



University System
of New Hampshire

A BRIGHTER FUTURE IS **YOURS** IN NEW HAMPSHIRE





Table of Contents

4
REPORT OF
INDEPENDENT AUDITORS

7
MANAGEMENT'S
DISCUSSION AND ANALYSIS

17
FINANCIAL STATEMENTS

20
NOTES TO THE
FINANCIAL STATEMENTS

34
REQUIRED SUPPLEMENTAL
INFORMATION

35
BOARD OF TRUSTEES





CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

The Governor and
Legislative Fiscal Committee,
State of New Hampshire, and
The Board of Trustees
University System of New Hampshire
Concord, NH

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the University System of New Hampshire (the System), a component unit of the state of New Hampshire, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University System of New Hampshire as of June 30, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See [CLAGlobal.com/disclaimer](https://www.claglobal.com/disclaimer).

The Board of Trustees
University System of New Hampshire

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

The Board of Trustees
University System of New Hampshire

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information – retirement and OPEB plans be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the System board listing but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



CliftonLarsonAllen LLP

Quincy, Massachusetts
October 19, 2023

Management's Discussion and Analysis

June 30, 2023 and 2022 (Unaudited)

I. Introduction

The following Management's Discussion and Analysis summarizes the financial condition and results of activities of the University System of New Hampshire (USNH) for the fiscal years ended June 30, 2023 and 2022. This analysis provides a comparison of significant amounts and measures to prior periods and, where appropriate, presents management's outlook for the future.

USNH is a Section 501(c)(3) corporation organized under the laws of the State of New Hampshire to serve the people of the State as the key provider of public higher education for bachelor's and advanced degree students. USNH accomplishes its mission by operating four educational institutions that collectively offer a broad array of education, research, and public services for the State. These institutions include the University of New Hampshire (UNH), Plymouth State University (PSU), Keene State College (KSC), and Granite State College (GSC). In July 2021, building on the complementary missions of GSC and the University of New Hampshire Manchester (UNHM), the USNH Board of Trustees voted to establish a single, merged college located in the Manchester-Concord corridor. NH Chapter 35, Laws of 2022 codified the merger in State law. The merged entity will become a college within UNH named the College of Professional Studies effective July 1, 2023 and the integration will continue into fiscal year 2024 and beyond.

While select programs are active in other regions as well as abroad, most of USNH's activities take place at the three residential campuses (UNH Durham or UNHD, PSU, and KSC), UNHM and UNH Franklin Pierce School of Law (UNHL), GSC and the UNH Cooperative Extension and Small Business Development Centers located throughout the State. The accompanying financial statements also include the activities and balances of the University of New Hampshire Foundation, Inc. (UNHF) and the Keene Endowment Association (KEA), two legally separate but affiliated entities. (See Note 1 to the Financial Statements for additional information on affiliated entities).

II. Economic Outlook

USNH enrollments have been negatively impacted by population and demographic changes in New Hampshire and greater New England. New Hampshire has experienced lower high school enrollment levels which has resulted in declines in in-state enrollment. As a response to these declines, USNH has increased marketing efforts to grow and diversify out of state and international student demand and enrollment. USNH has also partnered with the Community College System of New Hampshire (CCSNH) for the Dual Admission Program which provides a seamless pathway to transfer to a USNH institution. The merger of GSC and UNHM leverages the online learning enterprises to strengthen, promote and expand online education for all USNH institutions.

USNH is collaborating with state business leaders to retain high school graduates and strengthen internship opportunities to develop the workforce to support the state's economy. On average, 2,000 USNH graduates join the state workforce post-graduation. USNH is the largest attractor of potential talent to the state. In fiscal year 2023, over 4,500 first-year students from around the country attended USNH institutions. New Hampshire has the lowest unemployment rate in the country at 1.8% as of June 2023. This compares to the national average of 3.6%, which provides a pathway to career opportunities for our graduates in the State of New Hampshire.

USNH and the higher education industry will need to continue to manage the financial risks associated with declining enrollment trends, increasing student financial need, labor and wage pressure, rising inflation, and uncertainty in investment returns. USNH remains focused on providing exceptional, affordable educational and research programs, and to serve our community and business partners with resources and highly trained graduates. The remainder of this report describes the results of financial operations for the year ended June 30, 2023, with comparisons to prior years.

III. Financial Highlights

A. Revenues

Chart 1 below shows USNH's revenue streams, including those classified as non-operating revenues per GASB standards, totaling over \$1 billion for FY23 which is also consistent with the last six fiscal years. Given our tri-fold mission of instruction, research, and public service, the vast majority of USNH revenues are generated by providing educational and auxiliary services. Total gross revenues increased \$59 million (5.2%) in fiscal year 2023. The largest increases were related to an increase in grant and contracts revenue by 6.1% (\$16 million), an increase in sales of auxiliary services revenue by 8.7% (\$17 million), and an increase in operating investment income by 142.9% (\$30 million). Student fee revenue decreased by 16.7% (\$4 million) which was due to \$5.5 million in tuition differential fees reclassified from student fee revenue to tuition revenue, offset by an increase of \$1 million in enrollment fees. Starting in the fiscal year ended June 30, 2023, USNH classifies tuition differential fees in resident and nonresident tuition revenue. These fees were reclassified to reflect a more appropriate presentation, as these tuition differential fees are charged to students enrolled in specific academic majors.

Chart 1: 2023 Gross Revenues by Source
Total = \$1+ Billion

(\$ in millions)

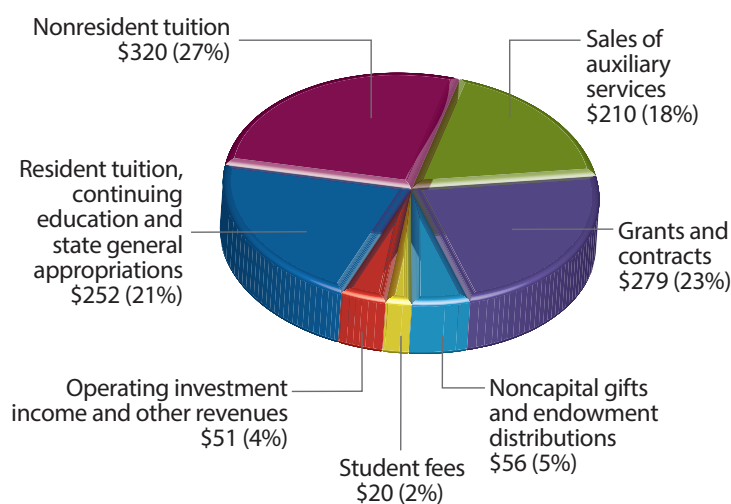
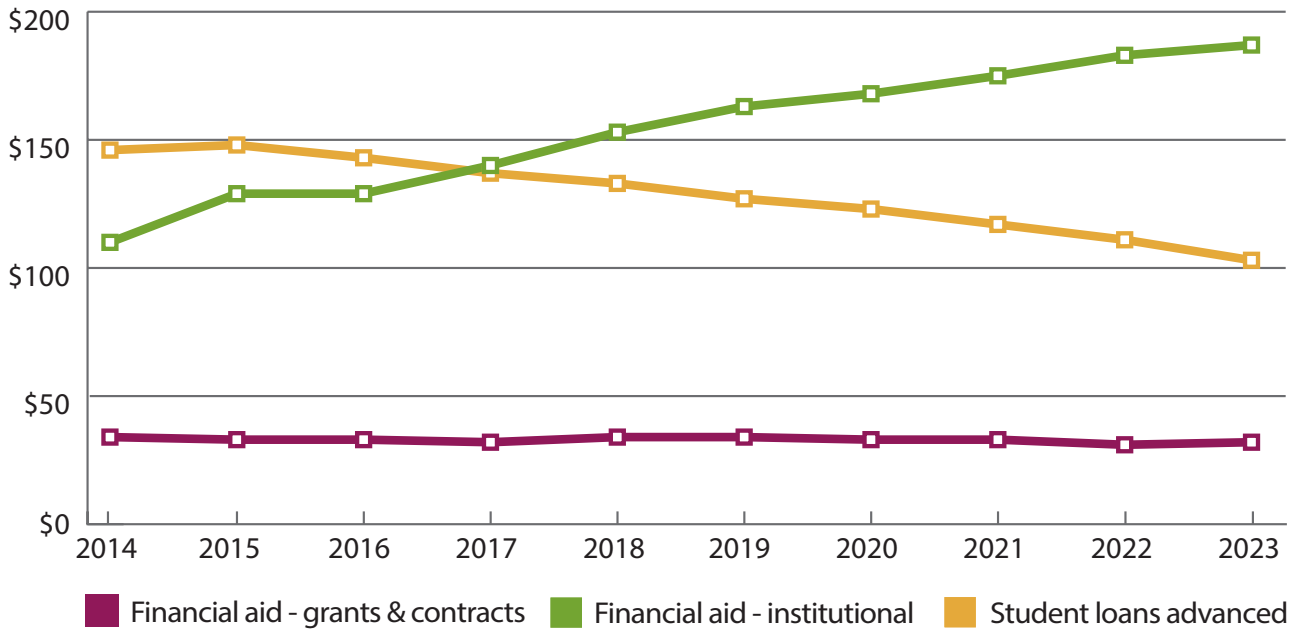


Chart 2: Student Aid Trends

(\$ in millions)



As shown in Chart 2 above, institutional financial aid expenditures continue to surpass aid provided by student loans issued. USNH has provided over \$1.9 billion in direct institutional financial aid to students over the past ten years. Approximately \$1.54 billion (82%) of the direct institutional aid was provided by campus general funds, gifts, and athletic programs and the remaining \$328 million (18%) was from grants and contracts. USNH continues to focus on affordability of its offerings which includes limiting student and family loan debt.

As seen in Table 1 below, full-time equivalent (FTE) student enrollment has steadily declined 13.6% since fiscal year 2019 for all institutions combined mainly due to

New England demographics and overall market changes. UNH's Durham campus had an increase in freshmen applications in the past two years as shown in Table 2. UNH's strategic priorities are to be among the nation's top 25 public universities in the measures of academic performance with a focus on enhancing student success and wellbeing and expanding academic and research excellence. In 2023, UNH was recognized as the number one best value public university in New England for the second consecutive year and a top-10 best value public university in the country by U.S. News & World Report. As evidenced by the financial aid growth shown in Chart 2, USNH is committed to ensuring that New Hampshire's students have access to quality education at an affordable price.

Table 1: Full-Time Equivalent Credit Enrollment

For the Fall of Each Fiscal Year

	2019	2020	2021	2022	2023
UNH (all campuses)	15,629	15,141	14,750	14,514	14,390
PSU	4,772	4,409	4,260	4,086	3,717
KSC	3,487	3,434	3,111	3,003	2,777
GSC	1,468	1,444	1,452	1,221	1,032
Total USNH FTEs	25,356	24,428	23,573	22,824	21,916
NH Resident	12,842	12,413	12,067	11,469	10,683
Nonresident	12,514	12,015	11,506	11,355	11,233
Total USNH FTEs	25,356	24,428	23,573	22,824	21,916

Table 2: Freshmen Applications, Acceptances and Enrollees at UNH Durham*

For the Fall of Each Fiscal Year

	2019	2020	2021	2022	2023
Freshmen applications received	18,474	18,040	18,797	20,150	21,016
Acceptances as % of applications	84%	84%	85%	87%	87%
Enrolled as % of acceptances	20%	18%	16%	16%	16%

* Comparable data for other campuses is available upon request

The USNH Board of Trustees approved a tuition freeze for undergraduate resident tuition in fiscal years 2021, 2022, and 2023 holding rates flat at the fiscal year 2020 level for NH students. Total nonresident tuition revenues increased 3.9% (\$12 million) over the prior year. Over the past three years, UNH has seen increased out-of-state enrollment and out-of-state applications. As high school enrollment levels in the State of New Hampshire have declined over the past decade and a half, USNH has seen similar declines in in-state enrollment. New England has historically been known as a premier location for the pursuit of higher education, whether at a public or private institution. While that is still true, regional school-age populations are expected to decrease over time, resulting in more competition for the smaller number of NH and New England students.

USNH is working to ensure New Hampshire students are prepared to meet the needs of the State's workforce. While financial aid from grants has remained consistent for the past several years, institutional financial aid grew 1.7% (\$3 million) in fiscal year 2023 after a 4.5% (\$8 million) increase in fiscal year 2022. USNH has also made significant changes in the way it awards financial aid. The Granite Guarantee program, which covers the cost of tuition for all federal Pell-grant eligible New Hampshire students, is now in its seventh year. This program is funded with restricted gifts as well as unrestricted sources. The State is also partnering in this area by renewing its Governor's Scholarship Fund for NH resident students. New Hampshire's school population data by age grouping suggests that our enrollment challenges will increase in future years. USNH continues to focus on multi-year planning to address the demographic and market changes ahead.

Chart 3 below shows USNH's major revenue stream trends for the past five years. As seen in the graph, USNH held resident tuition rates flat from fiscal years 2020 through 2023 while undergraduate enrollment declined. Inflationary increases in the resident tuition rates were added for fiscal years 2019 and 2020. During fiscal year 2023, auxiliary revenue increased by \$16.9 million (8.7%) compared to fiscal year 2022 due to an increase in students living on campus, along with an increase in revenue associated with the sale of excess energy generated by UNH's energy facility. State general appropriations increased 9.9% from fiscal year 2019 to 2023. USNH revenue included one-time federal and State grant revenue of \$49 million in fiscal year 2023 and 2022. Management expects that grant revenue associated with the pandemic will be significantly reduced in fiscal year 2024 with a small amount of expenses pending grant funding.

B. Expenses

USNH's expenses (including expenses classified as nonoperating per GASB standards) increased \$55.7 million or 6.3% over the fiscal year 2022. The largest increase was related to non-grant employee compensation (\$34.8 million, 8.0%), as a result of pay raises which ranged from 2% to 6%, an increase in medical claims, and the filling of vacant positions. (Additional detail on employee benefit expenses can be found in Note 6 to the Financial Statements). Grant employee compensation increased (\$7.6 million, 10.6%) which is related to the increase in grants and contracts revenue of 6.1%. The supplies and services expense increase (\$4.5 million, 1.7%) was mainly driven by an increase in US government direct grant activity and inflationary cost increases, offset by a decrease in COVID-19 relief activity. Utilities expense increased (\$5.5 million, 29.7%) due to the rising costs of electricity and heating fuel.

