



## 2025 October 23 Audit Committee

October 23, 2025 at 10:45 AM (EST)

Keene State College - Young Student Center - Room 308

Keene

# University System of New Hampshire

## Meeting Book - 2025 October 23 Audit Committee

### MEETING AGENDA - October 23, 2025 at 10:45am

#### I. Meeting Information

Physical location: Keene State College, Young

Student Center - Room 308

Meeting URL: [https://zoom.us/j/95426393445?](https://zoom.us/j/95426393445?pwd=bWUXRK5lh5Q6bHDaLGv56tadh797OL.1)

pwd=bWUXRK5lh5Q6bHDaLGv56tadh797OL.1

Call in: 1 646 931 3860

Meeting ID: 954 2639 3445

Passcode: 684918

#### II. Audit Committee Members

Peter T. Paul - Chair,

David Westover - Vice Chair,

Joel Nkounkou,

Jennifer Higgins Pitre,

The Governor (by Statute)

#### III. Call to Order

10:45-  
10:50 am

#### IV. Approval of Consent Agenda Items

MOVED, that the Consent Agenda Items be approved.

##### A. Approve Minutes of June 26, 2025 Meeting

1. AC 06-26-2025 DRAFT Minutes.pdf - 4

##### B. Accept FY25 Financial Statements and Audit Report/Comments for UNH Foundation

1. FY25 UNHF Financial Statements.pdf - 8

##### C. Accept Internal Audit Reports Issued

1. USNH 403b and 457b Plans Recommendations.pdf - 35
2. Confidential - USNH Network Security Audit Report.pdf - 37

10:50 -  
11:20 am

#### V. Items for Committee Consideration and Action

##### A. Approve FY25 University System of New Hampshire Financial Statements (15 mins)

MOVED, on recommendation of the Chancellor, that the USNH Financial

Statements for the fiscal year ended June 30, 2025 be approved and forwarded to the Board of Trustees with the following recommended action:

MOVED, on recommendation of the Audit Committee, that the USNH Financial Statements for the fiscal year ended June 30, 2025 be accepted and forwarded to the Governor, the Legislative Fiscal Committee, and others as specified in state law RSA 187-A:22.

1. USNH FY25 Financial Highlights.pdf - 55

2. USNH FY25 Financial Statements with motion sheet.pdf - 67

B. Review FY25 Audit Report and Comments from CLA (15 mins)

1. CLA FY25 Audit Results Presentation.pdf - 111

11:20 -  
11:25 am

VI. Items for Committee Consideration and Discussion

A. Status of Outstanding Audit Issues (5 mins)

1. Status of outstanding audit issues and summary sheet.pdf - 125

VII. Non-Public Session (if needed)

VIII. Other Business

A. Chair or Committee comments

B. Next scheduled meeting: March 19, 2026 at Plymouth State University

IX. Adjourn



**AUDIT COMMITTEE**

JUNE 26, 2025

PLYMOUTH STATE UNIVERSITY  
PLYMOUTH, NEW HAMPSHIRE

**MEETING MINUTES**

*Draft for Approval*

**Committee members physically present:** Chair Peter T. Paul, Vice Chair M. Jacqueline Eastwood, Shawn Jasper, Mackenzie Murphy, Maureen A. Beauregard

**Other participants participating in person:** (USNH) Kara Bean, Ashish Jain, Cathy Provencher; (PSU) Mac Broderick; (UNH) Tom Nudd, Marion McCord, Cyndee Gruden

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**I. Call to Order**

At 11:05 a.m., Committee Chair Paul called the meeting to order. Chair Paul called the roll and noted the presence of a quorum sufficient for the conduct of business.

**II. Approval of Consent Agenda Items**

Chair Paul asked the committee members if they had any comments or questions about the consent agenda items. Mr. Jain provided an overview of internal audit reports issued. Chair Paul briefly discussed the Hentzel Hall Construction Audit.

Items on the consent agenda appear below:

- A. Minutes of March 20, 2025 Meeting
- B. UNH NCAA Agreed Upon Procedures Report
- C. Internal Audit Reports Issued
  - 1. UNH Parking Operations Audit Report
  - 2. UNH Advancement Data Security Review Reports
  - 3. UNH Animal Care and Use Protocols Compliance Audit Report
  - 4. USNH Hetzel Hall Construction Audit
  - 5. Confidential - UNH RCC ITGC Audit Report

### **III. Items for Committee Consideration and Action**

#### **A. Approve FY2026 Meeting Schedule and Work Plan**

Mr. Jain noted the October meeting will focus on financial reporting, the March meeting will focus on risk management, and the June meeting will focus on Internal Audit topics including GLBA compliance. Outstanding audit issues will be discussed at the October and March meetings.

Mr. Jain welcomes any input on the schedule and plan.

The following motion was made by Trustee Eastwood, duly seconded, discussed, and approved with no votes abstained or dissenting.

***VOTED**, on recommendation of the Chancellor, that the Audit Committee FY2026 Meeting Schedule and Work Plan be approved.*

#### **B. Approve FY2026 Internal Audit Plan / Review Internal Audit's FY2025 Annual Report**

Mr. Jain provided information regarding department resources, audit plan status and department activities, planned versus actual activities, budget, current year initiatives, advisory report summaries, and ethics and compliance hotline activity.

Chancellor Provencher noted that, as a cost savings measure, the recently vacated Internal Audit position will not be filled. In response to a question from Chair Paul, Chancellor Provencher stated that AI software solution developed at UNH can be used to assist internal audit functions. Overall, the System is working on leveraging AI, via Workday and other applications, to streamline processes and gain efficiencies. In response to a question from Trustee Eastwood, Mr. Jain stated that the internal audit department has successfully employed student interns in the past and will continue to do so.

The department maintains a risk-based audit plan and scope, while keeping the plan flexible. Mr. Jain also keeps abreast of his peer's plans. FY25 activities included ERM coordination, advisory services and consultations, fraud investigations, and following up on audit issues. In addition, the department maintained the Ethics and Compliance Hotline, conducted data security assessments, coordinated a training session on construction project change orders, and provided advisory comments on purchasing card policies, business process narratives and phishing procedures. Mr. Jain provided details of advisory summaries and hotline and fraud activity benchmarking statistics.

Internal audit department staff are actively involved in many professional organizations and associations. The IT Auditor presented at the Ivy plus group meeting on the topic of adapting to evolving risk and participated in a panel on the use of AI in audits.

Mr. Jain participates as ex-officio on various USNH councils and committees.

Internal Audit's FY26 initiatives include developing data analysis capabilities for Workday data, building capabilities to leverage AI advancements, and identify cost saving opportunities.

The following motion was made by Chair Paul, duly seconded, discussed, and approved with no votes abstained or dissenting.

***VOTED**, on recommendation of the Chancellor, that the proposed Internal Audit Plan for FY2026 be approved.*

### **C. Approve Enterprise Risk Management (ERM) Annual Report and Assignment of Risks**

Chancellor Provencher discussed USNH's ERM program and described the process for generating the ERM risk report. Each top risk is assigned an ERM Champion to work with an appropriate team to determine whether there have been activities to manage or mitigate the risk. An ERM Champion presents to the Presidents' Council monthly to discuss their assigned risk and mitigation strategies. The Presidents' Council plans to review these risks periodically and report back to the assigned committee. Chancellor Provencher briefly discussed each risk area. Trustee Beauregard stated her concurrence that shared services risk area is on the list, especially given the current climate of higher education.

The following motion was made by Chair Paul, duly seconded, discussed, and approved with no votes abstained or dissenting.

***VOTED**, on recommendation of the Chancellor, that the Audit Committee recommends to the Executive Committee the adoption of the following motion: **MOVED**, on recommendation of the Audit Committee, the Executive Committee hereby formally assigns the top system wide risks identified in the GY2026 annual ERM report to the appropriate Board committees, as specified in the attachment, for purposes of oversight.*

## **IV. Items for Committee Consideration and Discussion**

### **A. Self-assess Audit Committee effectiveness**

Mr. Jain noted that conducting these surveys is best practice. Participation was low this year. There were no comments or questions.

### **B. Review Audit Committee Charter**

The Audit Committee has the responsibility to review and assess the adequacy of the Audit Committee Charter on an annual basis and recommend any changes to the Board. No changes to the Audit Committee charter are recommended at this time.

### **C. Review Internal Audit Charter**

The Audit Committee has the responsibility to review and assess the adequacy of the Internal Audit Charter on an annual basis and recommend any changes to the Board.

No changes to the Internal Audit Charter are recommended by USNH staff at this time; however, the Institute of Internal Auditors recently published new Global Internal Audit Standards effective

January 9, 2025. Proposed revisions to the charter pursuant to new IIA standards are under review.

#### **D. Receive GLBA compliance update**

Mac Broderick, PSU Director of Student Financial Services, and Tom Nudd, USNH Chief Information Security Officer, co-chairs of USNH GLBA, updated the committee.

The GLBA Committee meets monthly and has representation from all campuses.

CampusGuard completed a comprehensive GLBA compliance assessment in December 2024. A total of 10 institutional observations (6 high and 4 medium risk) are actively being addressed. As a result, controls are being developed for the Workday student application currently in process.

Targeted GLBA training was provided in 2022 and 2023. In October of 2024, 477 individuals were assigned training, achieving 89.5% completion. It is anticipated that there will be 100% completion consistent with last year.

A third GLBA assessment is scheduled for October 2026 to ensure continuous compliance and improvement as required by the GLBA Safeguards rule.

#### **V. Non-public Session**

At 12:18 p.m., on motion moved by Chair Paul and duly seconded, the committee voted unanimously by roll call to go into non-public session for the purposes indicated:

***VOTED**, that the Audit Committee go into non-public session for the purpose of discussing: (1) matters which if discussed in public would likely affect adversely the reputation of a person or persons, who are not members of this committee and (2) consideration of pending claims or litigation as authorized by RSA 91-A:2, I(b) and 3, II(c) and (e).*

At 12:31 p.m., on motion moved by Chair Paul and duly seconded, the committee voted unanimously to return to public session. Chair Paul announced the committee did not take any votes or make any decisions while in non-public session.

#### **VI. Other Business**

None.

#### **VII. Adjournment**

There being no further business, the meeting adjourned at 12:32 p.m.

***-- End of Audit Committee Meeting Minutes --***

# Financial Statements

University of New Hampshire Foundation, Inc.  
June 30, 2025 and 2024



**University of New Hampshire Foundation, Inc.**  
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The 2025 Annual Report is a publication of the University of New Hampshire Foundation, Inc. Prior year annual reports are available online at:  
<https://www.unh.edu/give/financial-reports>

University of New Hampshire Foundation, Inc.  
Elliott Alumni Center  
9 Edgewood Road, Durham, NH 03824

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
University of New Hampshire Foundation  
Durham, New Hampshire

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the accompanying financial statements of the business-type activities the University of New Hampshire Foundation (Foundation), a blended component unit of the University System of New Hampshire, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Foundation'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 business-type activities of the Foundation, as of June 30, 2025 and 2024, and the respective changes in financial position and, its cash flows 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation 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 Foundation'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.

### ***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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Foundation'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 Foundation'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.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated REPORT DATE, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Foundation's internal control over financial reporting and compliance.

**CliftonLarsonAllen LLP**

Quincy, Massachusetts  
REPORT DATE

**University of New Hampshire Foundation, Inc.**  
**Management's Discussion & Analysis**  
**June 2025, 2024, and 2023**  
**(Unaudited)**  
**(\$ in thousands)**

## **Introduction**

The University of New Hampshire Foundation, Inc. (Foundation) was formed on September 22, 1989 as an independent corporation, the principal purpose of which is to assist the University of New Hampshire (UNH) in obtaining additional resources for the enhancement of UNH programs and facilities. UNH is an institution of higher education and the flagship campus of the University System of New Hampshire (USNH). Operationally, the Foundation functions within UNH's Advancement division (Advancement). The Foundation is governed by the Board of Directors (Board).

The following discussion and analysis of the financial condition and results of operations of the Foundation for the fiscal year ended June 30, 2025 is provided as prescribed by the Governmental Accounting Standards Board (GASB). This discussion includes an overview of the Foundation's financial activities, describes the changes in financial position, and assists the reader in understanding and comparing the results of the current year's operations to those for the years ended June 30, 2024 and 2023. As this discussion includes summarized information, it should be read in conjunction with the accompanying financial statements and related note disclosures. The financial statements, related notes, and this discussion have been prepared by and are the responsibility of management. References to years should be interpreted to mean fiscal year beginning July 1 and ending June 30, unless otherwise noted. All dollar values noted throughout this discussion, the financial statements, and related notes are in thousands of United States dollars.

## **2025 Financial Highlights**

- The value of endowment investments increased \$30,372 (9.6%) in 2025, with \$15,367 distributed from the endowment pool for payout to purpose and the administration fee (collectively "endowment income used for operations"), \$35,976 in endowment investment gain, and \$9,763 in new endowment additions.
- The pooled portion (98.1%) of the Foundation's endowment assets had a 2025 market gain, net of fees, of 11.9%. This compares to a gain of 12.6% in 2024 and 8.0% in 2023. The portion of Foundation true endowed funds that are above their respective original gift value as of June 30, 2025 is 100%.
- Current use gifts and contributions received in 2025 increased by \$2,119 (12.5%) over 2024 and gifts transferred to UNH decreased by \$2,288 (-11.9%). Endowment additions received in 2025 increased \$3,527 (54.6%) from the 2024 level.
- Distributions to UNH for endowed programs increased \$1,222 (10.9%) in 2025 following a decrease of \$1,073 (-8.7%) in 2024.
- The Foundation's total net position of \$370,232 as of the end of 2025 increased by 10.0% over 2024.

**University of New Hampshire Foundation, Inc.**  
**Management's Discussion & Analysis**  
**June 2025, 2024, and 2023**  
**(Unaudited)**  
**(\$ in thousands)**

**Using the Financial Statements**

This annual report includes financial statements and related notes, prepared in accordance with U.S. generally accepted accounting principles (GAAP) promulgated by GASB. The financial statements focus on the financial condition, results of operations, and cash flows of the Foundation.

The Statements of Net Position include all assets, liabilities, deferred inflows and outflows, and net position of the Foundation. They are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when earned or, in certain instances, received, and expenses and liabilities are recognized when incurred, regardless of when cash is exchanged.

The Statements of Revenues, Expenses, and Other Changes in Net Position present the revenues earned and the expenses incurred by the Foundation during the year. All activities are reported as either operating or other changes in net position. Operating activities are those that support the mission and purpose of the Foundation and include transactions of a capital and restricted nature that are invested by the Foundation to generate a return that will support future operations. Endowment gifts are reported as other changes in net position.

The Statements of Cash Flows present information related to Foundation cash inflows and outflows during the year, including categories for operating, investing and noncapital financing activities. Endowment gifts are reported as noncapital financing activities.

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**University of New Hampshire Foundation, Inc.**  
**Management's Discussion & Analysis**  
**June 2025, 2024, and 2023**  
**(Unaudited)**  
**(\$ in thousands)**

**Statements of Net Position**

A condensed summary of net position as of June 30, 2025, 2024 and 2023 follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>25 - 24</u> <u>\$ Change</u>	<u>25 - 24</u> <u>% Change</u>
Assets:					
Current assets	\$ 15,225	\$ 11,436	\$ 13,104	\$ 3,789	33.1%
Noncurrent assets	<u>362,300</u>	<u>332,083</u>	<u>305,482</u>	<u>30,217</u>	<u>9.1%</u>
Total Assets	377,525	343,519	318,586	34,006	9.9%
Liabilities:					
Current liabilities	1,129	1,146	2,933	(17)	-1.5%
Noncurrent liabilities	<u>3,315</u>	<u>3,443</u>	<u>3,515</u>	<u>(128)</u>	<u>-3.7%</u>
Total Liabilities	4,444	4,589	6,448	(145)	-3.2%
Deferred Inflows of Resources:					
Deferred inflows - annuities	<u>2,849</u>	<u>2,447</u>	<u>2,207</u>	<u>402</u>	<u>16.4%</u>
Total Deferred Inflows of Resources	2,849	2,447	2,207	402	16.4%
Net Position:					
Restricted					
Nonexpendable	195,873	186,193	179,750	9,680	5.2%
Expendable	169,310	146,361	127,428	22,949	15.7%
Unrestricted	<u>5,049</u>	<u>3,929</u>	<u>2,753</u>	<u>1,120</u>	<u>28.5%</u>
Total Net Position	<u>\$ 370,232</u>	<u>\$ 336,483</u>	<u>\$ 309,931</u>	<u>\$ 33,749</u>	<u>10.0%</u>

Current assets include cash, cash equivalents, and non-endowment pledges receivable due within one year. In accordance with GAAP, endowment pledges are not recognized in the financial statements until the gift is received. Accounts payable and the current portion (due within one year) of annuities payable, plus accrued expenses make up the current liabilities balance. Current assets less current liabilities represent the net working capital of the Foundation. Between the Foundation's working capital and the operating reserve balance (unrestricted net position), management deems the availability of assets adequate to meet unexpected needs of the Foundation.

Noncurrent assets include non-endowment pledges receivable that are due beyond one year from the date of the financial statements, as well as endowments and certain other investments. Noncurrent liabilities are the net present value of the portion of annuities payable after the next fiscal year.

When considered in the context of the Foundation's donor cultivation strategies, returns on its investment and fundraising campaigns, and the overall state of the economy, increases or decreases in the Foundation's net position over time are indicators of improvement in or erosion of its financial health. The Foundation's net position is comprised of three types of net position: restricted nonexpendable, restricted expendable and unrestricted.

**University of New Hampshire Foundation, Inc.**  
**Management's Discussion & Analysis**  
**June 2025, 2024, and 2023**  
**(Unaudited)**  
**(\$ in thousands)**

Restricted nonexpendable endowment funds are maintained in accordance with terms specified by donors and are invested in perpetuity with the intent to produce income to be expended annually for the donor-specified purposes. The restricted nonexpendable net position related to these endowment funds increased by 5.2% in 2025, following increases of 3.6% in 2024 and 4.8% in 2023. Increases in this portion of endowment funds over the last several years have been attributable to the Foundation's commitment to growing and developing a strong fundraising team which has been successful at securing more and larger gifts from its increasingly active donor base. The Investment Committee (Committee) monitors and manages the asset allocation of the endowment pool with the goal of diversifying risk while maintaining value and enhancing total return. This work is carried out in conjunction with the Foundation's investment consultant.

Restricted expendable funds include funds functioning as endowment, life income and annuity funds, accumulated net gains on the nonexpendable endowment funds, as well as restricted current use gift funds and pledges receivable. The restricted expendable net position increased 15.7% the year ended June 30, 2025, increased 14.9% the year ended June 30, 2024, and increased 14.1% the year ended June 30, 2023, due primarily to increases in each year in accumulated net gains of the endowment. Funds functioning as endowment consist of amounts that have been allocated by the Foundation for long-term investment purposes, including gifts restricted in purpose that have no conditions requiring they be held as nonexpendable endowments.

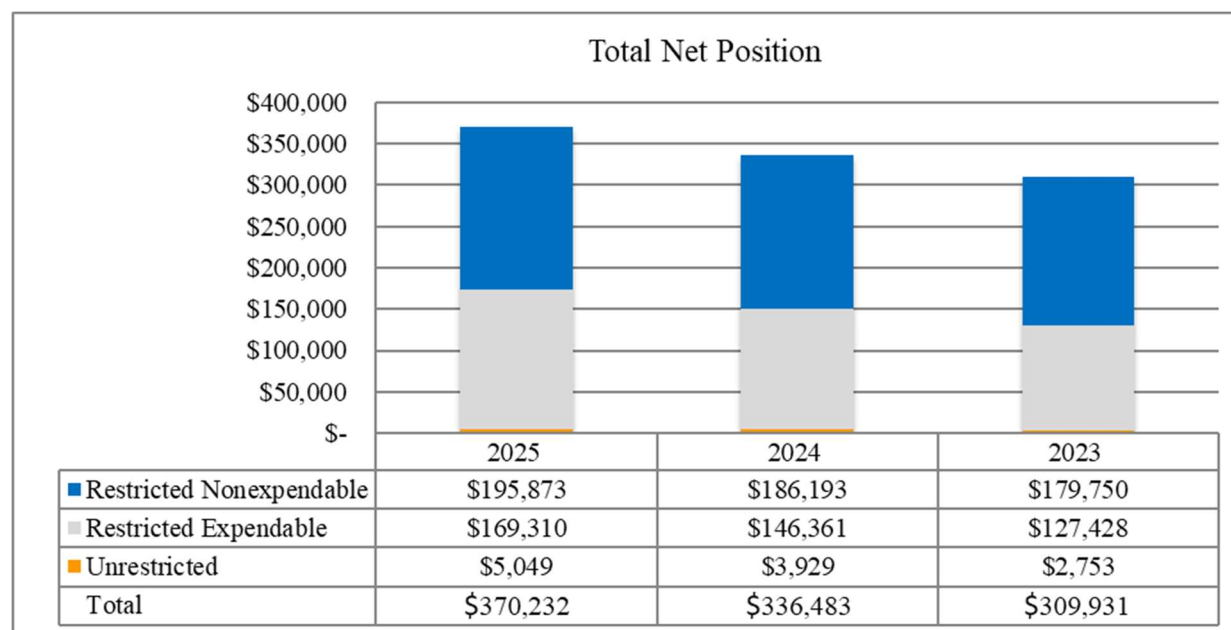
Unrestricted funds include accumulated operating reserves, as well as unrestricted gifts to the Foundation that can be utilized to support the Foundation's operations.

