond Service Fund in each of the two completed Fiscal Years immediately preceding the issuance of the additional bonds may be taken into consideration and added to the Pledged Revenues received in each such Fiscal Year for purposes of the computation required to be made under the provisions of this subparagraph (ii). There shall also be taken into consideration and added to the Pledged Revenues received in each such completed Fiscal Year for the purposes of such computation the smallest amount of gross income or revenues estimated by the Executive Vice President for Finance and Administration of the University, or his or her successor in function, to be produced in any future Fiscal Year from the operation of the additional facilities to be acquired with the proceeds of the additional bonds, which estimate in the case of housing facilities shall be based on a presumed eighty percent (80%) occupancy of such facilities at rentals equivalent to those charged by the University for similar facilities during the Fiscal Year immediately preceding the issuance of the additional bonds. If in the proceedings authorizing the additional bonds there is an agreement or covenant to increase student fees included as part of the Pledged Revenues beyond the amount imposed during each of the two preceding Fiscal Years, the additional income or revenues which would have been received in such preceding Fiscal Years if the increased fees had been in effect may also be taken into consideration and added to the Pledged Revenues received in each such Fiscal Year for the purposes of such computation. Such estimate shall be made by the Executive Vice President for Finance and Administration of the University, or his or her successor in function, and shall be predicated on the number of students actually paying the increased fees in such Fiscal Year; and

(3) payments into the respective Parity Bond Service Funds and the Parity Bonds Reserve Fund required by Section 5.03 shall be current.

(4) so long as the 2001 Bonds, the 2002B Bonds, and the 2002C Bonds are outstanding, if, after delivery of the Parity Bonds, the Reserve Requirement for any succeeding Fiscal Year on all Parity Bonds then Outstanding with a cash funded Reserve Requirement and the Parity Bonds proposed to be issued will be in excess of the money or investments on deposit in the Parity Bonds Reserve Fund, the proceedings authorizing the issuance of the Parity Bonds must provide for the deposit in the Parity Bonds Reserve Fund, of 75% of the additional Reserve Requirement at or prior to issuance of the Parity Bonds and within two years after the delivery of the Parity Bonds, through approximately equal semiannual payments into the Parity Bonds Reserve Fund, of that amount which, together with the moneys and investments then on deposit in the Parity

Bonds Reserve Fund will equal the Reserve Requirement. The Regents may choose to purchase a Reserve Fund Surety Bond for the proposed Parity Bonds in lieu of making cash deposits in the Parity Bonds Reserve Fund; and

(5) if there is a Parity Bonds Reserve Fund Surety Bond still in effect, the Executive Vice President for Finance and Administration of the University, or his or her successor in function, on behalf of the Regents shall certify to the provider of the Parity Bonds Reserve Fund Surety Bond that the conditions in subparagraphs (i) through (iv) of this Section have been satisfied; and

(6) after the 2001 Bonds, the 2002B Bonds, and the 2002C Bonds have been paid in full, defeased or are no longer Outstanding, the Subsections (iv) and (v) above shall no longer apply, and the Regents will not be required to fund a reserve account for the proposed Parity Bonds.

(7) In making the computations required by subparagraphs (i) and (ii) of this Section to determine if Parity Bonds may be issued (A) Parity Bonds which bear a variable or fluctuating interest rate (including any Parity Bonds proposed to be issued) shall be deemed to bear the average interest rate borne by outstanding Parity Bonds which bear a variable or fluctuating interest rate during the immediately preceding Fiscal Year, and (B) the variable interest rate used to determine the net payments under any Qualified Exchange Agreement shall be deemed to be the rate referred to in clause (A) above. For purposes of this subparagraph (vii), in the event that there are no outstanding Parity Bonds which bear a variable rate, the rate in clauses (A) and (B) above shall be the average interest rate that Parity Bonds would have borne during the immediately preceding Fiscal Year in the opinion of the Executive Vice President for Finance and Administration of the University, or his or her successor in function.

(b) *Junior Lien Obligations Permitted; Certain Obligations Prohibited.* Nothing herein contained shall be construed to prevent the Regents from issuing obligations with a lien junior and subordinate to the lien on Pledged Revenues of Parity Bonds. The Regents shall not be permitted to issue obligations with a lien prior and superior to the lien on Pledged Revenues of Parity Bonds.