Chart 3: Five Year Revenue History

*Before Application of Student Financial Aid
(\$ in millions)*

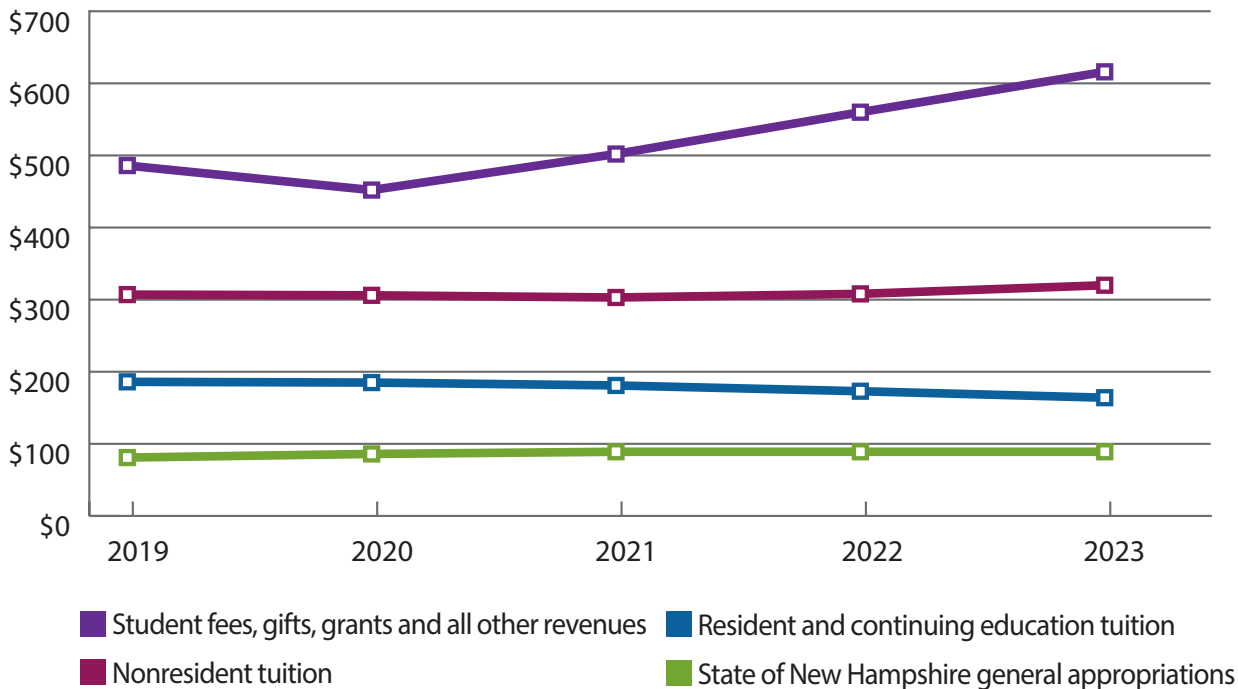


Chart 4: Expenses by Functional Classifications

(\$ in millions)

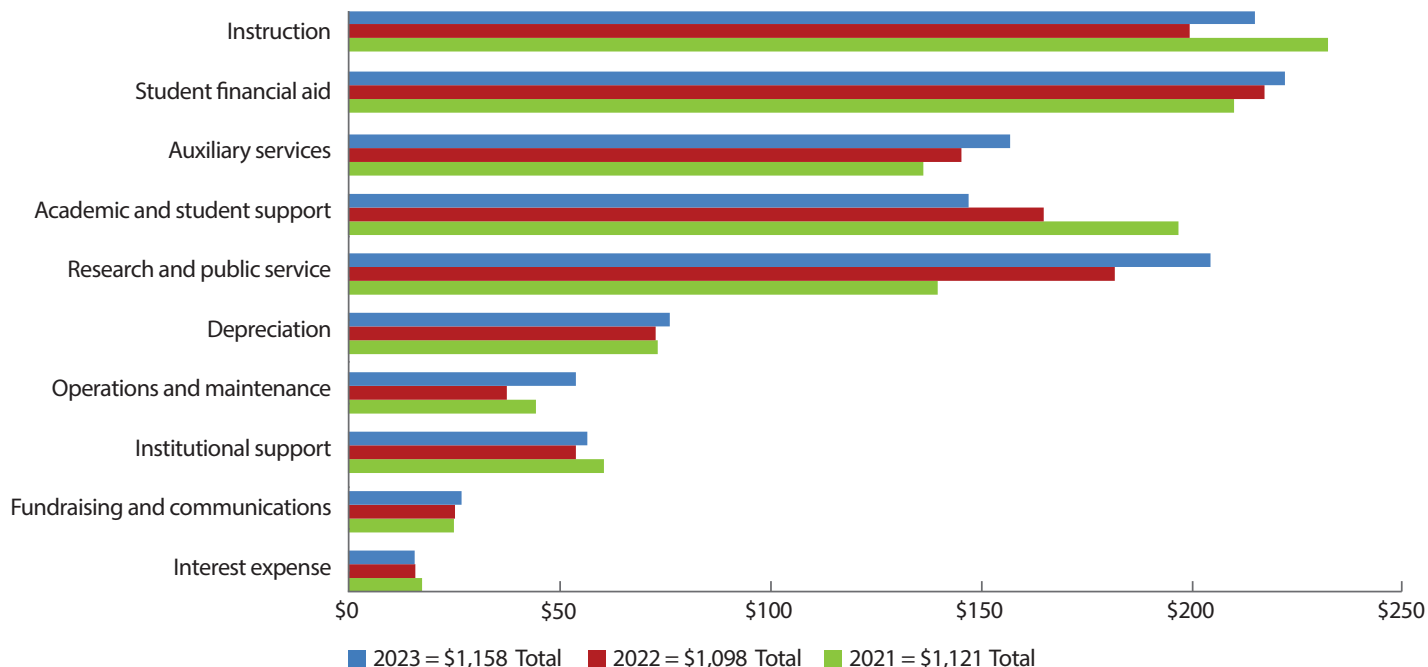


Chart 4 displays USNH's expenses for the past three fiscal years by functional rather than natural classification. Instructional expenses increased due to faculty compensation and fringe benefit costs, and a return to pre-pandemic volume of travel, including study abroad programming. Student financial aid continued to increase as noted above. Auxiliary services expenses increased \$12 million over the prior year due to the return to normal operations in athletics and an increase in students living on campus resulting in higher dining and residential operating activities. Academic and student support costs decreased due to the end of the pandemic and corresponding reduction in COVID-19 related expenses. Research costs increased due to an increase in grant activity, primarily at the UNH campus, including \$13 million for the National Aeronautics and Space Administration and \$3.6 million for National Science Foundation. (Additional detail on operating expenses by function can be found in Note 14 to the Financial Statements).

C. Capital spending

The campuses had several major capital projects under construction in fiscal year 2023. These projects included the Biological Sciences Project (\$19M), Honors College (\$6M), Central Heat Plant Line Replacement (\$5M), and Hamel Recreation Project (\$3M), all at UNH.

Over the past ten years, operating and internal funds totaling \$113 million were used to supplement the lower amount of state appropriations as compared to what had been received in the prior decade. Effective July 1, 2020, the State of New Hampshire appropriated \$42 million in capital funds for the Biological Sciences Spaulding Hall at UNH, and KSC's Elliot Student Service Success Center to be spent through June 30, 2025.

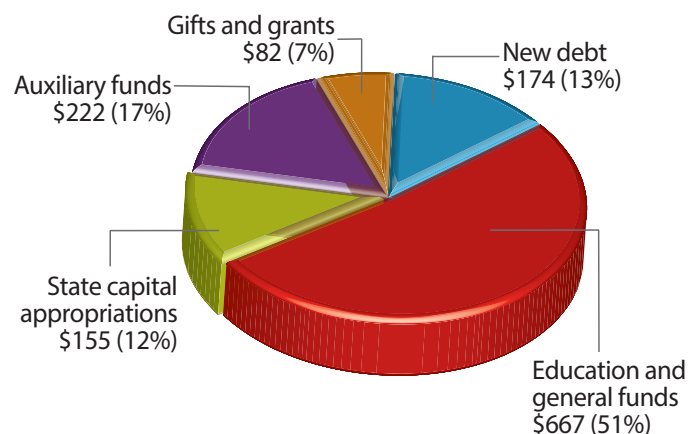
Due to limited resources, there are still many buildings in need of improvement at each campus. USNH campuses continue to strategically prioritize the available limited funding for capital assets, focusing on life/safety projects as priorities and most critical needs. USNH is only authorized to issue debt for self-supporting, auxiliary projects. The related debt service is then funded by student fees for

each type of auxiliary service (housing, dining, or recreation). During fiscal year 2023, USNH issued bonds in the amount of \$115.4 million to fund the Hetzel Hall renovation at UNH (\$25.6M) and to refund previously issued bonds and fund the termination of the related swap agreements (\$89.8M). (See Note 8 to the Financial Statements for additional information on debt balances).

Chart 5 shows the funding sources for USNH's capital spending over the past fifteen years. USNH spent over \$1 billion during this time to construct and renovate buildings and infrastructure at all campuses. General funds of \$667 million were the largest sources of funding of capital projects followed by auxiliary funds of \$222 million, then new debt of \$174 million, and State appropriations of \$155 million. Depreciation and amortization expenses of \$904 million were recorded during the same period which includes lease and subscription amortization totaling \$15 million. (See Notes 5 and 8 to the Financial Statements for additional information on capital assets, and debt balances).

Chart 5: Capital Funding Sources, 2009-2023

(\$ in millions)



D. Investing Activities

Cash and short-term investment balances totaled approximately \$227 million and \$255 million on June 30, 2023 and June 30, 2022, respectively. (See Note 2 to the Financial Statements for additional information on cash, cash equivalents and short-term investments). USNH's long-term investments consist of permanent endowment and quasi-endowment funds. Permanent endowments are those funds received from donors intended to be invested in perpetuity. Quasi-endowments consist of select large, current-use gifts, and unrestricted balances held centrally that have been approved by the Board to be allocated for long-term investment purposes. These amounts are invested in one of three venues depending on whether the donor contributed to a campus, the UNH Foundation (UNHF), or the Keene Endowment Association (KEA). The investment pools are managed to provide the highest rate of return over the long term given an acceptable level of risk as determined by the responsible fiduciaries. The USNH Consolidated Endowment Pool holds funds for the benefit of all campuses. The UNHF endowment pool holds funds for the benefit of UNH only, and the KEA pool holds funds for the benefit of KSC only. The USNH Board of Trustees has fiduciary responsibility for the USNH Pool, whereas the separate boards of UNHF and KEA have their own investment policies and are responsible for those investments. Below is a summary of USNH's endowment and similar investment values for the past three years.

Table 3: Endowment and Similar Investments Market Value Summary

(\$ in millions)

	As of June 30,		
	2023	2022	2021
USNH Pool	\$579	\$557	\$ 663
UNHF Pool	289	266	297
KEA Pool	20	17	17
Funds held in trust	18	17	19
Life Income/Annuity Funds	<u>6</u>	<u>5</u>	<u>5</u>
	<u>\$912</u>	<u>\$862</u>	<u>\$1,001</u>

While the two larger pools are primarily invested in funds, the KEA pool primarily holds individual stock and bond investments. As shown in Table 4 to the right, the KEA pool net gains over the past three years averaged 3.8% and the USNH and UNHF pools averaged 5.8% and 4.1%, respectively, before distributions. All three pools' returns benefited from positive investment returns and the stabilization of the market in 2023.

Distributions from the endowment and trust funds totaled approximately \$41 million in fiscal year 2023 and 2022. Distributions of approximately \$25 million were made from the USNH pool and trusts, along with \$15 million from the UNHF pool and \$847,000 from the KEA pool. Distributions represent a smaller percentage of the USNH pool because USNH holds several quasi-endowment funds for future, rather than current use. In fiscal year 2022, \$50 million in quasi-endowment funds were liquidated from the USNH pool for the investment in Board approved strategic investments. Volatility in returns has resulted in a limited number of endowment funds having market values less than the original gift value ("underwater" funds). The net positive returns for fiscal year 2023 resulted in a decrease in these underwater funds. Of the 1,653 endowment funds maintained in the various endowment pools, 86 remained underwater at June 30, 2023. This compares to 125 underwater endowment funds at June 30, 2022. The endowment funds were underwater by \$3.1 million at June 30, 2023, compared to \$2.8 million at June 30, 2022. (See Notes 4 and 13 for further information on endowment and similar investments).

Table 4: Pooled Endowment Returns

	Year - Ended June 30,			
	2023	2022	2021	Three Year Average
USNH Pool				
Gross return	9.0%	(6.2%)	29.3%	10.7%
<i>Investment management fees</i>	<u>(0.6%)</u>	<u>(0.7%)</u>	<u>(0.6%)</u>	<u>(0.6%)</u>
Net return	8.4%	(6.9%)	28.7%	10.1%
<i>Distributions</i>	<u>(4.5%)</u>	<u>(3.8%)</u>	<u>(4.5%)</u>	<u>(4.3%)</u>
Net reinvested	<u>3.9%</u>	<u>(10.7%)</u>	<u>24.2%</u>	<u>5.8%</u>
UNHF Pool				
Gross return	8.6%	(8.3%)	30.5%	10.3%
<i>Investment management fees</i>	<u>(0.6%)</u>	<u>(1.0%)</u>	<u>(1.5%)</u>	<u>(1.0%)</u>
Net return	8.0%	(9.3%)	29.0%	9.3%
<i>Distributions</i>	<u>(5.6%)</u>	<u>(4.7%)</u>	<u>(5.3%)</u>	<u>(5.2%)</u>
Net reinvested	<u>2.4%</u>	<u>(14.0%)</u>	<u>23.7%</u>	<u>4.1%</u>
KEA Pool				
Gross return	11.4%	(9.4%)	23.3%	8.4%
<i>Investment management fees</i>	<u>(0.7%)</u>	<u>(0.7%)</u>	<u>(0.8%)</u>	<u>(0.7%)</u>
Net return	10.7%	(10.1%)	22.5%	7.7%
<i>Distributions</i>	<u>(5.0%)</u>	<u>(3.6%)</u>	<u>(3.2%)</u>	<u>(3.9%)</u>
Net reinvested	<u>5.7%</u>	<u>(13.7%)</u>	<u>19.3%</u>	<u>3.8%</u>

IV. Using the Financial Statements

A. Statements of Net Position

The Statements of Net Position depict all USNH assets, liabilities, and deferred inflows/outflows of resources on June 30 each year, along with the resulting net financial position. An increase in net position over time is a primary indicator of an institution's financial health. Factors contributing to future financial health as reported on the Statements of Net Position include the value and liquidity of financial and capital investments, and balances of related obligations.

Table 5 below shows condensed information from the Statements of Net Position at June 30 for the past five years. Note that we have also included certain condensed information as of June 30, 2023 by campus herein as required by regional accreditation agencies.

Table 5: Condensed Information from the Statements of Net Position as of June 30,
(\$ in millions)

	2019 ¹	2020	2021 ²	2022	2023 ³
Cash and short-term investments	\$ 224	\$ 224	\$ 216	\$ 255	\$ 227
Endowment and similar investments	809	803	1,001	862	912
Capital assets, net	1,117	1,120	1,144	1,119	1,160
Other assets and deferred outflows of resources	<u>92</u>	<u>107</u>	<u>113</u>	<u>112</u>	<u>128</u>
Total Assets and Deferred Outflows of Resources	<u>2,242</u>	<u>2,254</u>	<u>2,474</u>	<u>2,348</u>	<u>2,427</u>
Derivative instruments - interest rate swaps	23	29	22	11	–
Postretirement medical benefits	83	91	86	78	66
Long-term debt	465	439	412	381	380
Other liabilities and deferred inflows of resources	<u>173</u>	<u>198</u>	<u>296</u>	<u>257</u>	<u>277</u>
Total Liabilities and Deferred Inflows of Resources	<u>744</u>	<u>757</u>	<u>816</u>	<u>727</u>	<u>723</u>
Net investment in capital assets	685	709	722	723	744
Restricted financial resources	495	497	606	591	623
Unrestricted financial resources	<u>318</u>	<u>291</u>	<u>330</u>	<u>307</u>	<u>337</u>
Total Net Position	<u>\$1,498</u>	<u>\$1,497</u>	<u>\$1,658</u>	<u>\$1,621</u>	<u>\$1,704</u>

¹ Beginning net position restated to reflect the adoption of GASB 83 related to asset retirement obligations.

² Certain balances restated to reflect the adoption of GASB 87 related to leases.

³ Beginning balances were restated to reflect adoption of GASB 96 related to subscriptions.

As shown above, cash and short-term investment balances have been relatively stable over the past five years. Fiscal year 2022 included a transfer of \$50 million from the quasi-endowment fund to the short-term investment fund, as approved by the Board of Trustees, to be potentially used for future strategic investments. The endowment gains were moderate in fiscal years 2019 and 2020, a large increase in fiscal year 2021, a significant decrease in 2022 with returns rebounding in 2023. However, the overall net gain was \$103 million (12.7%) since fiscal year 2019, primarily due to favorable returns in fiscal year 2021. Capital assets, net, increased in fiscal year 2023 due to the recording of subscription-based information technology arrangements related to the adoption of GASB 96.

Deferred inflows and outflows of resources include changes in the fair value of USNH's interest rate swap derivatives, accounting gains and losses related to refinancing certain bonds outstanding, impacts of changes in actuarial assumptions, differences between projected and actual earnings, benefit payments made after the measurement dates of USNH benefit plans, and lease receivable plus any payments received for future periods.

In fiscal year 2023, USNH completed a roll forward of the 2022 biennial actuarial valuation according to the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, for our

postretirement medical obligations. The result was a decrease of \$2.2 million in deferred outflows of resources, and an increase of \$6.7 million in deferred inflows of resources due to change of assumptions such as discount rate used, and updates to mortality assumption tables, offset by amortization. USNH terminated the interest rate swap derivative instruments in fiscal year 2023 which resulted in a \$11.1 million decrease in deferred outflows of resources. The accounting loss on debt refinancings resulted in a \$4.4 million increase in deferred outflows of resources.