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**University of New Hampshire Foundation, Inc.**  
**Management's Discussion & Analysis**  
**June 2025, 2024, and 2023**  
**(Unaudited)**  
**(\$ in thousands)**

The following chart shows the net position composition as of June 30, 2025, 2024 and 2023:



The Foundation's total net position increased by \$33,749 (10.0%) in 2025, following an increase by \$26,552 (8.6%) in 2024 and an increase by \$23,371 (8.2%) in 2023. Annual payout distributions and new gifts to the endowment, along with overall market gain or loss results from the portfolio investments, are reflected in the year-to-year fluctuations in restricted net position.

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**University of New Hampshire Foundation, Inc.**  
**Management's Discussion & Analysis**  
**June 2025, 2024, and 2023**  
**(Unaudited)**  
**(\$ in thousands)**

**Statements of Revenues, Expenses and Other Changes in Net Position**

A condensed summary of revenues, expenses and other changes in net position for the years ended June 30, 2025, 2024 and 2023 follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Operating Revenues:			
Gifts and contributions	\$ 19,091	\$ 16,972	\$ 19,221
Gifts and contributions for funds functioning as endowment	27	20	8,933
Support from UNH	8,295	8,109	8,140
Endowment return less income used for operations	35,985	35,387	20,982
Other investment income	475	655	75
Other income	20	37	42
Total Operating Revenues	<u>63,893</u>	<u>61,180</u>	<u>57,393</u>
Operating Expenses:			
Gifts transferred to UNH	16,906	19,194	18,109
Distributions to UNH for endowed programs	12,449	11,227	12,300
Salaries, wages, fringe benefits and other operating expenses	10,753	10,651	11,805
Total Operating Expenses	<u>40,108</u>	<u>41,072</u>	<u>42,214</u>
Operating Income (Loss)	<u>23,785</u>	<u>20,108</u>	<u>15,179</u>
Other Changes in Net Position:			
Endowment gifts and contributions	9,964	6,444	8,192
Total Other Changes in Net Position	<u>9,964</u>	<u>6,444</u>	<u>8,192</u>
Increase (Decrease) in Net Position	<u>\$ 33,749</u>	<u>\$ 26,552</u>	<u>\$ 23,371</u>

Revenue is primarily comprised of gifts and contributions, support from UNH for fundraising services rendered, investment income, endowment income, and gains (losses) on investments.

Gifts and contributions and endowment income are the primary sources of revenue for the Foundation. In addition, financial support received for services provided to UNH is recognized as revenue by the Foundation. During 2025, excluding new endowment gifts, the Foundation's endowment pool experienced a net increase of \$20,609 after distributions of \$15,367. This compares to a net increase of \$21,411 after distributions of \$13,974 in 2024 and a net increase of \$6,030 after distributions of \$14,952 in 2023.

Expenses include gifts transferred to UNH, distributions (payout to purpose) to UNH for endowed scholarships and programs, compensation costs, interest on annuities, supplies and other expenses. Salaries and fringe benefits comprised \$9,507 (23.7%) of the Foundation's total expenses in 2025 as compared to \$9,098 (22.2%) of the Foundation's total expenses in 2024.

**University of New Hampshire Foundation, Inc.**  
**Management's Discussion & Analysis**  
**June 2025, 2024, and 2023**  
**(Unaudited)**  
**(\$ in thousands)**

Below is a chart that summarizes activity in endowments, annuities, and similar funds for the years ended June 30:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Beginning Endowment Balance	\$ 316,767	\$ 288,892	\$ 265,737
Additions	9,763	6,464	17,125
Payout to purpose	(12,576)	(11,352)	(12,425)
Administration fee	(2,791)	(2,622)	(2,527)
Yield, net of fees	1,162	986	1,250
Realized gain (loss)	1,795	2,518	637
Unrealized gain (loss)	33,019	31,881	19,095
Ending Endowment Balance	347,139	316,767	288,892
Annuities*	6,694	6,416	6,263
Ending Investment Balance	<u>\$ 353,833</u>	<u>\$ 323,183</u>	<u>\$ 295,155</u>

\*Associated liabilities (current and non-current) totaled \$3,681, \$3,807, and \$3,893, at June 30, 2025, 2024, and 2023, respectively.

The overall value of endowment, annuity, and similar fund investments increased \$30,650 (9.5%) in 2025 following an increase of \$28,028 (9.5%) in 2024 and an increase of \$24,235 (8.9%) in 2023.

## **Outlook**

The Foundation successfully completed a seven-year comprehensive fundraising campaign in 2025. The next campaign is expected to commence in 2026 to support UNH's strategic goals. The Foundation continues to identify new donors and secure additional current use and endowment gifts.

The national and global financial and investment markets continue to be significant factors affecting the Foundation's Statement of Net Position and overall financial health. The Foundation applies diversification to its endowment investments and maintains a long-term focus to achieve competitive returns while hedging against market uncertainty. The Committee continues to be highly engaged in monitoring the investment portfolio in conjunction with the investment advisor, to ensure that the Foundation's endowment portfolio can continue to provide much-needed support to UNH in the near and long term. The Foundation's Board and staff employ what they believe to be sound fiscal management, contributing to strong results over time and stability in its financial health.

**University of New Hampshire Foundation, Inc.**  
**Statements of Net Position**  
**Years ended June 30,**  
**(\$ in thousands)**

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 10,963	\$ 4,764
Pledges receivable, net	4,233	6,643
Prepays	29	29
<b>Total Current Assets</b>	<u>15,225</u>	<u>11,436</u>
<b>Noncurrent Assets</b>		
Pledges receivable, net	8,309	8,761
Endowment investments and similar funds	347,140	316,767
Annuity investments and similar funds	6,694	6,416
Other investments	157	139
<b>Total Noncurrent Assets</b>	<u>362,300</u>	<u>332,083</u>
<b>Total Assets</b>	<u>377,525</u>	<u>343,519</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and other liabilities	763	782
Annuities payable	366	364
<b>Total Current Liabilities</b>	<u>1,129</u>	<u>1,146</u>
<b>Noncurrent Liabilities</b>		
Annuities payable	3,315	3,443
<b>Total Noncurrent Liabilities</b>	<u>3,315</u>	<u>3,443</u>
<b>Total Liabilities</b>	<u>4,444</u>	<u>4,589</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows - annuities	2,849	2,447
<b>Total Deferred Inflows of Resources</b>	<u>2,849</u>	<u>2,447</u>
<b>NET POSITION</b>		
<b>Restricted</b>		
Nonexpendable	195,873	186,193
Expendable	169,310	146,361
<b>Unrestricted</b>	5,049	3,929
<b>Total Net Position</b>	<u>\$ 370,232</u>	<u>\$ 336,483</u>

*See accompanying notes to financial statements.*

**University of New Hampshire Foundation, Inc.**  
**Statements of Revenues, Expenses and Other Changes in Net Position**  
**Years ended June 30,**  
**(\$ in thousands)**

	<u>2025</u>	<u>2024</u>
<b>OPERATING REVENUES</b>		
Gifts and contributions	\$ 19,091	\$ 16,972
Gifts and contributions for funds functioning as endowment	27	20
Support from UNH for fundraising services rendered	8,295	8,109
Endowment income used for operations	15,367	13,974
Realized and unrealized gain (loss) on investments, net	20,618	21,413
Other investment income	475	655
Other income	20	37
<b>Total Operating Revenues</b>	<u>63,893</u>	<u>61,180</u>
<b>OPERATING EXPENSES</b>		
Gifts transferred to UNH	16,906	19,194
Distributions to UNH for endowed programs	12,449	11,227
Salaries, wages, and fringe benefits	9,507	9,098
Supplies and other operating expenses	1,234	1,545
Interest on annuities	12	8
<b>Total Operating Expenses</b>	<u>40,108</u>	<u>41,072</u>
<b>Operating Income (Loss)</b>	<u>23,785</u>	<u>20,108</u>
<b>OTHER CHANGES IN NET POSITION</b>		
Endowment gifts and contributions	9,964	6,444
<b>Total Other Changes In Net Position</b>	<u>9,964</u>	<u>6,444</u>
<b>INCREASE (DECREASE) IN NET POSITION</b>	33,749	26,552
<b>NET POSITION AT BEGINNING OF YEAR</b>	336,483	309,931
<b>NET POSITION AT END OF YEAR</b>	<u>\$ 370,232</u>	<u>\$ 336,483</u>

*See accompanying notes to financial statements.*

**University of New Hampshire Foundation, Inc.**  
**Statements of Cash Flows**  
**Years ended June 30,**  
**(\$ in thousands)**

	<u>2025</u>	<u>2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Gifts and contributions	\$ 21,980	\$ 15,479
Support from UNH	8,295	8,109
Investment income	449	630
Other Income	20	-
Payments to UNH	(29,302)	(32,168)
Payments to employees and for employee benefits	(9,492)	(9,076)
Payments to suppliers	<u>(1,318)</u>	<u>(1,582)</u>
Net Cash Provided By (Used In) Operating Activities	<u>(9,368)</u>	<u>(18,608)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of pooled endowment investments	213,203	111,705
Purchases of pooled endowment investments	(207,599)	(104,195)
Proceeds from sales and maturities of annuity, life income, and other investments	398	372
Purchases of annuity, life income and other investments	<u>(7)</u>	<u>(143)</u>
Net Cash Provided By (Used In) Investing Activities	<u>5,995</u>	<u>7,739</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Proceeds from issuance of annuity and life income agreements	-	139
Payments to annuitants and life income beneficiaries	(392)	(368)
Endowment gifts and other additions	<u>9,964</u>	<u>6,444</u>
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>9,572</u>	<u>6,215</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	6,199	(4,654)
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<u>4,764</u>	<u>9,418</u>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<u>\$ 10,963</u>	<u>\$ 4,764</u>
<b>RECONCILIATION OF OPERATING INCOME TO</b>		
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>		
<b>OPERATING INCOME (LOSS)</b>	23,785	\$ 20,108
Adjustments to reconcile operating income (loss)		
to net cash used in operating activities:		
Investment return, net of amount used for operations	(35,989)	(35,392)
Interest on annuities	12	8
Changes in assets and liabilities:		
Pledges receivable, net	2,862	(1,513)
Other investments	(18)	(17)
Other assets	-	(29)
Accounts payable and other liabilities	<u>(20)</u>	<u>(1,773)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (9,368)</u>	<u>\$ (18,608)</u>

*See accompanying notes to financial statements.*

**University of New Hampshire Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**  
**(\$ in thousands)**

## **1. Organization and Significant Accounting Policies**

The University of New Hampshire Foundation, Inc. (Foundation) was incorporated in 1989 as a not-for-profit, tax-exempt organization. Its primary purpose is to solicit, collect, invest and disburse funds for the University of New Hampshire (UNH). The Foundation is governed by its own Board of Directors (Board), the membership of which includes, among others, the President of the University of New Hampshire and up to three members of the University System of New Hampshire (USNH) Board of Trustees. The conduct and oversight of the investment program is the responsibility of the Investment Committee (Committee). The University of New Hampshire funds a significant portion of the operating expenses of the Foundation.

### ***Basis of Accounting and Presentation***

In order to adhere to limitations and restrictions placed on the use of available resources, the accounts of the Foundation are maintained internally in accordance with the principles of “fund accounting.” This is the procedure by which resources for various purposes are maintained in separate funds in accordance with the activities or objectives specified.

The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) using the economic resources measurement focus and the accrual basis of accounting in accordance with applicable Governmental Accounting Standards Board (GASB) pronouncements.

The Foundation’s resources are classified for accounting and reporting purposes into the following net position categories:

- **Restricted Nonexpendable** – These are subject to externally imposed stipulations that the funds be invested in perpetuity by the Foundation. These include the original gift value of donor restricted endowment funds subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) of New Hampshire, as described in note 4.
- **Restricted Expendable** – Use by the Foundation is subject to externally imposed stipulations that can be fulfilled by actions pursuant to those stipulations or expire by the passage of time and includes the net unspent appreciation on investments of donor-restricted nonexpendable endowments, funds functioning as endowment, restricted current use gifts, and pledges receivable. When both restricted and unrestricted resources are available for a particular purpose, generally it is the Foundation’s policy to use applicable restricted resources first.
- **Unrestricted** – These are not subject to externally imposed stipulations. Unrestricted net position may be designated internally to support specific purposes.

**University of New Hampshire Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**  
**(\$ in thousands)**

UNH provides financial support to the Foundation through annual operating appropriations and other sources. Although UNH does not control the timing or amount of receipts from the Foundation, the majority of resources which the Foundation holds and invests, and income thereon, are restricted by donors to the activities of UNH. Because these restricted resources held by the Foundation can only be used by or for the benefit of UNH, the Foundation is included as a blended component unit in the USNH financial statements in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*.

***Cash and Cash Equivalents***

Cash and cash equivalents consist of checking and money market accounts. The primary purpose of these funds is to support expected operating expenses of the Foundation, but may also contain gift funds in holding for UNH to be distributed in the near future.

***Gifts, Contributions and Pledges***

Gifts and contributions are recorded at estimated fair value when all applicable eligibility requirements have been met and collection is deemed probable. Pledges are written unconditional promises by donors to make future payments. The Foundation recognizes a receivable and revenue at the time the pledge is made by the donor if the pledge is verifiable, measurable, and probable of collection and meets all applicable eligibility requirements. Because eligibility requirements for endowment gifts cannot be met until funds are invested, endowment pledges are not recorded as revenue until cash or other assets are received. Real estate is reported at estimated fair value as of the date of the gift. Transfers to UNH are recorded based on the carrying value of the related gifts at the date of transfer.

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**University of New Hampshire Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**  
**(\$ in thousands)**

***Fair Value Measurements***

Investments and investment activities are reported at fair value. Fair value represents the price that would be received upon sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. In accordance with GASB Statement No.72, *Fair Value Measurement & Application*, the Foundation uses a three-tiered hierarchy to categorize those assets and liabilities based on the valuation methodologies employed. The hierarchy is defined as follows:

- Level 1 – Valuation based on quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities.
- Level 2 – Valuations based on inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.
- Level 3 – Valuation based on unobservable inputs used in situations in which little or no market data is available.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. Transfers between categories occur when there is an event that changes the inputs used to measure the fair value of an asset or liability. Transfers between fair value categories are recognized as of the end of the reporting period.

As described in note 3, investments measured at net asset value as a practical expedient to estimate fair value are not categorized in the fair value hierarchy above.

The Foundation's financial statements include comparative financial information.

***Income Tax Status***

The Internal Revenue Service has ruled that the Foundation is qualified under Section 501(c)(3) of the Internal Revenue Code and is, therefore, generally not subject to income tax under present federal income tax laws. In addition, the Foundation is not a private foundation within the meaning of Sections 509(a)(1) and 170(b)(1)(A)(iv) of the Code.

**University of New Hampshire Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**  
**(\$ in thousands)**

**2. Pledges Receivable**

Pledges receivable are discounted at rates commensurate with the associated risks and timeframes involved. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restriction. As of June 30, 2025 and 2024, 26% and 21%, respectively, of pledges receivable, net of discount and bad debt allowance, are attributable to one donor.

Pledges receivable at June 30 are restricted by donors as follows:

	<u><b>2025</b></u>	<u><b>2024</b></u>
Instruction and academic support	\$ 5,985	\$ 8,748
Scholarships and fellowships	2,855	2,451
Plant construction and renovations	4,873	5,395
Other	1,309	1,543
Total Pledges Receivable	<u><u>\$ 15,022</u></u>	<u><u>\$ 18,137</u></u>

These amounts, as of June 30, are due as shown below:

	<u><b>2025</b></u>	<u><b>2024</b></u>
Amounts due in one year or less	\$ 4,700	\$ 7,297
Amounts due between one year and five years	8,999	9,232
Amounts due after five years	<u>1,323</u>	<u>1,608</u>
Total Due	15,022	18,137
Less: discounting of future cash flows	(1,270)	(1,302)
Less: allowance for uncollectible amounts	<u>(1,210)</u>	<u>(1,431)</u>
Total Pledges Receivable, Net	<u><u>\$ 12,542</u></u>	<u><u>\$ 15,404</u></u>

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**University of New Hampshire Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**  
**(\$ in thousands)**

**3. Investments**

Investments and investment activities are reported at estimated fair value. Purchases and sales of securities are recorded as of the settlement date. The fair value of publicly traded securities is based upon quoted market prices. The fair value of registered mutual funds is based on published net asset values (NAV). The estimated fair value of investments without traditional markets (i.e., hedge funds, private equity, inflation hedging assets and non-marketable real assets) is based on estimated NAV, as provided by fund managers and reviewed by management, as a practical expedient to estimate fair value. Because hedge funds, private equity, inflation hedging assets and real estate investments are not readily marketable, their estimated values are subject to uncertainty and, therefore, could differ materially from the value that would have been used had a ready market for such investments existed. The Foundation has no plans or intentions to sell investments at amounts different from NAV.

The following tables summarize the Foundation's endowment investments, annuity investments, and similar funds at June 30:

<b>2025</b>					
	<b>Investments Classified in the Fair Value Hierarchy</b>				
	<b>NAV</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash	\$ -	\$ 7,748	\$ -	\$ -	\$ 7,748
Fixed income	-	9,615	10,723	1,718	22,056
Inflation hedging	-	17,871	-	-	17,871
Domestic equity	61,738	13,019	-	-	74,757
Global equity	92,360	624	-	-	92,984
International equity	11,299	26,479	-	-	37,778
Hedge funds:					
Distressed/Restructuring	14,585	-	-	-	14,585
Equity Hedge	18,027	-	-	-	18,027
Event-Driven	16,699	-	-	-	16,699
Private equity	42,838	-	-	-	42,838
Private real assets	8,491	-	-	-	8,491
Total	<u>\$ 266,037</u>	<u>\$ 75,356</u>	<u>\$ 10,723</u>	<u>\$ 1,718</u>	<u>\$ 353,834</u>

**University of New Hampshire Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**  
**(\$ in thousands)**

<b>2024</b>					
<b>Investments Classified in the Fair Value Hierarchy</b>					
	<b>Investments Measured at NAV</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash	\$ -	\$ 4,511	\$ -	\$ -	\$ 4,511
Fixed income	-	10,521	10,039	1,649	22,209
Inflation hedging	-	16,675	-	-	16,675
Domestic equity	73,756	13,642	-	-	87,398
Global equity	69,729	390	-	-	70,119
International equity	12,842	23,090	-	-	35,932
Hedge funds:					
Distressed/Restructuring	9,462	-	-	-	9,462
Equity Hedge	13,509	-	-	-	13,509
Event-Driven	19,519	-	-	-	19,519
Private equity	34,069	-	-	-	34,069
Private real assets	9,780	-	-	-	9,780
Total	<u>\$ 242,666</u>	<u>\$ 68,829</u>	<u>\$ 10,039</u>	<u>\$ 1,649</u>	<u>\$ 323,183</u>

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**University of New Hampshire Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**  
**(\$ in thousands)**

Investment liquidity and redemption terms as of June 30, 2025 and 2024 are presented below:

2025								
	Daily	Monthly	Quarterly	Semi-Annual	Annual	Illiquid	Total	Redemption Notice
Cash	\$ 7,748	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,748	Daily
Fixed income	20,338	-	-	-	-	1,718	22,056	Daily, Illiquid
Inflation hedging	17,871	-	-	-	-	-	17,871	Daily
Domestic equity	13,019	11,495	50,243	-	-	-	74,757	1 - 60 days
Global equity	49,061	20,657	23,266	-	-	-	92,984	1 - 30 Days
International equity	37,778	-	-	-	-	-	37,778	Daily
Hedge funds:							-	
Distressed/Restructuring	-	-	-	-	6,385	8,200	14,585	90 days, Illiquid
Equity Hedge	-	-	18,027	-	-	-	18,027	30 - 45 days
Event-Driven	-	-	1,535	15,090	74	-	16,699	65 - 90 days
Private equity	-	-	-	-	-	42,838	42,838	Illiquid
Private real assets	-	-	-	-	-	8,491	8,491	Illiquid
Total	\$ 145,815	\$ 32,152	\$ 93,071	\$ 15,090	\$ 6,459	\$ 61,247	\$ 353,834	

2024								
	Daily	Monthly	Quarterly	Semi-Annual	Annual	Illiquid	Total	Redemption Notice
Cash	\$ 4,511	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,511	Daily
Fixed income	20,560	-	-	-	-	1,649	22,209	Daily, Illiquid
Inflation hedging	16,675	-	-	-	-	-	16,675	Daily
Domestic equity	21,618	10,375	55,405	-	-	-	87,398	1 - 60 days
Global equity	22,011	27,638	20,470	-	-	-	70,119	1 - 60 Days
International equity	32,921	-	3,011	-	-	-	35,932	1 - 90 days
Hedge funds:	-	-	-	-	-	-	-	
Distressed/Restructuring	-	-	-	-	9,462	-	9,462	90 days
Equity Hedge	-	-	13,509	-	-	-	13,509	30 - 90 days
Event-Driven	-	-	5,800	13,367	352	-	19,519	60 - 90 days
Private equity	-	-	-	-	-	34,069	34,069	Illiquid
Private real assets	-	-	-	-	-	9,780	9,780	Illiquid
Total	\$ 118,296	\$ 38,013	\$ 98,195	\$ 13,367	\$ 9,814	\$ 45,498	\$ 323,183	

As of June 30, 2025 and 2024, the Foundation had outstanding unfunded commitments, which includes callable capital, to private investments of \$35,404 and \$37,632, respectively. There are 33 funds classified as illiquid, of which 29 are expected to be liquidated over the next one to 10 years, two have no stated liquidation timeframe, and two are in a one-year lock up period.