Refunding Bonds

The provisions of the heading "Parity Bonds" above are subject to these exceptions:

(a) Issuance of Refunding Obligations. If at any time the Regents shall find it desirable to refund Parity Bonds or other obligations payable from and constituting a lien upon Pledged Revenues, the Parity Bonds or other obligations, or any part thereof, may be refunded (but only with the consent of the owner or owners thereof, unless the Parity Bonds or other obligations, at the time or times of their required surrender for payment shall then mature, or shall then be callable for prior redemption at the Regents option upon proper call), regardless of whether the priority of the lien for the payment of the refunding

obligations on the Pledged Revenues is changed, except as provided in paragraphs (b) and (c) of this Section.

(b) Limitations Upon Issuance of Subordinate Lien Parity Refunding Obligations. No refunding bonds or other refunding obligations payable from Pledged Revenues shall be issued on a parity with the Bonds unless:

(1) the outstanding obligations so refunded are Subordinate Lien Parity Bonds and the refunding bonds or other refunding obligations do not increase annual principal and interest obligations evidenced by such refunded obligations, or

(2) the refunding bonds or other refunding obligations are issued in compliance with the requirements set forth under the "Parity Bonds" section above.

(c) Refunding Part of an Issue. The refunding bonds or other refunding obligations issued shall enjoy complete equality of lien on the Pledged Revenues with the portion of any bonds or other obligations of the same issue which are not refunded, if any; and the owner or owners of such refunding bonds or other refunding obligations shall be subrogated to all of the rights and privileges enjoyed by the owner or owners of the same issue refunded thereby.

(d) Limitations Upon Issuance of Any Refunding Obligations. Any refunding bonds or other refunding obligations payable from Pledged Revenues shall be issued with such terms, conditions, and details as the Regents may by resolution provide, subject to the inclusion of any such rights and privileges designated in paragraph (c) above but without impairment of any contractual obligation imposed upon the Regents by any proceedings authorizing the issuance of any unrefunded portion of such outstanding obligations of any one or more issues (including but not necessarily limited to the Bonds). If only a part of the outstanding bonds and any other outstanding obligations of any issue or issues payable from the Pledged Revenues is refunded, then such obligations may not be refunded without the consent of the owner or owners of the unrefunded portion of such obligations, unless:

(1) the refunding bonds or other refunding obligations do not increase any aggregate annual principal and interest requirements for any Fiscal Year evidenced by such refunded obligations and by the then outstanding obligations not refunded; or

(2) the refunding bonds or other refunding obligations are issued in compliance with the requirements set forth under the heading "Parity Bonds" above.

(e) Treatment of Variable Rate Subordinate Lien Parity Bonds. In determining the annual interest obligation under paragraph (b)(i) or (d)(i) of this Section, Parity Bonds which bear a variable or fluctuating interest rate (including any bonds proposed to be issued to refund such bonds) shall be treated as provided in Section 6.02(a)(vi) of the Bond Resolution.

Protective Covenants

Bond Resolution to Constitute Contract

In consideration of the purchase and acceptance of any or all of the Bonds by those who will own the same from time to time, the provisions of the Bond Resolution shall be part of the contract between the Regents and the owners from time to time of the Bonds, to the effect and with the purpose set forth in the following paragraphs (subject in all cases to the limitations, if any, imposed by the constitution and laws of the State).

Use of Series 2026 Bond Proceeds

The Regents will proceed without delay to apply the proceeds of the Series 2026 Bonds for the Improvement Project as set forth in Section 5.02 of the Bond Resolution.