USNH has large liabilities related to long-term debt, postretirement medical benefits, one-time separation incentives programs, and lease liabilities. Bond and lease principal payments ranged from \$21 million to \$31 million for fiscal years 2019 through 2023. The postretirement obligations represent the actuarially determined value of medical benefits provided to certain current and former employees for various periods, including the remaining life of the participants in some cases. (See Notes 7 and 8 to the Financial Statements for additional information in this regard). The other liabilities balance above includes accounts payable, accrued employee benefits, government advances refundable under the Perkins Loan Program, interest rate swap liabilities related to derivative instruments and unearned revenue. The decrease in accounts payable and accrued expenses is due to the timing of the last payroll in 2023 and the payment of the associated payroll and withholdings.

Net position is reported in three categories. The net invested in capital assets amount represents the historical cost of property and equipment reduced by total accumulated depreciation and the balance of related debt outstanding for certain auxiliary buildings. Restricted financial resources include balances of current and prior year gifts for specified purposes such as scholarships or academic programs, as well as campus endowment balances which were required to be invested in perpetuity by the original donors (\$342 million and \$329 million at June 30, 2023 and 2022, respectively). Unrestricted financial resources represent net assets that are available for any future use without legal restriction. (See Note 15 to the Financial Statements for further details on the components of net position). A breakdown of asset, liability, and net position balances by campus as of June 30, 2023 is shown below.

**Table 5A: Condensed Information from the Statement of Net Position as of June 30, 2023
Presented by Campus**

(\$ in millions)

	University of New Hampshire Campuses & Foundation	Plymouth State University	Keene State College & Endowment Association	Granite State College	System- wide Office	Total University System of New Hampshire
Cash and short-term investments	\$ 272	\$ 46	\$ 25	\$ 26	\$(142)	\$ 227
Endowment and similar investments	481	37	56	11	327	912
Capital assets, net	816	176	155	7	6	1,160
Other assets and deferred outflows of resources	<u>101</u>	<u>4</u>	<u>7</u>	<u>2</u>	<u>14</u>	<u>128</u>
Total Assets and Deferred Outflows of Resources	<u>1,670</u>	<u>263</u>	<u>243</u>	<u>46</u>	<u>205</u>	<u>2,427</u>
Derivative instruments - interest rate swaps	–	–	–	–	–	–
Postretirement medical benefits	46	9	8	2	1	66
Long-term debt	170	84	79	–	47	380
Other liabilities and deferred inflows of resources	<u>192</u>	<u>14</u>	<u>19</u>	<u>2</u>	<u>50</u>	<u>277</u>
Total Liabilities and Deferred Inflows of Resources	<u>408</u>	<u>107</u>	<u>106</u>	<u>4</u>	<u>98</u>	<u>723</u>
Net investment in capital assets	595	91	74	6	(22)	744
Restricted financial resources	516	34	61	12	–	623
Unrestricted financial resources	<u>151</u>	<u>31</u>	<u>2</u>	<u>24</u>	<u>129</u>	<u>337</u>
Total Net Position	<u>\$1,262</u>	<u>\$156</u>	<u>\$137</u>	<u>\$42</u>	<u>\$107</u>	<u>\$1,704</u>

B. Statements of Revenues, Expenses and Changes in Net Position

This statement reports total operating revenues, operating expenses, other revenues and expenses, and other changes in net position, as prescribed and defined by the Governmental Accounting Standards Board (GASB). There are three major components which management considers separately when analyzing the increase (decrease) in total net position: increase (decrease) in Net Position Before Other Changes (also referred to as operating margin); capital appropriations and other plant changes; and endowment gifts and net returns. The increase (decrease) in Net Position Before Other Changes is further broken down into operating and nonoperating as prescribed by GASB reporting standards which require that certain USNH recurring revenues be shown as nonoperating. This includes state general appropriations, federal Pell grants, noncapital gifts, operating investment income, the portion of endowment returns used to fund the related programs, and other revenue sources that are defined as nonoperating revenues by GASB. These revenue streams are important sources of funds used to supplement tuition and fees revenue. Accordingly, operating and nonoperating revenue and expense, together, constitute the indicator of recurring revenues and expenses for USNH.

Table 6 shows condensed information from the Statements of Revenues, Expenses and Changes in Net Position for the five years ended June 30, 2023.

The net tuition and fees revenue in these statements reflects revenue earned from enrolled students for academic programs, classes, and related fee-based services. Auxiliary services revenues reflect self-supporting activities which provide non-instructional support in the form of goods and services to students, faculty, and staff upon payment of a specific user charge or fee. These services include housing, dining, Division I athletics, health, recreation, transportation, student union and other programs. Grants and contracts revenues reflect amounts reimbursed by USNH sponsors including the US government, State of New Hampshire, and other entities. These revenues may also come from awards to other institutions that are later contracted out to USNH campuses.

Net tuition and fees decreased because of lower undergraduate enrollment and higher student financial need. Operating grants and contracts increased due to an increase in grants awarded to UNH from the US government. Sales of auxiliary services revenue was up \$17 million in fiscal year 2023 due to the increase in students living on campus at residential campuses, along with the sale of excess energy at UNH. Other operating revenues increased due to an increase in other education sales and services.

Operating expenses increased \$56 million in fiscal year 2023, after a decrease of \$28 million in fiscal year 2022. All expense categories increased in fiscal year 2023. The increase in expenses was primarily related to employee compensation with planned salary increases and the hiring of vacant positions (\$28 million), and an increase in fringe benefit expense (\$14 million) of which \$7.5 million is unallocated fringe at System-wide Office. In addition, inflation impacted utilities and supplies and services expenses which resulted in an increase in these expense categories in fiscal year 2023.

The State of NH appropriations increased in fiscal year 2021 to allow USNH to freeze undergraduate in-state tuition for three consecutive years at the same level since 2020. Other nonoperating grant revenue includes one-time federal and State grant revenue of \$49 million for fiscal year 2023 and 2022. Endowment gifts totaled \$22 million in fiscal year 2023, \$22 million in fiscal year 2022, and \$10 million in fiscal year 2021. The investment return after distributions resulted in gains of \$27 million in fiscal year 2023, losses of \$112 million in fiscal year 2022, and gains of \$187 million in fiscal year 2021. The volatility of endowment returns is a significant driver of the change in total net position each year.

The increase (decrease) in net position before other changes reflects USNH's operating margin each year. USNH's operating margin for fiscal year 2023 was \$30 million. This is primarily due to the return to normal operations for residential campuses and positive market returns on investments.

Table 6: Condensed Information from the Statements of Revenues, Expenses and Changes in Net Position for the Years Ended June 30,

(\$ in millions)

	2019	2020	2021	2022	2023
OPERATING REVENUES					
Tuition and fees	\$522	\$517	\$508	\$505	\$503
Less: student financial aid	(197)	(200)	(207)	(214)	(219)
Net tuition and fees	325	317	301	291	284
Grants and contracts	129	131	144	192	210
Sales of auxiliary services	215	166	162	193	210
Other operating revenue	32	29	26	31	41
Total Operating Revenues	<u>701</u>	<u>643</u>	<u>633</u>	<u>707</u>	<u>745</u>
OPERATING EXPENSES					
Employee compensation	535	538	578	508	550
Supplies and services	204	191	230	270	275
Utilities, depreciation and amortization	84	87	88	90	99
Total Operating Expenses	<u>823</u>	<u>816</u>	<u>896</u>	<u>868</u>	<u>924</u>
<i>Operating loss</i>	(122)	(173)	(263)	(161)	(179)
NONOPERATING REVENUES (EXPENSES)					
State of New Hampshire general appropriations	81	86	89	89	89
Other nonoperating grant revenue	26	41	83	70	69
Noncapital gifts, investment income and other revenues	56	59	62	48	66
Interest expense, net	(17)	(16)	(17)	(15)	(15)
Total Nonoperating Revenues (Expenses)	<u>146</u>	<u>170</u>	<u>217</u>	<u>192</u>	<u>209</u>
Increase (Decrease) in Net Position Before Other Changes	<u>24</u>	<u>(3)</u>	<u>(46)</u>	<u>31</u>	<u>30</u>
OTHER CHANGES IN NET POSITION					
Endowment gifts and returns, net	27	(10)	197	(90)	49
State capital appropriations and other changes	2	12	9	22	4
Total Other Changes in Net Position	<u>29</u>	<u>2</u>	<u>206</u>	<u>(68)</u>	<u>53</u>
Effect of adoption of new accounting standards	(2)	-	-	-	-
Total Increase (Decrease) in Net Position	<u>\$ 51</u>	<u>\$ (1)</u>	<u>\$ 160</u>	<u>\$ (37)</u>	<u>\$ 83</u>

Table 6A below provides condensed information from the Statements of Revenues, Expenses and Changes in Net Position presented by campus for the year ended June 30, 2023.

Table 6A: Condensed Information from the Statement of Revenues, Expenses and Changes in Net Position for the Year Ended June 30, 2023 Presented by Campus

(\$ in millions)

	University of New Hampshire Campuses & Foundation	Plymouth State University	Keene State College & Endowment Association	Granite State College	System- wide Office	Total University System of New Hampshire
OPERATING REVENUES						
Tuition and fees	\$373	\$66	\$52	\$12	\$ –	\$503
Less: student financial aid	(163)	(28)	(23)	(5)	–	(219)
Net tuition and fees	210	38	29	7	–	284
Grants and contracts	196	4	7	3	–	210
Sales of auxiliary services	151	32	27	–	–	210
Other operating revenue	29	2	3	1	6	41
Total Operating Revenues	<u>586</u>	<u>76</u>	<u>66</u>	<u>11</u>	<u>6</u>	<u>745</u>
OPERATING EXPENSES						
Employee compensation	425	48	47	11	19	550
Supplies and services	217	29	32	4	(7)	275
Utilities, depreciation and amortization	68	16	13	1	1	99
Total Operating Expenses	<u>710</u>	<u>93</u>	<u>92</u>	<u>16</u>	<u>13</u>	<u>924</u>
<i>Operating loss</i>	(124)	(17)	(26)	(5)	(7)	(179)
NONOPERATING REVENUES (EXPENSES)						
State of New Hampshire general appropriations	60	13	12	4	–	89
Other nonoperating grant revenue	37	13	15	2	2	69
Noncapital gifts, investment income and other revenues	43	4	5	1	13	66
Interest expense, net	(7)	(3)	(3)	–	(2)	(15)
Total Nonoperating Revenues (Expenses)	<u>133</u>	<u>27</u>	<u>29</u>	<u>7</u>	<u>13</u>	<u>209</u>
Increase in Net Position Before Other Changes	<u>9</u>	<u>10</u>	<u>3</u>	<u>2</u>	<u>6</u>	<u>30</u>
OTHER CHANGES IN NET POSITION						
Endowment gifts and returns, net	31	3	4	–	11	49
State capital appropriations and other changes	22	–	2	(1)	(19)	4
Total Other Changes in Net Position	<u>53</u>	<u>3</u>	<u>6</u>	<u>(1)</u>	<u>(8)</u>	<u>53</u>
Total Increase (Decrease) in Net Position	<u>\$ 62</u>	<u>\$13</u>	<u>\$ 9</u>	<u>\$ 1</u>	<u>\$(2)</u>	<u>\$ 83</u>

C. Statements of Cash Flows

The Statements of Cash Flows summarize transactions affecting cash and cash equivalents. Table 7 below shows summary information from the Statements of Cash Flows for the five years ended June 30, 2023.

Table 7: Condensed Information from the Statements of Cash Flows for the Years Ended June 30,

(\$ in millions)

	2019	2020	2021	2022	2023
Cash flows from:					
Receipts from tuition and fees, net	\$327	\$348	\$289	\$294	\$286
Receipts from sales of auxiliary services	216	165	164	193	210
Receipt of state general appropriations	81	86	89	89	89
Noncapital gifts, grants and other receipts	198	212	282	300	331
Payments to and on behalf of employees	(532)	(532)	(533)	(552)	(580)
Payments for supplies, services and utilities	<u>(222)</u>	<u>(211)</u>	<u>(248)</u>	<u>(290)</u>	<u>(296)</u>
Net cash provided by operating and noncapital financing activities	68	68	43	34	40
Net cash used in capital financing activities	(78)	(90)	(80)	(55)	(67)
Net cash (used in)/provided by investing activities	<u>30</u>	<u>12</u>	<u>57</u>	<u>46</u>	<u>(1)</u>
Increase/(decrease) in cash and cash equivalents	<u>\$ 20</u>	<u>\$ (10)</u>	<u>\$ 20</u>	<u>\$ 25</u>	<u>\$ (28)</u>

These statements provide information about cash collections and cash payments made by USNH each year. The statements are designed to help readers assess our ability to generate the cash flows necessary to meet current and future obligations. Cash flows from operating activities will always be different than the operating results on the Statements of Revenues, Expenses and Changes in Net Position because of the inclusion of noncash items, such as depreciation expense, and because the latter statement is prepared on the accrual basis of accounting, meaning that it shows revenues when earned and expenses as incurred. The increase in cash flows from operating and noncapital financing activities is primarily related to an increase in auxiliary revenue and nonoperating grant revenue received to recover COVID-19 pandemic expenditures incurred in fiscal year 2020, 2021, and 2022. The net cash used in capital financing activities for fiscal year 2023 increased primarily due to an increase in construction spending. The cash used in investing activities in fiscal year 2023 is up from prior year primarily due to the investment in capital projects and infrastructure and unspent bond proceeds held in reserve.

For further information about these financial statements, contact the University System of New Hampshire, Financial Affairs (603-862-2260), 5 Chenell Drive, Suite 301, Concord, NH 03301

University System of New Hampshire

Statements of Net Position

(\$ in thousands)

	Balance at June 30,	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 82,603	\$ 110,832
Short-term investments	144,089	144,266
Accounts receivable, net	43,627	42,161
Pledges receivable - current portion	3,686	3,599
Notes receivable - current portion	1,084	1,594
Lease receivable - current portion	428	1,072
Prepaid expenses and other current assets	10,981	9,708
Total Current Assets	286,498	313,232
Noncurrent Assets		
Debt proceeds held by bond trustee for construction purposes	27,916	–
Endowment and similar investments - campuses	597,476	574,055
Endowment and similar investments - affiliated entities	314,833	287,758
Pledges receivable, net of current portion	10,205	7,231
Notes receivable, net of current portion	4,330	5,943
Lease receivable, net of current portion	725	6,403
Pension assets, net of obligations	1,082	714
Capital assets, net of accumulated depreciation/amortization	1,160,146	1,119,116
Total Noncurrent Assets	2,116,713	2,001,220
TOTAL ASSETS	2,403,211	2,314,452
DEFERRED OUTFLOWS OF RESOURCES	23,923	33,702
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses	72,182	85,583
Deposits and unearned revenues	50,308	54,438
Accrued employee benefits - current portion	7,609	11,881
Postretirement medical benefits - current portion	7,148	7,201
Long-term leases and subscriptions - current portion	7,036	2,438
Long-term debt - current portion	17,298	25,780
Total Current Liabilities	161,581	187,321
Noncurrent Liabilities		
Asset retirement and other obligations	6,877	6,311
Refundable government advances	5,136	7,674
Accrued employee benefits, net of current portion	29,518	29,252
Postretirement medical benefits, net of current portion	58,512	70,659
Derivative instruments - interest rate swaps	–	11,105
Long-term leases and subscriptions, net of current portion	76,229	38,285
Long-term debt, net of current portion	362,510	354,853
Total Noncurrent Liabilities	538,782	518,139
TOTAL LIABILITIES	700,363	705,460
DEFERRED INFLOWS OF RESOURCES	22,755	21,905
NET POSITION (see Note 15)		
Net investment in capital assets	743,508	723,041
Restricted		
Nonexpendable	341,871	328,572
Expendable	281,621	262,000
Unrestricted	337,016	307,176
TOTAL NET POSITION	\$1,704,016	\$1,620,789

See accompanying notes to the financial statements.

