



UNM FOUNDATION POLICY MANUAL TABLE OF CONTENTS

SECTION 1 GOVERNANCE

- 1.1 Establishment & Revision of Board Policies
- 1.2 Responsibilities of the Board of Trustees
- 1.3 Board Committees
- 1.4 Responsibilities of the President

SECTION 2 CONDUCT OF TRUSTEES, VOLUNTEERS & STAFF

- 2.1 Code of Conduct
- 2.2 Conflict of Interest
- 2.3 Discrimination, Harassment & Retaliation
- 2.4 Complaints & Investigations
- 2.5 Confidentiality
- 2.6 Whistleblowing Activity

SECTION 3 EMPLOYMENT & COMPENSATION

- 3.1 Equal Employment Opportunity & Diversity
- 3.2 Recruitment & Hiring
- 3.3 Compensation & Benefits
- 3.4 Review of Compensation for “Disqualified Persons”
- 3.5 Training
- 3.6 Terms of Employment

SECTION 4 FISCAL & BUSINESS MATTERS

- 4.1 Foundation Records
- 4.2 Document Retention & Destruction
- 4.3 Gift Acceptance
- 4.4 Planned Gifts
- 4.5 Consolidated Investment Fund
- 4.6 Debts, Disbursements & Investments
- 4.7 Operating Budget
- 4.8 Lobbying & Political Activities
- 4.9 Support of Other Organizations
- 4.10 Insurance & Indemnification
- 4.11 Compliance with Accounting Regulations, Policies & Procedures

UNM Foundation Policies

Section 1 Governance

1.1 Establishment & Revision of Board Policies

In accordance with the Articles of Incorporation and Bylaws of The University of New Mexico Foundation, Inc. ("the Foundation"), this Policy Manual sets forth policies adopted by the Foundation's Board of Trustees ("the Board"). These policies have been adopted to guide the Board in carrying out its responsibility for governance of the Foundation, and as a source of guidance and information for Foundation employees and others. This Policy Manual contains all current policies of continuing applicability adopted by the Board.

The President/CEO of the Foundation ("the President") or any trustee may submit proposed policies and proposed revisions to policies, together with any appropriate background information and administrative recommendations, to the Governance Committee of the Board for consideration. The Governance Committee will then submit its recommendation regarding proposed policies and proposed revisions to policies to the full Board for consideration and approval.

Each policy contained in this manual is deemed effective on the date the policy is adopted by the Board. The adoption date of each new or amended policy shall appear at the bottom of the policy.

This Policy was adopted by the UNM Foundation Board of Trustees on Aug 31, 2018.


Chair, UNM Foundation Board of Trustees

UNM Foundation Policies

Section 1 Governance

1.2 Responsibilities of the Board of Trustees

The Board is responsible for governance of the Foundation. This responsibility may be exercised by the Board only as a unit; individual trustees are without power to act separately in the transaction of Foundation business, except when one of the Board's officers or committees is specifically authorized to act on behalf of the Board.

- ✦ The Board's governance of the Foundation includes fiduciary oversight of the assets and programs of the Foundation, establishment of goals and policies to guide the Foundation, and oversight of the overall functioning of the Foundation. The Board vests responsibility for the day-to-day operation and management of the Foundation in the President.

Specific Duties and Functions of the Board

The Board shall carry out the duties and functions authorized in the Foundation's Articles of Incorporation and Bylaws, and as further specified in this Policy Manual. The Board shall:

1. Hire and support the President;
2. Delegate authority to the President for effective day-to-day operation of the Foundation;
3. Regularly assess, at least on an annual basis, the performance of the President;
4. Approve, periodically review, and update as needed the Foundation's statements of mission, vision, values, and purposes;
5. Establish, periodically review, and update as needed all Board governing documents including Articles of Incorporation, Bylaws, Policies and Committee Charters;
6. Establish, periodically review, and update as needed long-range strategies for the development of the Foundation and the management of the Foundation's assets and investments;
7. Ensure that all fiduciary responsibilities are met, including effective oversight of assets of the Foundation and assets held and/or administered by the Foundation for or on behalf of The University of New Mexico ("the University");
8. Ensure the Foundation has adequate resources to fund its operations;
9. Ensure the preservation of the Foundation's legal standing;
10. Enter into, periodically review, and update as needed memoranda of agreement, fee-for-service agreements, operating agreements, and other contracts with the University;
11. Promote strong and healthy relationships between the Foundation and the University, between the Foundation and its donors, and between the Foundation and the public;

12. Ensure ongoing good planning for the Foundation, consistent and in alignment with the University's priorities;
13. Periodically and comprehensively assess the Board's performance;
14. Review the performance of individual trustees who are eligible for renewal of their terms;
15. Ensure the protection of donor rights and compliance with donor gift restrictions;
16. Take appropriate action on recommendations from Board Committees; and
17. Take any other actions required by law to be decided at the level of the Board.

Additional Responsibilities of Individual Trustees

Each individual trustee shall:

1. Act as an effective ambassador for the Foundation and the University;
2. Make regular generous gifts for the benefit of the University (trustees are expected to contribute a minimum of \$2,500 annually);
3. Be actively involved with a school or program at the University;
4. Engage in fundraising activities and events of the Foundation and the University;
5. Participate actively in Foundation Board meetings and retreats, and provide experience and special expertise as abilities and time permit on one or more Board committee;
6. Acquire and maintain a comprehensive knowledge of the University and its programs, strengths, and needs, and represent these to donors and the general public;
7. Acquire and maintain a comprehensive knowledge of the Foundation's role, responsibilities, programs, and opportunities, and represent these to the University, donors, and the general public; and
8. Provide advice and counsel to the President as requested.

Appointment of Trustees, Officers and Committee Members

The Bylaws of the Foundation govern the appointment and term of trustees, officers, and committee members. Prospective trustees and officers are nominated by the Governance Committee and approved by the Board. Committee members and committee chairs are appointed by the Board Chair. The Bylaws permit a limited number of non-trustee volunteers to serve on some of the Board committees.

Board Meetings

The frequency and conduct of Board meetings are set forth in the Bylaws.

No Compensation

Foundation trustees and non-trustee committee members are prohibited by law from receiving any distribution of the income, profit, or assets of the Foundation. Trustees and non-trustee committee members shall receive no compensation for their service to the Foundation; however, with prior approval of the Board Chair and the President, they may receive reimbursement for certain out-of-pocket expenses related to Foundation business.

Code of Conduct, Conflict of Interest, Discrimination/Harassment/Retaliation, and Confidentiality

In carrying out their duties to the Foundation, all trustees and non-trustee committee members are required to comply with the Foundation's conduct policies set forth in Section 2 of this Policy Manual, including, but not limited to *Policy 2.1 Code of Conduct*; *Policy 2.2 Conflict of Interest*; *Policy 2.3 Discrimination, Harassment and Retaliation*; and *Policy 2.5 Confidentiality*.

Orientation of New Trustees

When a new trustee or non-trustee committee member is appointed, he or she will receive copies of the Foundation *Trustees' Orientation Manual*, which includes a compilation of Board policies. The Board Chair and the chair of the Governance Committee, working with the President, shall arrange orientation sessions for newly appointed trustees/non-trustee committee members with Foundation staff and committee chairs. Additional trainings will be provided as determined by the Board Chair and/or the President.

Board Committees

The Bylaws of the Foundation establish numerous standing committees and authorize the Board to appoint additional *ad hoc* committees as necessary. Most of the policy and strategy work of the Board is conducted through the committees. The Board shall approve and update as necessary a charter for each standing committee. The charter shall set forth additional information regarding the purpose, membership, operation, authority, and key responsibilities of each committee. The operation and conduct of committees is further discussed in *Policy 1.3 Board Committees*.

This Policy was adopted by the UNM Foundation Board of Trustees on Aug 31, 2018.


Chair, UNM Foundation Board of Trustees

UNM FOUNDATION POLICIES

Section 1 Governance

1.3 Board Committees

The Board is structured to conduct most of its policy and strategy work through the following eight standing committees, all of which are recognized in the Foundation's Bylaws:

1. Executive Committee;
2. Audit Committee;
3. Governance Committee;
4. Finance Committee;
5. Compensation Committee;
6. Investment Committee;
7. Communication Committee; and
8. Gift Acceptance Committee.

The Bylaws set forth how committee members and committee chairs are appointed, the term of committee members, the authority of committees in general, the authority of particular committees, and the manner in which committees conduct their business and take action. The Board shall approve a charter for each standing committee; the charter will provide further information regarding the purpose, membership, operation, authority, and key responsibilities of the committee.

Each committee shall at all times operate and make decisions and recommendations in accordance with the Bylaws and its Board-approved charter.

Each trustee is expected to serve as a member of at least one standing committee. With the exception of the Board Chair, trustees will typically serve on no more than two standing committees. Each standing committee will generally be assigned one or more Foundation staff to facilitate and support its work.

Committees will conduct their work through meetings scheduled by the committee or as otherwise provided in the Bylaws. Each committee will establish its own meeting schedule to ensure that the necessary work of the committee is conducted in a thorough and timely manner.

The chair of each committee is responsible for preparing the agenda for the committee meetings, in consultation with the President and/or the Board Chair. The President may submit agenda items for a committee meeting to either the Board Chair or the committee chair.

In accordance with the time requirements set forth in the Bylaws and committee charters, Foundation staff will transmit to all committee members, or make available on the Board portal, copies of the agenda and relevant materials in advance of each committee

meeting. Each meeting of a committee shall be documented by minutes recording members present, matters considered, and decisions made or tabled, and all minutes shall be posted on the Board portal.

Trustees are welcome to attend any committee meeting, to contact the committee chairs to obtain information about matters under consideration, and to review all committee agenda, reports, and minutes.

This Policy was adopted by the UNM Foundation Board of Trustees on Aug 31, 2018.


Chair, UNM Foundation Board of Trustees

UNM Foundation Policies

Section 1 Governance

1.4 Responsibilities of the President

The President is responsible for implementing the policies adopted by the Board, and for managing the day-to-day operations of the Foundation. The Board hereby delegates authority to the President to carry out his or her responsibilities to manage the Foundation as set forth generally in this Policy Manual.

The President's responsibilities include, but are not limited to:

1. Assuring the Foundation operates in accordance with its mission;
2. Managing the day-to-day operations of the Foundation;
3. Hiring and supervising the Foundation's staff, and overseeing administration of the Foundation personnel system;
4. Managing the Foundation's finances;
5. Consulting and working cooperatively with the University administration, the Board, and others to plan for the future development of the University through the Foundation;
6. Reporting to the Board on the Foundation's finances and overall operations on at least a quarterly basis;
7. Establishing and maintaining a centralized system for fundraising; advancement, and development for the benefit of the University; and
8. Reporting to the Board on at least an annual basis on the state of the Foundation.

Annually, the Board shall adopt a "*Delegation of Authority*" which delegates certain authorities to the President and other specific Foundation executives to allow them to effectively and efficiently transact Foundation business, and which reserves to the Board or the Board Chair certain other authorities.

The Foundation Bylaws, the annual *Delegation of Authority*, and this Policy Manual specify certain actions for which Board approval is required. However, it is virtually impossible to anticipate every situation in which it may be appropriate for the Board to approve a particular action of the President. It is therefore the responsibility of the President, in consultation with the Board Chair, to seek Board approval when a proposed action is of such consequence that it could significantly affect the fiscal condition of the Foundation or its mission, or is of such public importance as to warrant the involvement of the Board, even though Board approval is not specifically required.

Implementation

The President shall appoint executives and other employees to assist in the performance of the functions and duties assigned to the President by the Board. In fulfilling his or her responsibilities, the President may delegate areas of responsibility to specific executives or other employees of the Foundation, except as may be expressly prohibited by the Board.

The President may adopt operating procedures for the operation of the Foundation, so long as those procedures are not inconsistent with Board policies. Operating procedures are effective when signed or otherwise approved by the President, and shall be made available as appropriate to trustees, Foundation employees, and University officials.

Appointment & Termination of Certain Executives

The President shall, where practical, inform the Executive Committee in advance of the appointment or termination of the following Foundation executives: Chief Financial Officer, Chief Operating Officer, General Counsel, and Vice Presidents.

This Policy was adopted by the UNM Foundation Board of Trustees on Aug 31, 2018.


Chair, UNM Foundation Board of Trustees

UNM Foundation Policies
Section 2 Conduct of Trustees, Volunteers & Staff

2.1 Code of Conduct

The Foundation exists to provide leadership to the University community and constituents in building financial resources to support excellence at the University. As a matter of fundamental principle, the trustees, volunteers, and staff of the Foundation will adhere to the highest ethical standards at all times as they carry out this mission. All trustees, volunteers, and staff of the Foundation will act with honesty, integrity and openness in all of their dealings. The Foundation will promote an environment that values respect, fairness, and integrity.

For purposes of these policies, the term “staff” means (a) all individuals employed and compensated by the Foundation and (b) all individuals employed and compensated by the University who report to and are supervised directly by the Foundation. For purposes of these policies, the term “volunteers” refers to persons who, without compensation, provide direct services in support of Foundation activities, including but not limited to, non-trustee members of the various Board committees.