Marketable investments are held by financial institutions whose credit is reviewed and deemed reputable by the Foundation's investment advisor, management, and members of the Committee. The investment policy of the Foundation is designed to mitigate the custodial credit risk associated with these investments collectively through diversification among investment managers.

**University of New Hampshire Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**  
**(\$ in thousands)**

Fixed income investments are subject to credit risk, which is the risk that an issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. The Foundation manages credit risks, which include investment grade credit ratings issued by nationally recognized statistical rating organizations, such as Moody's Investors Service, for all such investments. As of June 30, 2025 and 2024, the Foundation's fixed income mutual funds were not rated.

Fixed income securities as of June 30 were rated as follows:

<u>Moody's Rating</u>	<u>2025</u>	<u>2024</u>
Aaa	42%	44%
Aa1-3	18%	17%
A1-3	23%	24%
Baa1-3	15%	12%
NR	2%	3%
	<u>100%</u>	<u>100%</u>

#### **4. Endowment and Similar Funds**

The Foundation follows the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as promulgated in Chapter 292-B of the State of New Hampshire's Revised Statutes Annotated (RSA). RSA 292-B permits the Board of Directors to appropriate a portion of an endowment fund as is prudent considering the Foundation's long-term and short-term needs, present and anticipated financial requirements, and expected total return on its investments, price level trends, and general economic conditions.

Endowment funds are invested and maintained on a pooled basis using the unit share method of allocating earnings. At June 30, 2025 and 2024, pooled endowment funds totaled \$347,140 and \$316,767, respectively.

As provided for under UPMIFA, the Foundation applies the "total return" concept to distributions, so that endowment yield (dividends and interest, net of fees) and accumulated net gains may be utilized to fund distributions. For fiscal years 2025 and 2024, the payout to purpose rate was 4.25% and the administration fee component was 1.0%, both based on the twelve quarter rolling average market value, for a total distribution rate of 5.25%. The administrative fee component of the annual distribution for spending covers general and administrative costs associated with the management of investments and fiduciary requirements of the Foundation. The distribution rate is reviewed and approved by the Board annually. Some quasi-endowment funds have distribution schedules distinct from the Foundation's standard payout methodology.

**University of New Hampshire Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**  
**(\$ in thousands)**

When combined with new gifts, the payout to purpose rate in the spending formula for the pooled endowment provides stability for support of ongoing programs. Total endowment income distributed and used for operations for 2025 and 2024 was \$15,367 and \$13,974, respectively. Of the total annual distributions, the Foundation distributed to UNH for endowed programs (i.e., payout to purpose) from pooled endowment funds \$12,449 and \$11,227 for the years ended June 30, 2025 and 2024, respectively. As a result of investment activities and annual distributions, the endowment pool experienced a net increase of \$20,609 in 2025 and a net increase of \$21,411 in 2024.

Distributions were made from all payout eligible pooled endowment funds in 2025 and 2024. However, in 2024, 36 individual endowed funds had market values between 80% and 90% of the original gift value as of the valuation cutoff date of December 31, 2022. Per the Foundation's curtailment policy, these 36 funds paid out at 50% of the full payout amount, resulting in an aggregate reduction of \$105 in payouts to purpose and \$25 in administrative fees. The aggregate amount by which the Foundation's true endowment funds had market value below their original gift value was \$0 (0.0%) and \$32 (0.01%) as of June 30, 2025 and 2024, respectively.

Similar funds are comprised of life income and annuity funds totaling \$6,694 and \$6,416 as of June 30, 2025 and 2024, respectively.

## **5. Annuities Payable**

Annuities payable are recorded at the present value of anticipated future payments based on the life expectancies of the recipients. Life income and annuity liability activity for the years ended June 30, 2025 and 2024 are shown below:

	<u><b>2025</b></u>	<u><b>2024</b></u>
Balance, Beginning of Year	\$ 3,807	\$ 3,893
Revaluations	285	258
New annuities	-	84
Withdrawals	(31)	(67)
Principal payments	<u>(380)</u>	<u>(361)</u>
Balance, End of Year	3,681	3,807
Less: current portion	<u>(366)</u>	<u>(364)</u>
Noncurrent portion	<u><u>\$ 3,315</u></u>	<u><u>\$ 3,443</u></u>

**University of New Hampshire Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**  
**(\$ in thousands)**

**6. Net Position**

The components of total net position at June 30, 2025 and 2024 are summarized below:

	<u>2025</u>	<u>2024</u>
<b>Restricted</b>		
Nonexpendable		
Historical gift value of endowment	\$ 195,873	\$ 186,193
<b>Total Restricted Nonexpendable</b>	195,873	186,193
Expendable		
Accumulated net gains on historical gift value of endowment	84,443	67,471
Fair value of funds functioning as endowment	65,187	61,565
Pledges receivable, net, and other gifts	19,517	17,163
Life income and annuity funds	163	162
<b>Total Restricted Expendable</b>	169,310	146,361
<b>Unrestricted</b>		
Foundation operating funds	3,413	2,391
Fair value of unrestricted funds functioning as endowment	1,636	1,538
<b>Total Unrestricted</b>	5,049	3,929
<b>Total Net Position</b>	<u>\$ 370,232</u>	<u>\$ 336,483</u>

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**University of New Hampshire Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**  
**(\$ in thousands)**

**7. Gifts and Contributions**

Gifts and contributions include annual adjustments in pledges receivable balances based on estimated future cash flow net of discounts and allowances. Gifts and contributions accepted during 2025 and 2024 included the following:

	<u>2025</u>	<u>2024</u>
Endowment*	\$ 9,964	\$ 6,543
Funds functioning as endowment	27	24
Current unrestricted	26	891
Current restricted	16,842	13,862
Plant	<u>2,224</u>	<u>2,116</u>
Total Gifts and Contributions	<u>\$ 29,082</u>	<u>\$ 23,436</u>

\*Includes additions to UNH endowments held by USNH totaling \$228 and \$99 in 2025 and 2024, respectively.

**8. Related Party Transactions**

The Foundation's operations are dependent upon the continued support of UNH. The Foundation's personnel are USNH employees who are serving the Foundation and, accordingly, are entitled to all the benefits of USNH employees. All liabilities associated with employment are assumed by USNH and charged to the Foundation.

Support to the Foundation for items such as financial and payroll transactions are provided from the UNH and USNH central finance offices. The accompanying financial statements do not reflect the dollar value of such services. These amounts are reported in the operating budgets and financial statements of USNH.

To the extent UNH specifically provides financial support for management and general expenses of the Foundation, such amounts are reflected in the financial statements as operating revenue and expenses. For the years ended June 30, 2025 and 2024, UNH paid \$8,295 and \$8,109, respectively, to the Foundation for operating support.

Gifts transferred to UNH in 2025 and 2024 were \$16,906 and \$19,194, respectively. At June 30, 2025, \$356 due to UNH (relating to gifts to be transferred to UNH) was included in accounts payable and other liabilities. At June 30, 2024, this amount was \$304. Certain gift balances to be transferred to UNH in future years are held by the Foundation in cash and cash equivalents. These totaled \$3,857 and \$1,759, at June 30, 2025 and 2024, respectively. The majority of these balances are capital project initiatives that will be transferred to the project funds when needed.

**University of New Hampshire Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**  
**(\$ in thousands)**

**9. Subsequent Events**

Management has evaluated the impact of other subsequent events through October 17, 2025, which is the date that the financial statements were available for issuance and concluded that no material events have occurred that would require recognition or disclosure.

June 17, 2025

Retirement Plan Committee  
University System of New Hampshire  
403(b) & 457(b) Retirement Plans  
5 Chenell Drive, Suite 301  
Concord, NH 03301

Dear Committee:

We have performed the consulting services outlined in our engagement letters dated March 13, 2025 for the University System of New Hampshire (USNH) 403(b) Retirement Plan and 457(b) Deferred Compensation Plan (the Plans). We performed certain tests of the Plans' operations during the year ended December 31, 2024 that were similar to the procedures that are performed during an ERISA Section 103(a)(3)(c) audit, but did not include an audit of the financial statements of the Plans. Since the procedures performed do not constitute an audit made in accordance with U.S. generally accepted auditing standards, we do not express an opinion on any of the items specified below or on the financial statements of the Plans taken as a whole. The work was performed in accordance with the American Institute of Certified Public Accountants' Statement on Standards for Consulting Services.

The procedures performed included the following:

- We reviewed the Plans' documents and adoption agreements and changes thereto to obtain an understanding of the key provisions of the Plans and how they operate.
- We obtained an understanding of the internal controls that impact the operation of the Plans and performed walk-throughs of key internal controls.
- We obtained the SOC 1 reports for any service organizations used by the Plans and reviewed the user control considerations.
- We selected a sample of 25 participants from each plan to test the employee deferral and employer contributions, if applicable, during the year ended December 31, 2024.
- We tested whether employee deferrals are contributed to the Plans in a timeframe that complies with the Department of Labor rules for timeliness.
- We selected a sample of the lessor of 10% or 25 benefit payments (for each plan) during the year ended December 31, 2024 and tested the eligibility to receive the benefit payment and the accuracy of method and amount of payment.
- We selected a sample of the lessor of 10% of new loans originated during the year ended December 31, 2024 or 5 loans per recordkeeper for testing.
- We performed analytical procedures of the investment income allocation to a sample of 5 participants (for each plan) during the year ended December 31, 2024.
- We verified Internal Revenue Service (IRS) compliance, investment committee oversight adequacy and evaluation of reasonableness of fees charged.

In conjunction with the consulting services provided for the Plans, we noted the following items, considered to be best practice recommendations, which we offer for your consideration.

### **Benefit Payments**

During our benefit payment testing for the 403(b) Retirement Plan, we noted one instance of an employee who received a hardship distribution that included funds from employer contribution. While the amount of the distribution was appropriate, the adoption agreement indicates that in-service distributions for hardship withdrawals may only be made from elective deferrals.

We recommend that management operate the 403(b) Retirement Plan in accordance with the provisions outlined in the adoption agreement. This may require working with the TPAs directly to determine that employer matching contributions are not withdrawn from the 403(b) Retirement Plan as part of hardship distributions. We also recommend that management review the hardship distributions taken from TIAA during the 2024 plan year. If there are any employer contributions included in the hardship withdrawals, work with TIAA to make any necessary corrections.

### **Employee Deferral Limits**

During our participant data testing for the 403(b) Retirement Plan, we noted one instance in which USNH administratively adjusted a participant's deferrals to prevent the participant from contributing an amount to the 403(b) Retirement Plan in excess of the 2024 IRS maximum contribution limit of \$23,000. This resulted in the participant deferring \$27.68 less than the 2024 limit, despite the intent for their deferral election to contribute the maximum contribution of \$23,000.

We recommend management allow participants to reach the actual IRS maximum contribution limit with their deferral election rather than administratively adjusting participant deferrals. However, we understand that this was caused by an issue in the legacy payroll system Banner and will no longer be an issue with the new Workday platform. We also recommend that management review contributions for participants who were close to reaching the contribution limit (\$23,000 for participants under 50 years of age or \$30,500 for participants over 50 years of age) for any additional administrative adjustments that may have resulted in the participants receiving less than the maximum contribution. For any affected participants, we recommend working with your TPA to confirm that these participants receive the difference caused by the administrative adjustments, as well as any lost earnings on those contributions.

\* \* \* \* \*

This communication is intended solely for the information and use of management and others within The University System of New Hampshire, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

By: 

Mark R. LaPrade, CPA, CGMA  
Principal | Berry, Dunn, McNeil & Parker, LLC



University of  
New Hampshire

University System  
*of* New Hampshire

# USNH FY25 Financial Highlights

## October 23, 2025

# FY 25 Highlights



- Negative operating margin of \$7M
  - Increase in non-grant expenses primarily due to medical claims
  - Increase in student financial aid while tuition stayed flat
- Increase of UFR \$29 primarily due to an increase in auxiliary reserves, recovery of overaccrued CERP costs.
- Negative cash flow due to an increase in medical claims
- USNH adopted GASB 101 effective for FY25, which did not impact the financial statements
- Timeliness of reconciliation and Audit documentation that resulted in a Significant deficiency.
  - The transition to the Workday
  - Mid-year system conversion
  - Loss of Key personnel

**Table 6: Condensed Information from the Statements of Revenues, Expenses  
and Changes in Net Position for the Years Ended June 30,**  
(\$ in millions)

	2021	2022	2023	2024	2025
<b>OPERATING REVENUES</b>					
Tuition and fees	\$ 508	\$ 505	\$ 503	\$ 555	\$ 555
Less: student financial aid	(207)	(214)	(219)	(233)	(242)
Net tuition and fees	301	291	284	322	313
Grants and contracts	144	192	210	222	210
Sales of auxiliary services	162	193	210	174	175
Other operating revenue	26	31	41	39	34
<b>Total Operating Revenues</b>	<b>633</b>	<b>707</b>	<b>745</b>	<b>757</b>	<b>732</b>
<b>OPERATING EXPENSES</b>					
Employee compensation	578	508	550	568	583
Supplies and services	230	270	275	263	239
Utilities, depreciation and amortization	88	90	99	97	103
<b>Total Operating Expenses</b>	<b>896</b>	<b>868</b>	<b>924</b>	<b>928</b>	<b>925</b>
<i>Operating loss</i>	<i>(263)</i>	<i>(161)</i>	<i>(179)</i>	<i>(171)</i>	<i>(193)</i>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
State of New Hampshire general appropriations	89	89	89	98	95
Other nonoperating grant revenue	83	70	69	25	29
Noncapital gifts, investment income and other revenues	62	48	66	74	77
Interest expense, net	(17)	(15)	3 (15)	(14)	(15)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>217</b>	<b>192</b>	<b>209</b>	<b>183</b>	<b>186</b>
<b>Increase(Decrease) in Net Position Before Other Changes</b>	<b>(46)</b>	<b>31</b>	<b>30</b>	<b>12</b>	<b>(7)</b>
<b>OTHER CHANGES IN NET POSITION</b>					
Endowment gifts and returns, net	197	(90)	49	75	81
State capital appropriations and other changes	9	22	4	21	8
<b>Total Other Changes in Net Position</b>	<b>206</b>	<b>(68)</b>	<b>53</b>	<b>96</b>	<b>89</b>
<b>Total Increase(Decrease) in Net Position</b>	<b>\$ 160</b>	<b>\$ (37)</b>	<b>\$ 83</b>	<b>\$ 108</b>	<b>\$ 82</b>

Statements of Revenues,  
Expenses and Changes  
in Net Position for the  
Years Ended June 30,  
\$ in millions

# Statements of Net Position as of June 30, \$ in millions

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

	2021 <sup>1</sup>	2022	2023 <sup>2</sup>	2024	2025
Cash and short-term investments	\$ 216	\$ 255	\$ 227	\$ 207	\$ 172
Endow ment and similar investments	1,001	862	912	988	1,070
Capital assets, net	1,144	1,119	1,160	1,205	1,233
Other assets and deferred outflow s of resources	113	112	128	112	91
<b>Total Assets and Deferred Outflows of Resources</b>	<b>2,474</b>	<b>2,348</b>	<b>2,427</b>	<b>2,512</b>	<b>2,566</b>
Derivative instruments - interest rate sw aps	22	11	-	-	-
Postretirement medical benefits	86	78	66	65	59
Long-term debt	412	381	380	362	343
Other liabilities and deferred inflow s of resources	296	257	277	273	270
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>816</b>	<b>727</b>	<b>723</b>	<b>700</b>	<b>672</b>
Net investment in capital assets	722	723	744	799	789
Restricted financial resources	606	591	623	670	733
Unrestricted financial resources	330	307	337	343	372
<b>Total Net Position</b>	<b>\$1,658</b>	<b>\$1,621</b>	<b>\$1,704</b>	<b>\$1,812</b>	<b>\$1,894</b>



Statements of Cash Flows as of June 30,  
\$ in millions



University System  
of New Hampshire

**Table 7: Condensed Information from the Statements of Cash Flows for the Years Ended June 30,**  
(\$ in millions)

	2021	2022	2023	2024	2025
<b>Cash flows from:</b>					
Receipts from tuition and fees, net	\$289	\$294	\$286	\$325	\$317
Receipts from sales of auxiliary services	164	193	210	174	174
Receipt of state general appropriations	89	89	89	98	95
Noncapital gifts, grants and other receipts	282	300	331	308	294
Payments to and on behalf of employees	(533)	(552)	(580)	(570)	(590)
Payments for supplies, services and utilities	(248)	(290)	(296)	(292)	(268)
<b>Net Cash Provided by Operating and Noncapital Financing Activities</b>	<b>43</b>	<b>34</b>	<b>40</b>	<b>43</b>	<b>22</b>
<b>Net Cash Used in Capital Financing Activities</b>	<b>(80)</b>	<b>(55)</b>	<b>(67)</b>	<b>(124)</b>	<b>(113)</b>
<b>Net Cash (Used in)/Provided by Investing Activities</b>	<b>57</b>	<b>46</b>	<b>(1)</b>	<b>51</b>	<b>68</b>
<b>Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>\$ 20</b>	<b>\$ 25</b>	<b>\$ (28)</b>	<b>\$ (30)</b>	<b>\$ (23)</b>



University System  
*of New Hampshire*

# APPENDIX

## FY25 Year End Results Additional Operational Details

*10/23/25*

# USNH – FY25 Results (Total Funds)

**Total Operating Loss (\$7M); Recurring OM +\$7M**



	FY25 Actuals	FY25 Budget	Variance to FY25 Budget		FY25 Projections (March)
Recurring Activity:					
Operating Margin (OM)	\$7	(\$4)	\$11		(\$5)
Operating Margin %*	.7%	(.4%)	1.1%		(.6%)
Non-Recurring Expense	\$14	(\$23)	\$9		(\$21)
Total OM/(Loss) \$	(\$7)	(\$27)	\$20		(\$26)
Total OM/(Loss) %	(.7%)	(2.8%)	2.1%		(2.8%)

\*FY25 actuals OM% may vary to FY25 budget OM% due to workday implementation

# USNH – FY25 Results (Total Funds)

## Cash Flow & Related Balances



	FY25 Actuals	FY25 Budget	Variance to FY25 Budget		FY25 Projections (March)
Ending Cash and Short-Term Investments	\$172	\$132	\$40		\$141
Long-Term Investments (Reserves)	\$317	\$256	\$61		\$317
Total Available Cash	\$489	\$388	\$101		\$458

# UNH – FY25 Results (Recurring Activity)

	FY25 Actuals	FY25 Budget	Variance to FY25 Budget		FY25 Projections (March)
Recurring Activity <u>Pre-Systemwide</u> Adjustments:					
Operating Margin (OM)	\$14.0	(\$5.2)	\$19.1		(\$5.2)
Operating Margin %*	1.9%	(.7%)	2.6%		(.7%)
Unbudgeted Systemwide Adjs	(\$6.2)				
Total OM/(Loss) Post Adj \$	\$7.8				
Total OM/(Loss) Post Adj %	1.0%				

\*FY25 actuals OM% may vary to FY25 budget OM% due to workday implementation

# PSU – FY25 Results (Recurring Activity)

	FY25 Actuals	FY25 Budget	Variance to FY25 Budget		FY25 Projections (March)
Recurring Activity <u>Pre-Systemwide</u> Adjustments:					
Operating Margin (OM)	\$2.3	(\$.9)	\$3.2		(\$1.5)
Operating Margin %*	2.1%	(1%)	3.1%		(1.6%)
Unbudgeted Systemwide Adjs	(\$.1)				
Total OM/(Loss) Post Adj \$	\$2.2				
Total OM/(Loss) Post Adj %	2.0%				

\*FY25 actuals OM% may vary to FY25 budget OM% due to workday implementation

# KSC – FY25 Results (Recurring Activity)

	FY25 Actuals	FY25 Budget	Variance to FY25 Budget		FY25 Projections (March)
Recurring Activity <u>Pre-Systemwide</u> Adjustments:					
Operating Margin (OM)	(\$.4)	(\$.3)	(.1)		(\$1.3)
Operating Margin %*	(.4%)	(.3%)	(.1%)		(1.4%)
Unbudgeted Systemwide Adjs	(\$.7)				
Total OM/(Loss) Post Adj \$	(1.1)				
Total OM/(Loss) Post Adj %	(1.2%)				

\*FY25 actuals OM% may vary to FY25 budget OM% due to workday implementation

# Systemwide – FY25 Results (Recurring Activity) (System Office)



	FY25 Actuals	FY25 Budget	Variance to FY25 Budget		FY25 Projections (March)
Recurring Activity <u>Pre-Systemwide</u> Adjustments:					
Operating Margin (OM)	(\$9.2)	\$2.2	\$(11.4)		\$2.6
Allocated Unbudgeted Adjs to Campuses @ Year-End	\$7.0				
Total OM/(Loss) Post Adj \$	(\$2.2)				



# UNIVERSITY SYSTEM OF NEW HAMPSHIRE BOARD OF TRUSTEES

## Audit Committee

### Motion Sheet

#### University System of New Hampshire

To: Audit Committee

Re: **Approve Financial Statements for the Fiscal Year Ended June 30, 2025**

#### PROPOSED MOTION

***MOVED**, on recommendation of the Chancellor, that the USNH Financial Statements for the fiscal year ended June 30, 2025 be approved and forwarded to the Board of Trustees with the following recommended action:*

***MOVED**, on recommendation of the Audit Committee, that the USNH Financial Statements for the fiscal year ended June 30, 2025 be accepted and forwarded to the Governor, the Legislative Fiscal Committee, and others as specified in state law RSA 187-A:22.*

#### SUMMARY OF PROPOSED ACTION

The motion calls for approval of the financial statements for the fiscal year ending June 30, 2025 as audited by CLA.