University System of New Hampshire

Statements of Revenues, Expenses and Changes in Net Position

(\$ in thousands)

	For the year ended June 30,	
	2023	2022
OPERATING REVENUES		
Resident tuition	\$ 153,991	\$ 156,473
Nonresident tuition	319,729	307,767
Continuing education tuition	9,674	16,213
Student fees revenue	19,985	24,348
Total tuition and fees	503,379	504,801
Less: student financial aid - grants and contracts	(31,034)	(30,679)
Less: student financial aid - all other	(187,966)	(183,444)
Net tuition and fees	284,379	290,678
Grants and contracts - direct revenues	178,855	162,456
Grants and contracts - facilities & administrative recovery	31,409	30,113
Sales of auxiliary services	210,222	193,330
Other operating revenues	40,869	30,726
TOTAL OPERATING REVENUES	745,734	707,303
OPERATING EXPENSES		
Employee compensation - grants and contracts	79,556	71,923
Employee compensation - all other	470,893	436,115
Supplies and services - grants and contracts	88,994	104,834
Supplies and services - all other	185,618	165,235
Utilities	24,195	18,649
Depreciation and amortization	75,025	71,648
TOTAL OPERATING EXPENSES	924,281	868,404
Operating loss	(178,547)	(161,101)
NONOPERATING REVENUES (EXPENSES)		
State of New Hampshire general appropriations	88,500	88,500
Federal Pell grants	20,294	21,711
Other nonoperating grant revenue	48,746	48,985
Noncapital gifts	14,757	16,958
Endowment and investment income	49,026	31,233
Interest expense, net	(15,154)	(15,354)
Other nonoperating revenue	2,197	422
TOTAL NONOPERATING REVENUES (EXPENSES)	208,366	192,455
INCREASE IN NET POSITION BEFORE OTHER CHANGES	29,819	31,354
OTHER CHANGES IN NET POSITION		
State of New Hampshire capital appropriations	495	18,736
Plant gifts, grants and other changes, net	3,766	3,278
Endowment and similar gifts	22,123	21,566
Endowment return, net of amount used for operations	27,024	(111,786)
TOTAL OTHER CHANGES IN NET POSITION	53,408	(68,206)
INCREASE (DECREASE) IN NET POSITION	83,227	(36,852)
NET POSITION AT BEGINNING OF YEAR	1,620,789	1,657,641
NET POSITION AT END OF YEAR	\$1,704,016	\$1,620,789

See accompanying notes to the financial statements.

University System of New Hampshire

Statements of Cash Flows

(\$ in thousands)

	For the year ended June 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from tuition and fees, net of student financial aid	\$ 285,923	\$ 293,739
Receipts from sales of auxiliary services	210,493	192,999
Receipts from grants, contracts and other operating revenues	251,954	213,123
Payments to employees	(429,645)	(388,860)
Payments for employee benefits	(149,882)	(163,061)
Payments for supplies, services and utilities	(296,297)	(289,742)
NET CASH USED IN OPERATING ACTIVITIES	(127,454)	(141,802)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State general appropriations	88,500	88,500
Federal Pell and other nonoperating grants	63,743	71,633
Noncapital gifts	14,930	15,754
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	167,173	175,887
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
State appropriations for plant projects	2,112	12,888
Plant gifts and grants	4,216	8,495
Endowment gifts	22,103	20,518
Proceeds from issuance of debt, sale of capital assets	119,209	110
Principal payments	(30,575)	(31,361)
Interest payments	(16,127)	(16,962)
Purchases and construction of capital assets	(69,201)	(48,611)
Retirement of debt through defeasance	(98,982)	-
NET CASH USED IN CAPITAL FINANCING ACTIVITIES	(67,245)	(54,923)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	439,145	548,246
Purchases of investments	(447,544)	(503,242)
Investment income	7,696	996
NET CASH USED IN/PROVIDED BY INVESTING ACTIVITIES	(703)	46,000
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(28,229)	25,162
BEGINNING CASH AND CASH EQUIVALENTS	110,832	85,670
ENDING CASH AND CASH EQUIVALENTS	\$ 82,603	\$ 110,832
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	\$ (178,547)	\$ (161,101)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	75,025	71,648
Changes in assets and liabilities:		
Accounts receivable, net	(3,862)	(13,527)
Notes receivable	(415)	(512)
Lease receivable	(59)	413
Prepaid expenses and other current assets	(1,272)	195
Accounts payable and accrued expenses	(15,343)	431
Deposits and unearned revenues	4,162	2,143
Accrued employee benefits	(7,143)	(41,492)
NET CASH USED IN OPERATING ACTIVITIES	\$(127,454)	\$(141,802)
SIGNIFICANT NONCASH TRANSACTIONS		
Endowment return, net of amount used for operations	\$27,024	\$ (111,786)
Loss on disposal of capital assets	(3,817)	(5,164)
Construction services payable balance	12,822	11,266

See accompanying notes to the financial statements.

Notes to the Financial Statements

June 30, 2023 and 2022

1. Summary of significant accounting policies and presentation

The University System of New Hampshire (USNH) is a not-for-profit institution of higher education created in 1963 as a body politic and corporate under the laws of the State of New Hampshire (the State) and is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. USNH is considered a component unit of the State for financial reporting purposes. The accompanying financial statements include the accounts of the University of New Hampshire (UNH), Plymouth State University (PSU), Keene State College (KSC), and Granite State College (GSC) as well as certain affiliated entities discussed below. UNH, PSU, KSC and GSC are collectively referred to in the accompanying financial statements as “campuses.”

Affiliated entities and related parties

Governmental accounting standards require that all potential component units be evaluated for inclusion in the financial statements of the primary government of the reporting entity. USNH's policy on “Foundations Established for the Benefit of USNH or its Component Institutions” states that the USNH Board of Trustees retains control over the activities of any affiliated foundation. The USNH policy further states that USNH has the legal authority to terminate the existence of any affiliated foundation, at which time ownership of the related assets would revert to USNH. Two legally separate affiliated foundations are impacted by this policy and, accordingly, are considered blended component units of USNH. The University of New Hampshire Foundation, Inc. (UNHF) and the Keene Endowment Association (KEA) are collectively referred to in the accompanying financial statements as “affiliated entities.” The associated revenues, expenses, assets, liabilities, deferred inflows, deferred outflows, and net position of UNHF and KEA are fully consolidated with those of the campuses in the accompanying financial statements, and all associated inter-entity activity has been eliminated.

UNHF, Inc. was incorporated in 1989 as a not-for-profit, tax-exempt organization. Its purpose is to solicit, collect, invest, and disburse funds for the sole benefit of the University of New Hampshire. The University of New Hampshire funds a portion of the operating expenses of UNHF. UNHF is governed by its own Board of Directors, the membership of which includes the President of the University of New Hampshire and up to three other members of the USNH Board of Trustees. UNHF has a separate financial statement audit each year. Condensed financial information for UNHF is included in Note 17. The KEA was organized in 1957 as a separate charitable entity to provide financial assistance to deserving students at Keene State College. Income is distributed at the discretion of the Trustees of KEA.

Basis of accounting

The accompanying financial statements have been prepared in accordance with US generally accepted accounting principles (GAAP) prescribed by the Governmental Accounting Standards Board (GASB) using the economic resources measurement focus and the accrual basis of accounting.

USNH follows the requirements of the “business-type activities” (BTA) model as defined by GASB Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis for Public Colleges and Universities*. BTAs are defined as those that are financed in whole or in part by fees charged to external parties for goods or services. The Statement requires that resources be classified into the following net position categories, as more fully detailed in Note 15:

Net investment in capital assets: Property and equipment at historical cost or fair value on date of acquisition, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition or construction of those assets.

Restricted nonexpendable: Resources subject to externally imposed stipulations that they be maintained permanently by USNH. These funds include the historical gift value of restricted true endowment funds.

Restricted expendable: Resources whose use by USNH is subject to externally imposed stipulations. Such funds include the accumulated net gains on donor-restricted “true” endowment funds; the fair value of restricted funds functioning as endowment; restricted funds loaned to students; restricted gifts and endowment income; and other similarly restricted funds.

Unrestricted: Resources that are not subject to externally imposed stipulations. Substantially all unrestricted net position funds are designated to support academic, research, or auxiliary enterprises; invested to function as endowment; or committed to capital construction projects.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates. The most significant areas that require management estimates relate to valuation of certain investments and derivative instruments, useful life and related depreciation of capital assets, and accruals for postretirement medical and other employee-related benefits.

Investments are maintained with established financial institutions whose credit is evaluated by management and the respective governing boards of USNH and its affiliated entities. Investments of operating cash in money market and other mutual funds are generally recorded as cash equivalents. These amounts are invested for purposes of satisfying current operating liabilities and generating investment income to support ongoing operations. Short-term investments represent highly liquid amounts held for other current liabilities.

Property and equipment are recorded at original cost for purchased assets or at fair value on the date of donation in the case of gifts, except for intangible right to use lease assets, the measurement of which is discussed in Note 9. Equipment with a unit cost of \$5,000 or more is capitalized. Building improvements with a cost of \$50,000 or greater are also capitalized. The value of equipment acquired under leases is recorded at the present value of the minimum lease payments at the inception of the lease. Depreciation of property and equipment is calculated on a straight-line basis over the estimated useful lives of the respective assets. The cost of certain research buildings is componentized for the purpose of calculating depreciation. Buildings and improvements are depreciated over useful lives ranging from 4 to 50 years. Depreciable lives for equipment range from 3 to 30 years. See Note 5 for additional information on depreciation. USNH does not record donated works of art and historical treasures that are held for exhibition, education, research, and public service.

Library collections are recorded as an expense in the period purchased, except for the University of New Hampshire Franklin Pierce School of Law (UNHL) library collections which are capitalized annually and depreciated over a ten-year period on a straight-line basis.

Deposits and unearned revenue consist of amounts billed or received in advance of USNH providing goods or services. Advances from the U.S. Government for Federal Perkins Loans to students are reported as government advances refundable. Federal Direct Loan proceeds are posted to student accounts as approved and drawn weekly. Lease liabilities are recognized based on specific accounting rules applicable to the type of lease.

Operating revenues include tuition and fees, grants and contracts, sales of auxiliary services, and other operating revenues. Tuition and fee revenues are reported net of student financial aid discounts and allowances. Operating expenses include employee compensation and benefits, supplies and services, utilities, and depreciation. Operating expenses also include the use of federal Higher Education Emergency Relief Fund and the State of New Hampshire Governor's Office for Emergency Relief and Recovery awards. Nonoperating revenues (expenses) include all other revenues and expenses except certain changes in long-term plant, endowment and other net position funds, which are reported as other changes in net position. Operating revenues are recognized when earned and expenses are recorded when incurred. Restricted grant revenue is recognized only to the extent of applicable expenses incurred or, in the case of fixed-price contracts, when the contract terms are met or completed.

Unconditional pledges of non-endowment gifts are presented net of estimated amounts deemed uncollectible after discounting to the present value of expected future cash flows. Because of uncertainties regarding their realization and valuation, bequest intentions and other conditional promises are not recognized as assets until the specified conditions are met. In accordance with GASB requirements, endowment pledges expected to be received over the next ten years, totaling \$8,227,000 and \$9,313,000 at June 30, 2023 and 2022, respectively, have not been reported in the accompanying financial statements. USNH generally uses restricted funds first when an expense is incurred where both restricted and unrestricted funds are available.

Endowment return used for operations per application of the Board-approved endowment spending policy is reported as nonoperating revenue. Net realized and unrealized gains/losses and interest/dividend income earned on endowment and similar investments, together with the excess (deficit) of these earnings over the return used for operations, are reported as other changes in net position.

The System's financial statements include comparative financial information. Certain prior year amounts have been reclassified to conform to the current year presentation.

The components of cash, cash equivalents and short-term investments are summarized below (*\$ in thousands*):

	Balances and Terms as of June 30, 2023					Balances and Terms as of June 30, 2022				
	Cash	Cash Equivalents and Short-Term Investments		Total	Weighted Average Maturity	Cash	Cash Equivalents and Short-Term Investments		Total	Weighted Average Maturity
		Level 1	Level 2				Level 1	Level 2		
Cash balance	\$23,082	\$ –	\$ –	\$ 23,082		\$59,296	\$ –	\$ –	\$ 59,296	
Repurchase agreements	–	–	–	–		–	–	12,889	12,889	Less than 1 year
Money market funds	–	59,521	–	59,521	Less than 1 year	–	38,647	–	38,647	Less than 1 year
Subtotal cash and cash equivalents	23,082	59,521	–	82,603		59,296	38,647	12,889	110,832	
Money market funds	–	21,774	–	21,774	Less than 1 year	–	33,054	–	33,054	Less than 1 year
Domestic equity	–	538	–	538	Less than 1 year	–	711	–	711	Less than 1 year
Mutual Funds	–	121,731	–	121,731	1-5 years	–	110,457	–	110,457	1-5 years
Convertible note	–	–	46	46	1-5 years	–	–	44	44	1-5 years
Subtotal short-term investments	–	144,043	46	144,089		–	144,222	44	144,266	
Total cash, cash equivalents and short-term investments	\$23,082	\$203,564	\$46	\$226,692		\$59,296	\$182,869	\$12,933	\$255,098	

New reporting standards

The System's financial statements and notes for fiscal year 2023 and 2022 as presented herein reflect the adoption of the of Governmental Accounting Standards Board's new accounting standard, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, as of July 1, 2022. Under Statement No. 96, a lessee is required to recognize a subscription liability and a right-to-use subscription asset, thereby enhancing the relevance and consistency of information about the government's subscription information technology activities. The System did not restate fiscal year 2022 results due to immateriality. See Note 9 for additional information on subscription-based information technology agreements.

2. Cash, cash equivalents and short-term investments

Cash equivalents and short-term investments are recorded at fair value. USNH's investment policy and guidelines specify permitted instruments, durations, required ratings and insurance of USNH cash, cash equivalents and short-term investments. The investment policy and guidelines are intended to mitigate credit risk on investments individually and in the aggregate through restrictions on investment type, liquidity, custodian, dollar level, maturity, and rating category. Money market funds are placed with large national fund managers. These funds must be rated AAA by Standard & Poor's and Moody's Investor Service and comply with Securities and Exchange Commission Rule 2A-7. Repurchase agreements must be fully collateralized at 102% of the face value by US Treasuries, or 103% of the face value by US Government-backed or guaranteed agencies or government sponsored enterprises. In addition, USNH investments may not exceed 5% of any institution's total deposits or 20% of any institution's net equity.

Cash equivalents represent amounts invested to satisfy current operating liabilities and include repurchase agreements, money market funds and other mutual funds. Repurchase agreements are limited to overnight investments only. Short-term investments are highly liquid amounts held to support specific current liabilities. Short-term investments are generally uninsured and uncollateralized against custodial credit risk, and the related mutual funds are not rated. Cash and cash equivalents totaled \$82,603,000 and \$110,832,000 at June 30, 2023 and 2022, respectively, and short-term investments totaled \$144,089,000 and \$144,266,000 at June 30, 2023 and 2022, respectively. See Note 4 for additional information on fair value classifications.

3. Accounts, pledges, notes, and lease receivable

Accounts receivable at June 30 consisted of the following (\$ in thousands):

	2023	2022
Grants and contracts	\$35,883	\$33,154
Student and general	10,021	9,867
State of NH capital projects	–	2,112
Allowance for doubtful accounts	<u>(2,277)</u>	<u>(2,972)</u>
Total accounts receivable, net	\$43,627	\$42,161

Pledges receivable at June 30 consisted entirely of unconditional non-endowment promises to pay as follows (\$ in thousands):

	2023	2022
Pledges receivable	\$16,414	\$12,228
Discounts and allowance for doubtful pledges	<u>(2,523)</u>	<u>(1,398)</u>
Total pledges receivable, net	13,891	10,830
Less: noncurrent portion	<u>(10,205)</u>	<u>(7,231)</u>
Current portion	\$ 3,686	\$ 3,599

Notes receivable at June 30 consisted primarily of student loan funds as follows (\$ in thousands):

	2023	2022
Perkins loans	\$4,939	\$7,353
Other loans, restricted and unrestricted	1,633	1,622
Allowance for doubtful loans	<u>(1,158)</u>	<u>(1,438)</u>
Total notes receivable, net	5,414	7,537
Less: noncurrent portion	<u>(4,330)</u>	<u>(5,943)</u>
Current portion	\$1,084	\$1,594

Lease receivable at June 30 consisted primarily of long-term leases as follows (\$ in thousands):

	2023	2022
Long-term lease receivable	\$1,150	\$7,406
Accrued interest receivable	<u>3</u>	<u>69</u>
Total lease receivable, net	1,153	7,475
Less: noncurrent portion	<u>(725)</u>	<u>(6,403)</u>
Current portion	\$ 428	\$1,072

See Note 9 for additional information on leases.