Violations of this policy may result in disciplinary action up to and including termination of staff or removal of trustees and volunteers. The Executive Committee of the Board shall be responsible for determining appropriate disciplinary action for trustees and volunteers who violate this or other Foundation policies; the President shall be responsible for determining appropriate disciplinary action for staff who violate this or other Foundation policies.

Ethical Standards

In pursuing the highest ethical standards, all trustees, volunteers, and staff will demonstrate the following:

1. Truth, honesty and integrity in all personal and professional interactions;
2. Teamwork and collegiality, fostering a sense of mutual respect and cooperation;
3. Fairness in dealing with others and in implementing the decisions of the Board or the President;
4. Commitment to furthering the mission of the Foundation over personal interest and advantage;
5. Fortright expression of one’s own views and tolerance for the views of others;
6. Protection of the confidentiality and privacy of constituents;
7. Adherence to all local, state, and federal laws;
8. Fulfilling fiduciary responsibilities in accordance with donors’ intentions and according to the Prudent Investor Rule;
9. Disclosure of any potential conflict of interest;

10. Avoidance of any conflict of interest, real or perceived;
11. Transparency in financial reporting; and
12. Dedication to quality in both process and outcomes.

Conflict of Interest

In recognition of the fact that effective and ethical Foundation governance and operation depends upon deliberate, thoughtful, and disinterested decision-making, all trustees, volunteers, and staff will comply at all times with Foundation *Policy 2.2 Conflict of Interest*.

Gratuities

Individual trustees, volunteers, and staff shall not accept gratuities of more than a nominal value from third parties (including but not limited to donors, prospective donors, University officials, vendors, or prospective vendors) in consideration for or in connection with their work on behalf of the Foundation. If trustees, volunteers, or staff are uncomfortable with a proposed gratuity or have questions about application or interpretation of this policy, they should disclose the matter and direct all questions to their supervisor, the Board Chair, the President, or General Counsel.

Policy Against Discrimination, Harassment, and Retaliation & Commitment to Equal Opportunity and Diversity

The Foundation is committed to the principles of equal opportunity and diversity – in both the employment context and in connection with the Foundation’s administration of programs and activities. All trustees, volunteers, and staff will comply at all times with the Foundation *Policy 2.3 Discrimination, Harassment & Retaliation*.

Confidentiality

In support of the Foundation’s commitment both to transparency and to maintaining the privacy of donors as well as the Foundation’s own confidential and proprietary information, all trustees, volunteers, and staff will comply at all times with the Foundation’s *Policy 2.5 Confidentiality*.

Whistleblowing Activity

In accordance with Foundation *Policy 2.6 Whistleblowing Activity*, the Foundation encourages trustees, volunteers, and staff to report Foundation-related conduct that may constitute a crime, waste, fraud, abuse, or violation of public policy; the Foundation also prohibits retaliation against persons who in good faith engage in such whistleblowing activity.

Relationship with Donors and Prospective Donors

Trustees, volunteers, and staff will assure that donors and prospective donors can have full confidence in the Foundation and its mission. To that end, trustees, volunteers, and staff will strive to:

1. Provide information on the Foundation's mission, the way the Foundation or the University intend to use gifts, and the Foundation's/University's capacity to use gifts effectively for their intended purposes;
2. Provide information on the membership of the Board and its governance responsibilities;
3. Provide access to the Foundation's most recent annual report, annual audited financial statement, and IRS Form 990 and 990-T;
4. Use and administer gifts for the purposes for which they were given;
5. Give appropriate acknowledgment and recognition for gifts;
6. Maintain donor information with respect and with confidentiality to the fullest extent permitted by donor preference, Foundation policies/procedures, and applicable law;
8. Treat donors and prospective donors in a professional manner in all interactions and at all times;
9. Inform all prospective donors whether those seeking contributions are trustees, volunteers, staff, or hired solicitors; and
10. Provide prompt, truthful and forthright answers to donors' and prospective donors' questions.

Compliance with the Law

The Foundation shall conduct its activities in compliance with applicable law. No trustee, volunteer, or staff shall take any action on behalf of the Foundation that he or she knows to violate applicable law. Any trustee, volunteer, or staff who needs assistance to understand his or her legal obligations should seek guidance from the President or General Counsel of the Foundation.

Compliance with Accounting Regulations, Policies and Procedures

The Foundation shall conduct its fiscal and business matters in accordance with *Foundation Policy 4.11 Compliance with Accounting Regulations, Policies & Procedures*.

Institutional Responsibility

To assure that trustees, volunteers, and staff of the Foundation comply with this Code of Conduct, the Foundation shall assure as follows:

1. Disclosure to Trustees, Volunteers, and Staff

All trustees, volunteers, and staff shall be given a copy of this Code of Conduct and, by completing an acknowledgement in the form of Exhibit A (attached) shall agree to abide by its terms.

2. Audit Committee

To assure the independence of the Audit Committee, no person who receives a salary, fee, or other form of compensation from the University or the Foundation shall be a voting member of the Audit Committee.

3. Certification.

Each annual audited financial statement of the Foundation must include a certification in the form of Exhibit B (attached) that will be signed by the President and the Treasurer of the Foundation.

4. Loans.

The Foundation will not extend personal loans to any trustee, volunteer, or staff.

Complaint Process

Any individual who believes he or she has been subjected to conduct in violation of this policy, or who observes conduct that he or she believes is in violation of this policy, is encouraged to submit a complaint under the process set forth in *Foundation Policy 2.4 Complaints & Investigations*.

This Policy was adopted by the UNM Foundation Board of Trustees on Aug 31, 2018.


Chair, UNM Foundation Board of Trustees

EXHIBIT A TO *POLICY 2.1 CODE OF CONDUCT*

**ACKNOWLEDGMENT OF THE CODE OF CONDUCT
OF THE UNIVERSITY OF NEW MEXICO FOUNDATION, INC.**

In accepting or continuing a position as a trustee, volunteer, or staff associated with the University of New Mexico Foundation, I acknowledge that I have received, read, and will at all times comply with the Foundation's Code of Conduct.

Printed Name

Date

Signature

EXHIBIT B TO POLICY 2.1 CODE OF CONDUCT

**PRESIDENT'S AND TREASURER'S CERTIFICATION OF
ANNUAL AUDITED FINANCIAL STATEMENT OF
THE UNIVERSITY OF NEW MEXICO FOUNDATION, INC.**

I, _____ and I, _____, certify that:
(President) (Treasurer)

1. I have reviewed the independent auditor's report and the accompanying statements of financial position for the University Foundation for the period ending _____ (collectively the "Report");
2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Foundation as of, and for, the periods presented in this Report;
4. During the period covered by the Report, the Foundation maintained internal financial controls designed to reasonably ensure that material information relating to the Foundation is made known to us by others within the Foundation; and
5. Based on our most recent evaluation of internal controls over financial reporting, I have, along with the other certifying officer, disclosed, to the Foundation's auditors and the Audit Committee of the Foundation's Board of Trustees:
 - a. All significant deficiencies and material weaknesses in the design or operation of internal financial controls; and
 - b. Any fraud, whether or not material, that involves officers or other staff who have a significant role in the Foundation's internal financial controls.

President

Date

Treasurer

Date

UNM Foundation Policies
Section 2 Conduct of Trustees, Volunteers & Staff

2.2 Conflict of Interest

In connection with their work for the Foundation, all trustees, volunteers, and staff have an affirmative obligation to act in the best interests of the Foundation; to subordinate personal, business, third-party, and other interests to the best interests of the Foundation; and to avoid conflicts of interest that materially and adversely affect the Foundation. This policy serves to define the term “conflict of interest,” to assist in the identification and disclosure of conflicts and potential conflicts, to outline the process for remedying conflicts and potential conflicts, and to minimize the impact of such conflicts or potential conflicts on the actions of the Foundation whenever possible.

Definition of Conflict of Interest

For purposes of these policies, a “conflict of interest” is any transaction or relationship which presents a conflict between a trustee’s, volunteer’s, or staff’s obligations to the Foundation and his or her personal, business, or other interests.

Prohibited Transactions, Actions, and Relationships

Transactions, actions, and relationships of trustees, volunteers, or staff that materially and adversely affect the interest(s) of the Foundation are prohibited, subject to the process and remedies set forth in this policy.

No trustee, volunteer, or staff (or spouse of a trustee, volunteer, or staff) may provide goods or services to the Foundation for remuneration (other than staff providing those services for which they were hired) during their term on the Board or as a volunteer, or during their employment with the Foundation, and for a period of 18 months thereafter, unless disclosed in advance and unless the Executive Committee of the Board or the President determines in advance that the transaction is in the best interests of the Foundation. This prohibition applies to the provision of good or services to the Foundation by any business in which a trustee, volunteer, staff, or spouse has an ownership or other financial interest (other than ownership of less than one percent of the stock of a publicly traded corporation).

Conflicts or potential conflicts may and most often arise in connection with a trustee’s, volunteer’s, staff’s, or their spouse’s ownership or other financial interest in another business, or service on the governing board of another nonprofit organization.

Disclosure

The Board recognizes that conflicts of interest are not uncommon, and that not all conflicts are necessarily harmful to the Foundation. However, the Board requires full

disclosure of all conflicts and potential conflicts. Thus, all trustees, volunteers, and staff must disclose any and all conflicts and potential conflicts, both through an annual disclosure process and whenever such conflicts or potential conflicts arise. All such disclosures shall be submitted on the form attached as Exhibit A to this policy.

Delegation

The Board delegates to the Executive Committee its authority to review and remedy conflicts and potential conflicts of trustees, non-trustee committee members, and the President. Only disinterested members of the Executive Committee may participate in any such review. The Executive Committee shall inform the Board and the President of its determination and recommended action. The Board shall retain the right to modify or reverse such determination and action, and shall retain the ultimate enforcement authority with respect to the interpretation and application of this policy as it applies to trustees and non-trustee committee members.

The Board delegates to the President its authority to review and remedy conflicts and potential conflicts of staff and volunteers other than non-trustee committee members. The President shall inform the Board Chair of his or her determination and recommended action.

Process and Remedy

In considering whether a conflict of interest exists, and any remedy to said conflict, the Executive Committee (with respect to trustees, non-trustee committee members, and the President) and the President (with respect to staff and volunteers other than non-trustee committee members) will consider all available information and circumstances. In determining how to remedy any conflict, the Executive Committee and the President shall be guided first and foremost by whether the conflict materially and adversely affects the interests of Foundation. A person whose potential conflict is under review may not debate, vote, or otherwise participate in such determination.

This Policy was adopted by the UNM Foundation
Board of Trustees on Aug 31, 2018.


Chair, UNM Foundation Board of Trustees

EXHIBIT A TO *POLICY 2.2 CONFLICT OF INTEREST*
University of New Mexico Foundation, Inc.
Conflict of Interest Disclosure Form

This form is designed to allow Foundation trustees, volunteers, and staff to fully disclose any personal, business, or other interests that may conflict with their obligations to the University of New Mexico Foundation, Inc. The Foundation's Board of Trustees requires full disclosure of all actual and potential conflicts of interest.

Once disclosed, this information will be shared with the Foundation President and/or the Board's Executive Committee who will objectively determine whether or not a conflict of interest exists, and whether or not such conflict materially and adversely affect the interest(s) of the Foundation. If the President, Executive Committee, or designees determine that an actual or potential conflict of interest does exist, they shall also determine an appropriate remedy. No person with a material interest in the conflict or potential conflict may participate in any of these determinations.

Please provide the following information:

Name of Trustee, Volunteer, or Staff: _____

Position/Role with the Foundation: _____

Name of Employer (if other than the Foundation): _____

For both yourself and your spouse, please provide the following information related to (1) your ownership or other financial interests in any business engaged or proposing to engage in a transaction with the Foundation and (2) all service on any governing board of another nonprofit organization that may create a conflict or potential conflict with your work for the Foundation (please attach separate page if necessary):

| Name of Person with Other Interest (Self or Spouse) | Name of Other Business or Board | Dates of Affiliation with Other Business or Board | Description of Conflict or Potential Conflict |
|---|---------------------------------|---|---|
| | | | |
| | | | |
| | | | |

I acknowledge that I have received, read, and will at all times comply with the Foundation's Conflict of Interest Policy. I further acknowledge that I have a continuing obligation to disclose conflicts or potential conflicts as they arise.

Signature

Date

UNM Foundation Policies

Section 2 Conduct of Trustees, Volunteers & Staff

2.3 Discrimination, Harassment & Retaliation

The Foundation prohibits unlawful discrimination, harassment, and retaliation of any kind by any trustee, volunteer, or staff in the workplace and in connection with the Foundation's administration of programs and activities. Through enforcement of this policy and by education of trustees, volunteers, and staff, the Foundation will seek to prevent, correct, and discipline behavior that violates this policy. Violations of this policy should be reported using the complaint process outlined in *Foundation Policy 2.4 Complaints & Investigations*.