#### RATIONALE FOR PROPOSED ACTION

State law RSA 187-A:22 requires submission of the USNH audited financial statements by the Board of Trustees to the Governor and Council by November 1 each year. Statute also requires one copy be provided to the Legislative Fiscal Committee, the House and Senate Education Committees, the U.S. Secretary of the Interior, and each land-grant college/university.

#### PREVIOUS REVIEWS AND APPROVALS

None.

#### RELEVANT GOVERNANCE DOCUMENTS, POLICIES, AND PRACTICES

One of the primary functions of the Audit Committee according to USNH Board of Trustees Bylaws (Article V.3.F) is to assist the Board in fulfilling its oversight responsibilities relating to the integrity of the University System of New Hampshire's financial statements. The Audit Committee Charter includes responsibilities under this function to review and approve the annual financial statements of USNH and receive and review the audit reports thereon.

## RESOURCE IMPLICATIONS

None.

## RISK MANAGEMENT CONSIDERATIONS

None.

## SUBSEQUENT ACTION REQUIRED

Forward for acceptance by the Board of Trustees, scheduled for consideration on October 24, 2025, followed by submission to the Governor, the Legislative Fiscal Committee, and others described in RSA 187-A:22.

## ATTACHED MATERIALS – SUMMARY AND SALIENT INFORMATION

The final draft of the FY25 audited financial statements is attached. A draft of the unqualified opinion on their audit of these statements is included with the statements. CLA is expected to issue the final opinion upon approval of the draft statements by the Audit Committee. The financial statements for the Audit Committee's action include: (1) Management's Discussion & Analysis; (2) the three primary financial statements; (3) required footnotes; and (4) required supplemental information related to the Post-Retirement Medical Plan, Operating Staff Retirement Plan, and Additional Retirement Contribution program.

A condensed Statement of Net Position and Statement of Revenues, Expenses and Other Changes in Net Position, *presented by campus*, are included in the Management's Discussion & Analysis (MD&A) section of the report as required by New England Association of Schools and Colleges accreditation standards.

USNH Financial Affairs staff will provide a brief overview of the financial highlights and be available to answer any questions at the meeting.

## SUBMITTED AND APPROVED BY:

Catherine A. Provencher  
Chancellor

Date Prepared: October 15, 2025

For the Meeting of: October 23, 2025

***-- End of Motion Sheet --***

## 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, 2025 and 2024, 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, 2025 and 2024, 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.

### ***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.

### ***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  
REPORT DATE

## **I. Introduction and Overview**

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, 2025 and 2024. This analysis provides a comparison of significant amounts and measures to prior periods and presents currently known material facts, decisions or conditions that will impact the future.

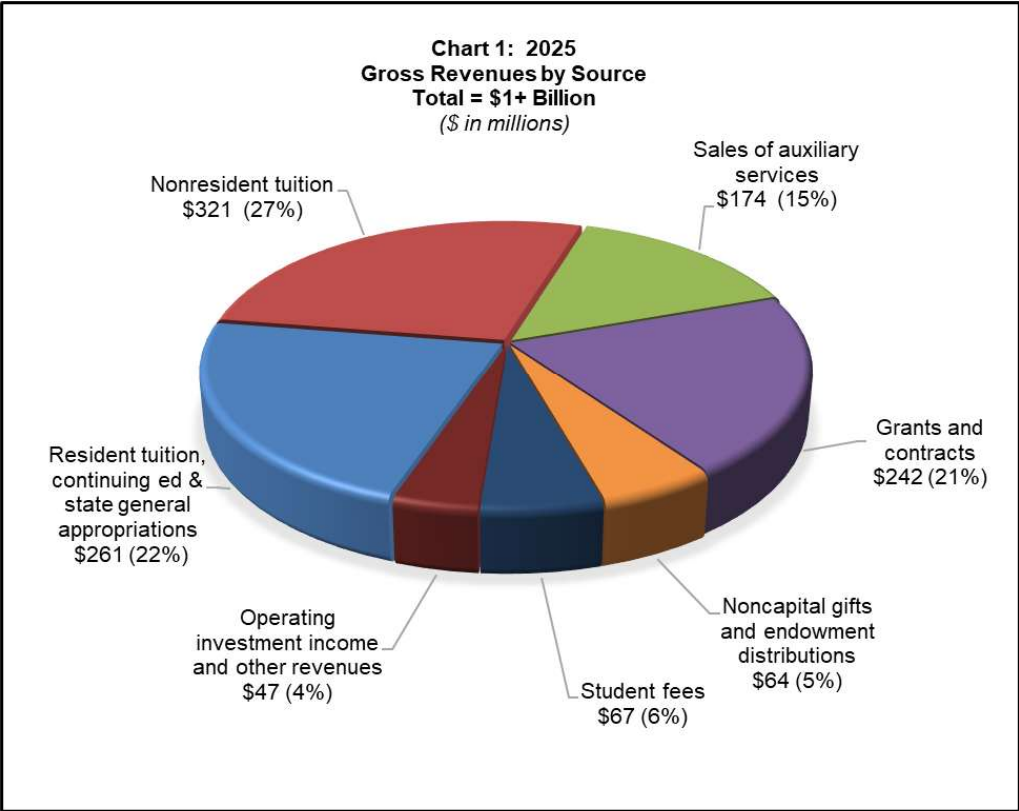
USNH is a Section 501(c)(3) corporation organized under the laws of the State of New Hampshire to serve the people of the State as the key provider of public higher education for bachelor's and advanced degree students. USNH accomplishes its mission by operating three educational institutions that collectively offer a broad array of education, research, and public services for the State. These institutions include the University of New Hampshire, which now includes Granite State College (UNH), Plymouth State University (PSU), and Keene State College (KSC). In July 2021, the USNH Board of Trustees voted to establish a single merged college between UNH-Manchester and Granite State College. Effective July 1, 2023, the merged entity became a college within UNH named the College of Professional Studies. Accordingly, the activities and balances of Granite State College were merged with those of UNH.

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), CPS and UNH Franklin Pierce School of Law (UNHL), 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. Financial Highlights**

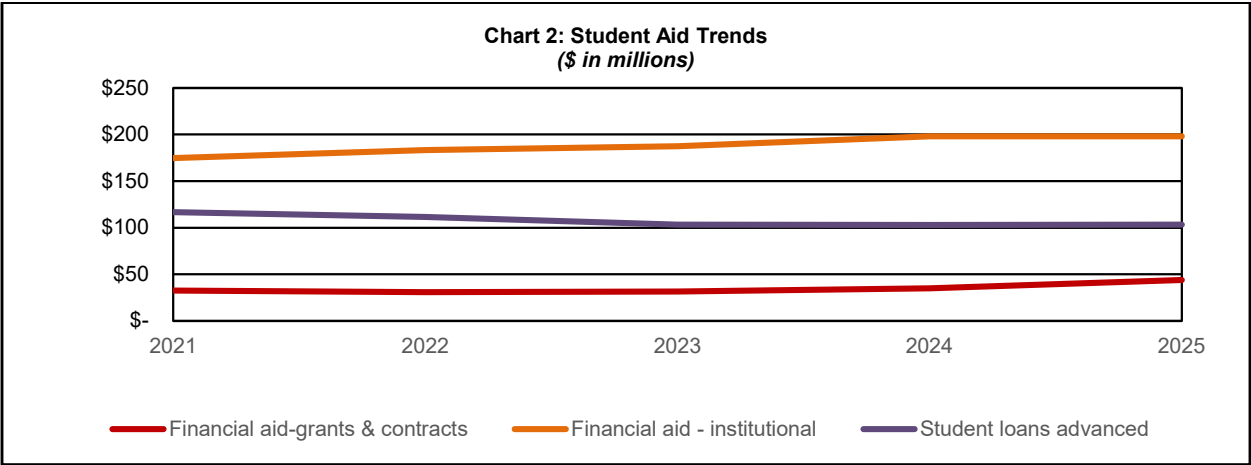
### **A. Revenues**

Chart 1 below illustrates USNH's revenue streams, including those classified as nonoperating revenues in accordance with GASB standards, which totaled over \$1 billion for FY25. This total is consistent with the revenue streams of the last five 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 were relatively flat from fiscal year 2024 to fiscal year 2025. As part of implementing a new Enterprise Resource Planning System for Finance, certain prior year amounts have been reclassified to conform to the current year's presentation. This includes the transfer of \$46 million in mandatory student fees, which support auxiliary services, from the sale of auxiliary services revenue category line to the student fees revenue category line on Statements of Revenues, Expenses, and Changes in Net Position. The most significant individual revenue stream increases were in Noncapital gifts and endowment distributions revenue, which increased by 10.3% (\$6 million), mainly due to \$2.8 million bequest. Operating investment income and other revenue decreased by 14.5% (\$8 million), primarily due to a shift of approximately \$4 million of contracts from fee-for-service contracts (Other Revenues) to industry-sponsored contracts (Grants & Contracts Revenues) related to the Institute of Disability Programs, and a decrease in operating investment income revenue resulting from a reduction in the average rate of return and the average short-term investment balances.



As shown in Chart 2 below, institutional financial aid expenditures continue to surpass aid provided by student loans issued.

USNH has provided \$1.1 billion in direct institutional financial aid to students over the past five years. Approximately \$941 million (84%) of the direct institutional aid was provided by campus general funds, gifts, and athletic programs, and the remaining \$174 million (16%) was from grants. USNH continues to focus on the affordability of its offerings.



As seen in Table 1 below, full-time equivalent (FTE) student enrollment has declined by 8.1% since fiscal year 2021 for all institutions combined primarily due to the competitive and declining market in New England where approximately 90% of USNH students reside. UNH’s strategic priorities are to be among the nation’s top public universities in the measures of academic performance with a focus on enhancing student success and wellbeing and expanding academic and research excellence. UNH is entering Year 2 of its 5-year Strategic Enrollment Management plan, designed to supplement existing pipelines with new opportunities. Efforts were undertaken in several areas, including transfer enrollment and reenrolling students who left UNH without a degree.

PSU continues to pursue its strategic priorities that promote student success through the visionary Cluster Learning model. KSC’s programs in teacher education, safety studies, and liberal arts continue to be consistently recognized by US News and 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.

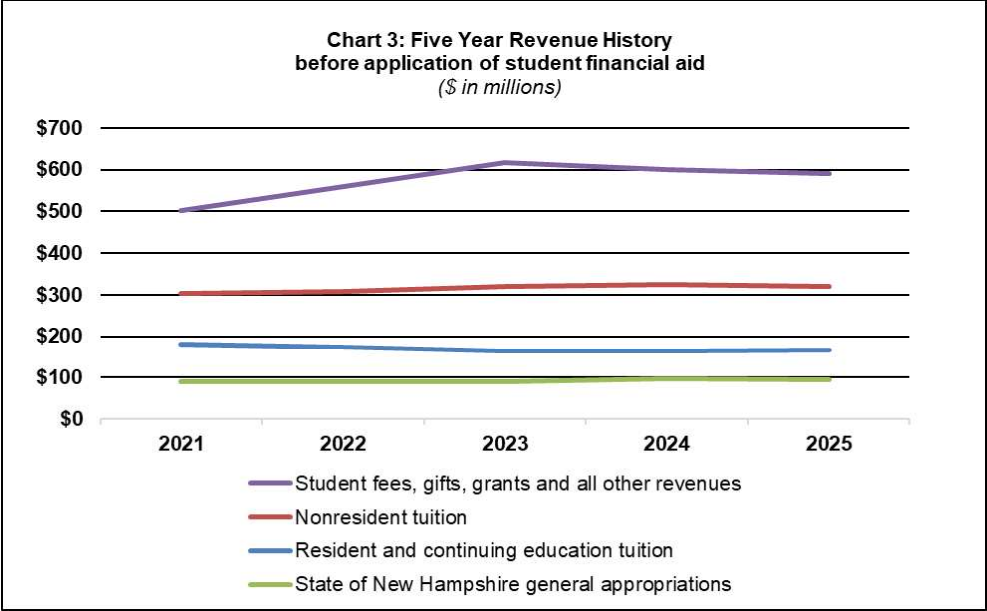
Table 1: Full-Time Equivalent Credit Enrollment For the Fall of Each Fiscal Year						Table 2: Freshmen Applications, Acceptances and Enrollees at UNH Durham* for the Fall of Each Fiscal Year					
	2021	2022	2023	2024	2025		2021	2022	2023	2024	2025
UNH (all campuses)	16,202	15,735	15,422	15,234	15,291	Freshmen applications received	18,797	20,150	21,016	20,887	21,175
PSU	4,260	4,086	3,717	3,712	3,577						
KSC	3,111	3,003	2,777	2,772	2,786	Acceptances as % of applications	85%	87%	87%	87%	88%
Total USNH FTEs	23,573	22,824	21,916	21,719	21,654						
NH Resident	12,067	11,469	10,683	10,570	10,849	Enrolled as % of acceptances	16%	16%	16%	14%	14%
Nonresident	11,506	11,354	11,233	11,149	10,805						
Total USNH FTEs	23,573	22,823	21,916	21,719	21,654						

*\*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 through 2025, holding rates flat at the fiscal year 2020 level for NH students. As high school enrollment levels in the State of New Hampshire have declined over the past decade and a half, USNH has seen a corresponding decline in in-state enrollment of 10% over the past five years. Regional school-age populations are expected to decrease over time, resulting in more competition for the smaller number of New Hampshire and New England students.

Chart 3 below shows USNH's major revenue stream trends for the past five years. As shown in the graph, USNH experienced a reduction in total resident tuition from fiscal year 2021 through 2025 as a result of declining enrollment, while undergraduate tuition rates were held flat during this period. Nonresident tuition increased slightly during this period, despite declining enrollment, as a result of tuition rate increases for this population. During fiscal year 2025, state general appropriations increased 6.7% from fiscal year 2021 to 2025. Additionally, in FY 24, USNH received a \$6 million State appropriation for the renovation of the Whittemore Center, a project anticipated to be completed in the next couple of years..

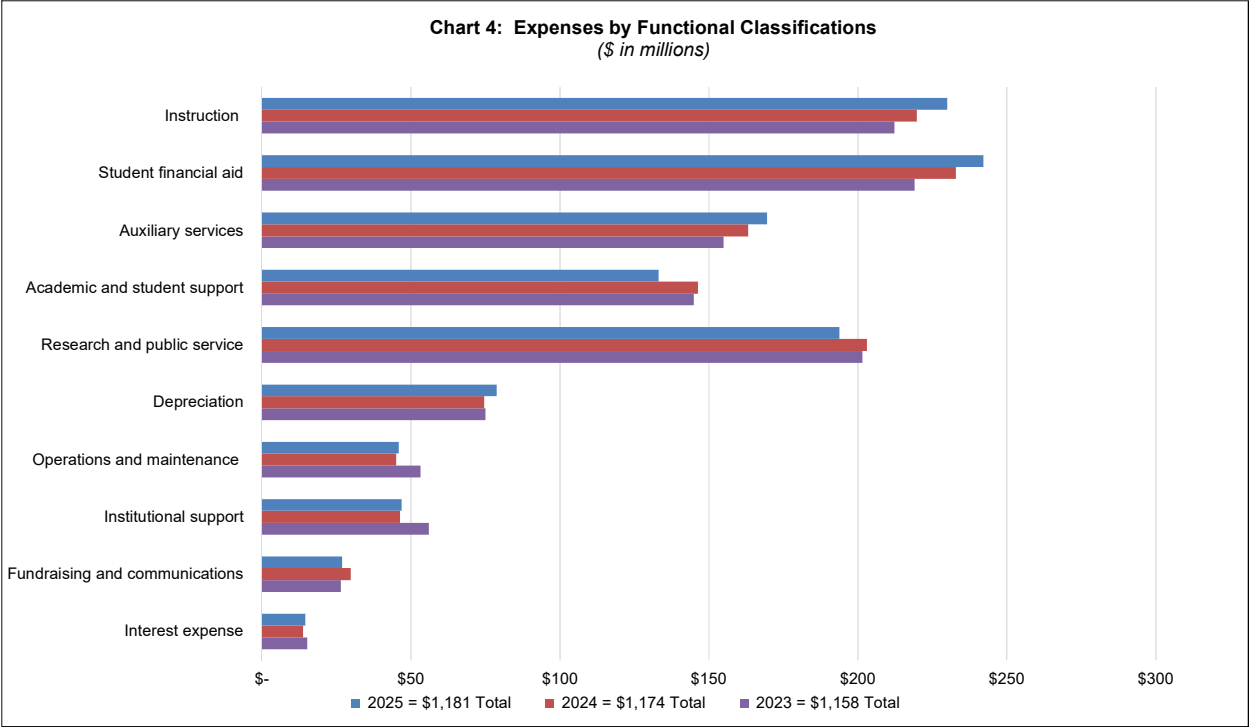




**B. Expenses**

USNH's expenses (including expenses classified as nonoperating under GASB standards) remained relatively flat from fiscal year 2024 to fiscal year 2025, decreasing by \$3.3 million, or 0.4%, compared to fiscal year 2024. Grant and Contract related employee compensation and supplies and services decreased \$12.7 million (7.7%) as a result of a reduction in grant-related activities in fiscal year 2025. Excluding grant and contract expenses, all other expenses increased by \$9 million (1.1%). Although USNH has been focused on containing costs through increased shared services, academic restructuring, facilities restructuring, and downsizing operations, employee compensation increased primarily related to an increase in medical claims in fiscal year 2025.