Operation and Repair of System; Disposition of Facilities

The Regents will at all times keep the System in operation while the University is in session, and will at all times keep the System in reasonable repair and efficient operating condition. This covenant shall not be construed to prevent the Regents from permanently abandoning the use of or selling at fair market value any of the facilities comprising the System, provided that:

(a) the Regents are in substantial compliance with all covenants and undertakings contained in the resolutions of the Regents with respect to all the Parity Bonds then Outstanding;

(b) the Regents will apply all proceeds from such sale to either (i) redemption of Outstanding Parity Bonds in accordance with the provisions governing repayment or redemption of Parity Bonds in advance of maturity, (ii) replacement of the facility disposed of by another facility which shall be incorporated as part of the System, or (iii) depositing such proceeds in the Parity Bond Service Fund for payment of the next ensuing payments of principal of, premium, if any, and interest on the Parity Bonds; and

(c) the Executive Vice President for Finance and Administration of the University, or his or her successor in function, certifies prior to disposition, either (i) that the facility to be abandoned or sold is no longer economically capable of producing Pledged Revenues sufficient to make retention of the facility economically feasible, or (ii) that (A) the estimated Pledged Revenues of the System to be received in the next succeeding Fiscal Year after taking into account such abandonment or sale, together with any other funds herein pledged as security for the Parity Bonds, plus any additional gross Pledged Revenues, if any, will be sufficient to meet all principal, interest and Parity Bonds Reserve Fund payments required to be made under the provisions of the resolutions authorizing the issuance of Outstanding Parity Bonds and (B) the Pledged Revenues as received by the University in each of the two completed Fiscal Years immediately preceding the abandonment or sale of such facilities from sources other than appropriations, if any, from the State Legislature were equal to one hundred seventy-five percent (175%) of the highest Debt Service requirement for any succeeding Fiscal Year on all Outstanding Parity Bonds.

Rates and Charges

The Regents will at all times impose and collect rates and charges for the use of all buildings and facilities comprising the System and for all commodities and services sold or supplied therein or furnished thereby, and will impose and collect such student tuition and fees for the use and availability of the System, as will be fully sufficient, together with the other income and revenues of the University received from sources other than (a) sources excluded from the System, (b) the proceeds of ad valorem taxation, (c) appropriations from the State, or (d) the proceeds of any University contracts and grants, whether from or with public, private or governmental sources, which are restricted as to use, to permit the performance of all the covenants in and requirements of the Bond Resolution, including the prompt payments required by Section 5.03 to be made into the respective Parity Bond Service Funds, the Parity Bonds Reserve Fund, the Renewal and Replacement Fund, the required reimbursements of proceeds of any Parity Bonds Reserve Fund Surety Bond, payment of amounts owed to any provider of a Parity Bonds Reserve Fund Surety Bond, payments of amounts owed to a Qualified Swap Provider, other payments required under the Related Documents and the payment of the reasonable and necessary cost of efficiently maintaining and operating the buildings, structures, improvements and facilities comprising the System.

Insurance

The Regents will keep the System, including its furniture and equipment, insured against fire and other hazards in amounts at least sufficient to provide for not less than full recovery whenever the loss from perils insured against, does not exceed ninety percent (90%) of the full insurable value of the System, including its furniture and equipment. In case of loss, the proceeds of such insurance may in the discretion of the Regents be (a) applied to the repair or restoration of the damaged building or facility and the contents thereof to their former condition, or in such other manner as will make said building or facility tenantable or usable, provided, however, that if funds received from insurance policies shall be insufficient to make any building or facility suffering such loss tenantable or usable, then the Regents may supplement the insurance proceeds from revenues not required to be paid into the bond service funds so as to make the insurance proceeds sufficient for their required use; (b) applied to the replacement of the damaged building or facility by another facility which shall be included as part of the System; or (c) deposited into the respective bond service funds for the redemption or other payment of Parity Bonds if the Regents determine to abandon the damaged building or facility.

Books and Records

The University will maintain and keep proper books of record and account in which shall be made full and correct entries of the receipt of all Pledged Revenues, of all payments made into the respective Parity Bond Service Funds, the Parity Bonds Reserve Fund, and the Renewal and Replacement Fund and of all payments disbursed therefrom. Such books of record and account shall be audited annually by a state auditing official or by a certified public accountant or firm of such accountants in the same manner as are the other records of the University, and as promptly as possible after the making of each such annual audit, the Regents will cause copies of the portion of its general audit which covers the above matters to be delivered to the Fiscal Agent and to the

owners of any of the Bonds who may have so requested in writing. The books of record and account and the general audit of the University shall be open to examination at all reasonable times by the Fiscal Agent and by the owners of any of the Bonds to the extent permitted by law.