Prohibited Discrimination

It is a violation of the Foundation's policy to discriminate in the provision of employment opportunities, benefits, or privileges; to discriminate in connection with the Foundation's administration of programs and activities; to create discriminatory work conditions; or to use discriminatory evaluative standards if the basis of that discriminatory treatment is based in whole or in part on a person's race, color, national origin, age, religion, disability, gender, pregnancy, sexual orientation, gender identity, marital status, or veteran status. Discrimination of this kind may also be strictly prohibited by a variety of federal, state, and local laws, including, but not limited to: Title VII of the Civil Rights Act 1964; the Age Discrimination Act; the Americans with Disabilities Act; and the New Mexico Human Rights Act. This policy is intended to comply with the prohibitions set forth in these and other anti-discrimination laws. Prohibited discrimination by a trustee, volunteer, or staff will be subject to disciplinary measures up to and including termination of employment or removal from office.

Prohibited Harassment

The Foundation strictly prohibits harassment of any kind based in whole or in part on a person's race, color, national origin, age, religion, disability, gender, pregnancy, sexual orientation, gender identity, marital status, or veteran status (this includes sexual harassment, discussed in more detail below). For purposes of this policy, harassment is any verbal or physical conduct designed to taunt, threaten, intimidate, or coerce any person working for or on behalf of the Foundation.

The following examples of harassment are intended to be guidelines and are not exclusive when determining whether there has been a violation of this policy:

1. Verbal harassment includes offensive and unwelcome comments, epithets, slurs, and negative stereotyping related to a person's race, color, national origin, age, religion, disability, gender, pregnancy, sexual orientation, gender identity, marital status, or veteran status;
2. Nonverbal harassment includes distribution, display or discussion of any written or graphic material that ridicules, denigrates, insults, belittles or shows hostility, aversion or disrespect toward an individual or group because of race, color, national

origin, age, religion, disability, gender, pregnancy, sexual orientation, gender identity, marital status, or veteran status.

Prohibited Sexual Harassment

Sexual harassment is a form of unlawful discrimination defined as unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when submission to or rejection of such conduct is used as the basis for employment or other administrative decisions, or when such conduct has the purpose or effect of creating an intimidating, hostile, or offensive working environment.

There are two types of sexual harassment:

1. "Quid pro quo" harassment, where submission or opposition to harassment is used as the basis for employment or other administrative decisions. Examples: A supervisor promising an employee a raise if she goes on a date with him; a manager telling an employee he will fire her or take other adverse employment action against her if she does not have sex with him;
2. "Hostile work environment," where the harassment creates an offensive and unpleasant environment. Hostile work environment harassment consists of verbiage of a sexual nature, unwelcome sexual materials or even unwelcome physical contact as a regular part of the work environment. Texts, e-mails, cartoons or posters of a sexual nature; vulgar or lewd comments or jokes; or unwanted touching or fondling all fall into this category.

Prohibited Retaliation

The Foundation strictly prohibits retaliation or attempted retaliation against any person because that person lodged a good faith complaint about alleged discrimination or harassment. No hardship, loss, benefit, or penalty may be imposed on an employee in response to:

1. Filing in good faith a complaint of discrimination or harassment;
2. Responding in good faith to a bona fide complaint of discrimination or harassment;
3. Appearing as a witness in the investigation of a complaint; or
4. Serving as an investigator of a complaint.

Complaint Process

Any person who believes he or she has been subjected to discrimination, harassment, or retaliation in violation of this policy, or who observes conduct that he or she believes is in violation of this policy, is encouraged to submit a complaint under the process set forth in Foundation *Policy 2.4 Complaints & Investigations*.

This Policy was adopted by the UNM Foundation Board of Trustees on Aug 31, 2018.


Chair, UNM Foundation Board of Trustees

UNM Foundation Policies
Section 2 Conduct of Trustees, Volunteers & Staff

2.4 Complaints & Investigations

Any trustee, volunteer, or staff who in good faith believes he or she has been subjected to violations of the Foundation's *Policy 2.1 Code of Conduct* or *Policy 2.3 Discrimination, Harassment & Retaliation*, or who observes conduct that he or she in good faith believes violates these policies, should file a written complaint so that the Foundation may take steps to investigate the matter and, where warranted, take remedial, corrective, and/or disciplinary action. Once a complaint has been filed, appropriate Foundation trustee(s), staff, or a designated third party will investigate the allegations as swiftly and confidentially as permitted in light of the circumstances presented.

Complaint and Investigation Process

The following outlines the general process for lodging a complaint and for the ensuing investigation:

1. Complaints must be submitted in writing to the appropriate Foundation trustee(s), staff, or designated third party.

Complaints of violations by trustees or non-trustee committee members should typically be submitted to the Board Chair or the President of the Foundation; complaints of violations by staff or other volunteers should typically be submitted to the Human Resources Director/Vice President or the President. However, a complaint may be submitted to any trustee or executive (President, CFO, COO, Vice President, Human Resources Director/Vice President, or General Counsel), who will then forward the complaint to the appropriate Foundation trustee(s), staff, or designated third party.

No investigation will be undertaken unless the complainant has submitted a written and signed complaint containing sufficient facts to determine if the policy may have been violated.

2. After submission of a complaint, the appropriate Foundation trustee(s), staff, or designated third party will be assigned to investigate the allegations. Investigations of violations by trustees or non-trustee committee members will typically be conducted by the Board Chair or his/her designee; complaints of violations by staff or other volunteers will typically be investigated by the Human Resources Director/Vice President, President, or General Counsel.

3. A fair and impartial investigation will be conducted by disinterested trustee(s), staff, or a designated third party as swiftly as possible for the purpose of gathering facts to determine whether the complaint is substantiated.
4. At the conclusion of the investigation, the investigating trustee(s), staff, or designated third party will prepare a written report summarizing his/her/their findings;
5. If warranted by the findings of the investigating trustee(s), staff, or designated third party, the Foundation will take appropriate remedial, corrective, and/or disciplinary action.

Confidentiality of Complaint and Investigation

During the complaint and investigation process, the confidentiality of the information received, the privacy of the individuals involved, and the wishes of the complainant will be protected to as great a degree as possible. The expressed wishes of the complainant for confidentiality will be considered in the context of the Foundation's legal obligation to investigate and act on the complaint, and the right of the charged party to be informed of the complaint and respond to the charges contained therein.

This Policy was adopted by the UNM Foundation Board of Trustees on Aug 31, 2018.



Chair, UNM Foundation Board of Trustees

UNM Foundation Policies
Section 2 Conduct of Trustees, Volunteers & Staff

2.5 Confidentiality

The Foundation is committed to transparency. However, in carrying out its mission, the Foundation receives, processes, stores, creates, and transmits confidential information, including, but not limited to, proprietary information and sensitive and/or private information from or related to donors, staff, and others.

In the course of their work for the Foundation, trustees, volunteers, and staff may have the need to be privy to confidential information. Confidential information in any form or format must be scrupulously protected by trustees, volunteers, and staff.

Definition of Confidential Information

The following information is considered confidential, whether communicated verbally or contained in electronic form and/or hard copy:

1. Legal advice and work product of the Foundation's General Counsel or outside counsel;
2. Information provided or discussed in executive sessions of the Board or Board committees;
3. All information contained on and produced from the Foundation's donor and financial databases and systems, including, but not limited to, the Foundation's Advance Web system;
4. Gift information, including gift agreements, deeds of gift and the like, and bequest information such as wills and trusts, unless the donor has agreed to the release of such information, and then only in the manner prescribed by the donor;
5. Payment and other financial information of donors;
6. Personal or private information of donors;
7. Donor prospect lists;
8. Donor profiles;
9. Foundation business plans and other proprietary materials;
10. Foundation employee files and background information;
11. University student, alumni and employee information;
12. Personal health information as defined by HIPAA, as well as medical and other personal information protected by the ADA, the FMLA, and other federal or state laws; and
13. Other information designated by the Foundation or the University as confidential, and other information that a reasonable person would understand should be treated as confidential.

Guidelines to Protect Confidential Information

Trustees, volunteers, and staff may access or use confidential information only for legitimate Foundation business, and only after their access or use has been authorized by the Foundation's

President or Board Chair and, where applicable, they have signed all required agreements for use (i.e., "Terms & Conditions of Use for Advance Web Software System"). Trustees, volunteers, and staff are prohibited from accessing or using confidential information for any other purpose.

Trustees, volunteers, and staff may disclose confidential information only to authorized persons with a legitimate and Foundation-approved need to know, and only after disclosure has been authorized by the Foundation's President or Board Chair.

Foundation staff shall also comply with all Foundation procedures related to the access, use, and disclosure of confidential information, including but not limited to those procedures set forth in the Foundation's Employee Handbook.

Requests for Information from Media, the University or Others

On occasion, trustees, volunteers, or staff may receive requests for information from media, the University, or others who are not associated with the Foundation. All such requests shall be forwarded to the Director of Communications and General Counsel, who will respond to such requests.

This Policy was adopted by the UNM Foundation Board of Trustees on Aug 31, 2018.


Chair, UNM Foundation Board of Trustees

UNM Foundation Policies
Section 2 Conduct of Trustees, Volunteers & Staff

2.6 Whistleblowing Activity

Any trustee, volunteer, or staff who observes Foundation-related conduct that he or she in good faith believes constitutes a crime, waste, fraud, abuse, or violation of public policy, is encouraged to report such conduct internally to the Foundation in accordance with the process set forth in Foundation *Policy 2.4 Complaints & Investigations*, and/or externally to appropriate law enforcement, government, administrative, or other officials with relevant oversight responsibility (collectively referred to as “whistleblowing activity”).

The Foundation strictly prohibits retaliation or attempted retaliation against any person because that person has in good faith engaged in whistleblowing activity. No hardship, loss, benefit, or penalty may be imposed on a person in response to:

1. Filing in good faith an internal or external complaint of alleged crime, waste, fraud, abuse, or violation of public policy;
2. Responding in good faith to an internal or external complaint of alleged crime, waste, fraud, abuse, or violation of public policy
3. Appearing as a witness in the investigation of a complaint; or
4. Serving as an investigator of a complaint.

This Policy was adopted by the UNM Foundation Board of Trustees on Aug 31, 2018.


Chair, UNM Foundation Board of Trustees

UNM Foundation Policies
Section 3 Employment & Compensation

3.1 Equal Employment Opportunity & Diversity

The Foundation is committed to recruiting, hiring, compensating, developing, and promoting employees based on qualifications and individual merit. Thus, the Foundation shall provide equal employment opportunity to all employees and applicants without regard to the employee's/applicant's race, color, national origin, age, religion, disability, gender, pregnancy, sexual orientation, gender identity, marital status, or veteran status.

The Foundation's ability to meet its mission and exceed its business goals is strengthened by maintaining a diverse workforce in which differences are accepted and valued on an inclusive basis. Accordingly, the Foundation will seek to foster a diverse work force and work atmosphere in which all employees are treated with mutual respect, trust, and understanding, and in which all employees have the opportunity to reach their full potential.

This Policy was adopted by the UNM Foundation
Board of Trustees on Aug 31, 2018.



Chair, UNM Foundation Board of Trustees

UNM Foundation Policies

Section 3 Employment & Compensation

3.2 Recruitment & Hiring

The Foundation is committed to utilizing recruitment and hiring processes that result in the hiring of the most qualified applicants. The Foundation is also committed to equal opportunity and diversity in the recruitment and hiring processes. Discrimination or harassment in the recruitment or hiring processes are prohibited by Foundation *Policy 2.3 Discrimination, Harassment & Retaliation*.

The Foundation's Human Resources Department shall promulgate written procedures to govern the recruitment and hiring of employees. All Foundation staff with authority to hire employees are responsible for following all applicable recruitment and hiring procedures.

The Board, or a Board-authorized trustee or committee of the Board, shall have final authority over hiring the President. The President shall have final authority over all other hiring decisions.

Essential Job Functions

The essential functions of a position must be determined before the position is opened for recruitment and must be included in the job description, job announcement, and job advertisement. If the essential functions of a position have changed, the Human Resources Department must approve the changes before the job is posted or advertised.

Human Resources Department Approval of all New or Revised Job Descriptions, Job Announcements, and Job Advertisements

All new or revised job descriptions, job announcements, and job advertisements must be submitted to the Human Resources Department for review, approval, and posting.

Equal Opportunity Employer

All job descriptions, job announcements, and job advertisements must include the following statement: "The University of New Mexico Foundation is an Equal Opportunity Employer."

Employment Eligibility Verification

Persons selected for hire must produce documentation establishing both identity and authorization to work in the United States, and must sign the I-9 Employment Eligibility Verification form within 72 hours of the date employment begins.

This Policy was adopted by the UNM Foundation
Board of Trustees on _____, 2018.


Chair, UNM Foundation Board of Trustees

UNM Foundation Policies
Section 3 Employment & Compensation

3.3 Compensation & Benefits

The Foundation seeks to offer employee compensation and benefits that are comparable to those offered by organizations of similar size, complexity, and function.