Chart 4 displays USNH's expenses for the past three fiscal years, categorized by function rather than natural classification. Instructional expenses increased due to faculty compensation and fringe benefit costs. Student financial aid continued to increase as noted above. Auxiliary services expenses increased \$6.3 million over the prior year due to an increase in students living on campus, resulting in higher dining and residential operating activities. USNH implemented Workday Finance as its new Enterprise Resource Planning System as of January 1, 2025. As a result of the implementation, some expenses in FY25 may now be presented in a different functional category as Workday Finance provides enhanced transaction-level tracking of functional expenses compared to the prior year's methodology. Although in total the functional results are comparable, variances can be noted within certain categories, such as when Research and Public Services or Academic and Student Services are reported separately, as seen in Note 13.

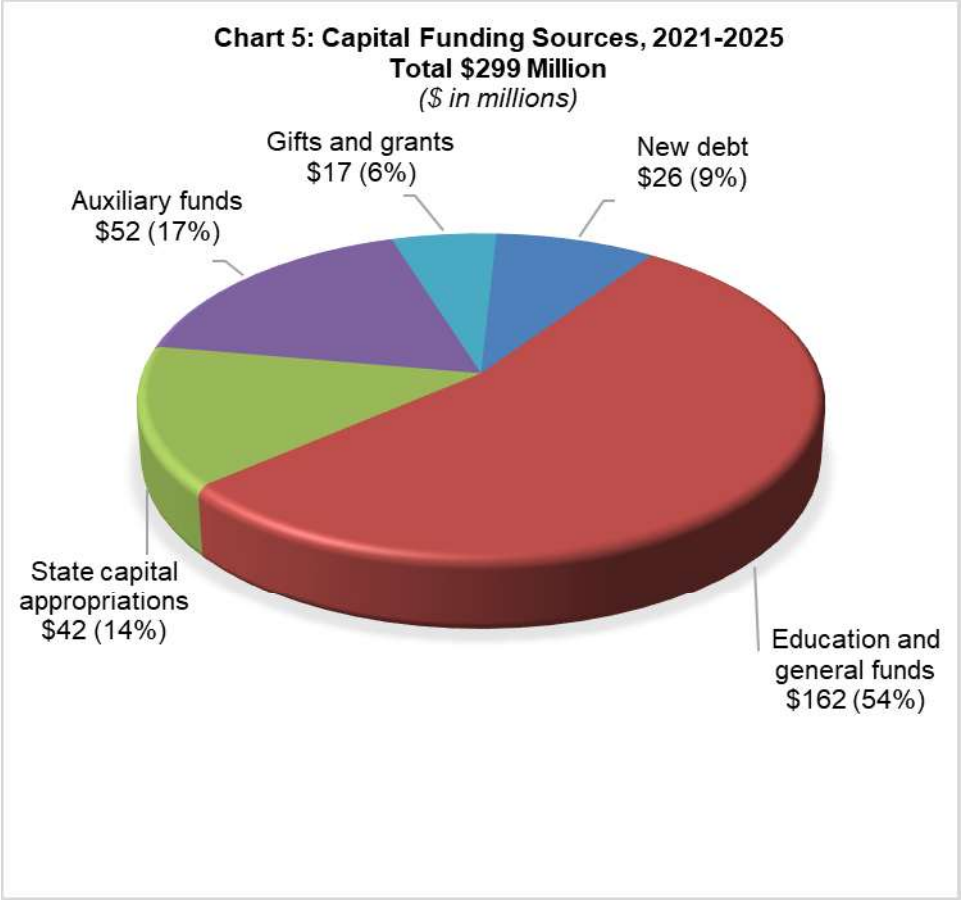


**C. Capital Spending**

The campuses had several major capital projects under construction in fiscal year 2025. These projects, including the amount spent in FY2025, included the UNH Biological Sciences Project (\$42.8M), PSU Hyde Hall (\$30.5M), UNH Hetzel Hall (\$28.4M), UNH West Stadium (\$25.6M), and UNH Honors College (\$24.3M).

Capital funding decreased by \$5.5 million (10.3%) in fiscal year 2025 compared to fiscal year 2024, due to a strategic reduction in capital spending. Due to limited resources, many buildings on each campus still require improvement. USNH campuses continue to strategically prioritize the available limited funding for capital assets, while considering a reduction in the overall footprint and infrastructure needed to support the anticipated lower future enrollment level. During fiscal year 2024, USNH was engaged in updated master planning processes to plan for the future. Debt service for each type of auxiliary service (housing, dining, or recreation) is funded by student fees paid for such services.

Chart 5 shows the funding sources for USNH's capital spending over the past five years. USNH spent \$299 million during this time to construct and renovate buildings and infrastructure at all campuses. General funds of \$162 million were the largest source of funding for capital projects, followed by auxiliary funds of \$52 million, State appropriations of \$42 million, new debt of \$26 million, and gifts and grants of \$17M. Depreciation and amortization expenses of \$372 million were recorded during the same period, which include lease and subscription amortization totaling \$32 million. (See Notes 5 and 8 to the Financial Statements for additional information on capital assets and debt balances).



**D. Investing Activities**

Cash and short-term investment balances totaled approximately \$172 million and \$207 million on June 30, 2025 and June 30, 2024, 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,		
	2025	2024	2023
USNH pool	\$ 669	\$ 623	\$ 579
UNHF pool	347	317	289
KEA pool	26	22	20
Funds held in trust	21	20	18
Life Income/Annuity Funds	7	6	6
	<b>\$ 1,070</b>	<b>\$ 988</b>	<b>\$ 912</b>

While the two larger pools are primarily invested in funds, the KEA pool is heavily invested in individual stock and bond investments. As shown in Table 4 below, the KEA pool net gains over the past three years averaged 10.7% and the USNH and UNHF pools averaged 10.6% and 10.8%, respectively, before distributions. The returns of all three pools benefited from positive investment returns since 2023.

**Table 4: Pooled Endowment Returns**

	Year - Ended June 30,			Three Year Average
	2025	2024	2023	
<b><u>USNH Pool</u></b>				
<b>Gross return</b>	11.8%	12.8%	9.0%	11.2%
<i>Investment management fees</i>	( 0.6%)	( 0.6%)	( 0.6%)	( 0.6%)
<b>Net return</b>	11.2%	12.2%	8.4%	10.6%
<i>Distributions</i>	( 4.5%)	( 4.5%)	( 4.5%)	( 4.5%)
<b>Net reinvested</b>	6.7%	7.7%	3.9%	6.1%
<b><u>UNHF Pool</u></b>				
<b>Gross return</b>	12.8%	13.5%	8.6%	11.6%
<i>Investment management fees</i>	( 0.9%)	( 0.9%)	( 0.6%)	( 0.8%)
<b>Net return</b>	11.9%	12.6%	8.0%	10.8%
<i>Distributions</i>	( 4.9%)	( 4.8%)	( 5.6%)	( 5.1%)
<b>Net reinvested</b>	7.0%	7.8%	2.4%	5.7%
<b><u>KEA Pool</u></b>				
<b>Gross return</b>	9.9%	12.6%	11.4%	11.3%
<i>Investment management fees</i>	( 0.6%)	( 0.6%)	( 0.7%)	( 0.6%)
<b>Net return</b>	9.3%	12.0%	10.7%	10.7%
<i>Distributions</i>	( 4.0%)	( 3.9%)	( 5.0%)	( 4.3%)
<b>Net reinvested</b>	5.3%	8.1%	5.7%	6.4%

Distributions from the endowment and trust funds totaled approximately \$44 million in fiscal year 2025 and \$41 million in 2024. Distributions of approximately \$28 million were made from the USNH pool and trusts, along with \$15 million from the UNHF pool and \$873,000 from the KEA pool. Distributions represent a smaller percentage of the USNH pool because USNH holds several quasi-endowment funds held for the future that do not all payout at the approved rates. The net positive returns for fiscal year 2025 and 2024 resulted in a decrease in endowment funds having market values less than the original gift value ("underwater funds"). Of the 1,711 endowment funds maintained in the various endowment pools, 3 remained underwater at June 30, 2025. This compares to 24 underwater endowment funds at June 30, 2024. The \$1.9 million

underwater balance is primarily due to one quasi-endowment that is \$1.7 million underwater due to a donor's wish to increase payout to fund an initiative significantly. (See Notes 4 and 12 for further information on endowment and similar investments).

#### **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, 2025 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)

	<b>2021<sup>1</sup></b>	<b>2022</b>	<b>2023<sup>2</sup></b>	<b>2024</b>	<b>2025</b>
Cash and short-term investments	\$ 216	\$ 255	\$ 227	\$ 207	\$ 172
Endowment and similar investments	1,001	862	912	988	1,070
Capital assets, net	1,144	1,119	1,160	1,205	1,233
Other assets and deferred outflows of resources	113	112	128	112	91
<b>Total Assets and Deferred Outflows of Resources</b>	<b>2,474</b>	<b>2,348</b>	<b>2,427</b>	<b>2,512</b>	<b>2,566</b>
Derivative instruments - interest rate swaps	22	11	-	-	-
Postretirement medical benefits	86	78	66	65	59
Long-term debt	412	381	380	362	343
Other liabilities and deferred inflows of resources	296	257	277	273	270
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>816</b>	<b>727</b>	<b>723</b>	<b>700</b>	<b>672</b>
Net investment in capital assets	722	723	744	799	789
Restricted financial resources	606	591	623	670	733
Unrestricted financial resources	330	307	337	343	372
<b>Total Net Position</b>	<b>\$1,658</b>	<b>\$1,621</b>	<b>\$1,704</b>	<b>\$1,812</b>	<b>\$1,894</b>

<sup>1</sup> Certain balances restated to reflect the adoption of GASB 87 related to leases.

<sup>2</sup> Beginning balances were restated to reflect adoption of GASB 96 related to subscriptions.

As shown above, cash and short-term investment balances decreased by \$44 million (20.4%) in over the past five years. The endowment gains had a large increase in fiscal year 2021, a significant decrease in 2022 with returns rebounding in 2023, 2024 and 2025. However, the overall net gain was \$69 million (6.9%) since fiscal year 2021. Capital assets, net, have increased annually since fiscal year 2022 because of capital investments in both academic and residential building projects as well as technology projects.

Deferred inflows and outflows of resources include accounting gains and losses related to refinancing certain bonds outstanding, impacts of changes in actuarial assumptions, differences between projected and actual earnings and experience, benefit payments made after the measurement dates of USNH benefit plans, asset retirement obligations, and lease receivable plus any payments received for future periods.

In fiscal year 2025, USNH completed a roll forward of the 2024 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 \$2.4 million in deferred outflows of resources, due to a change of assumptions such as discount rate used and updates to mortality assumption tables, offset by amortization.

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 \$24 million to \$13 million for fiscal years 2021 through 2025. 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 6 and 7 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, Long-term leases and unearned revenue. The decrease in long-term debt is due to \$19 million in principal payments made and amortization of the bond premium in fiscal year 2025.

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 (\$369 million and \$352 million at June 30, 2025 and 2024, respectively). Unrestricted financial resources represent net assets that are available for any future use without legal restriction. (See Note 14 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, 2025 is shown below.

**Table 5A: Condensed Information from the Statement of Net Position as of June 30, 2025**  
**Presented by Campus**  
(\$ in millions)

	University of New Hampshire Campuses & Foundation	Ply- mouth State University	Keene State College & Endowment Assoc	System- wide Office	Total University System of New Hampshire
Cash and short-term investments	\$ 288	\$ 43	\$ 14	\$ (173)	\$ 172
Endowment and similar investments	584	45	69	372	1,070
Capital assets, net	823	194	157	59	1,233
Other assets and deferred outflows of resources	63	3	7	18	91
<b>Total Assets and Deferred Outflows of Resources</b>	<b>1,758</b>	<b>285</b>	<b>247</b>	<b>276</b>	<b>2,566</b>
Postretirement medical benefits	43	8	7	1	59
Long-term debt	149	75	70	49	343
Other liabilities and deferred inflows of resources	149	18	17	86	270
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>341</b>	<b>101</b>	<b>94</b>	<b>136</b>	<b>672</b>
Net investment in capital assets	615	104	81	(11)	789
Restricted financial resources	616	42	73	2	733
Unrestricted financial resources	186	38	(1)	149	372
<b>Total Net Position</b>	<b>\$ 1,417</b>	<b>\$ 184</b>	<b>\$ 153</b>	<b>\$ 140</b>	<b>\$ 1,894</b>

## 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 related programs, and other revenue sources 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, 2025.



**Table 6: Condensed Information from the Statements of Revenues, Expenses  
and Changes in Net Position for the Years Ended June 30,**  
(\$ in millions)

	2021	2022	2023	2024	2025
<b>OPERATING REVENUES</b>					
Tuition and fees	\$ 508	\$ 505	\$ 503	\$ 555	\$ 555
Less: student financial aid	(207)	(214)	(219)	(233)	(242)
Net tuition and fees	301	291	284	322	313
Grants and contracts	144	192	210	222	210
Sales of auxiliary services	162	193	210	174	175
Other operating revenue	26	31	41	39	34
<b>Total Operating Revenues</b>	<b>633</b>	<b>707</b>	<b>745</b>	<b>757</b>	<b>732</b>
<b>OPERATING EXPENSES</b>					
Employee compensation	578	508	550	568	583
Supplies and services	230	270	275	263	239
Utilities, depreciation and amortization	88	90	99	97	103
<b>Total Operating Expenses</b>	<b>896</b>	<b>868</b>	<b>924</b>	<b>928</b>	<b>925</b>
<i>Operating loss</i>	<i>(263)</i>	<i>(161)</i>	<i>(179)</i>	<i>(171)</i>	<i>(193)</i>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
State of New Hampshire general appropriations	89	89	89	98	95
Other nonoperating grant revenue	83	70	69	25	29
Noncapital gifts, investment income and other revenues	62	48	66	74	77
Interest expense, net	(17)	(15)	(15)	(14)	(15)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>217</b>	<b>192</b>	<b>209</b>	<b>183</b>	<b>186</b>
<b>Increase(Decrease) in Net Position Before Other Changes</b>	<b>(46)</b>	<b>31</b>	<b>30</b>	<b>12</b>	<b>(7)</b>
<b>OTHER CHANGES IN NET POSITION</b>					
Endowment gifts and returns, net	197	(90)	49	75	81
State capital appropriations and other changes	9	22	4	21	8
<b>Total Other Changes in Net Position</b>	<b>206</b>	<b>(68)</b>	<b>53</b>	<b>96</b>	<b>89</b>
<b>Total Increase(Decrease) in Net Position</b>	<b>\$ 160</b>	<b>\$ (37)</b>	<b>\$ 83</b>	<b>\$ 108</b>	<b>\$ 82</b>

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 primarily because of lower undergraduate enrollment and higher student financial need. Student financial aid has increased \$35 million (16.8%) over the past five years. Operating grants and contracts decreased due to a decrease in grants awarded to UNH from the US government, the State of New Hampshire, and other entities.

Supplies and services decreased by \$24 million (9.1%) primarily due to a decrease in grants, supplies, and services resulting from a reduction in subcontract expenses.

Endowment gifts totaled \$16 million in fiscal year 2025 and \$10 million in fiscal year 2024. The investment return after distributions resulted in gains of \$65 million in fiscal years 2025 and 2024. The increase (decrease) in net position before other changes reflects USNH's operating margin



each year. USNH's operating margin for fiscal year 2025 was (\$7) million and \$12 million for fiscal year 2024. This is due to student financial aid increase of \$9 million while tuition stayed flat compared to fiscal year 2024 as well as increase in medical claims (\$12 million) during fiscal year 2025.

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, 2025.

	University of New Hampshire Campuses & Foundation	Ply- mouth State University	Keene State College & Endowment Association	System- wide Office	University System of New Hampshire
<b>OPERATING REVENUES</b>					
Tuition and fees	\$428	\$ 69	\$ 58	\$ -	\$555
Less: student financial aid	(181)	(33)	(28)	-	(242)
Net tuition and fees	247	36	30	-	313
Grants and contracts	196	5	9	-	210
Sales of auxiliary services	119	30	26	-	175
Other operating revenue	19	2	4	9	34
<b>Total Operating Revenues</b>	<b>581</b>	<b>73</b>	<b>69</b>	<b>9</b>	<b>732</b>
<b>OPERATING EXPENSES</b>					
Employee compensation	432	51	50	50	583
Supplies and services	217	30	31	(39)	239
Utilities, depreciation and amortization	68	16	14	5	103
<b>Total Operating Expenses</b>	<b>717</b>	<b>97</b>	<b>95</b>	<b>16</b>	<b>925</b>
<i>Operating loss</i>	<i>(136)</i>	<i>(24)</i>	<i>(26)</i>	<i>(7)</i>	<i>(193)</i>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
State of New Hampshire general appropriations	66	15	14	-	95
Other nonoperating grant revenue	18	6	5	-	29
Noncapital gifts, investment income and other revenues	60	6	6	5	77
Interest expense, net	(7)	(3)	(3)	(2)	(15)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>137</b>	<b>24</b>	<b>22</b>	<b>3</b>	<b>186</b>
<b>Increase(Decrease) in Net Position Before Other Changes</b>	<b>1</b>	<b>-</b>	<b>(4)</b>	<b>(4)</b>	<b>(7)</b>
<b>OTHER CHANGES IN NET POSITION</b>					
Endow ment gifts and returns, net	47	4	7	23	81
State capital appropriations and other changes	(5)	2	8	3	8
<b>Total Other Changes in Net Position</b>	<b>42</b>	<b>6</b>	<b>15</b>	<b>26</b>	<b>89</b>
<b>Total Increase (Decrease) in Net Position</b>	<b>\$ 43</b>	<b>\$ 6</b>	<b>\$ 11</b>	<b>\$ 22</b>	<b>\$ 82</b>

## C. Statements of Cash Flows

The Statements of Cash Flows summarize transactions affecting cash and cash equivalents. Table 7 below presents a summary of the Statements of Cash Flows for the five years ended June 30, 2025.

**Table 7: Condensed Information from the Statements of Cash Flows for the Years Ended June 30,**  
(\$ in millions)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>Cash flows from:</b>					
Receipts from tuition and fees, net	\$289	\$294	\$286	\$325	\$317
Receipts from sales of auxiliary services	164	193	210	174	174
Receipt of state general appropriations	89	89	89	98	95
Noncapital gifts, grants and other receipts	282	300	331	308	294
Payments to and on behalf of employees	(533)	(552)	(580)	(570)	(590)
Payments for supplies, services and utilities	(248)	(290)	(296)	(292)	(268)
<b>Net Cash Provided by Operating and Noncapital Financing Activities</b>	<u>43</u>	<u>34</u>	<u>40</u>	<u>43</u>	<u>22</u>
<b>Net Cash Used in Capital Financing Activities</b>	(80)	(55)	(67)	(124)	(113)
<b>Net Cash (Used in)/Provided by Investing Activities</b>	<u>57</u>	<u>46</u>	<u>(1)</u>	<u>51</u>	<u>68</u>
<b>Increase/(Decrease) in Cash and Cash Equivalents</b>	<u>\$ 20</u>	<u>\$ 25</u>	<u>\$ (28)</u>	<u>\$ (30)</u>	<u>\$ (23)</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 incurred. The decrease in cash flows from operating and non-capital financing activities is primarily related to a reduction in grant receipts primary due to related increase in grants receivable at June 30, 2025. as well as an increase in employee compensation costs. The net cash used in capital financing activities for fiscal year 2025 decreased primarily due to a decrease in state capital funding as the biennium came to a close and the majority of the two year appropriation was received in fiscal year 2024. The cash provided by investing activities in fiscal year 2025 increased from the prior year, primarily due to net investment proceeds attributable to an increase in realized gains.

#### **IV. Disclosure of Currently Known Facts, Decisions, or Conditions**

USNH faces demographic challenges with declining birth rates and an aging population in New Hampshire. Additionally, the higher education market in New England is highly competitive due to a shrinking market and limited ability to increase prices or decrease student financial aid. USNH continues to evaluate and update the future systemwide and institutional vision and related strategies, which include plans to restructure academic and administrative activities to align costs with lower revenue expectations in the coming years. This includes investing in strategic initiatives in the areas of technology, enrollment, and facilities/infrastructure investments. Regarding technology investments, USNH is currently in the process of implementing Workday as the new Enterprise Resource Planning System. As of January 1, 2025, USNH has implemented Workday Finance and Human Resources modules, and USNH currently plans to implement Workday Student modules in 2027. USNH remains committed to affordability and student success through financial aid and academic restructuring. USNH continues to focus on multi-year planning to address the demographic and market changes ahead.