Additional Liens

The Regents will issue no other bonds or obligations of any kind or nature in the future other than the Bonds payable from or enjoying a lien on the Pledged Revenues or having a lien on the Pledged Revenues except as provided in Sections 6.02 and 6.03 of the Bond Resolution.

Fiduciary Charges

All charges made by the Paying Agent/Registrar or Fiscal Agent will be paid by the University and shall not be payable by the owner of any Bond. The previous sentence shall not apply to transfer fees which may be imposed by the Paying Agent/Registrar.

Debt Service Grants

Pursuant to the provisions of Section 6-17-14 NMSA 1978 and in order to reduce the debt service on bonds to which Debt Service Grants are applicable and thereby relieve students and other users of the System from the obligation of paying rates, fees and charges represented by the amount of the debt service on bonds attributable to Debt Service Grants, the Regents may enter into grants or other agreements with the United States of America or any of its agencies or any other governmental entity for the payment of Debt Service Grants or interest subsidies and such Grants and interest subsidies will, as received, be deposited into the Parity Bond Service Fund; provided, however, the Regents will not violate the provisions of Section 7.10 of the Bond Resolution or any Debt Service Grant agreement, including the terms and conditions and special conditions, if any, attached thereto. Annually or semiannually, as applicable, following the date of the initial occupancy of a project acquired with the proceeds of bonds as to which there is such a Debt Service Grant, the Executive Vice President for Finance and Administration of the University, or his or her successor in function, will file with the designated authority of the United States of America a requisition, in form satisfactory to the government, for the next annual or semiannual payment of such Debt Service Grant, together with all necessary recitals.

Tax Covenant

The Bonds, or any portion thereof, may be issued as federally tax-exempt or taxable as determined in the Pricing Certificate. If any portion of the Bonds are issued as federally tax-exempt bonds under the Code, the Regents and the University covenant for the benefit of the owners of the tax-exempt Series 2026 Bonds that they will not take any action or omit to take any action with respect to the tax-exempt Series 2026 Bonds intended to be tax-exempt under the Code, the proceeds thereof, any other funds of the Regents and the University or any facilities financed or refinanced with the proceeds of such Bonds if such action or omission (a) would cause the interest on such tax-exempt Series 2026 Bonds or any other tax-exempt obligations of the Regents to lose their exclusion from gross income for federal income tax purposes under Section 103 of the Code; (b) would cause interest on such tax-exempt Series 2026 Bonds or any other tax-exempt obligations of the Regents to be treated as a specific preference item for purposes of the federal

alternative minimum taxable imposed on individuals (for tax years beginning after December 31, 2022, interest on the tax exempt Series 2026 Bonds may affect the federal alternative minimum tax imposed on certain corporations); (c) would cause such tax-exempt Series 2026 Bonds or any other tax-exempt obligations of the Regents to become "arbitrage bonds" within the meaning of Section 148 of the Code or would otherwise subject the Regents or the University to any penalties under Section 148 of the Code; or (d) would cause interest on such tax-exempt Series 2026 Bonds, or any other tax-exempt obligations of the Regents to lose their exclusion from state taxes under present State law. In addition, the Regents covenant to comply with all information-reporting requirements applicable to such tax-exempt Series 2026 Bonds pursuant to Section 149(e) of the Code and the regulations promulgated thereunder. The Regents agree to establish and maintain the Rebate Fund pursuant to the provisions of the Tax Compliance Certificate. The foregoing covenants shall remain in full force and effect notwithstanding the payment in full or defeasance of such tax-exempt Series 2026 Bonds until the date on which all obligations of the Regents and the University in fulfilling the above covenant under the Code have been met.

Undertaking to Provide Ongoing Disclosure

The Regents shall enter into a written undertaking for the Benefit of the registered owners of the Bonds required by Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, § 240. 15c2-12) (the "Rule") to provide continuing disclosure.

Events of Default

Each of the following events is an "event of default" under the Bond Resolution:

(a) Nonpayment. The failure to make any payment of principal of, premium, if any, or interest on any Parity Bond on the date the same becomes due and payable.