The Human Resources Department will review compensation and benefits for all Foundation employees on at least a yearly basis to assure they are in line with applicable industry benchmarks, and to assure they meet the needs of the Foundation and its employees.

In addition, as more fully described in Foundation *Policy 3.4 Review of Compensation*, on an annual basis the Board's Compensation Committee will review the compensation arrangement including salary ranges for each of those Foundation employees who may be considered "disqualified persons" to assure each such employee's compensation arrangement does not constitute an "excess benefit transaction" as those terms are defined under Section 4958 of the Internal Revenue Code and related regulations.

The Foundation's benefit package shall include paid time off, extended sick leave, a retirement plan, and various insurance plans. The benefit package may also include an educational benefit plan, and other benefits at determined by the President and the Human Resources Department. All benefits are subject to all terms, conditions, and qualifications of the various individual plans.

Employees who are full-time or part-time regular employees working twenty (20) hours or more per week (.50 FTE or greater) are eligible to receive benefits, subject to all terms, conditions, and qualifications of the Foundation's various benefit plans. Part-time employees working less than twenty (20) hours per week (less than .50 FTE) and occasional status employees are not eligible to receive benefits.

Because the Foundation's benefit package and/or benefit providers may change from year to year, a description of current benefits is set forth in the Foundation's *Summary of Current Benefits* and *Summary of Educational Benefits*.

This Policy was adopted by the UNM Foundation Board of Trustees on Aug 31, 2018.

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Chair, UNM Foundation Board of Trustees

UNM Foundation Policies

Section 3 Employment & Compensation

3.4 Review of Compensation for “Disqualified Persons”

In compliance with Internal Revenue Code and consistent with the Foundation’s Bylaws and Compensation Committee Charter, on an annual basis the Compensation Committee shall review, analyze, approve, and document in advance the compensation arrangement including salary ranges for each of those Foundation employees who are or who may be considered “disqualified persons” (hereinafter referred to as “Disqualified Persons”) to assure each such employee’s compensation arrangement is reasonable and does not constitute an “excess benefit transaction” as those terms are defined under Section 4958 of the Internal Revenue Code and related regulations.

At least every five (5) years, the Compensation Committee shall conduct or cause to be conducted a survey of compensation levels paid by similarly situated organizations, to inform its analysis of whether the Foundation’s compensation arrangements for Disqualified Persons are reasonable and do not constitute excess benefit transactions.

Disqualified Persons

Section 4958 of the Internal Review Code defines a Disqualified Person as any person who was in a position to exercise “substantial influence” over the affairs of an applicable tax-exempt organization at any time during the five-year period ending on the date of the transaction at issue, and a family member of such person.

Because Section 4958 and the related regulations are not entirely clear as to whether certain employees should be considered disqualified persons, the use of the term Disqualified Person in this policy includes employees who are clearly considered disqualified persons under the statute and regulations (referred to in this policy as “Chief Executives”) as well as other employees who potentially may be considered disqualified persons under the statute and regulations (referred to in this policy as “Key Employees”). Furthermore, while officers of a tax-exempt organization qualify as disqualified persons under the Section 4958 and the related regulations, because the Foundation pays no compensation to its officers, they are not included in this policy’s definition of Disqualified Persons whose compensation arrangements are reviewed by the Compensation Committee.

For purposes of this policy Disqualified Persons include the following Foundation employees:

1. Chief Executives (President, Chief Financial Officer, Chief Operating Officer, Senior Vice Presidents, Vice Presidents, and General Counsel);
2. Key Employees, defined as employees other than Chief Executives who:

- a. Receive reportable compensation from the Foundation in excess of \$120,000 for the calendar year ending with or within Foundation's tax year; and
- b. Are among the top 20 most highly compensated Foundation employees (including all income from Foundation) for the calendar year ending with or within Foundation's calendar year; and
- c. Have responsibilities, power, or influence over the Foundation as a whole that is similar to those of Chief Executives, or
 - (i) manage a discrete segment or activity of Foundation that represents 10% or more of the activities, assets, income, or expenses of the Foundation, as compared to the organization as a whole; or
 - (ii) have or share authority to control or determine 10% or more of Foundation's capital expenditures, operating budget, or compensation for employees.

Excess Benefit Transactions

An "excess benefit transaction" is one in which a Disqualified Person receives compensation that is unreasonable. Reasonable compensation is defined as an amount that would ordinarily be paid for like services by like enterprises (whether taxable or tax-exempt) under like circumstances.

Procedure for Approving Compensation for Disqualified Persons

To assure that the Foundation does not engage in an "excess benefit transaction" the Compensation Committee will utilize the following procedure to review, analyze, approve, and documents the compensation arrangements for Disqualified Persons:

1. Impartial Decision Makers

Members of the Compensation Committee must take special care to assure they have no conflict of interest with respect to the compensation arrangement at issue. Thus, in accordance with the regulations implementing Internal Revenue Code Section 4958, a Compensation Committee member may only participate in the review and approval of compensation for Disqualified Persons where the committee member:

- a. Is not a Disqualified Person participating in or economically benefitting from the compensation arrangement, and is not a member of the family of any such Disqualified Person;
- b. Is not in an employment relationship subject to the direction or control of a Disqualified Person participating in or economically benefitting from the compensation arrangement;

- c. Does not receive compensation or other payments subject to approval by a Disqualified Person participating in or economically benefitting from the compensation arrangement;
- d. Has no material financial interest affected by the compensation arrangement; and
- e. Does not approve a transaction providing economic benefits to any Disqualified Person participating in the compensation arrangement, who in turn has approved or will approve a transaction providing economic benefits to the member.

2. Comparability Data

When considering the compensation arrangement for a Disqualified Person, the Compensation Committee must rely on data that allows the committee to compare the compensation arrangement for the Disqualified person with compensation levels for similarly qualified individuals in like positions at like organizations. This data may include, but is not limited to, the following:

- a. Expert compensation studies by independent firms;
- b. Written job offers for positions at similar organizations;
- c. Documented telephone calls about similar positions at both tax-exempt and for-profit organizations;
- d. Information obtained from the IRS Form 990 filings of similar tax-exempt organizations; and
- e. Annual compensation surveys of peer organizations.

3. Concurrent Documentation

The Compensation Committee must document how it reached its decisions, including the data on which it relied. To qualify as concurrent documentation, written or electronic records of the Compensation Committee (such as meeting minutes) must note:

- a. The terms of the compensation and the date it was approved;
- b. The members of the Compensation Committee who were present during the discussion about compensation that was approved and those who voted on it;
- c. The comparability data obtained and relied upon and how the data was obtained; and
- d. Any actions taken with respect to consideration of the compensation by anyone who is otherwise a member of the Compensation Committee, but who had a conflict of interest with respect to the decision on the compensation.

This Policy was adopted by the UNM Foundation Board of Trustees on Aug 31, 2018.


Chair, UNM Foundation Board of Trustees

UNM Foundation Policies
Section 3 Employment & Compensation

3.5 Training

The Foundation shall provide training to all trustees, volunteers, employees, and non-employee staff regarding all Foundation policies, including, but not limited to, *Policy 2.1 Code of Conduct*; *Policy 2.2 Conflict of Interest*; *Policy 2.3 Discrimination, Harassment & Retaliation*; *Policy 2.4, Complaint & Investigations*; and *Policy 2.5 Confidentiality*. Such training shall be provided at an initial orientation, and on a periodic basis thereafter as determined by the Board Chair, President, and/or Human Resources Department.

This Policy was adopted by the UNM Foundation Board of Trustees
on Aug 31, 2018.


Chair, UNM Foundation Board of Trustees

UNM Foundation Policies
Section 3 Employment & Compensation

3.6 Terms of Employment

At-Will Employment

Employees of the Foundation are employed at will unless their at-will status is modified by a signed written contract entered into between the employee and President (or between the employee and the Board Chair in connection with the President's employment). In such an "at-will" employment relationship, either the employee or Foundation may terminate the employment relationship at any time with or without notice, and for any reason or no reason at all. Nevertheless, termination of any employee by the Foundation must be consistent with applicable laws and with Foundation *Policy 2.3 Discrimination, Harassment & Retaliation*.

Reduction in Force or Elimination of Position

In the case of a termination due to a reduction in force or the elimination of a position, the Foundation will give the employee as much advance notice as reasonably possible. Employees who will be affected by a reduction in force or elimination of position will generally be eligible to apply for a similar position within the Foundation if such a position is available at or before the date of termination, and if the employee's past performance has been satisfactory. However, the Foundation is not required to provide the employee with another position.

An employee who is involuntarily separated due to a reduction in force or elimination of his or her position, and who has worked continuously as a full time employee for more than one year, will generally be eligible for separation pay equal to two weeks' regular pay. Separation pay will not be made to an employee who is involuntarily separated for reasons other than a reduction in force or elimination of his or her position.

This Policy was adopted by the UNM Foundation
Board of Trustees on Aug 31, 2018.



Chair, UNM Foundation Board of Trustees

UNM Foundation Policies
Section 4 Fiscal & Business Matters

4.1 Foundation Records

The UNM Foundation is a New Mexico non-profit corporation that has been granted exemption from federal income tax pursuant to Section 501(c) of the Internal Revenue Code. Its exempt purpose is to raise private funds for the benefit of the University, and it has continuously entered into written agreements with the University's Board of Regents that meet the requirements of NMSA 1978, Section 6-5A-1.B.

The Foundation is committed to transparency, while protecting the confidential information of donors and its own confidential and proprietary information.

Information and records that are considered confidential under *Policy 2.5 Confidentiality* will not be made available to the public unless required by law.

The following records shall be made available to the public on the Foundation's website:

1. IRS Form 990 (Annual Return for Tax-Exempt Organizations);
2. Annual Audited Financial Statements;
3. Annual Report of Giving;
4. Articles of Incorporation;
5. Bylaws;
6. Memorandum of Agreement between the Foundation and the University; and
7. Foundation Policies.

Requests for additional information or records should be directed to the Foundation's Director of Communication at the Foundation office, 700 Lomas, NE, Suite 108, Two Woodward Center, Albuquerque, NM 87102.

Requests for additional information or records will be processed promptly. If the request seeks a large volume of records or records that will require time to locate and collect, the Foundation will so advise the requestor. If the requested information or record is available on the Foundation website, the requestor will be directed to the specific website location.

If a request for additional information or records calls for the retrieval and reproduction of records, a reasonable reproduction fee will be charged. The Foundation will require this fee to be paid in advance of the actual copying.

This Policy was adopted by the UNM Foundation Board of Trustees on Aug 31, 2018.


Chair, UNM Foundation Board of Trustees

UNM Foundation Policy
Section 4 Fiscal & Business Matters

4.2 Document Retention and Destruction

Overview

This policy is established to ensure that the records of the Foundation are retained as required by law and/or for a period of time deemed sufficient to meet the business needs and mission of the Foundation. For purposes of this policy, the term “records” means all documents and communications in the possession, custody, or control of the Foundation which relate to the business of the Foundation, in hard copy or electronic format.

The Foundation will retain and destroy records consistent with this policy and the Foundation’s *Schedule of General Retention Periods*, unless particular circumstances justify retaining a record for a different period of time.

Records not specifically listed in the Foundation’s *Schedule of General Retention Periods* should be treated in the same manner as substantially similar records listed in the schedule.

Records not subject to the Foundation’s *Schedule of General Retention Periods* and duplicates of records subject to the schedule should be retained only so long as necessary.

Questions as to whether a record is subject to the Foundation’s *Schedule of General Retention Periods* should be directed to the Foundation’s General Counsel or Chief Operating Officer (the “COO”).

Failure to retain records as required by law and this policy could subject the Foundation to penalties and fines, and may disadvantage the Foundation in ongoing or future business or legal matters. Accordingly, the Foundation expects all of its employees to comply with this policy.

The Foundation will review annually its records in order to destroy those records deemed unnecessary to the Foundation’s business needs, except those that are required to be preserved under applicable law and/or this policy. On or before April 1 of each year, the Foundation’s General Counsel and COO will provide a reminder to all Foundation employees to review their records for retention or destruction in accordance with this policy.

Legal Holds

Periodically, the Foundation may be required to retain records relevant to actual or potential litigation, or to government investigations and/or proceedings. If the Foundation is confronted with or contemplates litigation, or is subject to a governmental investigation/proceeding, the Foundation is committed to complying fully with its duty to

preserve all records relevant to the matter(s) at issue. In such circumstances, the Foundation's General Counsel and COO will jointly establish a legal hold on all records related to the matter(s) at issue. That hold status will be communicated to all employees in possession of relevant records. Destruction of any relevant records will then be prohibited until the General Counsel and COO notify employees that the legal hold has been removed. Accordingly, the retention period for the records subject to a legal hold supersedes any established retention period identified in the Foundation's *Schedule of General Retention Periods*.

Employees' obligation under a legal hold include turning off any automatic delete functions related to emails, text messages, and voicemails. Additionally, no employee may discard records based on a concern by the employee or others that the records could be harmful in potential or actual litigation or a potential or actual governmental investigation/ proceeding. Failure of employees to abide by these policies can carry severe civil and criminal penalties, as well as disciplinary action up to and including termination of employment.