For **further information** about these financial statements, contact the University System of New Hampshire, Financial Affairs (603-862-2260), Farnum Hall, 28 College Drive, Concord, NH 03301

University System of New Hampshire  
Statements of Net Position  
(\$ in thousands)

	Balance at June 30,	
	2025	2024
<b><u>ASSETS</u></b>		
Current Assets		
Cash and cash equivalents	\$ 29,548	\$ 52,178
Short-term investments	142,709	155,353
Accounts receivable, net	42,830	40,388
Pledges receivable - current portion	4,233	6,643
Notes receivable - current portion	241	615
Lease receivable - current portion	220	230
Prepaid expenses and other current assets	11,762	13,218
Total Current Assets	231,543	268,625
Noncurrent Assets		
Debt proceeds held by bond trustee for construction purposes	-	14,296
Endowment and similar investments - campuses	689,573	642,830
Endowment and similar investments - affiliated entities	380,159	345,151
Pledges receivable, net of current portion	8,309	8,761
Notes receivable, net of current portion	2,566	3,157
Lease receivable, net of current portion	863	1,026
Pension assets, net of obligations	1,510	1,399
Capital assets, net of accumulated depreciation/amortization	1,233,202	1,205,437
Total Noncurrent Assets	2,316,182	2,222,057
Total Assets	2,547,725	2,490,682
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	17,897	21,816
<b><u>LIABILITIES</u></b>		
Current Liabilities		
Accounts payable and accrued expenses	68,733	72,288
Deposits and unearned revenues	59,833	55,353
Accrued employee benefits - current portion	7,852	9,370
Postretirement medical benefits - current portion	7,571	7,039
Long-term leases and subscriptions - current portion	7,520	7,305
Long-term debt - current portion	17,211	19,692
Total Current Liabilities	168,720	171,047
Noncurrent Liabilities		
Asset retirement and other obligations	6,669	6,802
Refundable government advances	2,097	3,386
Accrued employee benefits, net of current portion	23,276	29,019
Postretirement medical benefits, net of current portion	51,685	57,707
Long-term leases and subscriptions, net of current portion	73,408	69,097
Long-term debt, net of current portion	325,609	342,819
Total Noncurrent Liabilities	482,744	508,830
Total Liabilities	651,464	679,877
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	20,056	20,134
<b><u>NET POSITION (see Note 14)</u></b>		
Net investment in capital assets	789,135	799,653
Restricted		
Nonexpendable	369,088	352,049
Expendable	363,433	317,735
Unrestricted	372,446	343,050
<b>TOTAL NET POSITION</b>	<b>\$ 1,894,102</b>	<b>\$ 1,812,487</b>

**University System of New Hampshire**  
**Statements of Revenues, Expenses and Changes in Net Position**  
*(\$ in thousands)*

	<b>For the year ended June 30,</b>	
	<b>2025</b>	<b>2024</b>
<b><u>OPERATING REVENUES</u></b>		
Resident tuition	\$ 157,615	\$ 154,225
Nonresident tuition	321,424	324,584
Continuing education tuition	8,783	9,743
Student fees revenue	67,484	66,277
Total tuition and fees	555,306	554,829
Less: student financial aid - grants and contracts	(44,265)	(34,488)
Less: student financial aid - all other	(197,788)	(198,413)
Net tuition and fees	313,253	321,928
Grants and contracts - direct revenues	172,726	187,880
Grants and contracts - facilities & administrative recovery	37,577	34,363
Sales of auxiliary services	174,340	173,735
Other operating revenues	33,878	38,835
Total Operating Revenues	<b>731,774</b>	<b>756,741</b>
<b><u>OPERATING EXPENSES</u></b>		
Employee compensation - grants and contracts	92,220	86,255
Employee compensation - all other	490,162	481,981
Supplies and services - grants and contracts	62,440	80,464
Supplies and services - all other	176,700	182,350
Utilities	24,544	22,446
Depreciation and amortization	78,671	74,549
Total Operating Expenses	<b>924,737</b>	<b>928,045</b>
Operating loss	(192,963)	(171,304)
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>		
State of New Hampshire general appropriations	95,000	98,118
Federal Pell grants	28,666	22,046
Other nonoperating grant revenue	55	2,449
Noncapital gifts	19,188	15,870
Endowment and investment income	57,398	58,113
Interest expense, net	(14,639)	(13,781)
Other nonoperating revenue	158	131
Total Nonoperating Revenues, Net	185,826	182,946
<b>INCREASE IN NET POSITION BEFORE OTHER CHANGES</b>	<b>(7,137)</b>	<b>11,642</b>
<b><u>OTHER CHANGES IN NET POSITION</u></b>		
State of New Hampshire capital appropriations	3,064	14,858
Plant gifts, grants and other changes, net	4,491	6,524
Endowment and similar gifts	16,174	10,122
Endowment return, net of amount used for operations	65,023	65,325
Total Other Changes in Net Position	<b>88,752</b>	<b>96,829</b>
<b>INCREASE IN NET POSITION</b>	<b>81,615</b>	<b>108,471</b>
Net Position at Beginning of Year	1,812,487	1,704,016
<b>NET POSITION AT END OF YEAR</b>	<b>\$ 1,894,102</b>	<b>\$ 1,812,487</b>

**University System of New Hampshire**  
**Statements of Cash Flows**  
*(\$ in thousands)*

	<b>For the year ended June 30,</b>	
	<b>2025</b>	<b>2024</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Receipts from tuition and fees, net of student financial aid	\$ 317,485	\$ 279,229
Receipts from sales of auxiliary services	173,987	219,204
Receipts from grants, contracts and other operating revenues	243,953	267,772
Payments to employees	(430,598)	(423,844)
Payments for employee benefits	(159,186)	(145,832)
Payments for supplies, services and utilities	(268,183)	(292,077)
Net Cash Used In Operating Activities	<b>(122,542)</b>	<b>(95,548)</b>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>		
State general appropriations	95,000	98,118
Federal Pell and other nonoperating grants	28,880	24,561
Noncapital gifts	21,205	15,571
Net Cash Provided By Noncapital Financing Activities	<b>145,085</b>	<b>138,250</b>
<b><u>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</u></b>		
State appropriations for plant projects	3,064	14,859
Plant gifts and grants	4,828	6,787
Endowment gifts	16,174	9,997
Proceeds from issuance of debt, sale of capital assets	624	5,126
Principal payments	(25,416)	(21,944)
Interest payments	(16,305)	(13,549)
Purchases and construction of capital assets	(96,107)	(125,039)
Retirement of debt through defeasance	-	-
Net Cash Used In Capital Financing Activities	<b>(113,138)</b>	<b>(123,763)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Proceeds from sales of investments	550,922	409,094
Purchases of investments	(501,645)	(376,309)
Investment income	18,688	17,851
Net Cash Used in/Provided by Investing Activities	<b>67,965</b>	<b>50,636</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ (22,630)</b>	<b>\$ (30,425)</b>
Beginning cash and cash equivalents	52,178	82,603
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<b>\$ 29,548</b>	<b>\$ 52,178</b>
<b><u>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</u></b>		
Operating loss	\$ (192,963)	\$ (171,324)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	78,671	74,549
Changes in assets and liabilities:		
Accounts receivable, net	(2,443)	3,182
Notes receivable	(323)	(108)
Lease receivable	(55)	3
Prepaid expenses and other current assets	1,456	(2,238)
Accounts payable and accrued expenses	(1,533)	(2,814)
Deposits and unearned revenues	4,826	5,287
Accrued employee benefits	(10,178)	(2,085)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>\$ (122,542)</b>	<b>\$ (95,548)</b>
<b><u>SIGNIFICANT NONCASH TRANSACTIONS</u></b>		
Endowment return, net of amount used for operations	\$ 65,023	\$ 65,325
Loss on disposal of capital assets	(729)	(8,566)
Construction services payable balance	11,145	13,514

**See accompanying notes to the financial statements.**

**NOTES TO THE FINANCIAL STATEMENTS****June 30, 2025 and 2024****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), and Keene State College (KSC) as well as certain affiliated entities discussed below. UNH, PSU, and KSC 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 16. 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 14:

**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 \$14,942,000 and \$7,620,000 at June 30, 2025 and 2024, 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.

USNH implemented a new enterprise resource planning (ERP) financial management system on January 1, 2025. As part of this implementation, management reviewed financial reporting classifications and adjusted certain revenue and expense categories to align with the new chart of accounts and reporting structure. The System's financial statements include comparative financial information. Certain prior year amounts have been reclassified to conform to the current year presentation.

New reporting standards

The System adopted the Governmental Accounting Standards Board's new accounting standard, GASB Statement No.101: Compensated absences. The objective of this standard is to establish recognition and measurement guidance for all types of compensated absences, including leave that accumulates but does not vest, and refine the definition of when a liability should be recognized. Implementation of this standard required the University System to evaluate all leave types — including vacation, sick, parental, sabbatical, and other paid leave benefits — to determine which meet the recognition criteria under GASB 101. There was no material effect on the financial statements due to this adoption.

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 \$29,548,000 and \$52,178,000 at June 30, 2025 and 2024, respectively, and short-term investments totaled \$142,709,000 and \$155,353,000 at June 30, 2025 and 2024, respectively. See Note 4 for additional information on fair value classifications.

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

	Balances and Terms as of June 30, 2025					Balances and Terms as of June 30, 2024				
	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	\$24,306	\$ -	\$ -	\$ 24,306		\$31,776	\$ -	\$ -	\$ 31,776	
Money market funds	-	5,242	-	5,242	Less than 1 year	-	20,402	-	20,402	Less than 1 year
Subtotal cash and cash equivalents	24,306	5,242	-	29,548		31,776	20,402	-	52,178	
Money market funds	-	25,625	-	25,625	Less than 1 year	-	27,129	-	27,129	Less than 1 year
Domestic equity	-	679	-	679	Less than 1 year	-	588	-	588	Less than 1 year
Mutual Funds	-	116,348	-	116,348	1-5 years	-	127,579	-	127,579	1-5 years
Convertible note	-	-	57	57	1-5 years	-	-	57	57	1-5 years
Subtotal short-term investments	-	142,652	57	142,709		-	155,296	57	155,353	
Total cash, cash equivalents and short-term investments	\$24,306	\$ 147,894	\$ 57	\$172,257		\$31,776	\$ 175,698	\$ 57	\$207,531	

3. Accounts, pledges, notes, and lease receivable

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



	2025	2024
Grants and contracts	\$37,525	\$34,146
Student and general	7,795	9,025
State of NH capital projects		-
Allowance for doubtful accounts	(2,490)	(2,783)
<b>Total accounts receivable, net</b>	<b>\$42,830</b>	<b>\$40,388</b>

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

	2025	2024
Pledges receivable	\$ 15,022	\$ 18,137
Discounts and allowance for doubtful pledges	(2,480)	(2,733)
<b>Total pledges receivable, net</b>	<b>12,542</b>	<b>15,404</b>
Less: noncurrent portion	(8,309)	(8,761)
<b>Current portion</b>	<b>\$ 4,233</b>	<b>\$ 6,643</b>

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

	2025	2024
Perkins loans	\$ 1,995	\$ 3,017
Other loans, restricted and unrestricted	1,625	1,632
Allowance for doubtful loans	(813)	(877)
<b>Total notes receivable, net</b>	<b>2,807</b>	<b>3,772</b>
Less: noncurrent portion	(2,566)	(3,157)
<b>Current portion</b>	<b>\$ 241</b>	<b>\$ 615</b>

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

	2025	2024
Long-term lease receivable	\$ 1,076	\$ 1,254
Accrued interest receivable	7	2
<b>Total lease receivable, net</b>	<b>1,083</b>	<b>1,256</b>
Less: noncurrent portion	(863)	(1,026)
<b>Current portion</b>	<b>\$ 220</b>	<b>\$ 230</b>

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, 2025 or June 30, 2024.

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, 2025 and 2024, USNH had no

Not to be used in 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, 2025 and 2024, respectively, are summarized below (\$ in thousands):

	Campuses		Affiliated Entities	
	2025	2024	2025	2024
Pooled endowments:				
Campuses	\$ 668,159	\$ 623,124	\$ -	\$ -
UNH Foundation	-	-	347,140	316,767
Keene Endowment Association	-	-	26,325	21,968
Life income and annuity funds	86	83	6,694	6,416
Funds held in trust	21,328	19,623	-	-
<b>Total</b>	<b>\$ 689,573</b>	<b>\$ 642,830</b>	<b>\$ 380,159</b>	<b>\$ 345,151</b>

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 12 years at both June 30, 2025 and 2024 and carried ratings ranging from Aaa to Baa3 as of June 30, 2025 and 2024. 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, 2025					Balances as of June 30, 2024				
	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		
<b>Endowment and similar investments - campuses</b>										
Domestic equity	\$ 80,142	\$ -	\$ -	\$ 104,923	\$ 185,065	\$ 76,261	\$ -	\$ -	\$ 108,404	\$ 184,665
Global equity	-	-	-	47,615	47,615	-	-	-	41,289	41,289
Global fixed income	65,351	-	-	-	65,351	51,688	-	-	-	51,688
Hedge funds:										
Distressed/Restructuring	-	-	-	34,187	34,187	-	-	-	14,967	14,967
Equity Hedge	-	-	-	43,804	43,804	-	-	-	34,337	34,337
Event-Driven	-	-	-	69,753	69,753	-	-	-	68,393	68,393
Fund of Funds	-	-	-	38	38	-	-	-	47	47
Inflation hedging assets	11,773	-	-	-	11,773	9,409	-	-	11,226	20,635
International equity	62,673	-	-	29,906	92,579	38,612	-	-	47,167	85,779
Money market	10,405	-	-	-	10,405	18,398	-	-	-	18,398
Private equity & non-marketable real assets	-	-	-	107,674	107,674	-	-	-	103,009	103,009
Trust funds	-	21,329	-	-	21,329	-	19,623	-	-	19,623
Total endowment and similar investments - campuses	\$ 230,344	\$ 21,329	\$ -	\$ 437,900	\$ 689,573	\$ 194,368	\$ 19,623	\$ -	\$ 428,839	\$ 642,830
<b>Endowment and similar investments - affiliated entities</b>										
Domestic equity	\$ 27,347	\$ -	\$ -	\$ 61,738	\$ 89,085	\$ 25,940	\$ -	\$ -	\$ 73,756	\$ 99,696
Global equity	624	-	-	92,359	92,983	390	-	-	69,729	70,119
Global fixed income	9,614	17,381	1,718	-	28,713	10,521	16,092	1,649	-	28,262
Hedge funds:										
Distressed/Restructuring	-	-	-	14,585	14,585	-	-	-	9,462	9,462
Equity Hedge	-	-	-	18,027	18,027	-	-	-	13,509	13,509
Event-Driven	-	-	-	16,699	16,699	-	-	-	19,519	19,519
Inflation hedging assets	17,871	-	-	-	17,871	16,675	-	-	-	16,675
International equity	29,676	-	-	11,299	40,975	25,536	-	-	12,842	38,378
Money market	9,891	-	-	-	9,891	5,682	-	-	-	5,682
Private equity & non-marketable real assets	-	-	-	51,330	51,330	-	-	-	43,849	43,849
Total endowment and similar investments - affiliated entities	\$ 95,023	\$ 17,381	\$ 1,718	\$ 266,037	\$ 380,159	\$ 84,744	\$ 16,092	\$ 1,649	\$ 242,666	\$ 345,151
<b>Total endowment and similar investments</b>	<b>\$ 325,367</b>	<b>\$ 38,710</b>	<b>\$ 1,718</b>	<b>\$ 703,937</b>	<b>\$ 1,069,732</b>	<b>\$ 279,112</b>	<b>\$ 35,715</b>	<b>\$ 1,649</b>	<b>\$ 671,505</b>	<b>\$ 987,981</b>

As of June 30, 2025, USNH and UNHF each had two funds in a one-year lock up period. All funds classified as illiquid have no ability to be redeemed at this time. For USNH, there are 39 funds classified as illiquid, of which 31 are expected to be liquidated over the next one to 10 years, and eight currently have no stated liquidation timeframe. For UNHF, 33 funds are classified as illiquid, 31 are expected to be liquidated over the next one to 10 years and two funds have no expected liquidation dates.

Unfunded commitments with various private equity and similar alternative investment funds totaled \$42,982,000 for USNH and \$35,404,000 for UNHF at June 30, 2025. This compares to \$49,316,000 and \$37,632,000, respectively, at June 30, 2024.

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

Liquidity Terms as of June 30, 2025							Redemption Notice Period
Daily	Monthly	Quarterly	Semi- Annual	Annual	Illiquid	Total	
\$ 10,405	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,405	Daily
65,351	-	-	-	-	-	65,351	Daily
11,773	-	-	-	-	-	11,773	Daily
62,673	29,906	-	-	-	-	92,579	1 - 5 days
80,142	-	104,923	-	-	-	185,065	1 - 60 days
-	35,243	-	-	-	12,372	47,615	10 days, illiquid
9,129	-	16,955	-	-	17,720	43,804	1 - 60 days, illiquid
9,624	-	15,339	44,790	-	-	69,753	1 - 90 days
-	-	13,694	-	10,237	10,256	34,187	75 days, illiquid
-	-	-	-	-	38	38	Illiquid
-	-	-	-	-	107,674	107,674	Illiquid
-	-	-	-	-	21,329	21,329	Illiquid
<b>\$ 249,097</b>	<b>\$ 65,149</b>	<b>\$ 150,911</b>	<b>\$ 44,790</b>	<b>\$ 10,237</b>	<b>\$ 169,389</b>	<b>\$ 689,573</b>	
\$ 9,891	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,891	Daily
17,871	-	-	-	-	-	17,871	Daily
40,975	-	-	-	-	-	40,975	Daily
26,995	-	-	-	-	1,718	28,713	Daily, illiquid
49,060	20,657	23,266	-	-	-	92,983	1 - 30 days
27,347	11,495	50,243	-	-	-	89,085	1 - 60 days
-	-	18,027	-	-	-	18,027	30 - 45 days
-	-	1,535	15,090	74	-	16,699	65 - 90 days
-	-	-	-	6,385	8,200	14,585	90 days
-	-	-	-	-	51,330	51,330	Illiquid
<b>\$ 172,139</b>	<b>\$ 32,152</b>	<b>\$ 93,071</b>	<b>\$ 15,090</b>	<b>\$ 6,459</b>	<b>\$ 61,248</b>	<b>\$ 380,159</b>	
<b>\$ 421,236</b>	<b>\$ 97,301</b>	<b>\$ 243,982</b>	<b>\$ 59,880</b>	<b>\$ 16,696</b>	<b>\$ 230,637</b>	<b>\$ 1,069,732</b>	

Liquidity Terms as of June 30, 2024							Redemption Notice Period
Daily	Monthly	Quarterly	Semi- Annual	Annual	Illiquid	Total	
\$ 18,398	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,398	Daily
51,688	-	-	-	-	-	51,688	Daily
60,524	25,255	-	-	-	-	85,779	1 - 10 days
9,409	11,226	-	-	-	-	20,635	1 - 15 days
76,261	-	108,403	-	-	-	184,664	1 - 60 days
-	30,170	10,885	-	-	-	41,055	30 days
11,093	-	23,244	-	-	-	34,337	30 - 60 days
11,380	-	13,797	43,216	-	-	68,393	60 - 90 days
-	-	-	-	14,967	-	14,967	90 days
-	-	-	-	-	47	47	Illiquid
-	-	-	-	-	103,244	103,244	Illiquid
-	-	-	-	-	19,623	19,623	Illiquid
\$ 238,753	\$ 66,651	\$ 156,329	\$ 43,216	\$ 14,967	\$ 122,914	\$ 642,830	
\$ 5,682	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,682	Daily
16,675	-	-	-	-	-	16,675	Daily
26,613	-	-	-	-	1,649	28,262	Daily, illiquid
22,011	27,638	20,470	-	-	-	70,119	1 - 60 days
33,916	10,375	55,405	-	-	-	99,696	1 - 60 days
35,367	-	3,011	-	-	-	38,378	1 - 90 days
-	-	13,509	-	-	-	13,509	30 - 60 days
-	-	5,800	13,367	352	-	19,519	60 - 90 days
-	-	-	-	9,462	-	9,462	90 days
-	-	-	-	-	43,849	43,849	Illiquid
\$ 140,264	\$ 38,013	\$ 98,195	\$ 13,367	\$ 9,814	\$ 45,498	\$ 345,151	
\$ 379,017	\$ 104,664	\$ 254,524	\$ 56,583	\$ 24,781	\$ 168,412	\$ 987,981	

## 5. Capital Assets

Capital assets activity for the years ended June 30, 2025 and 2024 is summarized as follows (*\$ in thousands*):