(b) Default of Any Provision. Default in the due and punctual observance or performance of any of the covenants, conditions and agreements on the part of the Regents in the Parity Bonds or in the Bond Resolution, other than as specified in paragraph (a) of this Section, and failure to remedy such default for a period of sixty (60) days after written notice thereof specifying such failure and requiring the same to be remedied shall have been given to the Regents by the owners of not less than twenty-five percent (25%) in aggregate principal amount of the Parity Bonds at the time Outstanding.

(c) Bankruptcy. The Regents shall file a petition seeking relief or a petition shall be filed against the Regents seeking relief, which shall not be stayed or dismissed within sixty (60) days, under any bankruptcy law or similar law for relief of debtors.

(d) Failure to Maintain Reserve Requirement. The Regents shall fail to maintain the Reserve Requirement after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Regents by a Parity Bonds Reserve Fund Surety Bond Provider and the Regents shall not have taken action to correct such failure within sixty (60) days from the receipt of such notice.

Rights and Remedies of Bondowners

Upon the occurrence of any event of default, the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Parity Bonds then Outstanding, including a trustee or trustees for the owners of Parity Bonds, shall, in addition to all other remedies and rights of Owners of any of the Parity Bonds, have the right and power for the equal benefit and protection of all Owners of the Parity Bonds similarly situated, by suit, action, mandamus or proceeding, at law or in equity, to protect, enforce and compel performance by the Regents and any of the officers, agents and employees of the Regents, to perform and carry out its and their duties and obligations under the Bond Resolution or the law pursuant to which the Parity Bonds have been issued, including, but not limited to the appointment of a receiver for the collection and disbursement of the Pledged Revenues as described in Section 5.03 of the Bond Resolution, or to enforce the covenants and agreements of the Regents with the Owners of the Parity Bonds. Nothing in this Section shall be construed to authorize any action by or on behalf of such owners which is contrary to any presently existing law, nor to require the Regents to perform any act or to do anything which shall require the expenditure in any manner or for any purpose of any funds by the Regents other than the Pledged Revenues.

Defeasance of Bonds

When all principal, interest, and prior redemption premiums, if any, in connection with the Bonds have been duly paid, the pledge and lien and all obligations hereunder shall thereby be discharged and the Bonds shall no longer be deemed to be Outstanding within the meaning of the Bond Resolution. There shall be deemed to be such payment as to the Bonds when the Regents have caused to be placed in escrow and in trust with a bank doing business in the State which is a member of the Federal Deposit Insurance Corporation (or any successor federal agency) and exercising trust powers, an amount sufficient (including the known minimum yield from Federal Securities in which such amount may be initially invested) to meet all requirements of principal, interest and prior redemption premium, if any, on such Bonds as the same become due to maturity or upon any designated prior redemption date or dates. The Federal Securities shall become due at or prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the Regents and such bank at the time of the creation of the escrow, or the Federal Securities shall be subject to the redemption at the option of the owners thereof to assure such availability as needed to meet such schedule. If any such Bond is to be redeemed prior to maturity, notice of redemption shall have been given or arrangements satisfactory to the Paying Agent/Registrar shall have been made for the giving of such notice. No Bonds may be refunded unless they mature or are callable for prior redemption under their terms within 15 years, or such longer period as may then be allowed by the laws of the State, from the date of issuance of the refunding bonds or unless the owners thereof voluntarily surrender them for exchange or payment.

Limitations upon Amendments

This Bond Resolution, as supplemented by the Pricing Certificate, may be amended without the consent of the owners of Parity Bonds or the provider of a Parity Bonds Reserve Fund Surety Bond to cure any ambiguity, or to cure, correct, or supplement any defect or inconsistent