4. Investments

USNH's investment policy and guidelines specify permitted instruments, duration and required ratings for pooled endowment funds. The policy and guidelines are intended to mitigate risk on investments individually and in the aggregate while maximizing total returns and supporting intergenerational equity of spending levels. Illiquid investments are limited to 25% of the USNH consolidated endowment pool. Credit risk is mitigated by due diligence in the selection and continuing review of investment managers as well as diversification of both investment managers and underlying investments. Except in unusual circumstances, no more than 15% of total portfolio assets may be invested in any one actively managed strategy. If an investment manager is retained to manage more than one strategy, that manager will be limited to 20% of total portfolio assets. Passively managed investment strategies will not be limited within the portfolio, however, any one manager of passive strategies will be limited to 20% of total portfolio assets. Any manager positions exceeding these limits will be reviewed by the Advisor who will take the appropriate course of action to bring active manager exposures back in line with the concentration limit. Private global equity investments are limited to 25% of the endowment pool with a policy range of 0% - 25%. No USNH endowment investments were denominated in foreign currencies as of June 30, 2023 or June 30, 2022.

GASB Statement No. 72, *Fair Value Measurement and Application*, requires that USNH categorize assets measured at fair value using a three-tiered hierarchy based on the valuation methodologies employed. The hierarchy includes the following:

Level 1 — Value based on quoted prices (unadjusted) in active markets for identical assets that are accessible at the measurement date

Level 2 — Value based on inputs other than quoted prices that are observable for an asset either directly or indirectly; and

Level 3 — Value based on unobservable inputs for an asset

In determining fair value of investment assets, USNH utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. As a practical expedient to estimate the fair value of USNH's interests, certain investments in commingled funds and limited partnerships are reported at the net asset value (NAV) determined by the respective fund managers, without adjustment when assessed as reasonable by USNH, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. Because these investments are not readily marketable, their estimated fair values may differ from the values that would have been assigned had a ready market for such investments existed, and such differences could be material. As of June 30, 2023 and 2022, USNH had no plans or intentions to sell such investments at amounts different from NAV. Investments reported at NAV as a practical expedient are not categorized in the fair value hierarchy.

The endowment and similar investment holdings of the campuses and affiliated entities as of June 30, 2023 and 2022, respectively, are summarized below (\$ in thousands):

	Campuses		Affiliated Entities	
	2023	2022	2023	2022
Pooled endowments:				
Campuses	\$579,293	\$556,834	\$ –	\$ –
UNH Foundation	–	–	288,892	265,737
Keene Endowment Association	–	–	19,678	16,838
Life income and annuity funds	78	85	6,263	5,183
Funds held in trust	<u>18,105</u>	<u>17,136</u>	–	–
Total	\$597,476	\$574,055	\$314,833	\$287,758

The majority of USNH's investments are units of institutional commingled funds and limited partnerships invested in equity, fixed income, hedge, natural resources, private equity, or real estate strategies. Hedge strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedge strategies generally hold securities or other financial instruments for which a ready market exists and may include stocks, bonds, put or call options, swaps, currency hedges and other instruments which are valued by the investment manager. To the extent quoted prices exist the manager would use those; when these are not available, other methodologies maximizing observable inputs would be used for the valuation, such as discounted cash flow analysis, capitalization of current or stabilized net operating income, replacement costs, or sales contracts and recent sales comparable in the market. Private equity funds employ buyout, growth, venture capital, and distressed security strategies. Real asset funds generally hold interests in private real estate. Fixed income securities had maturities up to 15 years and 10 years at June 30, 2023 and 2022, respectively, and carried ratings ranging from AAA to Baa3 as of June 30, 2023 and 2022. The mutual fund investments held in the endowment pools are not rated.

The following table summarizes the fair value of USNH's investments by type ordered alphabetically (\$ in thousands):

	Balances as of June 30, 2023					Balances as of June 30, 2022				
	Investments Classified in Fair Value Hierarchy			Investments Measured at NAV	Total	Investments Classified in Fair Value Hierarchy			Investments Measured at NAV	Total
	Level 1	Level 2	Level 3			Level 1	Level 2	Level 3		
Endowment and similar investments – campuses										
Domestic equity	\$ 90,024	\$ –	\$ –	\$ 95,676	\$ 185,700	\$ 91,066	\$ –	\$ –	\$ 78,237	\$ 169,303
Global equity	–	–	–	34,054	34,054	–	–	–	7,923	7,923
Global fixed income	49,805	–	–	–	49,805	47,158	–	–	–	47,158
Hedge funds:										
Distressed/Restructuring	–	–	–	13,595	13,595	–	–	–	19,669	19,669
Equity Hedge	–	–	–	19,958	19,958	–	–	–	32,954	32,954
Event-Driven	–	–	–	70,432	70,432	–	–	–	68,860	68,860
Fund of Funds	–	–	–	48	48	–	–	–	786	786
Inflation hedging assets	9,157	–	–	10,623	19,780	9,327	–	–	10,780	20,107
International equity	19,450	–	–	55,677	75,127	13,030	–	–	61,798	74,828
Money market	10,096	–	–	–	10,096	8,203	–	–	–	8,203
Private equity & non-marketable real assets	–	–	–	100,776	100,776	–	–	–	107,127	107,127
Trust funds	–	18,105	–	–	18,105	–	17,137	–	–	17,137
Total endowment and similar investments – campuses	\$ 178,532	\$ 18,105	\$ –	\$ 400,839	\$ 597,476	\$ 168,784	\$ 17,137	\$ –	\$ 388,134	\$ 574,055
Endowment and similar investments – affiliated entities										
Domestic equity	\$ 19,352	\$ –	\$ –	\$ 62,115	\$ 81,467	\$ 17,806	\$ –	\$ –	\$ 51,190	\$ 68,996
Global equity	397	–	–	55,441	55,838	566	–	–	43,620	44,186
Global fixed income	15,601	6,927	4,344	–	26,872	16,702	9,025	4,350	–	30,077
Hedge funds:										
Distressed/Restructuring	–	–	–	9,002	9,002	–	–	–	28,499	28,499
Diversified	–	–	–	–	–	–	–	–	6,592	6,592
Equity Hedge	–	–	–	12,341	12,341	–	–	–	13,576	13,576
Event-Driven	–	–	–	23,619	23,619	–	–	–	–	–
Inflation hedging assets	13,307	–	–	–	13,307	13,667	–	–	–	13,667
International equity	16,547	–	–	17,339	33,886	12,814	–	–	16,275	29,089
Money market	18,596	–	–	–	18,596	9,962	–	–	–	9,962
Private equity & non-marketable real assets	–	–	–	39,905	39,905	–	–	–	43,114	43,114
Total endowment and similar investments – affiliated entities	\$ 83,800	\$ 6,927	\$ 4,344	\$ 219,762	\$ 314,833	\$ 71,517	\$ 9,025	\$ 4,350	\$ 202,866	\$ 287,758
Total endowment and similar investments	\$ 262,332	\$ 25,032	\$ 4,344	\$ 620,601	\$ 912,309	\$ 240,301	\$ 26,162	\$ 4,350	\$ 591,000	\$ 861,813

As of June 30, 2023, USNH and UNHF had no funds in lock-up. Fixed income, private equity and real estate funds classified as illiquid have no ability to be redeemed at this time. For USNH, of the 38 funds classified as illiquid, eight are currently in liquidation; four are expected to start liquidation within the next year; twenty-one are expected to start liquidation in 2 to 12 years, and five currently have no expected liquidation dates. For UNHF, 26 funds are classified as illiquid and are expected to be liquidated over the next one to 13 years.

As of June 30, 2023 and 2022, USNH had one outstanding investment liquidation request which has been limited by the respective fund managers. USNH's estimated fair values of these investments at June 30, 2023 and 2022 were \$48,000 and \$71,000, respectively. It is uncertain when, or if, the funds will be fully collected at the NAV recorded.

Unfunded commitments with various private equity and similar alternative investment funds totaled \$46,761,000 for USNH and \$38,922,000 for UNHF at June 30, 2023. This compares to \$48,012,000 and \$27,429,000, respectively, at June 30, 2022.

Investment liquidity for the past two years is aggregated below based on redemption terms or availability (\$ in thousands):

Liquidity Terms as of June 30, 2023								
	Daily	Monthly	Quarterly	Semi-Annual	Annual	illiquid	Total	Redemption Notice Period
Endowment and similar investments – campuses								
Money market	\$ 10,096	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 10,096	Daily
Global fixed income	49,805	–	–	–	–	–	49,805	Daily
International equity	39,109	36,018	–	–	–	–	75,127	1-10 days
Inflation hedging assets	9,157	10,623	–	–	–	–	19,780	1-15 days
Domestic equity	90,024	–	95,676	–	–	–	185,700	1-60 days
Global equity	–	24,706	9,348	–	–	–	34,054	30 days
Hedge funds:								
Equity Hedge	–	–	19,543	–	–	415	19,958	30-60 days
Event-Driven	4,969	–	24,747	40,716	–	–	70,432	60-90 days
Distressed/Restructuring	–	–	–	–	13,595	–	13,595	90 days
Fund of Funds	–	–	–	–	–	48	48	illiquid
Private equity & non-marketable real assets	–	–	–	–	–	100,776	100,776	illiquid
Funds held in trust	–	–	–	–	–	18,105	18,105	illiquid
Total endowment and similar investments – campuses	<u>\$203,160</u>	<u>\$ 71,347</u>	<u>\$ 149,314</u>	<u>\$40,716</u>	<u>\$13,595</u>	<u>\$119,344</u>	<u>\$597,476</u>	
Endowment and similar investments – affiliated entities								
Money market	\$ 18,596	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 18,596	Daily
Inflation hedging assets	13,307	–	–	–	–	–	13,307	Daily
Global fixed income	22,528	–	–	–	4,344	–	26,872	Daily, illiquid
Global equity	18,318	19,953	17,567	–	–	–	55,838	1-30 days
Domestic equity	26,001	7,225	48,241	–	–	–	81,467	1-60 days
International equity	31,081	–	2,805	–	–	–	33,886	1-90 days
Hedge funds:								
Equity Hedge	–	–	12,341	–	–	–	12,341	30-60 days
Event-Driven	–	–	5,346	16,091	2,182	–	23,619	60-90 days
Distressed/Restructuring	–	–	–	–	9,002	–	9,002	60-90 days
Private equity & non-marketable real assets	–	–	–	–	–	39,905	39,905	illiquid
Total endowment and similar investments - affiliated entities	<u>\$129,831</u>	<u>\$27,178</u>	<u>\$ 86,300</u>	<u>\$16,091</u>	<u>\$15,528</u>	<u>\$ 39,905</u>	<u>\$314,833</u>	
Total endowment and similar investments	\$332,991	\$98,525	\$235,614	\$56,807	\$29,123	\$159,249	\$ 912,309	
Liquidity Terms as of June 30, 2022								
	Daily	Monthly	Quarterly	Semi-Annual	Annual	illiquid	Total	Redemption Notice Period
Endowment and similar investments – campuses								
Money market	\$ 8,203	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 8,203	Daily
Global fixed income	47,158	–	–	–	–	–	47,158	Daily
International equity	22,678	52,150	–	–	–	–	74,828	1-10 days
Inflation hedging assets	9,327	10,780	–	–	–	–	20,107	1-15 days
Domestic equity	91,066	–	78,237	–	–	–	169,303	1-60 days
Global equity	–	–	7,923	–	–	–	7,923	30 days
Hedge funds:								
Equity Hedge	–	–	32,954	–	–	–	32,954	60 days
Event-Driven	–	–	28,482	40,378	–	–	68,860	60-90 days
Distressed/Restructuring	–	–	–	–	19,669	–	19,669	90 days
Fund of Funds	–	–	–	–	–	786	786	illiquid
Private equity & non-marketable real assets	–	–	–	–	–	107,127	107,127	illiquid
Funds held in trust	–	–	–	–	–	17,137	17,137	illiquid
Total endowment and similar investments – campuses	<u>\$178,432</u>	<u>\$62,930</u>	<u>\$147,596</u>	<u>\$40,378</u>	<u>\$19,669</u>	<u>\$125,050</u>	<u>\$ 574,055</u>	
Endowment and similar investments – affiliated entities								
Money market	\$ 9,962	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 9,962	Daily
Inflation hedging assets	13,667	–	–	–	–	–	13,667	Daily
Global fixed income	25,727	–	–	–	2,765	1,585	30,077	Daily, illiquid
Global equity	12,883	16,407	14,896	–	–	–	44,186	1-30 days
Domestic equity	23,429	6,119	39,448	–	–	–	68,996	1-60 days
International equity	26,433	–	2,656	–	–	–	29,089	1-90 days
Hedge funds:								
Equity Hedge	–	–	13,576	–	–	–	13,576	30-90 days
Diversified	–	–	–	4,429	2,163	–	6,592	60 days
Distressed/Restructuring	–	–	6,843	11,606	10,050	–	28,499	60-90 days
Private equity & non-marketable real assets	–	–	–	–	–	43,114	43,114	illiquid
Total endowment and similar investments - affiliated entities	<u>\$ 112,101</u>	<u>\$22,526</u>	<u>\$ 77,419</u>	<u>\$16,035</u>	<u>\$14,978</u>	<u>\$ 44,699</u>	<u>\$287,758</u>	
Total endowment and similar investments	\$290,533	\$85,456	\$225,015	\$56,413	\$34,647	\$169,749	\$ 861,813	

5. Capital assets

Capital assets activity for the year June 30, 2023 is summarized as follows (\$ in thousands):

	Balance July 1, 2022	Additions	Retirements & Changes	Balance June 30, 2023
Land	\$ 15,285	\$ –	\$ (295)	\$ 14,990
Construction in progress, net	<u>91,996</u>	<u>58,249</u>	<u>(73,872)</u>	<u>76,373</u>
Total nondepreciable assets	107,281	58,249	(74,167)	91,363
Buildings and improvements	1,899,214	73,872	(11,147)	1,961,939
Equipment	<u>162,755</u>	<u>11,348</u>	<u>(8,641)</u>	<u>165,462</u>
Total depreciable assets	2,061,969	85,220	(19,788)	2,127,401
Intangible right to use assets - real estate	44,065	155	(207)	44,013
Intangible right to use assets - equipment	1,565	598	(694)	1,469
Intangible right to use assets - subscription*	<u>8,889</u>	<u>39,330</u>	<u>2,382</u>	<u>50,601</u>
Total amortizable intangible assets	<u>54,519</u>	<u>40,083</u>	<u>1,481</u>	<u>96,083</u>
Total capital assets	2,223,769	183,552	(92,474)	2,314,847
Less: accumulated depreciation	(1,088,442)	(67,151)	15,265	(1,140,328)
Less: accumulated amortization	<u>(7,322)</u>	<u>(7,781)</u>	<u>730</u>	<u>(14,373)</u>
Total accumulated depreciation/amortization	<u>(1,095,764)</u>	<u>(74,932)</u>	<u>15,995</u>	<u>(1,154,701)</u>
Capital assets, net	<u>\$1,128,005</u>	<u>\$108,620</u>	<u>\$(76,479)</u>	<u>\$1,160,146</u>

*GASB 96 implemented as of July 1, 2022.