	2024			2025			Balance June 30, 2025
	Balance June 30, 2023	Additions	Retirements & Changes	Balance June 30, 2024	Additions	Retirements & Changes	
Land	\$ 14,990	\$ -	\$ (827)	\$ 14,163	\$ -	\$ -	\$ 14,163
Construction in progress, net	78,148	108,531	(13,260)	173,419	84,285	(136,454)	121,250
Total nondepreciable assets	93,138	108,531	(14,087)	187,582	84,285	(136,454)	135,413
Buildings and improvements	1,961,939	12,809	(8,366)	1,966,382	125,071	(5,785)	2,085,668
Equipment	163,687	17,030	(1,681)	179,036	9,341	(1,964)	186,413
Total depreciable assets	2,125,626	29,839	(10,047)	2,145,418	134,412	(7,749)	2,272,081
Intangible right to use assets - real estate	44,013	97	(2,556)	41,554	155	786	42,495
Intangible right to use assets - equipment	1,469	1,798	(1,034)	2,233	-	6	2,239
Intangible right to use assets - subscription	50,601	7,492	(8,953)	49,140	17,386	3,559	70,085
Total amortizable intangible assets	96,083	9,387	(12,543)	92,927	17,541	4,351	114,819
<b>Total capital assets</b>	<b>2,314,847</b>	<b>147,757</b>	<b>(36,677)</b>	<b>2,425,927</b>	<b>236,238</b>	<b>(139,852)</b>	<b>2,522,313</b>
Less: accumulated depreciation	(1,140,328)	(66,927)	6,050	(1,201,205)	(69,049)	6,850	(1,263,404)
Less: accumulated amortization	(14,373)	(7,562)	2,650	(19,285)	(9,552)	3,130	(25,707)
Total accumulated depreciation/amortization	(1,154,701)	(74,489)	8,700	(1,220,490)	(78,601)	9,980	(1,289,111)
<b>Capital assets, net</b>	<b>\$ 1,160,146</b>	<b>\$ 73,268</b>	<b>\$ (27,977)</b>	<b>\$ 1,205,437</b>	<b>\$ 157,637</b>	<b>\$ (129,872)</b>	<b>\$ 1,233,202</b>

Contractual obligations for major construction projects totaled approximately \$19,674,000 and \$65,379,000 at June 30, 2025 and 2024, 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*):

	2024			2025			Balance June 30, 2025	Current Portion
	Balance June 30, 2023	Payments to/ on Behalf of Participants	Expenses & Other Changes	Balance June 30, 2024	Payments to/ on Behalf of Participants	Expenses & Other Changes		
Additional retirement contribution	\$ 957	\$ (105)	\$ 124	\$ 976	\$ (71)	\$ (18)	\$ 887	\$ 71
Standard employee separation incentives	1,106	(4,136)	6,464	3,434	(4,136)	3,259	2,557	2,178
Enhanced retirement and separation programs	8,290	(1,073)	-	7,217	(1,270)	(4,641)	1,306	988
Long-term disability	1,154	(177)	5	982	(122)	(180)	680	122
Workers' compensation	2,676	(999)	931	2,608	(922)	996	2,682	922
Compensated absences	22,190	(2,873)	2,873	22,190	(2,234)	2,194	22,150	2,705
Other benefits	754	-	228	982	-	(116)	866	866
<b>Total accrued employee benefits</b>	<b>\$ 37,127</b>	<b>\$ (9,363)</b>	<b>\$ 10,625</b>	<b>\$ 38,389</b>	<b>\$ (8,755)</b>	<b>\$ 1,494</b>	<b>\$ 31,128</b>	<b>\$ 7,852</b>

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 postretirement 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 115 and 126 active employees meeting the requirements for the guaranteed minimum employer contribution as of June 30, 2025 and 2024, 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, 2023, and were developed using the Entry Age Normal Actuarial Cost Method. The discount rate used in determining the accrued liabilities was 4.08% and 3.26% for 2025 and 2024, 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 \$887,000 and \$976,000 at June 30, 2025 and 2024, respectively, for the related obligations. If the discount rate were to increase by 1%, the total liability at June 30, 2025 and 2024 would be \$862,000 and \$944,000, respectively. Similarly, if the discount rate were to decrease by 1%, the total liability at June 30, 2025 and 2024 would be \$912,000 and \$1,008,000, respectively. The Additional Retirement Contribution program expense was zero and (\$24,000) for fiscal years 2025 and 2024, respectively.

USNH had designated cash assets to fully fund the Additional Retirement Contribution obligations at June 30, 2025 and 2024. These assets are not administrated 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 \$27,799,000 and \$27,838,000 in 2025 and 2024, respectively. Retirement contributions by plan members totaled \$27,799,000 and \$29,591,000 in 2025 and 2024, respectively.

Early retirement and employee separation incentive programs were provided to various faculty and staff during 2025 and 2024. 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 \$2,557,000 and \$3,434,000 at June 30, 2025 and 2024 represent obligations for 32 and 38 participants, respectively, which will be remitted in fiscal years 2026 and 2027.

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, 2024, the liability balance for these programs was \$7,217,000. The liability balance of \$1,306,000 at June 30, 2025, represents obligations for 126 participants, which will be remitted in fiscal years 2026 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 \$94,168,000 and \$76,984,000 for fiscal year 2025 and 2024, respectively. These amounts include \$4,814,000 and \$3,890,000 for estimated claims incurred but not reported as of June 30, 2025 and 2024, 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, 2025 and 2024 are summarized below (*\$ in thousands*):

<b>Trust Investment Components</b>	<b>2025</b>	<b>2024</b>
Cash and equivalents	\$ 100	\$ 92
Fixed income	1,002	497
Equities	4,506	4,868
<b>Total including accrued income</b>	<b>\$ 5,608</b>	<b>\$ 5,457</b>

The plan has been closed to new participants since 1987. At June 30, 2025 there were approximately 129 current annuitants and 3 participants with deferred benefits, all fully vested. This compares to 138 current annuitants and 3 participants with deferred benefits as of June 30, 2024. The determination of total pension liabilities for this program was based on actuarial calculations completed by the plan trustee as of June 30, 2025 and 2024. 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 \$5,608,000 as of June 30, 2025 and \$5,457,000 as of June 30, 2024 which resulted in the recording of a net pension asset of \$1,510,000 and \$1,399,000 for fiscal years 2025 and 2024, respectively. The actuarially determined liability for the program was \$4,097,000 as of June 30, 2025 and \$4,058,000 as of June 30, 2024. If the discount rate were to increase by 1%, the net pension asset at June 30, 2025 would be \$1,804,000. Similarly, if the discount rate were to decrease by 1%, the net pension asset at June 30, 2025 would be \$1,171,000. The plan expense was \$53,000 and (\$17,000) for fiscal years 2025 and 2024, 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, 2024 and 2023, respectively, there were 821 and 844 former employees receiving benefits under this program along with their eligible dependents. As of December 31, 2024 and 2023, there were 38 and 48 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, 2024 and 2023, respectively, there were 119 and 141 retirees receiving benefits under this program along with their dependents. As of December 31, 2024 and 2023, respectively, there were also 4,101 and 4,143 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, 2025 and 2024 were as follows (*\$ in thousands*):



<b>Postretirement Medical Plan Liability</b>	<b>2025</b>	<b>2024</b>
Service costs	\$ 943	\$ 869
Interest	2,068	2,390
Benefit payments	(4,562)	(4,585)
Differences between expected and actual experience		(677)
Changes in assumptions	(3,939)	1,089
<b>Net change</b>	<b>(5,490)</b>	<b>(914)</b>
<b>Liability at beginning of year</b>	<b>64,746</b>	<b>65,660</b>
<b>Liability at end of year</b>	<b>\$ 59,256</b>	<b>\$64,746</b>
<b>Current portion</b>	<b>\$ 7,571</b>	<b>\$ 7,039</b>

The total postretirement benefit obligation is measured at December 31, 2024 for the June 30, 2025 financial statements based on the last biennial actuarial valuation, December 31, 2023, 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, 2024 measurement date based on the biennial actuarial valuation to calculate postretirement benefit obligation for the June 30, 2025 financial statements using the Entry Age Normal Actuarial Cost Method and the PubT.H-2010 mortality tables with Scale MP-2021. For measurement purposes the 2025 and 2024 initial rate of increase in the cost of healthcare services was assumed to be 7.0% 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 10.0% for 2025 and 9.0% for 2024, 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 2025 and 2024. A single discount rate of 4.08% and 3.726% was used based on the Bond Buyer 20-Bond General Obligation index rate as of December 31, 2024 and 2023, respectively. The actuarially determined postretirement medical expense for the plan for the years ended June 30, 2025 and 2024 were \$2,901,000 and \$2,023,000, 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):

	<b>Sensitivity to change in discount rate</b>			<b>Sensitivity to change in healthcare costs</b>		
	1% Increase	Current rate	1% Decrease	1% Increase	Current rate	1% Decrease
<b>OPEB liability as of December 31, 2024</b>	\$54,985	\$59,256	\$64,117	\$64,471	\$59,256	\$54,692
<b>OPEB liability as of December 31, 2023</b>	\$59,716	\$64,746	\$70,514	\$70,223	\$64,746	\$59,969

The benefit payments subsequent to the measurement date for the years ended June 30, 2025 and 2024 were \$4,174,000 and \$4,007,000, 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, 2025 and 2024 is summarized below (\$ in thousands):

	<b>2024</b>			<b>2025</b>			
	<b>Balance June 30, 2023</b>	<b>Additions &amp; Other Changes</b>	<b>Retire- ments</b>	<b>Balance June 30, 2024</b>	<b>Additions &amp; Other Changes</b>	<b>Retire- ments</b>	<b>Balance June 30, 2025</b>
							<b>Current Portion</b>
<b>NHHEFA bonds</b>							
Series 2014	\$ 4,715	\$ -	\$ (2,335)	\$ 2,380	\$ -	\$ (2,380)	\$ -
Series 2015	98,290	-	(3,385)	94,905	-	(3,540)	91,365
Series 2016	38,970	-	(3,070)	35,900	-	(3,225)	32,675
Series 2017A	46,215	-	(2,140)	44,075	-	(2,250)	41,825
Series 2017B	39,875	-	(2,125)	37,750	-	(2,180)	35,570
Series 2023	115,430	-	-	115,430	-	(1,810)	113,620
Unamortized discounts/ premiums, net	33,408	-	(2,845)	30,563	-	(2,844)	27,719
<b>Financed purchases payable</b>	<b>2,905</b>	<b>-</b>	<b>(1,397)</b>	<b>1,508</b>	<b>-</b>	<b>(1,462)</b>	<b>46</b>
<b>Total bonds and financed purchases</b>	<b>\$ 379,808</b>	<b>\$ -</b>	<b>\$ (17,297)</b>	<b>\$ 362,511</b>	<b>\$ -</b>	<b>\$ (19,691)</b>	<b>\$ 342,820</b>
							<b>\$ 17,211</b>

### 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). All construction proceeds were unspent as of June 30, 2025, and \$14,296,000

Not to be used for financial reporting purposes

were unspent as of June 30, 2024, 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:

<u>NHHEFA Bonds</u>	<u>Maturity Date</u>	<u>Interest Terms and Rates</u>
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 of \$18,292,000 to finance a portion of the costs of equipment housed in UNH's utility cogeneration facility. The related quarterly payments were completed in June 2025. A carrying value of \$421,000 remains and will be fully depreciated in the following year. The carrying value of other financed assets was \$520,000 and \$1,391,000 as of June 30, 2025 and 2024, 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 USNH incurs construction expenditures 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*):

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 14,367	\$ 14,343	\$ 28,710
2027	14,949	13,635	28,584
2028	19,605	12,848	32,453
2029	20,490	11,920	32,410
2030	21,415	10,942	32,357
2031-2035	115,360	38,305	153,665
2036-2040	57,390	16,894	74,284
2041-2045	31,535	8,593	40,128
2046-2050	13,885	2,649	16,534
2051-2055	6,105	662	6,767
Plus: unamortized discounts/premiums, net	27,719	-	27,719
<b>Total</b>	<b>\$ 342,820</b>	<b>\$ 130,791</b>	<b>\$473,611</b>

#### 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 changes in other long-term obligations (*in thousands*):

	<u>2024</u>			<u>2025</u>				
	<u>Balance June 30, 2023</u>	<u>Additions &amp; Other Changes</u>	<u>Retire- ments</u>	<u>Balance June 30, 2024</u>	<u>Additions &amp; Other Changes</u>	<u>Retire- ments</u>	<u>Balance June 30, 2025</u>	<u>Current Portion</u>
Asset retirement and other obligations*	\$ 7,258	\$ 339	\$ (428)	\$ 7,169	\$ 281	\$ (411)	\$ 7,039	\$ 370
Refundable government advances	5,136	(87)	(1,663)	3,386		(1,289)	2,097	-
Long-term leases - real estate	38,027	(1,880)	(2,352)	33,795	3,053	(3,232)	33,616	2,506
Long-term leases - equipment	644	1,900	(547)	1,997	(4)	(402)	1,591	436
Long-term leases - subscriptions**	44,594	7,720	(11,704)	40,610	10,853	(5,742)	45,721	4,578
<b>Total other long-term obligations</b>	<b>\$95,659</b>	<b>\$ 7,992</b>	<b>\$ (16,694)</b>	<b>\$86,957</b>	<b>\$ 14,183</b>	<b>\$ (11,076)</b>	<b>\$90,064</b>	<b>\$ 7,890</b>

\*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 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 3.53% and 3.51% as of June 30, 2025 and 2024, 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. USNH had no reportable variable expense contracts as of June 30, 2025 and 2024. USNH recognized \$52,000 and \$72,000 in variable payment revenue as of June 30, 2025 and 2024, respectively.

The tables below represent the schedule of maturity for current Lessee and Lessor arrangements as of June 30, 2025 (*in thousands*):

Lessee Maturity Schedule			
Fiscal Year	Principal	Interest	Total
2026	\$ 2,942	\$ 1,198	\$ 4,140
2027	2,942	1,094	4,036
2028	3,037	992	4,029
2029	2,900	880	3,780
2030	2,167	793	2,960
2031-2035	13,273	2,668	15,941
2036-2040	7,891	510	8,401
2041-2044	34	3	37
<b>Total lessee</b>	<b>\$ 35,186</b>	<b>\$ 8,138</b>	<b>\$ 43,324</b>

Lessor Maturity Schedule			
Fiscal Year	Principal	Interest	Total
2026	\$ 215	\$ 34	\$ 249
2027	176	27	203
2028	164	21	185
2029	123	15	138
2030	132	11	143
2031-2035	17	40	57
2036-2040	20	37	57
2041-2045	24	33	57
2046-2050	29	29	58
2051-2055	34	23	57
2056-2060	41	16	57
2061-2065	49	8	57
2066-2067	22	1	23
<b>Total lessor</b>	<b>\$ 1,046</b>	<b>\$ 295</b>	<b>\$ 1,341</b>

### Subscriptions

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 leases which was 3.53% and 3.51% as of June 30, 2025 and 2024, respectively.

The table below represents the maturity of current subscription arrangements as of June 30, 2025 (*in thousands*):

Subscription Maturity Schedule			
Fiscal Year	Principal	Interest	Total
2026	\$ 4,578	\$ 1,611	\$ 6,189
2027	4,447	1,498	5,945
2028	3,615	1,325	4,940
2029	3,079	1,198	4,277
2030	2,605	1,084	3,689
2031-2035	11,751	4,115	15,866
2036-2040	12,560	1,798	14,358
2041-2045	3,085	112	3,197
<b>Total subscriptions</b>	<b>\$ 45,720</b>	<b>\$ 12,741</b>	<b>\$ 58,461</b>

### 10. Deferred inflows and outflows of resources

The components of Deferred Inflows and Outflows of Resources as of June 30, 2025 and 2024 were as follows (\$ *in thousands*):



	2025	2024
<b>Deferred outflows of resources</b>		
Accounting loss on debt refinancing	\$ 8,298	\$ 9,125
Changes of assumptions:		
Postretirement Medical Plan	4,468	6,666
Additional Retirement Contribution Program	9	20
Net difference between projected and actual earnings:		
Operating Staff Retirement Plan	220	440
Difference between expected and actual experience:		
Postretirement Medical Plan	314	481
Additional Retirement Contribution Program	7	9
Benefit payments subsequent to the measurement date:		
Postretirement Medical Plan	3,618	4,007
Additional Retirement Contribution Program	60	95
Asset retirement obligations	903	973
<b>Total deferred outflows of resources</b>	<b>\$ 17,897</b>	<b>\$ 21,816</b>
<b>Deferred inflows of resources</b>		
Annuities unconditional remainder interest	\$ 2,849	\$ 2,447
Changes of assumptions:		
Postretirement Medical Plan	14,529	14,310
Additional Retirement Contribution Program	40	37
Net difference between projected and actual earnings:		
Operating Staff Retirement Plan	558	614
Difference between expected and actual experience:		
Postretirement Medical Plan	1,048	1,433
Additional Retirement Contribution Program	33	66
Deferred inflows - leases	999	1,227
<b>Total deferred inflows of resources</b>	<b>\$ 20,056</b>	<b>\$ 20,134</b>

The accounting loss on debt refinancing relates to the Series 2015 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, 2025. 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
2026	\$ 35	\$ (45)	\$ (1,739)
2027	(185)	(12)	(2,197)
2028	(129)	-	(2,560)
2029	(59)	-	(2,015)
2030	-	-	(1,398)
2031	-	-	(464)
2032	-	-	(422)
<b>Total</b>	<b>\$ (338)</b>	<b>\$ (57)</b>	<b>\$ (10,795)</b>

## 11. Pass-through grants

USNH distributed \$130,038,000 and \$139,029,000 of student loans through the US Department of Education Federal Direct Lending program during 2025 and 2024, 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 \$43,000 and \$49,000 as of June 30, 2025 and 2024, respectively, for direct loans disbursed in excess of US Department of Education receipts.

## 12. 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. For the USNH pool and the UNHF primary pool, the distribution rate was 5.4% and 5.25% as of December 31, 2023, respectively, and 5.2% and 5.25% as of December 31, 2022, 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 2025 and 2024 are summarized below (*\$ in thousands*):

**Components of Endowment Payout**

	<b>2025</b>	<b>2024</b>
Pooled endowment yield - campuses	\$ 5,341	\$ 4,741
Pooled endowment yield - affiliates	1,569	1,361
Trusts, life income and annuities yield, net of gains utilized	575	590
Gains utilized to fund distribution - pooled campuses	22,712	21,907
Gains utilized to fund distribution - pooled affiliates	14,669	13,391
<b>Endowment return used for operations</b>	<b>\$44,866</b>	<b>\$41,990</b>

**13. Operating expenses by function**

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

	<b>Compensation</b>	<b>Supplies &amp; Services</b>	<b>Utilities</b>	<b>Internal Allocations</b>	<b>Depreciation/Amortization</b>	<b>2025 Total</b>
<b>Campuses – current funds</b>						
Instruction	\$208,379	\$ 18,741	\$ 26	\$ 2,743		\$229,889
Auxiliary services	46,689	48,569	29	74,243		169,530
Research and sponsored programs	104,207	61,211	220	666		166,304
Academic support	51,161	15,562	3	6,535		73,261
Student services	41,959	15,705	-	2,136		59,800
Institutional support	67,129	26,083	82	(46,438)		46,856
Operations and maintenance	23,390	37,257	24,173	(42,383)		42,437
Fundraising and communications	9,185	5,158	-	1,429		15,772
Public service	20,344	6,272	11	933		27,560
Subtotal - current funds	572,443	234,558	24,544	(136)	-	831,409
<b>Campuses – other funds</b>	-	3,537	-	(49)	78,671	82,159
<b>Affiliated entities</b>	9,939	1,045	-	185		11,169
<b>Total</b>	<b>\$582,382</b>	<b>\$239,140</b>	<b>\$24,544</b>	<b>\$ -</b>	<b>\$ 78,671</b>	<b>\$924,737</b>

	<b>Compensation</b>	<b>Supplies &amp; Services</b>	<b>Utilities</b>	<b>Internal Allocations</b>	<b>Depreciation/Amortization</b>	<b>2024 Total</b>
<b>Campuses – current funds</b>						
Instruction	\$198,004	\$ 21,753	\$ 21	\$ -	\$ -	\$219,778
Auxiliary services	46,699	46,844	44	69,600	-	163,187
Research and sponsored programs	97,271	83,474	215	-	-	180,960
Academic support	66,888	22,423	-	-	-	89,311
Student services	36,408	20,599	-	-	-	57,007
Institutional support	62,884	11,436	80	(28,052)	-	46,348
Operations and maintenance	23,278	37,901	22,078	(41,548)	-	41,709
Fundraising and communications	8,891	4,524	-	6,877	-	20,292
Public service	16,847	5,223	8	-	-	22,078
Subtotal - current funds	557,170	254,177	22,446	6,877	-	840,670
<b>Campuses – other funds</b>	1,968	1,331	-	-	74,549	77,848
<b>Affiliated entities</b>	9,098	7,308	-	(6,877)	-	9,529
<b>Total</b>	<b>\$568,236</b>	<b>\$262,816</b>	<b>\$22,446</b>	<b>\$ -</b>	<b>\$ 74,549</b>	<b>\$928,047</b>

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, 2025 and 2024 (\$ in thousands):

<b>Components of Net Position</b>	<b>2025</b>	<b>2024</b>
<b>Net investment in capital assets</b>	<b>\$ 789,135</b>	<b>\$ 799,653</b>
<b>Restricted financial resources</b>		
<b>Nonexpendable</b>		
Historic gift value of endow ment-campuses	155,880	151,337
Historic gift value of endow ment-affiliated entities	213,208	200,712
<b>Total restricted nonexpendable resources</b>	<b>369,088</b>	<b>352,049</b>
<b>Expendable</b>		
Held by campuses:		
Accumulated net gains on endow ment	107,539	91,345
Fair value of restricted funds functioning as endow ment	19,146	18,008
Gifts, grants, contracts and pension assets	57,083	53,184
Life income and annuity funds	34	27
Loan funds	1,287	1,358
Held by affiliated entities:		
Accumulated net gains on endow ment	93,477	74,923
Fair value of restricted funds functioning as endow ment	65,187	61,565
Other	19,680	17,325
<b>Total restricted expendable resources</b>	<b>363,433</b>	<b>317,735</b>
<b>Unrestricted financial resources</b>		
Held by campuses:		
Educational and general reserves	(53,385)	(44,356)
Auxiliary enterprises	154,706	137,256
Internally designated reserves	165,036	158,248
Unrestricted loan funds	1,020	1,085
Unexpended plant funds	40,503	26,530
Fair value of unrestricted funds functioning as endow ment	124,740	128,433
Other	1,172	1,225
Less: postretirement medical liability <sup>(1)</sup>	(66,433)	(69,335)
Held by affiliated entities:		
Fair value of unrestricted funds functioning as endow ment	1,674	1,538
Other	3,413	2,426
<b>Total unrestricted financial resources</b>	<b>372,446</b>	<b>343,050</b>
<b>Total net position</b>	<b>\$1,894,102</b>	<b>\$1,812,487</b>

<sup>(1)</sup> As discussed in Note 7, the 2025 and 2024 postretirement medical liability is shown net of the related deferred inflows and outflows of resources. See Note 10 for additional information in this regard.