provision contained herein or, if applicable, to preserve the exclusion of interest on any Parity Bonds from gross income for federal income tax purposes, or to comply with securities laws, or to make any changes that, in the judgment of the Regents, in reliance upon an opinion of nationally recognized bond counsel, does not have a material adverse affect on the rights of the owners of Parity Bonds. Except as provided above, the Bond Resolution, as supplemented by the Pricing Certificate, may only be amended or supplemented by resolutions adopted by the Regents in accordance with the laws of the State, with the written consent of the provider of a Parity Bonds Reserve Fund Surety Bond while such Parity Bonds Reserve Fund Surety Bond is in effect and the provider of a Parity Bonds Reserve Fund Surety Bond is not in default thereunder and with the consent of the owners of sixty percent (60%) of all Parity Bonds then outstanding or in the event that any such amendment affects less than all of the Parity Bonds outstanding, of the owners of sixty percent (60%) of just the affected Parity Bonds then outstanding, not including in any case any Parity Bonds which may then be held or owned for the account of the Regents, but including such refunding bonds as may be issued for the purpose of refunding any of the Parity Bonds if such refunding bonds are not owned by the Regents; provided, however, that, unless the requirements listed above are met and the consent of the owners of one hundred percent (100%) of all Parity Bonds then outstanding is obtained, no such resolutions shall have the effect of permitting:

(a) an extension of the maturity of any Parity Bond; or

(b) a reduction in the principal amount of any Parity Bond, the rate of interest thereon, or the redemption premium payable thereon; or

(c) a reduction of the principal amount of Parity Bonds required for consent to such amendatory or supplemental resolution; or

(d) the establishment of priorities as between all Outstanding Parity Bonds issued and outstanding under the provisions of the Bond Resolution; or

(e) the modification of, or otherwise affecting, the rights of the owners of less than all of the Parity Bonds then outstanding (other than as originally permitted hereby); or

(f) the modification of the terms of payment of principal of or interest on the Parity Bonds or the imposition of any conditions with respect to such payment.

Bond Resolution Irrepealable

Except with respect to amendments as provided in Section 10.01 of the Bond Resolution, after any of the Bonds are issued the Bond Resolution shall be and remain irrepealable until the Bonds, the interest thereon and amounts due to the provider of a Parity Bonds Reserve Fund Surety Bond shall be fully paid, canceled and discharged, as herein provided, or there has been defeasance as herein provided.

APPENDIX D

FORM OF BOND COUNSEL OPINION

_____, 2026

The Regents of the University
of New Mexico
Albuquerque, New Mexico

Ladies and Gentlemen:

We have acted as bond counsel to the Board of Regents (the "Regents") of the University of New Mexico (the "University") in connection with the issuance of its $_____ System Refunding and Improvement Revenue Bonds, Series 2026 (the "Bonds"). The Bonds are issued pursuant to the Constitution and laws of the State of New Mexico (the "State") and a resolution of the Regents adopted on May 19, 2026, as supplemented by the Pricing Certificate executed on August __, 2026 (collectively, the "Resolution"). Any capitalized term used herein and not defined herein shall have the same meaning ascribed thereto in the Resolution unless the context shall clearly otherwise require. The Bonds are issued for the purpose to: (a) refund, refinance, and defease certain maturities of the outstanding The Regents of the University of New Mexico, Subordinate Lien System Refunding and Improvement Revenue Bonds, Series 2016A maturing after June 1, 2026, on or about October 15, 2026; (b) purchase, erect, alter, remodel, expand, improve, repair, furnish and equip buildings, improvements and facilities for the use of the University of New Mexico, including, but not limited to, the Geothermal Facility Project; (c) acquire a reserve fund insurance policy to fund or otherwise provide for a debt service reserve fund for the Bonds; and (d) fund the costs of issuance associated therewith.

We have examined the Resolution and such other laws, certified proceedings, legal opinions, including the opinion of the University Counsel and other documents as we deem necessary to deliver this opinion.

Based on our examination, we are of the opinion that, under existing laws, regulations, rulings and judicial decisions as of the date hereof:

1. The Bonds are valid and binding special limited obligations of the Regents, enforceable in accordance with the terms and provisions thereof.

2. The principal of, premium, if any, and interest on the Bonds are payable solely from the revenues and other moneys pledged by the Resolution to secure that payment. Those revenues and other moneys include the Pledged Revenues, defined in the Resolution. The owners of the Bonds have no right to have taxes levied by the State or any political subdivision thereof for the payment of principal and interest on the Bonds. The Regents do not have taxing power.

3. Under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), as amended, and is not a specific item of tax

preference for purposes of the federal alternative minimum tax under the Code; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Although we are of the opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

4. Under the laws of the State as enacted and construed on the date hereof, the interest on the Bonds is exempt from all taxation by the State or any political subdivision of the State.