Capital assets activity for the year ended June 30, 2022 is summarized as follows (\$ in thousands):

	Balance July 1, 2021	Additions	Retirements & Changes	Balance June 30, 2022
Land	\$ 15,256	\$ 29	\$ –	\$ 15,285
Construction in progress, net	<u>60,264</u>	<u>44,358</u>	<u>(12,626)</u>	<u>91,996</u>
Total nondepreciable assets	75,520	44,387	(12,626)	107,281
Buildings and improvements	1,900,245	12,597	(13,628)	1,899,214
Equipment	<u>160,656</u>	<u>8,063</u>	<u>(5,964)</u>	<u>162,755</u>
Total depreciable assets	2,060,901	20,660	(19,592)	2,061,969
Intangible right to use assets - real estate	44,065	–	–	44,065
Intangible right to use assets - equipment	<u>1,565</u>	<u>–</u>	<u>–</u>	<u>1,565</u>
Total amortizable intangible assets	<u>45,630</u>	<u>–</u>	<u>–</u>	<u>45,630</u>
Total capital assets	2,182,051	65,047	(32,218)	2,214,880
Less: accumulated depreciation	(1,034,981)	(67,779)	14,318	(1,088,442)
Less: accumulated amortization	<u>(3,545)</u>	<u>(3,777)</u>	<u>–</u>	<u>(7,322)</u>
Total accumulated depreciation/amortization	<u>(1,038,526)</u>	<u>(71,556)</u>	<u>14,318</u>	<u>(1,095,764)</u>
Capital assets, net	<u>\$1,143,525</u>	<u>\$(6,509)</u>	<u>\$(17,900)</u>	<u>\$1,119,116</u>

Contractual obligations for major construction projects totaled approximately \$85,870,000 and \$64,753,000 at June 30, 2023 and 2022, respectively. See Note 9 for additional information on intangible right to use assets.

6. Accrued employee benefits

Accrued employee benefit obligations at June 30 are summarized below (\$ in thousands):

	2022			2023			Balance June 30, 2023	Current Portion
	Balance June 30, 2021	Payments to/ on Behalf of Participants	Expenses & Other Changes	Balance June 30, 2022	Payments to/ on Behalf of Participants	Expenses & Other Changes		
Additional retirement contribution	\$ 1,826	\$ (42)	\$ (776)	\$ 1,008	\$ (56)	\$ 5	\$ 957	\$ 56
Standard employee separation incentives	1,734	(1,892)	1,375	1,217	(1,742)	1,631	1,106	1,027
Enhanced retirement and separation programs	40,297	(32,245)	5,279	13,331	(5,070)	29	8,290	2,185
Long-term disability	1,481	(313)	(96)	1,072	(220)	302	1,154	220
Workers' compensation	2,843	(928)	764	2,679	(911)	908	2,676	911
Compensated absences	22,318	(4,012)	2,864	21,170	(2,432)	3,452	22,190	2,566
Other benefits	889	(290)	57	656	–	98	754	644
Total accrued employee benefits	<u>\$71,388</u>	<u>\$(39,722)</u>	<u>\$9,467</u>	<u>\$41,133</u>	<u>\$(10,431)</u>	<u>\$6,425</u>	<u>\$37,127</u>	<u>\$7,609</u>

The **Additional Retirement Contribution** program is a single employer plan administered by USNH and offered to eligible employees hired between July 1, 1994 and June 30, 2011. Under this plan, staff meeting certain voluntary defined benefit plan contribution levels receive an additional 1% of their salary contributed to their defined contribution retirement plan (see below) by USNH in lieu of post-retirement medical benefits. Employees meeting certain service guidelines prior to July 1, 1994 are also eligible for a guaranteed minimum employer retirement contribution of \$10,000 plus an additional \$1,000 for each year of service in excess of 20 years less 1% of the participant's salary account. There were 140 and 149 active employees meeting the requirements for the guaranteed minimum employer contribution as of June 30, 2023 and 2022, respectively.

The calculations for the Additional Retirement Contribution program are based on the benefits provided by the program at the time of the last biennial actuarial valuation, December 31, 2021, and were developed using the Entry Age Normal Actuarial Cost Method. The discount rate used in determining the accrued liabilities was 3.72% and 2.06% for 2023 and 2022, respectively, based on Bond Buyer 20-Bond General Obligation index rate as of the measurement date. Inflation rates of 2.5% and salary increase rates of 3% were used to determine the liability along with the PubG.H-2010 General Employee Headcount-weighted Mortality Table projected generationally with Scale MP-2021. USNH accrued \$957,000 and \$1,008,000 at June 30, 2023 and 2022, respectively, for the related obligations. If the discount rate were to increase by 1%, the total liability at June 30, 2023 and 2022 would be \$921,000 and \$965,000, respectively. Similarly, if the discount rate were to decrease by 1%, the total liability at June 30, 2023 and 2022 would be \$993,000 and \$1,053,000, respectively. The Additional Retirement Contribution program expense was (\$50,000) and (\$150,000) for fiscal years 2023 and 2022, respectively.

USNH had designated cash assets to fully fund the Additional Retirement Contribution obligations at June 30, 2023 and 2022. These assets are not administered through a trust. The Additional Retirement Contribution program is not available to employees hired after June 30, 2011. Eligible employees hired after June 30, 2011 may elect to participate in USNH's defined contribution retirement plans administered by others. Retirement contributions by USNH for employees enrolled in the defined contribution plans range from 4% to 10% of eligible salaries for enrolled participants. USNH additions to the defined contribution plans totaled \$26,980,000 and \$25,049,000 in 2023 and 2022, respectively. Retirement contributions by plan members totaled \$28,725,000 and \$26,815,000 in 2023 and 2022, respectively.

Early retirement and employee separation incentive programs were provided to various faculty and staff during 2023 and 2022. Such incentives include stipends, as well as medical, educational, and other termination benefits. The future cost associated with these incentive options is accrued as of the date of acceptance into the program. The liability balances of \$1,106,000 and \$1,217,000 at June 30, 2023 and 2022 represent obligations for 12 and 20 participants, respectively, which will be remitted in fiscal years 2024 and 2025.

USNH Board of Trustees approved voluntary separation incentive programs for reduction of force for 2021. Such incentives include salary continuation, year of service stipends, and medical benefits. As of June 30, 2022, the liability balance for these programs was \$13,331,000. The liability balance of \$8,290,000 at June 30, 2023, represents obligations for 168 participants, which will be remitted in fiscal years 2024 through 2027.

USNH sponsors other benefit programs for its employees, including long-term disability, workers' compensation, and compensated absences. Long-term disability payments are provided through an independent insurer. The associated medical benefits are accrued and paid by USNH until age 65, at which point the postretirement medical plan takes over, if applicable. Workers' compensation accruals include amounts for medical costs and annual stipends. A small number of chronic workers' compensation cases will require stipends and regular employee medical benefits for life. Coverage for such claims is provided through an independent insurer. USNH also accrues amounts for compensated absences as earned. These accrued balances at June 30 represent vacation and earned time amounts payable to employees upon termination of employment.

USNH is self-insured for a portion of certain risks, including workers' compensation, employee long-term disability, and certain student health insurance claims. Most employee and retiree medical and dental coverage provided by USNH is also self-insured. The costs of self-insured medical and dental claims and administrative fees totaled \$70,207,000 and \$59,662,000 for fiscal year 2023 and 2022, respectively. These amounts include \$3,768,000 and \$3,379,000 for estimated claims incurred but not reported as of June 30, 2023 and 2022, respectively.

In conjunction with the primary medical plan offering for active employees, USNH purchases stop-loss coverage which limits the USNH cost of claims to \$600,000 per participant in most cases. The liabilities recorded in the financial statements for all USNH self-insured programs are developed by third party claim administrators and based on historical claims data. Management reviewed the calculations for reasonableness and believes the liabilities are sufficient to cover the actual claims incurred.

In addition to the benefits accruals included above, USNH created and fully funded a trust to hold assets set aside for its **Operating Staff Retirement Plan** on June 29, 2017. The related asset and liability values are not included in the financial statements. The related investment balances as of June 30, 2023 and 2022 are summarized below (\$ in thousands):

Trust Investment Components	2023	2022
Cash and equivalents	\$ 242	\$ 136
Fixed income	331	1,565
Equities	4,836	3,537
Real assets	—	68
Total including accrued income	<u>\$5,409</u>	<u>\$5,306</u>

The plan has been closed to new participants since 1987. At June 30, 2023 there were approximately 147 current annuitants and 8 participants with deferred benefits, all fully vested. This compares to 152 current annuitants and 12 participants with deferred benefits as of June 30, 2022. The determination of total pension liabilities for this program was based on actuarial calculations completed by the plan trustee as of June 30, 2023 and 2022. The calculations were developed using the Entry Age Normal Actuarial Cost Method and the PubG-2010 Total Dataset with MP-2021 mortality tables. The discount rate used was 5.5% in both years based on the long-term expected rate of return on the related investments. The plan fiduciary net position was \$5,409,000 as of June 30, 2023 and \$5,306,000 as of June 30, 2022 which resulted in the recording of a net pension asset of \$1,082,000 and \$714,000 for fiscal years 2023 and 2022, respectively. The actuarially determined liability for the program was \$4,328,000 as of June 30, 2023 and \$4,593,000 as of June 30, 2022. If the discount rate were to increase by 1%, the net pension asset at June 30, 2023 would be \$1,362,000. Similarly, if the discount rate were to decrease by 1%, the net pension asset at June 30, 2023 would be \$764,000. The plan expense was (\$113,000) and (\$233,000) for fiscal years 2023 and 2022, respectively.

7. Postretirement medical benefits

The primary defined benefit postretirement medical plan has two components. The first offering known as the Medicare Complementary Plan (MCP), was optional for full-time status employees hired before July 1, 1994 and not offered to new employees after that date. At December 31, 2022 and 2021, respectively, there were 865 and 899 former employees receiving benefits under this program along with their eligible dependents. As of December 31, 2022 and 2021, there were 57 and 67 active employees, respectively, who along with their dependents, may eventually be eligible to receive benefits under this program. The MCP provides limited medical coverage for the remaining life of the participants. There are no costs to participate in the plan, but retirees must pay a portion of the actual costs of services rendered.

Employees hired on July 1, 1994 or later are eligible for the current offering which provides bridge coverage only for retirees aged 62-65. Retired employees must have reached age 62, completed at least 10 years of benefits eligible service, participated in the active retirement plans during their last 10 years of benefits-eligible service, and participated in USNH's active medical plan at the time of retirement in order to be eligible for the plan. Retirees contribute to the plan at then-current employee medical rates during the bridge period. As of December 31, 2022 and 2021, respectively, there

were 225 and 32 retirees receiving benefits under this program along with their dependents. As of December 31, 2022 and 2021, respectively, there were also 4,041 and 3,248 active employees who, along with their dependents, may eventually be eligible to receive benefits under this program. The primary postretirement medical plan holds no assets. Together, the above offerings constitute the primary postretirement medical plan. This is an Other Post-Employment Benefits (OPEB) single-employer plan and funded on a pay-as-you-go basis with benefits paid when due.

Third-party actuaries are used to determine the postretirement benefit obligation and annual expense amounts. Actuarial calculations reflect a long-term perspective. Such calculations involve estimates and, by definition, are subject to revision. The healthcare cost trend and discount rate assumptions have a significant effect on the amounts reported.

The components of postretirement medical liability as of June 30, 2023 and 2022 were as follows (\$ in thousands):

Postretirement Medical Plan Liability	2023	2022
Service costs	\$ 1,103	\$ 1,132
Interest	1,580	1,792
Benefit payments	(4,577)	(5,338)
Change of benefit terms	—	—
Differences between expected and actual experience	—	363
Changes in assumptions	(10,306)	(6,126)
Net change	(12,200)	(8,177)
Liability at beginning of year	<u>77,860</u>	<u>86,037</u>
Liability at end of year	<u>\$65,660</u>	<u>\$77,860</u>
Current portion	<u>\$ 7,148</u>	<u>\$ 7,201</u>

The total postretirement benefit obligation is measured at December 31, 2022 for the June 30, 2023 financial statements and December 31, 2021 for the June 30, 2022 financial statements based on the last biennial actuarial valuation, December 31, 2021, developed using the Entry Age Normal Actuarial Cost Method and the PubT.H-2010 mortality tables with Scale MP-2021. A roll forward calculation was performed for the December 31, 2022 measurement date. For measurement purposes the 2023 and 2022 initial rate of increase in the cost of healthcare services was assumed to be 8.0% and 8.0% for participants, reduced by 0.25% each year thereafter until reaching an ultimate rate of 4.5% per year. The initial increase in the cost of prescriptions was assumed to be 9.0% for 2023 and 9.0% for 2022, reduced by 0.50% each year thereafter until reaching an ultimate rate of 4.5% per year. Salary increases of 3.0% were included in the calculations for fiscal year 2023 and 2022. A single discount rate of 3.72% and 2.06% was used based on the Bond Buyer 20-Bond General Obligation index rate as of December 31, 2022 and 2021, respectively. The actuarially determined postretirement medical expense for the plan for the years ended June 30, 2023 and 2022 were \$1,393,000 and \$2,971,000, respectively.

The following presents the sensitivity of the postretirement medical plan liability to changes in the discount rate and healthcare cost trend rates (\$ in thousands):

OPEB liability as of December 31, 2022	Sensitivity to change in discount rate			Sensitivity to change in health care costs		
	1% increase	Current rate	1% decrease	1% increase	Current rate	1% decrease
OPEB liability as of December 31, 2022	\$60,510	\$65,660	\$71,572	\$71,873	\$65,660	\$60,254
OPEB liability as of December 31, 2021	\$70,976	\$77,860	\$85,879	\$85,401	\$77,860	\$71,365

The benefit payments subsequent to the measurement date for the years ended June 30, 2023 and 2022 were \$3,756,000 and \$4,277,000, respectively. The USNH Board of Trustees holds the authority to change these benefit plans at any time. Further information on the Additional Retirement Contribution, Operating Staff Retirement Plan, and Postretirement Medical Plan can be found in the Required Supplemental Information on page 34 of the publication.

8. Long-term debt

USNH long-term debt activity, exclusive of deferred losses or gains on refunding, for the years ended June 30, 2023 and 2022 is summarized below (\$ in thousands):

	2022			2023			Balance June 30, 2023	Current Portion
	Balance June 30, 2021	Additions & Other Changes	Retirements	Balance June 30, 2022	Additions & Other Changes	Retirements		
NHHEFA bonds								
Series 2005A	\$ 42,300	\$ –	\$ (2,000)	\$ 40,300	\$ –	\$ (40,300)	\$ –	\$ –
Series 2005B	54,695	–	(5,075)	49,620	–	(49,620)	–	–
Series 2011A	6,000	–	(6,000)	–	–	–	–	–
Series 2011B	25,940	–	(2,310)	23,630	–	(23,630)	–	–
Series 2014	9,240	–	(2,240)	7,000	–	(2,285)	4,715	2,335
Series 2015	104,685	–	(3,115)	101,570	–	(3,280)	98,290	3,385
Series 2016	44,670	–	(2,780)	41,890	–	(2,920)	38,970	3,070
Series 2017A	50,195	–	(1,940)	48,255	–	(2,040)	46,215	2,140
Series 2017B	43,980	–	(2,030)	41,950	–	(2,075)	39,875	2,125
Series 2023	–	–	–	–	115,430	–	115,430	–
Unamortized discounts/premiums, net	24,551	–	(2,285)	22,266	12,923	(1,781)	33,408	2,844
Financed purchases payable	<u>5,422</u>	–	<u>(1,270)</u>	<u>4,152</u>	<u>105</u>	<u>(1,352)</u>	<u>2,905</u>	<u>1,399</u>
Total bonds and finance purchases	<u>\$411,678</u>	<u>\$–</u>	<u>\$(31,045)</u>	<u>\$380,633</u>	<u>\$128,458</u>	<u>\$(129,283)</u>	<u>\$379,808</u>	<u>\$17,298</u>

New Hampshire Health and Education Facilities Authority (NHHEFA) Bonds

NHHEFA is a public body corporate and an agency of the State of New Hampshire whose primary purpose is to assist New Hampshire not-for-profit educational and health care institutions in the construction and financing (or refinancing) of related facilities. NHHEFA achieves this purpose primarily through the issuance of bonds. Since 1989 all USNH bonds have been issued through NHHEFA. None of USNH's NHHEFA bonds provide for a lien or mortgage on any property. USNH is obligated under the terms of the NHHEFA bonds to make payments from revenues received from certain housing, dining, student union, recreational, and other related revenue generating facilities financed by the bonds. The State is not liable for the payment of principal or interest on the NHHEFA bonds, nor is the State directly, indirectly or contingently obligated to levy or pledge any form of taxation whatsoever or to make any appropriation for their payment. USNH Bond indentures have a provision that in an event of default resulting from a payment default by USNH the principal may be accelerated and become immediately due and payable, at par, with interest payable thereon to the accelerated payment date. USNH is in compliance with all covenants specified in the NHHEFA bond, as well as lease agreements, the most restrictive of which is maintenance of a debt-service coverage ratio, as defined, of at least 1.0 to 1.0.