Emails, Text Messages, and Voicemails

Emails, text messages, and voicemails containing information subject to the Foundation's *Schedule of General Retention Period* or a legal hold should be moved to "archive" computer file folders; such file folders should be identified by subject and sender so that they may be easily indexed and located if needed. All other emails, text messages, and voicemails should be deleted on a regular basis.

Electronic Record Retention

Given the space requirements of retaining a large volume of hard copy records, retention of records in electronic form is an acceptable means of retaining most records, and generally records need not be preserved in both hard copy and electronic format. In certain circumstances, it may be necessary to retain a hard copy of a record (i.e., certain legal documents containing an original signature). In those cases, the Foundation should retain a hard copy of the record in accordance with the Foundation's *Schedule of General Retention Period* and/or a legal hold. Those determinations will be made on a case-by-case basis by the Foundation's General Counsel.

Emails and Computer Files of Terminated Employees

Emails and computer files of terminated employees will be retained or destroyed on a case-by-case basis, unless subject to a legal hold. Where a legal hold has not been issued, the Human Resources Department, in consultation with General Counsel, shall be responsible for determining whether, to what extent, and for how long the Foundation

will retain the emails and computer files of terminated employees based on legal and/or business needs.

Destruction of Records

The Foundation's COO is responsible for oversight and approval of the final destruction of records. From time to time, the Foundation's COO may perform audits of paper and electronic document retention and destruction to ensure compliance with this policy. The COO will determine the frequency and extent of these audits.

This Policy was adopted by the UNM Foundation
Board of Trustees on Aug 31, 2018.


Chair, UNM Foundation Board of Trustees

UNM Foundation Policy

Section 4 Fiscal & Business Matters

4.3 Gift Acceptance

Overview

This policy governs the Foundation's acceptance and disposition of gifts made to or for the benefit of the Foundation and/or the University. The Foundation is authorized to accept all gifts made to or for the benefit of the Foundation and/or the University in the form of cash, checks, electronic funds transfers, credit or debit card transactions, and publicly traded securities. All other gifts – except (1) personal property with a value of less than \$10,000, which may be accepted at the discretion of the Foundation President and (2) planned gifts, the acceptance of which is addressed in the *Foundation Policy 4.4, Planned Gifts* -- may only be accepted by the Foundation in accordance with this policy.

The Foundation shall not accept gifts which propose to transfer directly to the University title to any tangible or intangible personal property, or real property. All such proposals shall be referred to the appropriate University official for consideration.

The Foundation shall not accept any gift which would improperly inure to the benefit of any individual or that that would jeopardize the tax-exempt status of the Foundation.

Restricted and Endowed Gifts

The Foundation is authorized to accept gifts that are restricted as to purpose, including gifts made for the purpose of establishing an endowment. By accepting a restricted gift, the Foundation and/or the University are legally bound to honor the donor's written directives. Generally, a donor's restriction may only be modified by the donor, a court, the Foundation, or the University in the circumstances and manner set forth in the Uniform Prudent Management of Institutional Funds Act and/or the applicable gift agreement (or other record of donor intent). Prior to the acceptance of any restricted or endowed gift, the donor's intended uses and/or restrictions shall be reviewed with the appropriate University officials and, if acceptable, shall be expressed in a written gift agreement to be signed by the donor, an authorized signer for the Foundation, and the head of the University unit which will be the beneficiary of the restricted or endowed gift. Endowed chairs must be approved by specific University officials and the Board of Regents in accordance with applicable Regents policies.

Gift Acceptance Committee

The Foundation's Bylaws create a Gift Acceptance Committee ("GAC"). It is the responsibility of any Foundation employee or University representative who has been presented with a gift subject to this policy to refer the transaction to the GAC for consideration prior to acceptance of the gift. The Foundation's *Gift Acceptance Procedure* outlines the process to be used in submitting a proposed gift to the GAC for consideration.

Gifts of Personal Property to the Foundation

The Foundation may accept gifts of tangible or intangible personal property for its own use or for liquidation, subject to the requirements of this policy. Tangible personal property includes, but is not limited to, works of art, manuscripts, literary works, personal papers, stamp collections, rare coins, rare or valuable books, manuscripts or other special collections which will require insurance and/or costs to store, jewelry, gemstones, home furnishings and appliances, boats, motor vehicles, and computer hardware and equipment for instructional or research purposes. Intangible personal property includes, but is not limited to, patents, copyrights, subscription lists, goodwill, trade names and trademarks, player contracts, installment obligations, partnership interests (general or limited), privately held stock, and certain rights to tangible property (i.e. oil and gas or mineral production royalties or other payments).

The Foundation President may in his or her discretion authorize the acceptance of gifts of personal property with a value of less than \$10,000. Furthermore, in-kind donations of nominal value that are intended to be used upon receipt, such as unused tickets for athletic or cultural events, supplies and postage, may be accepted by Foundation staff and without the approval of the President or GAC.

Gifts of personal property with a value of \$10,000 or more may only be accepted by the Foundation after consideration and approval by the GAC.

The GAC will consider acceptance of gifts of personal property only after a thorough review of the following:

1. The value of the property;
2. Whether the property is needed for the Foundation's own use or, in the alternative, is readily marketable;
3. All carrying costs, including but not limited to insurance, storage, staff commitment, registration, and repair/maintenance; and
4. All terms, conditions, restrictions or other matters that may affect the sale or use of the property.

Once the gift is accepted, the Foundation will inform the donor if the gift will be retained by the Foundation or liquidated.

Gifts of Real Property to the Foundation

The Foundation may accept gifts of real property for its own use or for liquidation, subject to the requirements of this policy. Real property includes gifts of land interests together with all improvements and fixtures thereon, easements, rights-of-way and appurtenances attached thereto, and all liens, encumbrances, and restrictions thereon.

The Foundation may accept gifts of real property only after review and approval by the GAC. The GAC will consider acceptance of gifts of real property after a thorough review of the following:

1. A current appraisal of the property, or if no appraisal is available or practical, other market analyses or information regarding the estimated fair market value of the property;
2. The manner/type of interest in the property to be conveyed;

3. A Phase I environment audit of the property;
4. An asbestos survey of the property (where applicable);
5. An ALTA survey of the property (this survey must clearly set forth the legal description of the property, its boundaries, any and all easements or rights-of-way on the property, and any and all improvements on the property);
6. A title commitment for the property;
7. All liens, encumbrances, or retained interests related to the property, including but not limited to mortgages, real estate contracts, deeds of trust, restrictions, reservations, life estates, easements, leases, mechanic liens and other limitations of record (no gift of real property should be accepted until all mortgages, deeds of trust, liens and other encumbrances have been discharged, except in cases where the fair market value of the Foundation's interest in the real property net of all encumbrances is substantial);
8. The existence and amount of any carrying costs, including but not limited to property owners' association dues, country club membership dues, utilities, gardening expenses, transfer charges, taxes, and insurance (whenever possible, the donor should be encouraged to contribute funds for the management of the property until the Foundation is able to liquidate the property);
9. Any and all documents or information in the possession of the donor related to the property which may impact the GAC's review and acceptance of the property, including but not limited to title or property insurance policies, zoning restrictions, maps, photographs, income and expense statements (where applicable), and mortgage or lien documents.

The GAC will review the material presented by the appropriate Foundation staff and decide whether to accept or reject the proposed gift of real property, or if necessary, to postpone a decision pending the receipt of additional information. The GAC may, if it deems appropriate, authorize acceptance of the property only upon satisfaction of specified terms and conditions by the donor or others.

The final determination of the GAC will be communicated to the development officer by the appropriate Foundation staff member within seven days, and the development officer will communicate the GAC's decision to the donor in writing, including any terms or conditions imposed by the GAC prior to acceptance.

The Foundation's internal processes related to gifts of real property are set forth in the Foundation's *Procedure for Accepting, Recording and Disposing of Real Property Gifts*.

This Policy was adopted by the UNM Foundation Board of Trustees on Aug 31, 2018.


Chair, UNM Foundation Board of Trustees

UNM Foundation Policy
Section 4 Fiscal & Business Matters

4.4 Planned Gifts

Overview

Consistent with Foundation *Policy 4.3 Gift Acceptance*, the Foundation is authorized to solicit and accept planned gifts made for the benefit of the Foundation or the University in the form of cash, checks, electronic funds transfers, credit or debit card transactions, and publicly traded securities. With the exception of certain planned gifts discussed below, planned gifts that are proposed to be given in any other form must be reviewed and approved by the Foundation's Gift Acceptance Committee (GAC).

With the exception of unanticipated testamentary gifts, the donor's intended use of the gift shall be documented in the Foundation's EGIF form and/or an executed gift agreement signed by an authorized individual for the Foundation, the donor, and the appropriate University official.

Charitable trusts are generally managed by commercial trustees. If there are special circumstances in which the Foundation is asked to serve as trustee or co-trustee of a charitable trust, the Foundation President, in consultation with the Foundation Chief Financial Officer, General Counsel, and the Foundation's Executive Committee, shall decide whether or not to act as trustee.

Donor's estates are generally administered by a donor-appointed personal representative. If the donor has appointed the Foundation as personal representative, or if there are special circumstances in which the Foundation is asked to serve as personal representative or co-personal representative of an estate, the Foundation President, in consultation with the Foundation Chief Financial Officer, General Counsel, and the Foundation's Executive Committee, shall decide whether or not to act as personal representative of the donor's estate.

No Foundation staff shall provide legal or accounting advice to donors, and all donors will be advised to secure guidance from independent legal and/or tax counsel in all matters pertaining to a planned gift to benefit the Foundation or the University.

Specific Types of Planned Gifts

The following types of planned gifts, while not all-inclusive, are available to donors and are generally acceptable to the Foundation.

1. Gifts by Wills and Trusts

The Foundation may accept gifts in which it or the University are named as beneficiaries of a bequest or devise by will, an *inter vivos* trust (a trust established during life), or a testamentary trust (one established by will). Where the gift is in a form other than cash,

checks, electronic funds transfers, credit or debit card transactions, or publicly traded securities, it must first be reviewed and approved by the GAC.

Where a trust conveys to the Foundation an interest in either personal or real property, except in unusual circumstances and with the specific approval of the GAC, the donor or trust must continue to maintain the property, pay taxes on the property, and insure the property until such time as the trust's interest in the property is terminated.

The Foundation normally will not prepare trust documents, but may provide, at the donor's request, a standard form document prepared by the Foundation's General Counsel which shall be sent directly to the donor's attorney or financial advisor, subject to the disclaimer provided above. Any document prepared by the donor's attorney must be reviewed by the Foundation.

2. Charitable Gift Annuities

With the approval of the GAC, the President, and the Executive Committee, the Foundation may accept and issue charitable gift annuities. If approved, the Foundation will work with the donor's legal and financial advisors to prepare the documents necessary for the establishment and administration of the charitable gift annuity. The Foundation will follow the rates (payout percentages) suggested by the American Council on Gift Annuities, but donors may choose and the Foundation may accept a lower payout. If the donor intends to create an endowment, the fair market value of the transferred asset must generally be at least twice the then-current endowment minimum creation value. The Foundation will comply with any applicable state laws requiring registration of charitable gift annuities. Additional information on issuance and administration of charitable gift annuities are set forth in the Foundation's *Procedure for Gift Annuity Administration*.

3. Life Insurance

Foundation staff is authorized to accept outright gifts of life insurance policies, including whole life and universal life policies, without review and approval by the GAC, if the following criteria are met:

- a. The policy is a life insurance policy which is fully paid-up;
- b. If the policy is not fully paid up, the minimum face value of the policy is \$50,000 and the value of the policy substantially exceeds the amount of the remaining premium payments, or if the transfer is accompanied by a written pledge of a charitable contribution from the donor to the Foundation in an amount which equals or exceeds the amount of the remaining premiums due;
- c. The policy is issued by an insurance company rated A+ or above by A.M. Best Company, or a comparable rating from Moody's or Standard & Poors;
- d. The Foundation is designated as the irrevocable owner and beneficiary of the policy with the right and ability to cash in the policy, or exercise any other rights of ownership, and apply the proceeds of the same for the benefit of the Foundation and/or the University; and

- e. If the gift is intended to establish an endowment, the net proceeds from the policy are sufficient to meet the minimum funding requirement to establish an endowment; and the donor provides a memorandum, letter or gift agreement to identify the purpose of the endowment

All other gifts of insurance must be reviewed by the GAC prior to acceptance.

4. Bargain Sales

With the approval of the GAC, the Foundation may enter into an agreement to purchase real or personal property from a donor at a price which is less than its fair market value. It is often desirable to have the donor sign a "letter of understanding" outlining the terms and conditions of the gift, possible tax consequences, and cautions regarding a subsequent sale of the property by the Foundation.