The opinions set forth above in paragraph 3 are subject to continuing compliance by the University with covenants regarding federal tax law contained in the proceedings and other documents relevant to the issuance by the University of the Bonds. Failure to comply with these covenants may result in interest on the Bonds being included in gross income retroactive to their date of issuance.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities as of the date of issuance and delivery of the Bonds that we deem relevant to render such opinions and are not a guarantee of result. We express no opinion with respect to any pending legislation.

The scope of our engagement has not extended beyond the examinations and the rendering of the opinions expressed herein. This opinion is issued to and for the sole benefit of the above addressees and is issued for the sole purpose of the transaction specifically referred to herein. No person other than the above addressees may rely upon this opinion without our express prior written consent. This opinion may not be utilized by you for any other purpose whatsoever and may not be quoted by you without our express prior written consent. We have not assumed any responsibility with respect to the creditworthiness of the security for the Bonds, and our engagement as Bond Counsel with respect to the transaction referred to herein terminates upon the date of this opinion. We assume no obligation to review or supplement this opinion subsequent to its date, whether by reason of a change in the current laws, by legislative or regulatory action, by judicial decision or for any other reason.

Very truly yours,

APPENDIX E

FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking ("Disclosure Undertaking"), dated this _____ day of _____, 2026 is executed and delivered by The Regents of the University of New Mexico ("Regents") on behalf of the University of New Mexico ("University") in connection with the issuance by the Regents of the System Refunding and Improvement Revenue Bonds, Series 2026 (the "Bonds"). The Bonds are being issued pursuant to the Bond Resolution adopted by the Regents on May 19, 2026, as supplemented by the Pricing Certificate executed on August __, 2026 (together, the "Resolution").

BACKGROUND

1. The Bonds are being issued to finance the Project as defined in the Resolution, including paying costs of issuance associated with the Bonds.

2. In order to allow the underwriters of the Bonds to comply with Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, § 240.15c2-12), to the date hereof, the Regents are required to make certain continuing disclosure undertakings for the benefit of owners (including beneficial owners) of the Bonds.

3. This Disclosure Undertaking is intended to satisfy the requirements of Rule 15c2-12, as in effect on the date hereof.

COVENANTS AND AGREEMENTS

Section 1. Definitions.

"Annual Financial Information" means the financial information or operating data with respect to the University, delivered at least annually pursuant to Section 2(a) and 2(b) hereof, of the type set forth in the section of the final Official Statement entitled "SECURITY AND SOURCE OF PAYMENT – Historical Pledged Revenues and Operating and Maintenance Expenses" and in Appendix A of the final Official Statement.

"Audited Financial Statements" means the annual financial statements for the University, prepared in accordance with generally accepted accounting principles consistently applied, as in effect from time to time, audited by a firm of certified public accountants.

"EMMA" means the MSRB's Electronic Municipal Market Access System located on its website at emma.msrb.org.

"Events" means any of the events listed in Section 2(d) of this Disclosure Undertaking.

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned

debt obligation, or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board in compliance with Rule 15c2-12.

"Fiscal Year" means the Fiscal Year of the University, ending June 30.

"MSRB" means the Municipal Securities Rulemaking Board.

"Official Statement" means the final Official Statement delivered in connection with the original issue and sale of the Bonds.

"Owners" means the registered owners of the Bonds, and so long as the Bonds are subject to the book-entry system, any Beneficial Owner, as such term is defined in the Resolution.

"Rule 15c2-12" shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

Section 2. Provision of Annual Information and Reporting of Events.

(a) Annually while the Bonds remain outstanding, the Regents shall provide or cause to be provided to EMMA Annual Financial Information and Audited Financial Statements.

(b) Such Annual Financial Information shall be provided on or before March 31 of each year. If the Audited Financial Statements are not available by the time the Annual Financial Information must be provided, unaudited financial statements shall be provided as part of the Annual Financial Information. If not provided as a part of the Annual Financial Information, the Audited Financial Statements will be provided when available.