USNH issued Series 2023 Bonds during the year ended June 30, 2023. The Series 2023 Bonds were issued in the amount of \$115,430,000 to refund the Series 2005A, 2005B and 2011B Bonds (\$103,575,000), to fund the termination of the related interest rate swap agreements (\$6,640,000), and to fund a residence hall renovation (\$25,630,000). Construction proceeds of \$27,916,000, which includes \$2,393,000 in premiums, were unspent as of June 30, 2023, and held in reserve in accordance with the related debt agreements. The related investments are classified in Level 1 of the GASB fair value hierarchy because the underlying securities held by the bond trustee are valued based on quoted market prices.

Maturity dates and interest terms of outstanding debt issues are summarized below:

NHHEFA Bonds	Maturity Date	Interest Terms and Rates
Series 2014	7/1/2024	Fixed at 2.1%
Series 2015	7/1/2045	Fixed at 3.8%
Series 2016	7/1/2046	Fixed at 2.7%
Series 2017A	7/1/2037	Fixed at 3.1%
Series 2017B	7/1/2037	Fixed at 3.4%
Series 2023	7/1/2053	Fixed at 3.7%

Financed purchases

On April 30, 2004, USNH entered into a financed purchase agreement in the amount of \$18,292,000 to finance a portion of the costs of equipment housed in UNH's utility cogeneration facility. The related payments are due quarterly through June 2025, including principal as well as interest at a fixed rate of 4.5%. The carrying value of the related assets was \$2,261,000 and \$3,049,000 as of June 30, 2023 and 2022, respectively.

State of NH general obligation bonds

The State, through acts of its legislature, provides funding for certain major plant facilities on USNH campuses. The State obtains its funds for these construction projects from general obligation bonds, which it issues from time to time. Debt service is funded by the general fund of the State, which is in the custody of the State Treasurer. The State is responsible for all repayments of these bonds in accordance with bond indentures. USNH facilities are not pledged as collateral for these bonds and creditors have no recourse to USNH. Accordingly, the State's debt obligation attributable to USNH's educational and general facilities is not reported as debt of USNH. As construction expenditures are incurred by USNH on state-funded educational and general facilities, amounts are billed to the State and recorded as State of New Hampshire capital appropriations.

Maturity of long-term debt obligations

USNH long-term debt obligations are scheduled to mature as follows over the remaining terms of the individual issuances (\$ in thousands):

Fiscal Year	Principal	Interest	Total
2024	\$ 14,454	\$ 13,125	\$ 27,579
2025	16,845	15,003	31,848
2026	14,367	14,303	28,670
2027	14,949	13,635	28,584
2028	19,605	12,848	32,453
2029-2033	113,065	49,274	162,339
2034-2038	90,850	23,466	114,316
2039-2043	28,790	11,350	40,140
2044-2048	24,755	4,432	29,187
2049-2053	7,075	1,399	8,474
2054	1,645	43	1,688
Plus: unamortized discounts/premiums, net	<u>33,408</u>	<u>–</u>	<u>33,408</u>
Total	<u>\$379,808</u>	<u>\$158,878</u>	<u>\$538,686</u>

Other long-term obligations

In addition to the long-term debt presented above, postretirement medical benefits liability in Note 7 and employment benefits liabilities in Note 6, USNH had the following long-term obligations at June 30, 2023 (\$ in thousands):

	Balance July 1, 2022	Additions & Other Changes	Retirements	Balance June 30, 2023	Current Portion
Asset retirement and other obligations*	\$14,695	\$ 964	\$ (8,401)	\$ 7,258	\$ 381
Refundable government advances	7,674	(63)	(2,475)	5,136	–
Long-term leases - real estate	40,202	(52)	(2,123)	38,027	2,251
Long-term leases - equipment	521	599	(476)	644	313
Long-term leases - subscriptions**	8,889	39,884	(4,179)	44,594	4,472
Total other long-term obligations	\$71,981	\$41,332	\$(17,654)	\$95,659	\$7,417

*The current portion of these obligations is reported under accounts payable and accrued expenses.

**Fiscal year 2023 beginning balances were restated.

USNH had the following long-term obligations at June 30, 2022 (in thousands):

	Balance July 1, 2021	Additions & Other Changes	Retirements	Balance June 30, 2022	Current Portion
Asset retirement and other obligations*	\$ 22,184	\$ 974	\$ (8,463)	\$14,695	\$ 8,384
Refundable government advances	10,715	106	(3,147)	7,674	–
Long-term leases - real estate	42,141	–	(1,939)	40,202	2,095
Long-term leases - equipment	1,181	–	(660)	521	343
Total other long-term obligations	\$76,221	\$1,080	\$(14,209)	\$63,092	\$10,822

*The current portion of these obligations is reported under accounts payable and accrued expenses.

See Note 9 for additional information on leases.

9. Leases and Subscriptions

Leases

USNH adopted GASB Statement No. 87, *Leases*, for the period ended June 30, 2022 financial statements. USNH is a lessee for non-cancellable lease of equipment and real estate assets. A lease liability and an intangible right to use asset with initial, individual undiscounted payments over the term of the lease value of \$50,000 or more is recognized. At the commencement of a lease, the lease liability is measured at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is adjusted by lease amendments and the principal portion of lease payments made. The intangible right to use asset is initially measured as the amount of the lease liability, adjusted for lease payments made at or before the lease

commencement date, plus certain initial direct costs. Subsequently, the intangible right to use asset is amortized on a straight-line basis over its useful life. USNH uses its estimated incremental borrowing rate as the discount rate for leases which was 3.56% and 3.53% as of June 30, 2023 and 2022, respectively.

USNH entered into various leases for real estate and equipment. Of these leases, some agreements call for payments that are partially or completely variable and therefore were not included in intangible right of use assets, lease liabilities, lease receivables or deferred inflows-leases. These variable lease payments are derived from a percentage of sales or number of tickets sold. As of June 30, 2023, USNH recognized \$61,000 and \$75,000 in expense and revenue, respectively, from these variable payments. As of June 30, 2022, there were no reportable variable contracts.

The tables below represent the schedule of maturity for current Lessee and Lessor arrangements as of June 30, 2023 (in thousands):

Lessee Maturity Schedule

Fiscal Year	Principal	Interest	Total
2024	\$ 2,564	\$ 1,326	\$ 3,890
2025	2,161	1,243	3,404
2026	2,192	1,166	3,358
2027	2,049	1,091	3,140
2028	2,145	1,017	3,162
2029-2033	13,168	3,800	16,968
2034-2038	12,939	1,286	14,225
2039-2043	1,444	24	1,468
2044-2045	9	–	9
Total lessee	\$38,671	\$10,953	\$49,624

Lessor Maturity Schedule

Fiscal Year	Principal	Interest	Total
2024	\$ 425	\$ 34	\$ 459
2025	247	21	268
2026	113	15	128
2027	70	12	82
2028	52	10	62
2029-2033	16	41	57
2034-2038	19	38	57
2039-2043	23	35	58
2044-2048	27	30	57
2049-2053	32	25	57
2054-2058	38	19	57
2059-2063	46	12	58
2064-2067	42	3	45
Total lessor	\$1,150	\$295	\$1,445

Subscriptions

USNH adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the period ended June 30, 2023 financial statements. Fiscal year 2023 beginning balances were restated to reflect this adoption. USNH is under contract for non-cancellable use of subscription assets. A subscription liability and an intangible right to use asset with initial, individual undiscounted payments over the term of the contract value of \$50,000 or more is recognized. At the commencement of a contract, the subscription liability is measured at the present value of payments expected to be made during the contract term. Subsequently, the subscription liability is adjusted by lease amendments and the principal portion of contract payments made. The intangible right to use asset is initially measured as the initial amount of the subscription liability plus any implementation costs. The asset is adjusted for contract amendments and amortized on a straight-line basis over its useful life. USNH uses its estimated incremental borrowing rate as the discount rate for subscriptions which was 3.56% as of June 30, 2023.

The table below represents the maturity of current subscription arrangements as of June 30, 2023 (in thousands):

Subscription Maturity Schedule

Fiscal Year	Principal	Interest	Total
2024	\$ 4,472	\$ 418	\$ 4,890
2025	4,672	360	5,032
2026	4,459	1,249	5,708
2027	4,433	1,090	5,523
2028	3,674	931	4,605
2029-2033	11,206	3,221	14,427
2034-2038	11,678	1,185	12,863
Total subscriptions	<u>\$44,594</u>	<u>\$8,454</u>	<u>\$53,048</u>

10. Derivative instruments – interest rate swaps

USNH refunded Series 2005A, 2005B, and 2011B variable rate bonds during the fiscal year ended June 30, 2023. The interest rate swap agreements related to the refunded bonds were terminated on May 24, 2023. USNH used hedging derivatives to artificially fix interest rates on variable rate bonds outstanding. The terms and fair value of swap contracts in place as of June 30, 2023 and 2022 were as follows (in thousands):

	Effective Date	Termination Date*	Payable Fixed Swap Rate	Receivable Variable Swap Rate	Notional Amount at June 30,		Swap Fair Value at June 30,	
					2023	2022	2023	2022
Series 2005A swap	October 29, 2008	May 24, 2023	3.6%	67% LIBOR	\$–	\$ 40,300	\$–	\$ (4,771)
Series 2005B swap	August 1, 2005	May 24, 2023	3.1%	63% LIBOR+0.29%	–	49,620	–	(3,033)
Series 2011B swap	July 1, 2011	May 24, 2023	4.5%	67% LIBOR	–	23,630	–	(3,301)
Total					<u>\$–</u>	<u>\$113,550</u>	<u>\$–</u>	<u>\$ (11,105)</u>

*Interest rate swap agreements were terminated due to refunding of variable rate debt with fixed rate debt.

USNH utilized interest rate swap agreements with counterparties to effectively convert its variable rate debt to fixed rates. The swaps' fair values and changes therein were recognized in USNH's financial statements. Differences between the fixed and variable rates in effect at each interest due date were settled net under each swap, increasing or decreasing interest expense. The fair value of the swap instruments was determined using option pricing models that consider interest rates and other market factors, the credit risks of the parties to the agreements, and the estimated benefit or cost to the USNH to cancel the agreements as of the reporting dates. The values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments were then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement payment. Because the swap fair values were based predominantly on observable inputs corroborated by market data, they were classified in Level 2 of the GASB fair value hierarchy.

These derivative instruments met the criteria established by GASB Statement No. 53 for effective hedges as of June 30, 2022 and, therefore, their accumulated changes in fair value were reflected as deferrals on the Statements of Net Position (see Note 11). The notional amount of each swap was tied to the outstanding balance of the related bonds throughout the life of the swap. Under the terms of each swap, USNH made fixed rate interest payments to the counterparty and received a variable rate payment from the counterparty. USNH made variable rate payments to bondholders on the related bonds. None of the derivatives required collateralization by USNH at any level of negative fair value. Effective interest rates and other key terms of each derivative are described below:

	Counterparty's Most Recent Credit Rating	Variable Interest Rates Paid and Received				Inception-To-Date		
		Interest Rate Paid by USNH to Bondholders as of		Interest Rate Received by USNH from Swap Counterparties as of		Effective Interest Rate Through		All-in Synthetically Fixed Interest Rate
		6/30/2023 ¹	6/30/2022	6/30/2023 ¹	6/30/2022	6/30/2023 ¹	6/30/2022	
Series 2005A swap	Aa2/AA-	N/A	0.6%	N/A	0.7%	N/A	4.0%	N/A
Series 2005B swap	A1/A+	N/A	0.6%	N/A	1.0%	N/A	3.2%	N/A
Series 2011B swap	A1/BBB+	N/A	0.6%	N/A	0.7%	N/A	4.9%	N/A

¹Interest rate swap agreements were terminated due to refunding of variable rate debt with fixed rate debt.

11. Deferred inflows and outflows of resources

The components of Deferred Inflows and Outflows of Resources as of June 30, 2023 and 2022 were as follows (\$ in thousands):

	2023	2022
Deferred outflows of resources		
Accumulated decrease in fair value of hedging derivatives	\$ –	\$11,105
Accounting loss on debt refinancing	9,952	5,523
Changes of assumptions:		
Operating Staff Retirement Plan	–	4
Postretirement Medical Plan	7,776	9,834
Additional Retirement Contribution Program	30	57
Net difference between projected and actual earnings:		
Operating Staff Retirement Plan	691	961
Difference between expected and actual experience:		
Postretirement Medical Plan	647	814
Benefit payments subsequent to the measurement date:		
Postretirement Medical Plan	3,756	4,276
Additional Retirement Contribution Program	38	3
Asset retirement obligations	1,033	1,125
Total deferred outflows of resources	\$23,923	\$33,702
Deferred inflows of resources		
Accounting gain on debt refinancing	\$ –	\$ 50
Annuities unconditional remainder interest	2,208	1,655
Changes of assumptions:		
Postretirement Medical Plan	17,527	10,438
Additional Retirement Contribution Program	56	15
Net difference between projected and actual earnings:		
Operating Staff Retirement Plan	555	516
Difference between expected and actual experience:		
Operating Staff Retirement Plan	11	67
Postretirement Medical Plan	1,140	1,437
Additional Retirement Contribution Program	138	226
Deferred inflows - leases	1,120	7,501
Total deferred inflows of resources	\$22,755	\$21,905

The accumulated decrease in fair value of hedging derivatives was recorded to offset the value of USNH's interest-rate swap liabilities which qualified for treatment as an effective hedge based on historic interest flows. USNH terminated these swap agreements during the fiscal year ended June 30, 2023. The accounting gain on debt refinancing relates to the Series 2016 bond issuance while the accounting loss on debt refinancing relates to the Series 2005B, 2011B, 2015, 2017A and 2023 bond issuances. These costs will be amortized as a component of interest expense over the remaining terms of the new debt. See Note 9 for additional information on leases.

Amounts reported as deferred outflows of resources related to benefit payments subsequent to the measurement date will be recognized as a reduction of the respective benefit liability in the year ended June 30, 2024.

Other amounts reported as deferred outflows and inflows of resources which are related to retirement programs will be recognized as a component of pension and OPEB expense over the next seven years as summarized below (\$ in thousands):

Fiscal Year	Operating Staff Retirement Plan	Additional Retirement Contribution Program	Post-retirement Medical Plan
2024	\$ 17	\$ (71)	\$ (1,290)
2025	(2)	(37)	(1,290)
2026	165	(44)	(1,290)
2027	(55)	(12)	(1,748)
2028	–	–	(2,111)
2029	–	–	(1,567)
2030	–	–	(948)
Total	\$125	\$(164)	\$(10,244)

12. Pass-through grants

USNH distributed \$140,431,000 and \$141,461,000 of student loans through the US Department of Education Federal Direct Lending program during 2023 and 2022, respectively. These distributions and related funding sources are not included as expenses and revenues, or cash disbursements and cash receipts, in the accompanying financial statements. The Statements of Net Position include receivables of \$53,000 and \$271,000 as of June 30, 2023 and 2022, respectively, for direct loans disbursed in excess of US Department of Education receipts.

13. Endowment return used for operations

The objective of the annual spending formula for endowment return used for operations is to provide sustainable continued future support for ongoing programs at current levels assuming moderate inflation. To the extent that endowment yield is insufficient in any one year to meet the required spending distribution, accumulated net gains are utilized to fund the distribution. For the USNH pool, the distribution rate is established annually by the USNH Board of Trustees. Starting in fiscal year 2019, the USNH pool calculated the distribution as a percentage of the average market value per unit for the previous twelve quarters with a rate of 4.3% and 4.5% as of December 31, 2021 and 2020, respectively. For the UNHF primary pool, the distribution rate was 5.25% as of December 31, for both 2021 and 2020, respectively, calculated as a percentage of the average market value per unit for the previous twelve quarters.