Where the gift will be made directly to the University, the donor and the University unit purchasing the property should negotiate directly to determine the terms of the sale and to assure that the sale/purchase is made in accordance with all University policies. No Foundation employees should act as a broker in the negotiation process.

5. Retirement Plans

Foundation staff is authorized to accept without the approval of the GAC an unconditional gift making the Foundation or University the primary or alternative beneficiary of an individual retirement account, pension, profit sharing plan, or other similar retirement plan.

This Policy was adopted by the UNM Foundation Board of Trustees on Aug 31, 2018.


Chair, UNM Foundation Board of Trustees

UNM Foundation Policy Section 4 Fiscal & Business Matters

4.5 Consolidated Investment Fund Policy of The UNM Foundation and The University of New Mexico

CONSOLIDATED INVESTMENT FUND POLICY STATEMENT

In accordance with Sections 21-1-38.B(1)(b) and 21-1-38.B(2), New Mexico Statutes Annotated 1978, the University of New Mexico Board of Regents (the “Board of Regents”) has designated the University of New Mexico Foundation Investment Committee (the “Investment Committee”) to act as the official Advisory Committee to oversee and manage the investment of both the University of New Mexico (the “University”)’s and the University of New Mexico Foundation, Inc. (the “Foundation”)’s endowment funds. The combined endowment assets of the University and the Foundation are known as the Consolidated Investment Fund (the “CIF”). The Investment Committee will apply the standards of conduct described in Sections 6-8-10 and 46-9A-1 through 46-9-12, NMSA 1978, in managing the CIF, subject to the standards set forth herein.

In accepting this responsibility, the Investment Committee agrees to follow the Consolidated Investment Fund Investment Policy (the “Policy”), which has been approved by the Board of Regents pursuant to Section 21-1-38.B(1)(c), NMSA 1978 and the Investment Committee of the Board of Trustees of the Foundation.

The Policy is to be effective June 10, 2016 and supersedes all previous versions.

The Policy governs the investment of gifts and donations to the University or the Foundation in the form of endowments, as well as quasi-endowments established by the Board of Regents, with long-term benefit objectives. All common endowment and quasi-endowment funds of the University and the Foundation will be managed through the CIF. Participants in the CIF will receive units in the pooled fund. At all times the Policy shall recognize and implement all legally enforceable restrictions and directions that may have been placed on gifts by donors and the Policy shall comply with all applicable laws and shall be changed as necessary to comply with changes in applicable law or legal advice.

INVESTMENT PHILOSOPHY

The CIF has a long-term investment horizon, and allocates its assets accordingly. It is recognized that a strategic long-term asset allocation plan implemented in a consistent and disciplined manner along with the long and short-term needs of the University in carrying out its educational mission will be the major determinant of the CIF’s investment performance.

The assets will be managed on a total return basis. The Policy also recognizes the importance of preservation of capital. It is appropriate to consider alternative investment strategies if such strategies are in the CIF’s best interest on a risk-adjusted basis and are consistent with sufficient liquidity and investment risks that are prudent and reasonable, given the prevailing capital market conditions.

Risk management of the investment program is focused on understanding both the investment and operational risks to which the CIF is exposed. The objective is to minimize operational risks and realize an appropriate return for the investment risks that the Investment Committee is willing to accept.

INVESTMENT OBJECTIVES AND POLICIES

Return Goal: The long-term objective of the CIF is to earn a return sufficient to preserve the purchasing power of the CIF for generations to come, as well as to provide for current needs. As a result, the goal is to achieve an annual total return, net of management and custodial fees, that equals or exceeds the annual Spending Distribution, the annual Development Funding Allocation and inflation as measured by the U.S. Department of Labor All Urban Consumer Price Index “CPI-U”.

Return Measurement: *To achieve the Return Goal, the CIF assets will be invested to generate a total return consisting of market appreciation and depreciation and/or dividend and interest income. While there cannot be complete assurance that the Return Goal will be realized, it is believed that the likelihood of realization is enhanced by diversifying the assets of the CIF. Over time, the Policy will aim to achieve the Return Goal while maintaining acceptable risk levels. To accomplish this goal, the CIF will diversify assets among several asset classes. The following objectives are designed to support achievement of the Return Goal and are net of (after) investment expense:*

- Total CIF assets should achieve an annualized nominal rate of return equal to or greater than that of the Return Goal.
- In general, active managers will be expected to provide returns greater than their appropriate benchmark, net of fees, while utilizing acceptable risk levels, over rolling thirty-six month periods. In contrast, passive managers will be expected to provide returns nearly identical to the appropriate benchmark, before reasonable fees, with no more volatility than the benchmark.

Preservation of Capital: Consistent with their respective investment styles and philosophies, investment managers shall make reasonable efforts to preserve capital, understanding that losses may occur in individual securities.

Cash Reserves: In accordance with the CIF’s long-term investment horizon, a fully invested position should be maintained for the overall portfolio with minimal, but sufficient cash reserves to meet all current spending and capital calls.

Risk: It is important that risk is defined so that the assets are managed in a manner consistent with investment objectives and strategies. The policy defines risk as:

- Overall Investment Risk - the probability of not maintaining purchasing power over the CIF's investment time horizon, net of spending and investment expenses.
- Operational Risk - the potential of loss arising from deficiencies in internal controls, human errors, physical systems failures and other business execution risks.
- Cash Flow Risk - the probability of not achieving the CIF's short term cash flow requirements.
- Compliance Risk - non-compliance with applicable State of New Mexico statutes concerning the investment of public funds.
- Interest Rate Risk - the potential for fluctuations in bond prices due to changes in interest rates and/or a duration/liability mismatch.
- Credit Risk - the possibility that a bond issuer will fail to make timely payment of either interest or principal to the portfolio.
- Reinvestment Risk - the possibility that the proceeds of a maturing or called security will be reinvested at lower yields as a result of a general interest rate decline in the bond market.
- Liquidity Risk - the possibility that the liquidity of the market for a security may decline thereby making it more difficult to dispose of the security promptly; presenting difficulties in valuation of the security; or causing the security to experience greater price volatility.

Asset Allocation: Asset allocation is the single most important decision which affects the CIF. Investment research has determined that a significant portion of a portfolio's investment behavior can be attributed to (1) the asset classes/styles which are employed by the portfolio, and (2) the weighting of each asset class/style. Given its importance, the asset allocation will be reviewed at least quarterly and revised as necessary.

- The asset allocation shall be determined taking into consideration a comprehensive allocation study completed by the Investment Consultant and taking into consideration the asset allocations of peer institutions as published in the NACUBO-Commonfund Study of Endowments.
- The asset allocation shall be designed to give balance to the overall structure of the investment program over a long-term horizon.
- Asset allocation decisions will not be based on market timing. However, some factors may impact the policy allocation, thereby requiring an asset allocation review and possible rebalancing. Some of these factors include a change in the assessment of the intermediate and long-term outlook for different types of asset classes and styles or divergence in the performance of the different asset classes and styles.
- In consultation with the Investment Consultant, specific target asset allocations may be established by the Investment Committee within the minimum and maximum ranges of the Policy to address current economic and/or market conditions.

Assets shall be invested within the following maximum and minimum ranges for each asset class:

Percent of Total Assets

| Asset Class | Minimum | Maximum |
|-----------------------------------|---------|---------|
| Domestic Equity ¹ | 10% | 50% |
| International Equity ¹ | 10% | 40% |
| Fixed Income/Cash | 10% | 50% |
| Illiquid Real Assets | 0% | 15% |
| Private Investments ² | 0% | 20% |
| Marketable Alternatives | 5% | 20% |

¹ The combined maximum allocation to domestic and international equities shall not exceed 70% at any point in time.

² A net cumulative capital allocation of up to 0.5% of total assets of the Consolidated Investment Fund as measured at the end of the fiscal year may be invested by the University of New Mexico's technology transfer nonprofit corporation, STC.UNM, in qualifying early stage venture capital investments. An investment will be considered a qualifying early stage venture capital investment if:

1. the investment is in a company created to utilize technologies transferred by STC.UNM;
2. the investment is matched on at least a 1 to 1 basis by a co-investor with experience in early stage capital ventures; and
3. STC.UNM has conducted due diligence on its own or in concert with a co-investor; and
4. STC.UNM provides the Investment Committee with reports regarding each specific early stage venture selected and quarterly updates thereafter to monitor the progress of the venture and the performance of the investment.

The University of New Mexico Foundation Investment Committee is not responsible for the evaluation, selection or management of any early stage venture capital investments made by STC.UNM with Consolidated Investment Fund assets.

It is anticipated that long-range returns for early stage venture capital investments will be equal to or better than the long-range expected return for the Consolidated Investment Fund.

Portfolio Rebalancing: It is desirable to rebalance the CIF's holdings periodically to minimize deviations from the Policy's asset allocation mix. The Investment Consultant shall inform the Investment Committee at the close of any quarter in which rebalancing the CIF is necessary. The Investment Committee shall review and approve any rebalancing actions and the Investment Consultant shall assist as needed in implementing such actions.

Manager Concentration Limits: The Investment Consultant shall identify at the close of each quarter any actively managed accounts which are in excess of 5% of total assets. The Investment Committee shall consider whether the concentration in these accounts warrants rebalancing towards a goal of 5%.

Spending Distribution: The Policy aims to distribute on an annual basis a percentage, established as discussed below, of the average market value of the CIF at the calendar year-end of the previous 20 quarters (the "Spending Distribution"). The Spending Distribution amount shall not exceed 6% nor be less than 4% of the average market value per unit. The Policy allows for the Spending Distribution regardless of whether the fair market value of an individual account exceeds its historic gift value, unless otherwise precluded by the donor or by law. This practice is consistent with the Uniform Prudent Management of Institutional Funds Act, and recognizes that not spending from an endowment is likely to be contrary to a donor's intent to provide current benefits for the designated purpose. The Investment Committee shall establish at its first meeting of each calendar year the Spending Distribution to be used for the following fiscal year. The Investment Committee shall strive to maintain a Spending Distribution which achieves intergenerational equity, so today's beneficiaries do not unfairly benefit at the expense of future beneficiaries. In addition to considering this Policy and the objectives as stated above, the Investment Committee shall consider, if relevant, the following items in their annual deliberations to determine a reasonable Spending Distribution:

- The net rate of return earned by the CIF in each of the five most recent fiscal years.
- The net real (after adjusting for inflation as measured by the CPI-U) rate of return earned by the CIF in each of the five most recent fiscal years.
- Payout rates established by other university endowments as published in the NACUBO-Commonfund Study of Endowments.
- Other resources available to University and any unusual or extraordinary circumstances impacting these resources (tuition revenues, State appropriations, etc.).
- The extent to which programs benefiting from the Spending Distribution rely on these funds to achieve their goals and objectives.
- Recommendations from the CFO.
- The Spending Distribution in effect at the time of deliberations.
- General economic conditions.
- The possible effect of inflation or deflation.
- The expected total return of the CIF per the most recent asset allocation study.
- Significant inflows to and outflows from the CIF (if any)

Development Funding Allocation (the "DFA"): The Board of Regents and the Board of Trustees have agreed that a fair and reasonable uniform basis point fee applicable to all endowment accounts is an appropriate means to assist the operations of the Foundation. The DFA does not provide support for any direct costs of investing and administering the CIF, such as investment consultant fees, custodial fees and investment manager fees. These costs are assigned directly to the CIF. The DFA is subject to review and approval by the Board of Trustees and the Board of Regents as necessary.

The following items shall be considered in establishing a reasonable DFA:

- Any external costs including the Investment Consultant, custodian, and investment manager fees of managing the CIF.

- The internal (i.e., accounting, fund raising, information systems, gift administration) costs to raise funds for, manage the assets of and provide stewardship for the CIF.
- Cost Recovery Fee rates established by other university endowments if published in the NACUBO-Commonfund Study of Endowments.
- Recommendations from the CFO.
- The Development Funding Allocation in effect at the time of deliberations.
- The impact on the Spending Distribution.

Responsible Investing: “Responsible Investing” prescribes adopting investment policies and practices such as socially responsible investing (SRI) which avoids certain securities or industries through negative screening according to defined ethical guidelines and/or environmental, social and governance investing (ESG) which integrates those factors into the investment analysis to the extent that they impact investment performance. The CIF’s assets have been donated by generous donors to support UNM’s mission first and foremost, not to adhere to defined ethical guidelines or incorporate environmental, social and governance factors. UNM’s mission is “... to serve as New Mexico’s flagship institution of higher learning through demonstrated and growing excellence in teaching, research, patient care, and community service.” The Investment Committee considers the endowment to be an economic resource in advancing UNM’s mission and defines its fiduciary responsibility as investing and managing the endowment assets as set forth in the Policy. The CIF’s assets shall be invested for the long-term using a diversified approach with the principal goal of generating an attractive return to provide continued support to UNM at a commensurate and acceptable level of risk. Implementation is guided by the concept of complementary managers who are responsible for specific asset categories and management styles in a diversified portfolio. Investment strategies shall not be altered or modified for reasons unrelated to achieving this objective.