(c) The Regents may provide Annual Financial Information by specific reference to other documents, including information reports and official statements relating to other debt issues of the Regents, which have been submitted to EMMA; provided, however, that if the document so referenced is a final official statement within the meaning of the Rule, such final official statement must also be available through EMMA.

(d) At any time the Bonds are outstanding, the Regents shall provide, in a timely manner, not in excess of ten business days following the occurrence of such event, to EMMA notice of any of the following events with respect to the Bonds:

i. Principal and interest payment delinquencies;

ii. Non-payment related defaults;

iii. Unscheduled draws on debt service reserves reflecting financial difficulties;

iv. Unscheduled draws on credit enhancements reflecting financial difficulties;

v. Substitution of credit or liquidity providers, or their failure to perform;

vi. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds;

vii. Modifications to rights of Bond holders;

viii. Bond calls or tender offers;

ix. Defeasances;

x. Release, substitution or sale of any property securing repayment of the securities;

xi. Rating changes;

xii. Bankruptcy, insolvency, receivership or similar proceedings;

xiii. Mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated person or their termination;

xiv. Appointment of a successor or additional trustee or the change of name of a trustee;

xv. Incurrence of a Financial Obligation of the obligated person, if material, or an agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and

xvi. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of an obligated person, any of which reflect financial difficulties.

(e) At any time the Bonds are outstanding, the University shall provide to EMMA, notice in a timely manner not in excess of ten (10) business days after the occurrence of any failure of the University to timely provide the Annual Financial Information and Audited Financial Statements as specified in Sections 2(a) and 2(b) hereof.

Section 3. Method of Transmission. Subject to technical and economic feasibility, the Regents shall employ such methods of electronic or physical information transmission as is requested or recommended by the MSRB unless otherwise required by law.

Section 4. Enforcement. The obligations of the Regents hereunder shall be for the benefit of the owners (including the beneficial owners) of the Bonds. The owner or beneficial owner of any Bonds is authorized to take action to seek specific performance by court order to compel the Regents to comply with their obligations under this Disclosure Undertaking, which action shall be the exclusive remedy available to it or any other owners or beneficial owners of the Bonds. Any such action shall be brought only in a State court of competent jurisdiction in

Albuquerque, New Mexico. Breach of the obligations of the Regents hereunder shall not constitute an event of default under the Resolution and none of the rights and remedies provided by the Resolution shall be available to the owners (including the beneficial owners) of the Bonds.

Section 5. Additional Information. Nothing in the Disclosure Undertaking shall be deemed to prevent the Regents from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other annual information or notice of occurrence of an event which is not Event information, in addition to that which is required by this Disclosure Undertaking; provided that the Regents shall not be required to do so. If the Regents choose to include any annual information or notice of occurrence of an event in addition to that which is specifically required by this Disclosure Undertaking, the Regents shall have no obligation under this Disclosure Undertaking to update such information or include it in any future annual filing or Event filing.

Section 6. Term. This Disclosure Undertaking shall be in effect from and after the issuance and delivery of the Bonds and shall extend to the earliest of (i) the date all principal and interest on the Bonds shall have been paid or legally defeased pursuant to the terms of the Resolution; (ii) the date that the Regents shall no longer constitute an "obligated person" with respect to the Bonds within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this Disclosure Undertaking are determined to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

Section 7. Amendments and Waivers. Notwithstanding any other provision of this Disclosure Undertaking, the Regents may amend this Disclosure Undertaking from time to time, and any provision of this Disclosure Undertaking may be waived, without the consent of the owners or beneficial owners of the Bonds upon the Regents' receipt of an opinion of counsel experienced in federal securities laws to the effect that such amendment or waiver will not adversely affect compliance with the Rule. Any Annual Financial Information containing amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided. If an amendment changes the accounting principles to be followed in preparing financial statements, the Annual Financial Information and Audited Financial Statements for the year in which the change is made will present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The Regents shall provide notice of any such amendment or waiver to EMMA.

Section 8. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the owners (including beneficial owners) from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 9. Governing Law. This Disclosure Undertaking shall be governed by the laws of the State.

Date: _____, 2026

THE REGENTS OF THE UNIVERSITY OF NEW MEXICO

By_____
Chair

By_____
Secretary-Treasurer