The components of endowment return used for operations for 2023 and 2022 are summarized below (\$ in thousands):

Components of Endowment Payout	2023	2022
Pooled endowment yield - campuses	\$ 3,950	\$ (290)
Pooled endowment yield - affiliates	1,552	679
Trusts, life income and annuities yield, net of gains utilized	687	972
Gains utilized to fund distribution - pooled campuses	20,985	25,792
Gains utilized to fund distribution - pooled affiliates	14,247	13,850
Endowment return used for operations	\$41,421	\$41,003

14. Operating expenses by function

The following tables summarize USNH's operating expenses by functional classification for the past two years (\$ in thousands):

	Compensation	Supplies & Services	Utilities	Internal Allocations	Depreciation/ Amortization	2023 Total
Campuses – current funds						
Instruction	\$190,239	\$ 21,888	\$ 30	\$ –	\$ –	\$ 212,157
Auxiliary services	45,932	44,147	73	64,680	–	154,832
Research and sponsored programs	92,681	90,487	392	–	–	183,560
Academic support	65,190	23,985	3	–	–	89,178
Student services	34,528	21,245	14	(72)	–	55,715
Institutional support	64,987	14,587	92	(23,650)	–	56,016
Operations and maintenance	22,257	37,472	23,579	(40,958)	–	42,350
Fundraising and communications	8,310	6,837	–	6,439	–	21,586
Public service	<u>15,044</u>	<u>2,968</u>	<u>12</u>	<u>–</u>	<u>–</u>	<u>18,024</u>
Subtotal – current funds	539,168	263,616	24,195	6,439	–	833,418
Campuses - other funds	1,577	9,314	–	–	75,025	85,916
Affiliated entities	<u>9,704</u>	<u>1,682</u>	<u>–</u>	<u>(6,439)</u>	<u>–</u>	<u>4,947</u>
Total	<u>\$550,449</u>	<u>\$274,612</u>	<u>\$24,195</u>	<u>\$ –</u>	<u>\$75,025</u>	<u>\$ 924,281</u>

	Compensation	Supplies & Services	Utilities	Internal Allocations	Depreciation/ Amortization	2022 Total
Campuses – current funds						
Instruction	\$180,507	\$ 16,420	\$ 16	\$ –	\$ –	\$ 196,943
Auxiliary services	43,449	41,556	55	58,109	–	143,169
Research and sponsored programs	83,251	81,241	218	–	–	164,710
Academic support	58,711	23,391	2	–	–	82,104
Student services	34,125	46,418	14	(72)	–	80,485
Institutional support	59,462	15,329	86	(21,713)	–	53,164
Operations and maintenance	20,165	35,706	18,255	(36,324)	–	37,802
Fundraising and communications	7,828	6,584	–	6,139	–	20,551
Public service	<u>11,983</u>	<u>2,638</u>	<u>2</u>	<u>–</u>	<u>–</u>	<u>14,623</u>
Subtotal – current funds	499,481	269,283	18,648	6,139	–	793,551
Campuses - other funds	(233)	(532)	–	–	71,648	70,883
Affiliated entities	<u>8,790</u>	<u>1,318</u>	<u>1</u>	<u>(6,139)</u>	<u>–</u>	<u>3,970</u>
Total	<u>\$508,038</u>	<u>\$270,069</u>	<u>\$18,649</u>	<u>\$ –</u>	<u>\$71,648</u>	<u>\$ 868,404</u>

15. Net position

It is USNH's policy to use restricted funds before accessing unrestricted balances. The table below details USNH's net position as of June 30, 2023 and 2022 (\$ in thousands):

Components of Net Position	2023	2022
Net investment in capital assets	\$ 743,508	\$ 723,041
Restricted financial resources		
Nonexpendable		
Historic gift value of endowment - campuses	148,030	144,896
Historic gift value of endowment - affiliated entities	193,841	183,676
Total restricted nonexpendable resources	341,871	328,572
Expendable		
Held by campuses:		
Accumulated net gains on endowment	75,050	67,601
Fair value of restricted funds functioning as endowment	16,883	16,297
Gifts, grants and contracts	55,135	59,772
Life income and annuity funds	21	23
Loan funds	1,516	1,870
Held by affiliated entities:		
Accumulated net gains on endowment	56,177	49,552
Fair value of restricted funds functioning as endowment	57,115	47,943
Other	19,724	18,942
Total restricted expendable resources	281,621	262,000
Unrestricted financial resources		
Held by campuses:		
Educational and general reserves	(50,701)	(1,995)
Auxiliary enterprises	118,511	103,691
Internally designated reserves	206,606	126,479
Unrestricted loan funds	1,201	1,261
Unexpended plant funds	28,997	46,284
Fair value of unrestricted funds functioning as endowment	100,559	101,861
Other	1,208	1,095
Less: postretirement medical liability ⁽¹⁾	(72,148)	(74,811)
Held by affiliated entities:		
Fair value of unrestricted funds functioning as endowment	1,437	1,404
Other	1,346	1,907
Total unrestricted financial resources	337,016	307,176
Total net position	<u>\$1,704,016</u>	<u>\$1,620,789</u>

⁽¹⁾As discussed in Note 7, the 2023 and 2022 postretirement medical liability is shown net of the related deferred inflows and outflows of resources. See Note 11 for additional information in this regard.

16. Commitments and contingencies

USNH holds insurance for losses related to real property, as well as professional, environmental, and general liability claims. Property coverage is limited to \$500 million in the aggregate with varying deductible levels. Liability coverage and deductible levels are based on management's assessments of the risks of related losses. Settlements below the relevant deductible amounts are funded from unrestricted net position.

USNH makes expenditures in connection with restricted government grants and contracts, which are subject to final audit by government agencies. Management is of the opinion that the number of disallowances, if any, sustained through such audits would not materially affect the financial position, results of operations, or cash flows of USNH.

USNH is a defendant in various legal actions arising out of the normal course of its operations. Although the outcome of such actions cannot presently be determined, management is of the opinion that the eventual liability, if any, will not have a material effect on USNH's financial position, results of operations or cash flows.

17. Component units

Condensed information from the audited financial statements of the University of New Hampshire Foundation, Inc. (UNHF) is presented below (\$ in millions):

Condensed information from the Statements of Net Position as of June 30,	2023	2022
Endowment investments	\$295	\$271
Other assets	24	22
Total assets	<u>319</u>	<u>293</u>
Annuities payable	4	3
Other liabilities and deferred inflows of resources	5	3
Total liabilities and deferred inflows of resources	<u>9</u>	<u>6</u>
Total net position	<u>\$310</u>	<u>\$287</u>
Condensed information from the Statements of Revenues, Expenses and Changes in Net Position for the years ended June 30,	2023	2022
Gifts and other support	\$ 44	\$ 39
Investment income	21	(27)
Total revenues	<u>65</u>	<u>12</u>
Distributions to UNH	30	25
Administrative and other expenses	12	10
Total expenses	<u>42</u>	<u>35</u>
Increase/(decrease) in net position	<u>\$ 23</u>	<u>\$ (23)</u>
Condensed information from the Statements of Cash Flows for the years ended June 30,	2023	2022
Receipts from gifts and other sources	\$ 34	\$ 28
Payments to UNH and suppliers	(41)	(35)
Net cash used in operating activities	(7)	(7)
Net cash provided by investing activities	(3)	3
Net cash (used in)/provided by noncapital financing activities	9	11
Change in cash and equivalents	<u>\$ (1)</u>	<u>\$ 7</u>

A copy of the complete financial statements for UNHF can be obtained on its website at <https://www.unh.edu/give/financial-reports> or by contacting the Advancement Finance and Administration Office at (603) 862-1584.

18. Subsequent events

Management has evaluated the impact of subsequent events through the date that the financial statements were available for issuance October 19, 2023, and concluded that no material events have occurred which would require recognition or disclosure.

Required Supplemental Information

(Unaudited)

Postretirement Medical Plan

Schedule of Changes in Total OPEB Liability and Related Ratios for the years ended June 30, (\$ in thousands):

	2023	2022	2021	2020	2019	2018
Service costs	\$ 1,103	\$ 1,132	\$ 1,143	\$ 1,247	\$ 1,359	\$ 1,416
Interest	1,579	1,792	2,444	3,339	3,024	3,627
Benefit payments	(4,577)	(5,337)	(4,795)	(5,084)	(6,381)	(6,923)
Differences between expected and actual experience	–	363	(999)	849	–	(1,511)
Change of benefit terms	–	–	(9,533)	(318)	–	–
Changes in assumptions ⁽¹⁾	(10,306)	(6,126)	7,336	7,664	(4,968)	(4,857)
Net change in postretirement medical liability	(12,201)	(8,176)	(4,404)	7,697	(6,966)	(8,248)
Total Postretirement Medical Plan liability - beginning of year	77,861	86,037	90,441	82,744	89,710	97,958
Total Postretirement Medical Plan liability - end of year	\$ 65,660	\$ 77,861	\$ 86,037	\$ 90,441	\$ 82,744	\$ 89,710
Current portion	\$ 7,148	\$ 7,201	\$ 5,342	\$ 4,412	\$ 5,331	\$ 5,837
Covered payroll	\$314,822	\$289,072	\$303,529	\$298,040	\$290,287	\$290,107
Total liability as a percentage of covered payroll	20.9%	26.9%	28.3%	30.3%	28.5%	30.9%

Additional Retirement Contribution (ARC) Program

Schedule of Changes in Total Pension Liability and Related Ratios for the years ended June 30, (\$ in thousands):

	2023	2022	2021	2020	2019	2018	2017
Service costs	\$ 10	\$ 26	\$ 22	\$ 37	\$ 31	\$ 41	\$ 103
Interest	21	32	52	91	66	88	118
Benefit payments ⁽²⁾	(22)	(714)	(343)	(111)	(123)	(95)	(518)
Differences between expected and actual experience	–	(164)	–	(200)	–	(89)	(328)
Changes in assumptions	(61)	3	36	70	(97)	26	(5)
Net change in ARC liability	(52)	(817)	(233)	(113)	(123)	(29)	(630)
Total ARC liability at beginning of year	1,008	1,825	2,058	2,171	2,294	2,323	2,953
Total ARC liability at end of year	\$ 956	\$ 1,008	\$ 1,825	\$ 2,058	\$ 2,171	\$ 2,294	\$ 2,323
Current portion	\$ 56	\$ 42	\$ 865	\$ 217	\$ 200	\$ 95	\$ 455
Covered payroll	\$11,690	\$12,138	\$12,732	\$22,275	\$24,369	\$26,646	\$29,409
Total liability as a percentage of covered payroll	8.2%	8.3%	14.3%	9.2%	8.9%	8.6%	7.9%

Operating Staff Retirement Plan

Schedule of Changes in Net Pension Assets and Related Ratios for the years ended June 30, (\$ in thousands):

	2023	2022	2021	2020	2019	2018	2017 ⁽³⁾
Plan Fiduciary Net Position							
Beginning balance	\$ 5,307	\$ 6,549	\$ 5,863	\$ 6,186	\$ 6,376	\$ 6,700	\$ –
Employer contributions	–	–	–	–	–	–	6,700
Plan administrative costs	–	–	–	–	(13)	(13)	–
Net investment income	554	(754)	1,143	173	407	274	–
Benefit payments	(451)	(488)	(457)	(496)	(584)	(585)	–
Fiduciary net position	\$ 5,410	\$ 5,307	\$ 6,549	\$ 5,863	\$ 6,186	\$ 6,376	\$ 6,700
Total pension liability at end of year	(4,328)	(4,593)	(4,992)	(5,431)	(5,875)	(5,652)	(5,707)
Net pension asset	\$ 1,082	\$ 714	\$ 1,557	\$ 432	\$ 311	\$ 724	\$ 993
Plan net position as a percentage of total pension liability	125.0%	115.5%	131.2%	108.0%	105.3%	112.8%	117.4%
Plan Pension Liability							
Beginning balance	\$ (4,593)	\$ (4,992)	\$ (5,431)	\$ (5,875)	\$ (5,652)	\$ (5,707)	\$ (6,345)
Service costs	(1)	(1)	(6)	(7)	(3)	–	(20)
Interest, net of actuarial gain/loss	(185)	(79)	(41)	(65)	(290)	(292)	(298)
Benefit payments	451	488	457	496	584	585	956
Changes in assumptions	–	(9)	29	20	(514)	(238)	–
Total pension liability at end of year	\$(4,328)	\$(4,593)	\$(4,992)	\$(5,431)	\$(5,875)	\$(5,652)	\$(5,707)
Covered payroll	\$ 62	\$ 122	\$ 120	\$ 815	\$ 850	\$ 961	\$ 1,007
Net pension asset as a percentage of covered payroll	1745.2%	585.2%	1297.5%	53.0%	36.6%	75.3%	98.6%

See accompanying independent auditor's report.

Notes to Schedules:

⁽¹⁾Changes in assumptions relate to discount rate changes. The rates were 3.7% for FY23, 2.1% for FY22, 2.1% for FY21, 2.7% for FY20, 4.1% for FY19, and 3.4% for FY18 based on a change in related index. See Note 7 for additional information.

⁽²⁾Fiscal year 2017 benefit payments included separation costs resulting in larger amounts.

⁽³⁾Reflects payments and adjustments made before the establishment of the related trust on June 29, 2017.

Board of Trustees

The Honorable Christopher T. Sununu
ex officio, Governor, State of N H,
Concord, NH

Alexander J. Walker, Jr. (2016-2024)
Chair, Manchester, NH

James P. Burnett, III (2017-2026)
Vice Chair, Concord, NH

Kassandra Spanos Ardinger (2016-2024)
Secretary, Concord, NH

Donald L. Birx, ex officio
President, PSU, Plymouth, NH

Emily A. Coutermarsh, (2023-2024)
PSU Student Trustee, Plymouth, NH

James W. Dean, Jr., ex officio
President, UNH, Durham, NH
Interim Chancellor USNH

M. Jacqueline Eastwood (2017-2025)
Durham, NH

Frank L. Edelblut, ex officio
Commissioner of Education,
Concord, NH

James P. Gray, ex officio
Designee for Senate President

Cathy J. Green (2017-2025)
Dunbarton, NH

Patrick W. Griffin (2023-2026)
Moltonborough, NH

George S. Hansel (2019 -2027)
Keene, NH

Shawn N. Jasper, ex officio
Commissioner of Agriculture, Concord, NH

Kevin Knarr (2022-2024)
Dublin, NH

Rick Ladd, ex officio
Designee for Speaker of the House

Patrick Moore (2023-2024)
UNH Student Trustee, Durham, NH

Mackenzie Murphy (2021-2025)
Merrimack, NH

Joel Nkounkou (2022-2026)
Charlestown, MA

Peter T. Paul (2022-2025)
Dover, NH

Michael J. Pilot (2019 -2027)
Dover, NH

J. Morgan Rutman (2016 -2024)
Rye, NH

Wayne P. Semprini (2023-2027)
Newington, NH

Gregg R. Tewksbury (2020-2027)
Keene, NH

Christiana Thornton (2022-2025)
Pembroke, NH

Melinda D. Treadwell, ex officio
President, KSC, Keene, NH

David A. Westover (2016-2024)
Walpole, NH

Administration

Catherine A. Provencher
CAO, Vice Chancellor and Treasurer

Chad Pimentel
General Counsel and Secretary

Did you know?

USNH is the largest annual in-migrator of talent to New Hampshire – with 11,000+ out of state students enrolled each year on our campuses

The average cost of in-state tuition after aid has been applied is \$10,200 (lower than 5 years ago)

In-state tuition has been held flat for 5 years

USNH grads are 2X more likely to stay and work in NH after completing an internship

2,000+ USNH graduates join the NH workforce each year

Keene
STATE COLLEGE

Plymouth State
UNIVERSITY

NH University of
New Hampshire

University System
of New Hampshire