Donor Directed Investments: The UNM Foundation’s Gift Acceptance Committee will consider requests from donors who approach the Foundation with a desire to support the important work of UNM and express an interest in having their endowment or quasi-endowment gifts invested in a cause-related way. If the donor’s gift is accepted, the Foundation’s Investment Committee will strive to identify an appropriate endowment investment vehicle outside the CIF to meet the donor’s concerns while insuring that the University’s goals, objectives and values are maintained. The restriction or designation of a particular donor shall not be imposed on any other gifts or endowment assets.

Previous donations invested within the CIF will not be considered for divestment from the CIF and reinvestment outside the CIF.

AUTHORITY AND RESPONSIBILITY

University of New Mexico Board of Regents

The Board of Regents shall review the performance of the Investment Committee and the CIF at least annually. The Board of Regents shall approve annually, along with the Board of Trustees:

- The Investment Policy and any changes thereto.
- The Development Funding Allocation basis point fee.
- The Investment Consultant and its fees.

University of New Mexico Foundation Board of Trustees

In accordance with the bylaws of the Foundation, the Board of Trustees shall appoint an Investment Committee. The Board of Trustees shall approve, along with the Board of Regents:

- The Investment Policy and any changes thereto.
- The Development Funding Allocation basis point fee.
- The Investment Consultant and its fees.

The Investment Committee

The Investment Committee has fiduciary responsibility for directing and monitoring the investment of the CIF, and is authorized to retain and solicit recommendations of qualified professionals including the CFO, Investment Consultant and Investment Managers.

The Investment Committee's responsibilities include:

- Recommending an Investment Consultant and the contract.
- Selecting an Investment Custodian and approving the contract.
- Approving investment products for inclusion in the CIF portfolios.
- Developing an investment policy for approval by the Board of Trustees to include an asset allocation model taking into consideration the appropriate rates of return and risk for each asset class.
- Rebalancing the CIF in accordance with the asset allocation ranges.
- Providing regular reports to the Board of Trustees and to the Board of Regents, including recommendations with respect to any suggested changes in investment policies.
- Monitoring the CIF investments for compliance with all laws, rules and regulations, including but not limited to the Management of Charitable Funds Act as implemented by the State of New Mexico from time to time.
- Reviewing performance at both the manager and portfolio level on a periodic basis and, if necessary, instructing the CFO and/or the Investment Consultant to conduct additional due diligence on any investment manager/product.

The Chief Financial Officer

The CFO serves as an advisor to the Investment Committee, and shall assist the Investment Committee as needed in carrying out their responsibilities noted above. Additional responsibilities of the CFO include:

- Implementing Investment Committee decisions as directed.
- Working directly with the Investment Consultant as needed.
- Preparing an annual report on the CIF, including performance and allocation information important to the donor community.
- Coordinating agenda items with the Investment Committee Chair and scheduling meetings of the Investment Committee such that all important matters are brought to the Committee's attention in a timely fashion.
- Reviewing and executing, in consultation with legal counsel, all offering documents for new investment products approved by the Investment Committee.
- Providing the Investment Committee with reports comparing investment performance and asset allocation with the NACUBO-Commonfund Study of Endowments.

The Investment Consultant

The Investment Consultant is responsible for providing advice to the Investment Committee as follows:

- Reviewing the asset allocation as appropriate and no less than annually.

- Monitoring the portfolios to ensure that assets remain within the designated ranges as specified in the asset allocation models, and recommending appropriate actions to address situations outside the designated ranges.
- Providing written comments and recommendations on the Policy as needed, but on no less than an annual basis.
- Assisting in selecting, monitoring, and replacing investment managers and products.
- Recommending appropriate benchmarks and peer groups with which to monitor selected investment managers.
- Providing written quarterly reports no less than quarterly to the Investment Committee on investment products and managers, including departures of key personnel, style drift, changes in investment process and any other matter requiring the Investment Committee's attention including a recommendation that an investment manager be retained or terminated.
- Disclosing any fee relationships with investment managers, advertisers, placement agents or other providers of service for the CIF.
- Presenting reports to the Board of Regents and the Board of Trustees as needed.
- Reviewing all offering documents for new investment products prior to submission to the CFO for signature.

The Investment Managers

Investment managers shall:

- Act as responsible fiduciaries in all matters involving their management of CIF assets and comply with all applicable laws, rules and regulations.
- Report all activity to the CFO and Investment Consultant on a timely basis as agreed, but in no event will such report be provided on less than a quarterly basis. Such reports shall include a comparison of performance with the agreed-upon benchmark, and might include details about the holdings and strategies of the applicable product.
- Vote, or cause to be voted, all proxies on securities held by the CIF.
- Provide CFO with copies of audited financial statements covering the investment product in a timely manner.
- Make presentations to the Investment Committee when and as requested.
- Maintain a strict adherence to the mandate under which they were engaged.
- Provide CFO and Investment Consultant with a written report within five business days of the following matters: (a) change in ownership or legal entity status; (b) change in key personnel, including a change in anyone on the product portfolio management team; (c) change in investment philosophy or style; (d) civil or criminal charges filed against the firm by a regulator.
- Disclose any fee relationship with the investment consultant, advertisers, placement agents or other providers of service for the CIF.

The Investment Custodian:

The Investment Custodian shall:

- Provide monthly reports detailing investment holdings and account transactions within 15 business days following the end of each month and an annual report summarizing the following within 15 business days following each fiscal year end.
- Establish and maintain an account(s) for each Investment Manager of the portfolio as requested by the CFO.

- Provide all normal custodial functions including security safekeeping, collection of income, settlement of trades, collection of proceeds of maturing securities, daily investment of uninvested cash, etc., effect trades, if applicable, manage securities lending program, if applicable.
- Prepare additional accounting reports as requested by the CFO or Investment Consultant.

PERFORMANCE MEASUREMENT AND REPORTING

Performance Measurement

The performance of the CIF will be reviewed at least annually to determine the continued feasibility of achieving the investment objectives and the appropriateness of the investment policy for achieving these objectives. In consideration of the CIF's goals and objectives, several standards will be utilized in evaluating investment performance as opposed to a single measure. These standards reflect several aspects of investment performance, including the specific objectives and the market indices used to measure the performance of individual Managers.

- **TOTAL FUND PERFORMANCE:** The Investment Committee expects the total assets under management to perform in the upper quartile of an acceptable comparable peer universe, over a market cycle or a three to five year period if shorter.
- **ASSET CLASS LEVEL PERFORMANCE:** Each asset class approved by the Investment Committee will have an intermediate term benchmark that is investable and a longer term benchmark that represents the investment objective in that asset class's inclusion in the portfolio.
- **INVESTMENT MANAGER PERFORMANCE:** Each Investment Manager's performance should compare favorably over comparable periods to that of other Investment Managers of a like style and discipline. The Investment Managers shall have discretion to invest a portion of the assets in cash reserves when they deem it appropriate. However, the Investment Managers will be evaluated against their peers and their predetermined benchmarks on the performance of the total funds under their direct management.

Conflict of Interest

All persons responsible for investment decisions or who are involved in the management of the Foundation or who are consulting to, or providing any advice whatsoever to the Investment Committee, shall disclose in writing at the beginning of any discussion or consideration by the Investment Committee, any relationships, material beneficial ownership, or other material interest(s) which the person has or may reasonably be expected to have, with respect to any investment issue under consideration. The Investment Committee will require such persons to remove themselves from the decision-making process.

Any members of the Investment Committee responsible for investment decisions or who are involved in the management of the Foundation shall refuse any remuneration, commission, gift, favor, service or benefit that might influence them in the discharge of their duties, except as disclosed in writing to and agreed upon in writing by the Investment Committee. The intent of this provision is to eliminate conflicts of interest between committee membership and the Foundation. Failure to disclose any material benefit shall be grounds for immediate removal from the Investment Committee. This provision shall not preclude the payment of ordinary fees and expenses to the Foundation's custodian(s), Investment Managers, or Investment Consultant in the course of their services on behalf of the Foundation.

Revisions:

1989 September
1992 February
1995 March
1997 February
1999 September
2001 May
2002 June
2003 October
2004 May
2005 October
2010 July
2013 November
2014 April
2015 June
2016 June
2017 September

UNM Foundation Policies
Section 4 Fiscal & Business Matters

4.6 Foundation Debts, Disbursements & Investments

Legal Responsibility of Foundation for Debts

The Foundation shall assume responsibility for debts incurred in its name so long as those debts are for purchases made in accordance with this policy and the procedures established by the Foundation President. The Foundation shall not be responsible for debts incurred in violation of this policy and/or procedures established by the Foundation President, or for debts incurred by persons or organizations not directly under the Foundation's control. Persons making unauthorized purchases shall assume full responsibility for all such debts.

Disbursements

Any disbursement from Foundation accounts must be approved by an authorized Foundation employee; provide direct benefits to the accomplishment of the Foundation's mission; comply with donor intent (where applicable); follow appropriate vendor selection processes; conform with contract administration practices; be properly administered for accounting and tax purposes; and not be for improper purposes.

1. Approval by Authorized Foundation Employee

All disbursements must be approved by a Foundation employee who has been authorized to approve such disbursement by the President or the Board.

2. Direct Benefit to the Foundation Mission

All disbursements must be for the direct benefit of the Foundation's mission. No income or assets of the Foundation may be paid to provide unwarranted personal benefits or to fund uses or purposes that are not mission-related or that constitute an "excess benefit" as the term is used in the Internal Revenue Code.

3. Conformance with Donor Intent

All disbursements from donor-restricted funds held by the Foundation must be made in strict conformance with the donor's written requirements and/or restrictions.

4. Vendor Selection Processes

The President will be responsible to implement purchasing procedures that best accomplish the Foundation's purposes and ensure the best value to the Foundation. Generally, the Foundation will use one of the following processes to select vendors:

- a. For all purchases that are anticipated to exceed \$50,000 in the fiscal year, a request for proposal to furnish goods or services will be published to all qualified vendors; selection of vendors shall be made based on the evaluation of the proposal for best value, including but not limited to quality, price and ability to timely deliver the desired goods or services;
- b. For purchases that are anticipated to exceed \$25,000 but not to exceed \$50,000 in the fiscal year, at least three written price quotes should be obtained from qualified vendors where practicable;
- c. A vendor may be selected without competitive bids regardless of the estimated cost when the Foundation President makes a determination, after conducting a good-faith review of available sources, that there is only one source for the required goods or services; however, the price must be reasonable and justified;
- d. In all instances selection shall be made after negotiating terms, including price, based solely on the criteria for best value and other requirements identified in the request for proposal or request for price quotes.

5. Requirement of Written Contracts

All Foundation contracts for goods or services must be in writing, must be approved in advance as to form by General Counsel, must be in accord with the Board approved budget, and must be signed by a Foundation employee who is authorized by the Board or the President to sign such contracts.

6. Administrative Requirements for Accounting and Tax Purposes

All disbursements of the Foundation shall be conducted in conformance with the following administrative requirements and recorded in sufficient detail in the appropriate books and records of the Foundation in conformity with generally accepted accounting principles.

a. Forms of Disbursement

The Foundation disburses funds through disbursement requests, approved credit card transactions, or petty cash.

b. Documentation of Disbursements

Payments to vendors or reimbursements to Foundation or University employees are initiated by either an Expenditure Request or a Travel & Mileage Reimbursement Form approved by authorized signers for the Foundation account from which the payment is made. Authorized signers may not approve disbursements to themselves.

c. The business purpose for all disbursements must be documented according to Internal Revenue Service guidelines and include:

- (i) Type of event or expenditure and the reason for incurring the expense;

- (ii) When and where the disbursement or event occurred or will occur;
 - (iii) Who attended the event and/or incurred the expenditure and that person's relationship to the Foundation or the University (note: where 20 or more persons attend an event or incur an expense, only a general statement regarding the relationship/affiliation is required for the group; where fewer than 20 persons attend an event or incur an expense, each individual will be identified); and
 - (iv) Explanation why the disbursement is an appropriate business expense.
- d. All disbursements to vendors and reimbursement to University or Foundation employees will be accompanied by original invoices or receipts. In addition, all reimbursements to Foundation or University employees require a signed statement by the employee indicating the employee will not and has not received payment for these expenses from another source.
 - e. All reimbursements to Foundation employees must be submitted within 60 days of the expense, or the reimbursement will be treated by the Foundation as taxable income to the employee. All other expenses for an activity within the fiscal year must be submitted prior to the Foundation's fiscal year close.
 - f. Disbursements to the University and the Consolidated Investment Fund

Disbursements to the University and to the Consolidated Investment Fund are initiated by a transfer form, and must be approved in writing by a Foundation employee who is authorized by the Board or the President to disburse payment from the appropriate Foundation account.

g. Credit Card Purchases

The Foundation may utilize credit cards to purchase business-related goods or services, including registration for approved conferences, vendor services in accord with the budget and with appropriate approval(s), and on-line purchasing in accord with budget and with the appropriate approval(s).

b. Petty Cash

Each petty cash expenditure shall be documented with a receipt appropriate to the purchase or expenditure request.

