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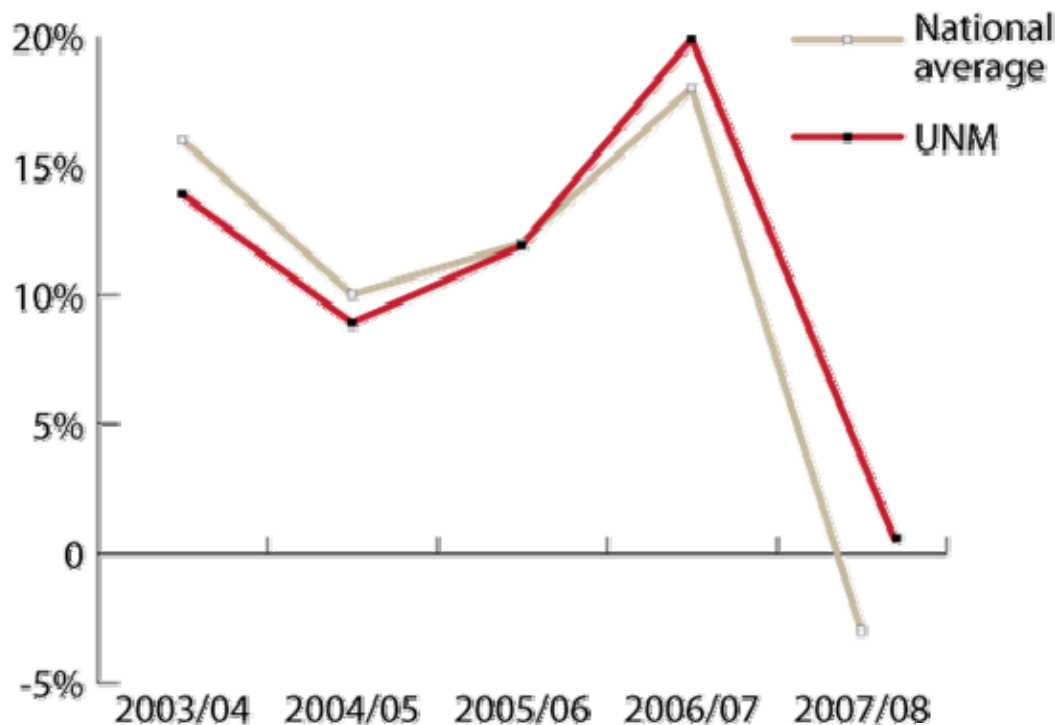
Foundation profits despite economy

By: Kristian Macaron

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UNM Foundation officials say the fundraising group has outperformed the national average, in spite of the economic recession, by diversifying the investment of donated funds.

The Foundation brought in a 0.7 percent return last fiscal year on an estimated \$325 million in endowment funds, Foundation President John Stropp said.



"For the year ending June 30, 2008, we returned 0.7 percent, which put us in the top quartile," Stropp said. "While it may not seem like that much, it was a lot better than most. We have lost money with the economy going down. We've lost about 23 percent from June through December, but that still puts us in the top quartile of returns around the nation for university institutions."

Stropp said that even though the losses are unfortunate, the 0.7 percent return is a number to be proud of, because some universities have done much worse. The national average was a loss of 3 percent for the same time period.

"I would say that many endowments have gone down about 35 percent," he said.

Independent financial adviser Greg Zanetti said the UNM Foundation's 0.7 percent return is possible if

it based the figure on its entire investment portfolio, which should be diversified.

"Endowments will have a mix of stocks and bonds, and they'll have all kinds of stocks, all kinds of bonds," he said.

The UNM Foundation has been able to withstand the fluctuations in the market because of the diversity and security of its investments, Stropp said.

"It's important to have a well-diversified fund," he said. "The diversification and asset allocation of an investment fund plays an extremely important role. To be diversified as we are across all of these funds, one part may not be producing well and others are."

The endowments are divided into investments made in domestic equities, stocks, international stocks, bonds, energy, real estate and other investments. All of these investments are made under the Foundation's long-term investment policy and should be strong enough to withstand the fluctuations of short-term results, Stropp said.

The Foundation is working to create a legacy of strong investments, which will ensure the fundraising group is useful to UNM for years to come, Stropp said.

"Our other long-term objective is to ensure intergenerational equity, so we don't pay out everything we've got today and let the students and faculty of the future get hurt by it," he said. "We have to ensure a long-term equity for everyone."

Jill Zack, director of marketing and communications for the UNM Foundation, said the payout the University receives from endowments is spread over a three-year rolling average. This allows the Foundation to control the amount that consistently flows into the University, she said.

It also means the University won't see a drastic decrease in payout in the next few years, which is better than many other universities can expect from their foundations, Zack said.

"Even though we have a down time right now, it won't affect the payout that drastically. Some (foundations) pay out directly off of what the market is doing," she said.

The Foundation paid out \$14 million to the University in 2008, she said.

In the fiscal year ending in June, the Foundation raised a total of \$85.5 million in gifts and pledges, Stropp said, and the Foundation has raised \$51 million so far this fiscal year.

Although the UNM Foundation is above the national average, Stropp said he realizes that his fundraising goal of \$95 million by June may not be feasible.

"Frankly, I don't know," he said. "The \$95 million may be a bit out of reach, considering this economy and the cutbacks, but we have done well in different places and are on some pretty strong headwinds."

Money from the Legislature covers about 25 percent of the University's costs, Zack said, and the rest of the budget is covered by other sources, including payouts from the Foundation.

Because state appropriations are expected to be lower this year, the University's need for private support is going to increase, Zack said.

"I think the biggest thing people don't realize about us is that people assume that UNM is a public school and that the State pays for all of it," she said. "The funding we get from the State is about 25 percent, and the rest of it is coming out of private support - our endowments (and) tuition."

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