7. Improper Disbursements

Purchasing shall be conducted so as to ensure that no vendor is discriminated against on the basis of race, color, national origin, age, religion, disability, gender, pregnancy, sexual orientation, gender identity, marital status, or veteran status or other status protected by law.

The Foundation shall not purchase goods or services from a trustee, employee, volunteer, or any of the foregoing person's family members, or from any business in which a trustee,

employee, volunteer, or any of the foregoing person's family members own a five percent or greater interest, unless such purchase is fully disclosed, is the lowest price bid that meets all bid specifications, or is otherwise objectively and demonstrably the most beneficial bid, and is approved in advance in accordance with Foundation *Policy 2.1 Conflict of Interest*. For purposes of this policy, a family member means a spouse, child, in-law, sister, brother, mother, father, grandparent, significant other or life partner.

In accordance with Foundation *Policy 4.8 Political Activities & Lobbying*, no disbursement may be made by the Foundation to fund a political activity. Disbursements for lobbying activities may only be made with the prior approval of the Foundation President.

Investments

The authority of the Foundation to acquire, trade, transfer, or sell investment assets, including but not limited to those contained in the Consolidated Investment Fund, shall be governed by the *Delegation of Authority* approved by the Board on an annual basis.

This Policy was adopted by the UNM Foundation Board of Trustees on Aug 31, 2018.


Chair, UNM Foundation Board of Trustees

UNM Foundation Policies
Section 4 Fiscal & Business Matters

4.7 Operating Budget

Preparation and Approval of the Annual Budget

The Foundation will prepare an annual budget on the accrual basis of accounting. To prepare the Foundation's budget, the Chief Financial Officer or designee shall gather proposed budget information from all department directors and others with budgetary responsibilities and prepare the first draft of the budget.

After appropriate revisions and a compilation of all department budgets by the CFO or designee, a draft of the organization-wide budget, as well as individual department budgets, will be presented to the President for discussion, revision, and initial approval.

The revised draft shall then be submitted to the Foundation Board's Finance Committee for review and recommendation to the full Board. The Board will then review and approval the final budget.

The Foundation will seek to adopt a final budget at least 30 days before the beginning of the its fiscal year. The purpose of adopting a final budget at this time is to allow adequate time for the Foundation's Finance Department to post the budget into the accounting system and establish appropriate accounting and reporting procedures to ensure proper classification of activities and comparison of budget versus actual revenues and expenses once the fiscal year begins.

Budget Monitoring

On a quarterly basis, financial reports comparing actual year-to-date revenues/expenses with budgeted year-to-date amounts shall be produced by the Finance Department and reviewed by the Finance Committee. The chair of the Finance Committee will include comments regarding the annual budget in the committee's quarterly report to the Board.

Budget Modifications and Variances

After a final budget has been approved by the Board, any changes to the budget must be approved by the Board. Budget variances, or anticipated budget variances, shall be reported to the Finance Committee and the Board by the President and/or the CFO on at least a quarterly basis, along with an explanation of the reason for the variances.

This Policy was adopted by the UNM Foundation
Board of Trustees on Aug 31, 2018.


Chair, UNM Foundation Board of Trustees

UNM Foundation Policy
Section 4 Fiscal & Business Matters

4.8 Lobbying & Political Activities

As a 501(c)(3) organization, the Foundation is prohibited from dedicating a substantial part of its activities to attempting to influence legislation (i.e., lobbying). The Foundation is also prohibited from engaging in political activity on behalf of any candidate for public office. Trustees, volunteers, and staff of the Foundation must strictly comply with these restrictions.

Lobbying

“Lobbying” includes both direct lobbying (communicating with a government official in an attempt to influence legislative matters) and grassroots lobbying (communicating in an attempt to affect the opinions of the general public or any part of the general public on any legislative matter).

The Foundation rarely participates in lobbying; nevertheless, the Foundation shall assure that it does not incur lobbying expenses that are deemed “substantial” under the applicable provisions of the Internal Revenue Code.

To assure that the Foundation remains in compliance with Section 501(c)(3), if any trustee, volunteer, or staff wishes to engage in any lobbying activity on behalf of the Foundation, he or she shall first obtain permission to do so from the President.

If, after consultation with General Counsel, the President approves such lobbying activities, the Chief Financial Officer with the assistance of General Counsel shall closely track and record the amount of all lobbying expenditures and the amount of time spent on such activities by Foundation staff.

Political Activity

“Political activity” includes any direct or indirect participation, for or against, any candidate for public office, including but not limited to:

1. Contributing money to, or to oppose, any candidate, political action committee, or political party;
2. Endorsing any candidate;
3. Advertising for or against any candidate; or
4. Participating in any campaign of a candidate.

No Foundation trustee, volunteer, or staff acting or purporting to act on behalf of the Foundation, may engage in any political activity. This policy does not apply to political activity by trustees, volunteers, or staff in their personal capacity and on their personal

time; nor does this policy in any way limit the right of any trustee, volunteer, or staff's right to vote for their candidate of choice in any election.

Nothing in this policy prohibits the Foundation from engaging in nonpartisan activities such as voter education and voter registration activities. To assure that such activities are truly nonpartisan and conform with this policy, any trustee, volunteer, or staff who wishes to engage in such activities for or on behalf of the Foundation shall first obtain permission to do so from the President.

IRS Reporting

In connection with its annual IRS Form 990, and as otherwise required by law, the Foundation shall report all lobbying activities and political activities to the IRS on the appropriate IRS forms.

This Policy was adopted by the UNM Foundation Board of Trustees on Aug 31, 2018.


Chair, UNM Foundation Board of Trustees

UNM Foundation Policy
Section 4 Fiscal & Business Matters

4.9 Foundation Support of Other Organizations

University Affiliated Entities

As part of its support for the University, the Foundation occasionally provides fundraising and/or administrative support to separately incorporated tax exempt entities affiliated with the University, as well as to internal advisory boards serving University departments and projects. For purposes of this policy, “affiliated with the University” means that the entity has a written agreement with the University pursuant to the Board of Regents *Policy 7.17 Organizations Affiliated with the University*; and “internal advisory board” refers to external volunteers associated with a University or University departmental project or undertaking that directly benefits the University.

Sponsorship of Events for Tax Exempt Organizations Not Affiliated with the University

The Foundation rarely uses its own funds to sponsors events of other tax exempt organizations not affiliated with the University. The Foundation may determine from time to time to sponsor an event hosted by another unaffiliated tax exempt organization, but only in accordance with this policy. Sponsorship of such events must be approved in advance by the President.

“Sponsorship” refers to a form of advertising in which the Foundation agrees to donate funds to a nonprofit or charitable event to help underwrite the event by purchasing a table or otherwise permitting its name to be identified with the event.

Any such sponsorship proposed to be undertaken by the Foundation must meet at least one of the following business purposes:

1. The event is important to create good will for the University or Foundation and/or advance the University’s or Foundation’s standing in an important constituent community;
2. The University or the Foundation shares an important and overlapping mission with the other organization;
3. A member of the University or Foundation community is to be honored; or
4. Sponsorship will provide an important specific opportunity for University or Foundation representatives to network with important prospects.

The Foundation will not sponsor events held by for-profit corporations, candidates for political office, or political parties.

The Foundation's annual budget shall identify any amount proposed to be available for sponsorships of events for tax exempt organizations not affiliated with the University.

This Policy was adopted by the UNM Foundation Board of Trustees on Aug 31, 2018.


Chair, UNM Foundation Board of Trustees

UNM Foundation Policy
Section 4 Fiscal & Business Matters

4.10 Insurance and Indemnification

Insurance

The Foundation shall at all times maintain adequate insurance against general and auto liability, as well as adequate coverage for employer liability, workers' compensation, buildings, contents, computers, equipment, machinery, and other items of value owned or leased by the Foundation. The Foundation shall also at all times maintain adequate directors and officers insurance which shall provide coverage for Foundation-related conduct of all trustees, officers, and non-trustee committee members. For all personnel handling cash, preparing or signing checks, the Foundation shall at all times maintain insurance that provides coverage in the form of a blanket fidelity bond.

As a guideline, the Foundation will at all times maintain, at a minimum, the following type and aggregate limits of insurance coverage:

| <u>Type of Coverage</u> | <u>Minimum Aggregate Amount of Coverage</u> |
|---|---|
| General Liability | \$2,000,000 |
| Cyber Liability | \$2,000,000 |
| Business Auto | \$1,000,000 |
| Directors and Officers/Fiduciary Liability/Employment Practices | \$2,000,000 |
| Employee Dishonesty/Crime | \$1,000,000 |
| Property & Casualty | Adequate to cover buildings, personal property, and fine arts that are owned, leased, occupied, held or possessed by the Foundation |
| Workers' Compensation | To the extent required by law |

The Foundation shall maintain copies of all insurance policies currently in effect. The Foundation shall also maintain a detailed listing of all insurance policies currently in effect, which shall include the following:

1. Description (type of insurance);
2. Agent and insurance company, including all contact information;

3. Coverage and deductibles;
4. Premium amounts and frequency of payment;
5. Policy effective dates; and
6. Date(s) premiums paid and check numbers

Indemnification of Trustees, Officers, and Non-Trustee Committee Members

In accordance with the New Mexico Nonprofit Corporations Act and the Foundation Bylaws, the Foundation shall indemnify all trustees, officers, and non-trustee committee members from all claims, actions, suits or proceedings, civil or criminal, and including but not limited to those seeking damages, equitable or declaratory relief, reasonable expenses, costs, and attorneys' fees actually and reasonably incurred in connection with the defense of any claims, actions, suits or proceedings, in which the trustee/officer/non-trustee committee member is made a party by reason of being or having been a trustee, officer, or non-trustee committee member, so long as such trustee, officer, or non-trustee committee member is not adjudged to be liable on the basis that he/she has breached or failed to perform the duties of his/her office and the breach or failure to perform constitutes willful misconduct or recklessness.

By this policy, the Foundation confirms that the term "trustee" as used in the indemnification provision of the Bylaws includes non-trustee committee members.

This Policy was adopted by the UNM Foundation Board of Trustees on Aug 31, 2018.


Chair, UNM Foundation Board of Trustees

UNM Foundation Policies
Section 4 Fiscal & Business Matters

4.11 Compliance with Accounting Regulations, Policies and Procedures

General Statement

All funds, assets, and transactions of the Foundation shall be reflected and accounted for in the appropriate accounting and other records of the Foundation in sufficient detail to comply with generally accepted accounting principles and federal and state requirements. In the course of compliance with audits or investigations, trustees, volunteers, and staff are required to make full disclosure of all relevant information to, and otherwise cooperate with, internal and external auditors/investigators, the President, General Counsel, and Audit Committee.

Duties of the Audit Committee in Connection with Annual Independent Audit

In connection with the annual independent audit of the Foundation as further described in the Bylaws and the Charter of the Foundation's Audit Committee, the Audit Committee shall have the following duties:

1. Oversight of Independent Auditor.

In addition to contracting for and receiving an independent audit of the Foundation's financial records each year, as required by the Memorandum of Agreement with the University, the Board's Audit Committee shall be available generally to review audit decisions and provide oversight to achieve the independence of audit decisions. The Audit Committee shall meet at least annually with the independent auditor to review the independent audit of the Foundation. A portion of such meeting shall be attended only by the independent auditor and non-staff Audit Committee members.

2. Independent Auditor Reports to Audit Committee.

The Audit Committee shall require the independent auditor to report the following:

- a. All critical accounting policies, practices and estimates used by the Foundation that have been discussed with the Foundation trustees, volunteers and staff;
- b. All alternative accounting treatments of financial information, the ramifications of such alternative treatments and the treatment preferred by the independent auditor;
- c. Significant deficiencies in internal control and/or material weaknesses identified during the audit (if any); and
- d. Material written communications between the independent auditor and Foundation trustees, volunteers, and staff (such as the management letter or schedule of unadjusted differences or similar communication).
- e. Other required information, if identified during the audit, including:

- i. Audit adjustments;
- ii. Difficulties encountered in dealing with Foundation management;
- iii. Disagreements with Foundation management;
- iv. Consultation with other independent accountants by Foundation management;
- v. Significant issues discussed with Foundation management in connection with the appointment or retention of the auditor, including significant discussions regarding the application of accounting principles and auditing standards;
- vi. Difficulties encountered in performing the audit; and
- vii. Any relationships with the Foundation that would impair independence.

3. Non-Audit Services by Independent Auditor.

The independent auditor shall provide only those non-audit services to the Foundation that have been approved in advance by the Audit Committee. Unless extenuating circumstances exist and the Audit Committee approves the work in advance, the independent auditor shall not perform the following non-audit services for the Foundation:

- a. Bookkeeping or other services related to the accounting records or financial statements;
- b. Financial system design and implementation;
- c. Appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
- d. Actuarial services;
- e. Internal auditing outsourcing services;
- f. Management or human resource functions;
- g. Broker or dealer, investment advisor, or investment banking services; or
- h. Legal expert services unrelated to any audit.

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Chair, UNM Foundation Board of Trustees