## 15. 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.

## 16. Component units

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

## University of New Hampshire Foundation, Inc.

Condensed Information from the Statements of Net Position as of June 30,			Condensed Information from the Statements of Revenues, Expenses and Changes in Net Position for the Years Ended June 30,			Condensed Information from the Statements of Cash Flows for the Years Ended June 30,		
	2025	2024		2025	2024		2025	2024
Endowment investments	\$ 354	\$ 323	Gifts and other support	\$ 37	\$ 31	Receipts from gifts and other sources	\$ 31	\$ 24
Other assets	24	20	Investment income	37	36	Payments to UNH and suppliers	(40)	(43)
<b>Total assets</b>	<b>378</b>	<b>343</b>	<b>Total revenues</b>	<b>74</b>	<b>67</b>	<b>Net cash used in operating activities</b>	(9)	(19)
Annuities payable	4	4	Distributions to UNH	29	30	<b>Net cash provided by investing activities</b>	6	8
Other liabilities and deferred inflows of resources	4	3	Administrative and other expenses	11	11	<b>Net cash provided by noncapital financing activities</b>	9	6
<b>Total liabilities and deferred inflows of resources</b>	<b>8</b>	<b>7</b>	<b>Total expenses</b>	<b>40</b>	<b>41</b>	<b>Change in cash and equivalents</b>	<b>\$ 6</b>	<b>\$ (5)</b>
<b>Total net position</b>	<b>\$ 370</b>	<b>\$ 336</b>	<b>Increase (decrease) in net position</b>	<b>\$ 34</b>	<b>\$ 26</b>			

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.

#### 17. Subsequent events

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

**Required Supplemental Information**

**Postretirement Medical Plan**  
**Schedule of Changes in Total OPEB Liability and Related Ratios for the year ended June 30,**  
(Unaudited)  
(\$ in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018
Service costs	\$ 943	\$ 869	\$ 1,103	\$ 1,132	\$ 1,143	\$ 1,247	\$ 1,359	\$ 1,416
Interest	\$ 2,068	2,390	1,579	1,792	2,444	3,339	3,024	3,627
Benefit payments	\$ (4,562)	(4,585)	(4,577)	(5,337)	(4,795)	(5,084)	(6,381)	(6,923)
Differences between expected and actual experience	\$ -	(677)	-	363	(999)	849	-	(1,511)
Change of benefit terms	\$ -	-	-	-	(9,533)	(318)	-	-
Changes in assumptions <sup>(1)</sup>	\$ (3,939)	1,089	(10,306)	(6,126)	7,336	7,664	(4,968)	(4,857)
<b>Net change in postretirement medical liability</b>	<b>\$ (5,490)</b>	<b>(914)</b>	<b>(12,201)</b>	<b>(8,176)</b>	<b>(4,404)</b>	<b>7,697</b>	<b>(6,966)</b>	<b>(8,248)</b>
Total Postretirement Medical Plan liability-beginning of year	\$ 64,746	65,660	77,861	86,037	90,441	82,744	89,710	97,958
<b>Total Postretirement Medical Plan liability-end of year</b>	<b>\$ 59,256</b>	<b>\$ 64,746</b>	<b>\$ 65,660</b>	<b>\$ 77,861</b>	<b>\$ 86,037</b>	<b>\$ 90,441</b>	<b>\$ 82,744</b>	<b>\$ 89,710</b>
Current portion	\$ 7,571	\$ 7,039	\$ 7,148	\$ 7,201	\$ 5,342	\$ 4,412	\$ 5,331	\$ 5,837
Covered payroll	\$ 421,072	\$ 324,201	\$ 314,822	\$ 289,072	\$ 303,529	\$ 298,040	\$ 290,287	\$ 290,107
<b>Total liability as a percentage of covered payroll</b>	<b>14.1%</b>	<b>20.0%</b>	<b>20.9%</b>	<b>26.9%</b>	<b>28.3%</b>	<b>30.3%</b>	<b>28.5%</b>	<b>30.9%</b>

**Additional Retirement Contribution (ARC) Program**  
**Schedule of Changes in Total Pension Liability and Related Ratios for the years ended June 30,**  
(Unaudited)  
(\$ in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Service costs	7.00	\$ 7	\$ 10	\$ 26	\$ 22	\$ 37	\$ 31	\$ 41	\$ 103
Interest	30.00	35	21	32	52	91	66	88	118
Benefit payments <sup>(2)</sup>	(105.00)	(48)	(22)	(714)	(343)	(111)	(123)	(95)	(518)
Differences between expected and actual experience	-	11	-	(164)	-	(200)	-	(89)	(328)
Changes in assumptions	(20.00)	15	(61)	3	36	70	(97)	26	(5)
<b>Net change in ARC liability</b>	<b>(88.00)</b>	<b>20</b>	<b>(52)</b>	<b>(817)</b>	<b>(233)</b>	<b>(113)</b>	<b>(123)</b>	<b>(29)</b>	<b>(630)</b>
Total ARC liability at beginning of year	976.00	956	1,008	1,825	2,058	2,171	2,294	2,323	2,953
<b>Total ARC liability at end of year</b>	<b>887.00</b>	<b>\$ 976</b>	<b>\$ 956</b>	<b>\$ 1,008</b>	<b>\$ 1,825</b>	<b>\$ 2,058</b>	<b>\$ 2,171</b>	<b>\$ 2,294</b>	<b>\$ 2,323</b>
Current portion	\$ 71	\$ 105	\$ 56	\$ 42	\$ 865	\$ 217	\$ 200	\$ 95	\$ 455
Covered payroll	\$ 9,204	\$ 10,363	\$ 11,690	\$ 12,138	\$ 12,732	\$ 22,275	\$ 24,369	\$ 26,646	\$ 29,409
<b>Total Liability as a Percentage of Covered Payroll</b>	<b>9.6%</b>	<b>9.4%</b>	<b>8.2%</b>	<b>8.3%</b>	<b>14.3%</b>	<b>9.2%</b>	<b>8.9%</b>	<b>8.6%</b>	<b>7.9%</b>

**Operating Staff Retirement Plan**

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017 <sup>(3)</sup>
<b>Plan Fiduciary Net Position</b>									
<b>Beginning balance</b>	<b>5,457.00</b>	<b>\$ 5,410</b>	<b>\$ 5,307</b>	<b>\$ 6,549</b>	<b>\$ 5,863</b>	<b>\$ 6,186</b>	<b>\$ 6,376</b>	<b>\$ 6,700</b>	<b>\$ -</b>
Employer contributions	-	-	-	-	-	-	-	-	6,700
Plan administrative costs	-	-	-	-	-	-	(13)	(13)	-
Net investment income	585.00	637	554	(754)	1,143	173	407	274	-
Benefit payments	(435.00)	(589)	(451)	(488)	(457)	(496)	(584)	(585)	-
Fiduciary net position	5,608.00	\$ 5,458	\$ 5,410	\$ 5,307	\$ 6,549	\$ 5,863	\$ 6,186	\$ 6,376	\$ 6,700
<b>Total pension liability at end of year</b>	<b>(4,097.00)</b>	<b>(4,058)</b>	<b>(4,328)</b>	<b>(4,593)</b>	<b>(4,992)</b>	<b>(5,431)</b>	<b>(5,875)</b>	<b>(5,652)</b>	<b>(5,707)</b>
<b>Net pension asset</b>	<b>\$ 1,510</b>	<b>\$ 1,400</b>	<b>\$ 1,082</b>	<b>\$ 714</b>	<b>\$ 1,557</b>	<b>\$ 432</b>	<b>\$ 311</b>	<b>\$ 724</b>	<b>\$ 993</b>
Plan net position as a percentage of total pension liability	136.9%	134.5%	125.0%	115.5%	131.2%	108.0%	105.3%	112.8%	117.4%

**Plan Pension Liability**

<b>Beginning balance</b>	\$ (4,058)	\$ (4,328)	\$ (4,593)	\$ (4,992)	\$ (5,431)	\$ (5,875)	\$ (5,652)	\$ (5,707)	\$ (6,345)
Service costs	-	(1)	(1)	(1)	(6)	(7)	(3)	-	(20)
Interest, net of actuarial gain/loss	(207.00)	(319)	(185)	(79)	(41)	(65)	(290)	(292)	(298)
Benefit payments	434.00	589	451	488	457	496	584	585	956
Changes in assumptions	(267.00)	-	-	(9)	29	20	(514)	(238)	-
<b>Total pension liability at end of year</b>	<b>(4,098.00)</b>	<b>\$ (4,059)</b>	<b>\$ (4,328)</b>	<b>\$ (4,593)</b>	<b>\$ (4,992)</b>	<b>\$ (5,431)</b>	<b>\$ (5,875)</b>	<b>\$ (5,652)</b>	<b>\$ (5,707)</b>
Covered payroll	-	\$ -	\$ 62	\$ 122	\$ 120	\$ 815	\$ 850	\$ 961	\$ 1,007
Net pension asset as a percentage of covered payroll	0.0%	0.0%	1745.2%	585.2%	1297.5%	53.0%	36.6%	75.3%	98.6%

See accompanying independent auditor's report.

**Notes to Schedules:**

<sup>(1)</sup> Changes in assumptions relate to discount rate changes. The rates were 4% for FY25, 3.3% for FY24, 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 the related index. See Note 7 for additional information.

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

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

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

We have audited the 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 year ended June 30, 2025, and have issued our report thereon dated October 23, 2025. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit in our planning communications dated April 2, 2025. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant audit findings or issues**

#### ***Qualitative aspects of accounting practices***

##### **Accounting policies**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the System are described in Note 1 to the financial statements.

As described in Note 1, the entity changed accounting policies by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 101, *Compensated Absences* in 2025. The adoption of this statement did not result in any changes in the financial statement presentation.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

##### **Accounting estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the other postemployment benefit liability is based on an actuarial computed amount. We evaluated the key factors and assumptions used to develop the other postemployment benefits liability in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the fair value of investments is based on prices quoted by the various brokers used for purchases and sales of investments. The System invests in alternative investments which are carried at estimated fair values based on financial information provided by the general partners or investment managers of the funds based on the underlying net asset values (practical expedient). Because many of these investments are not readily marketable, the estimates of fair value necessarily involve assumptions and estimation methods which are

uncertain. We evaluated the key factors and assumptions used to determine the fair value of investments, in determining that it is reasonable in relation to the financial statements taken as a whole.

#### **Financial statement disclosures**

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

#### ***Difficulties encountered in performing the audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### ***Uncorrected misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Uncorrected misstatements or the matters underlying uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if management has concluded that the uncorrected misstatements are immaterial to the financial statements under audit.

#### ***Corrected misstatements***

None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

#### ***Disagreements with management***

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

#### ***Management representations***

We have requested certain representations from management that are included in the management representation letter.

#### ***Management consultations with other independent accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Significant issues discussed with management prior to engagement***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

**Required supplementary information**

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

**Other information**

Other information (financial or nonfinancial information other than the financial statements and our auditors' report thereon) is being included in your annual report and is comprised of the System board listing. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. 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. Our auditors' report on the financial statements includes a separate section, "Other Information," which states we do not express an opinion or any form of assurance on the other information included in the annual report. We did not identify any material inconsistencies between the other information and the audited financial statements.

\* \* \*

This communication is intended solely for the information and use of the board of trustees and management of University System of New Hampshire and is not intended to be, and should not be, used by anyone other than these specified parties.

**CliftonLarsonAllen LLP**

Quincy, Massachusetts  
REPORT DATE



**SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT**  
**University System of New Hampshire**  
**Business Type Activities**  
**Year Ended June 30, 2025**

**UNCORRECTED ADJUSTMENTS**

**Effect of misstatements on:**

Description	Assets	Liabilities	Net Position	Net Expense/Revenue and Change in Net Position
Subscription Liabilities		(5,514,741)	(5,514,741)	
Net current year misstatements (Iron Curtain Method)	-	(5,514,741)	(5,514,741)	-
Net prior year misstatements			-	-
Combined current and prior year misstatements (Rollover Method)	\$ -	\$ (5,514,741)	\$ (5,514,741)	\$ -
Financial statement totals	<u>\$ 2,565,622,000</u>	<u>\$ 671,520,000</u>	<u>\$ (1,894,102,000)</u>	<u>\$ 81,615,000</u>
Current year misstatement as a % of financial statement totals (Iron Curtain Method)		-0.82%	0.29%	
Current and prior year misstatement as a % of financial statement totals (Rollover Method)		-0.82%	0.29%	

**INADEQUATE DISCLOSURES**

Description	Amount (If Applicable)
N/A	

Board of Trustees and Management  
University System of New Hampshire  
Concord, NH

In planning and performing our audit of the 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 year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the entity's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to fraud or error may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

### **Significant Deficiency**

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the entity's internal control to be significant deficiency:

- **Timeliness of Reconciliations and Audit Documentation** – Due to the transition to Workday and user-related challenges navigating the new system, the System experienced difficulties in providing a timely and accurate final trial balance, including the supporting workpapers. This resulted in numerous versions of the trial balance and caused corrected and uncorrected misstatements during the fiscal year audit. This increases the risk for potential misstatements. We recommend that the System offer additional training on the new platform and consistently review and enhance existing controls to ensure that reconciliations are completed and reviewed in a timely manner.

The identified significant deficiency is not considered to be a material weakness.

### **Management's response**

Management acknowledged and diligently worked to overcome the Significant Deficiency identified before the annual audit, which included issues with the timeliness of reconciliations and audit documentation.

These issues were significantly related to three factors:

- The transition to the new ERP technology, Workday, after operating in Banner for approximately 25+ years.
- A mid-year system conversion which presented common challenges including data migration complexities, process redesign, and the need for staff to quickly adapt to new systems and workflows that USNH had to manage. Staff adaptation was particularly challenging during this period, as employees were learning new processes and tools while continuing to meet day-to-day operational demands.
- The loss of key personnel during the implementation and after go-live, and the challenge of recruiting personnel to fill the vacancies.

We recognize the importance of maintaining strong internal controls, agree that improvements are needed to ensure timely and accurate financial reporting, and have already been working on improvements.

The Workday Finance implementation was an 18-month project that went live on January 1, 2025. During this time, the accounting team was simultaneously supporting the Workday implementation and maintaining ongoing operational responsibilities. During the fiscal year, the USNH accounting team lost a key employee with over 20 years of experience who was leading the accounting/reconciliation workstreams during the implementation. Then, in March 2025, the USNH Controller resigned. The loss of these two key positions was challenging to make up for, and resources were focused on critical path items and needs (paying employees, paying vendors, and other operational activities) while allowing other tasks like reconciliations to fall behind. Recruiting new employees to fill the vacant positions was very challenging and finding temporary employees who could fill in during that time was also a challenge.

To address these challenges, management hired skilled temporary resources with Workday knowledge and skills to assist over the last several months. This support allowed USNH to get caught up on reconciliations and assist with the year-end audit, documentation, and other related tasks. We have also initiated additional training, developed enhanced documentation, and are actively working to fill vacant positions and restructure post-implementation to strengthen the team's capacity and the functional/operational needs of our new system. These efforts are expected to improve the accuracy and timeliness of reconciliations, financial reporting, and key business processes and controls going forward.

Management understands the importance of internal controls and remains committed to enhancing the internal control environment. Management will continue to monitor and refine business processes to support the integrity of financial operations.

University System of New Hampshire's written response to the significant deficiency identified in our audit was not subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of management, audit committee of the Board of Trustees, and others within the System, and is not intended to be, and should not be, used by anyone other than these specified parties.

**CliftonLarsonAllen LLP**

Quincy, Massachusetts  
REPORT DATE



*We'll get you there.*

CPAs | CONSULTANTS | WEALTH ADVISORS

# University System of New Hampshire

Audit Results Presentation

Year ended June 30, 2025

# *Agenda*

- Audit scope and process
- Audit opinion and communications
- Single audit update
- Industry insights and emerging issues



# Audit Scope



Report on the  
System's financial  
statements



Internal control/  
management letter



Required  
governance  
communications  
letter



Report on internal  
control over  
compliance with  
major program  
requirements  
(federal awards)





# Audit Process

## RISK-BASED APPROACH

Internal controls

Revenue recognition

Significant estimates

Investment valuation

Capital projects and  
debt

Salary/Other post  
retirement benefits







## Audit Opinion

### Financial Statement

Financial statement audit opinion is **unmodified**.



## Audit Results

### Financial statement

No material weaknesses noted.

One significant deficiency noted.



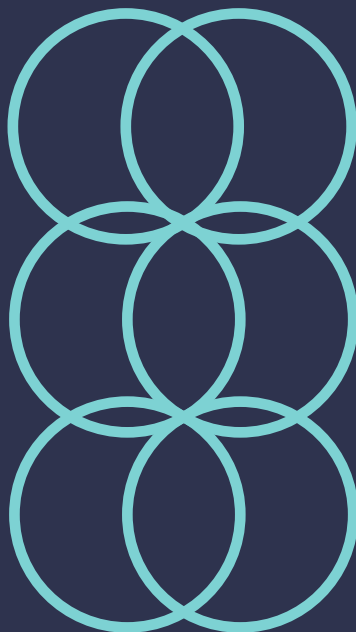
# Governance Communications

## Overall

- Purpose is to communicate audit results to governance
- No changes in scope
- No new or changed accounting policies except for GASB 101, compensated absences
- Disclosures are neutral, consistent and clear

## Estimates

- Evaluated key factors and assumptions related to significant estimates
- We are comfortable with management's estimates



## Difficulties

- No significant difficulties encountered
- No disagreements with management
- No other findings to report
- No consultations

## Other

- Corrected and uncorrected adjustments were noted



# Single Audit

Major Programs	Status	Findings
Student Financial Assistance (SFA) Cluster	Testing under way and on track to be substantially complete by the end of the year	None noted as of this meeting

\*Compliance supplement has not been issued yet



*Approval*  
from audit  
committee

*Signed*  
representation  
letter





# *Questions and Feedback*

We appreciate the opportunity to serve you  
and welcome any feedback relative to our  
performance and to the engagement.





# Industry Insights and Emerging Issues





# Emerging Issues

## ONE BIG BEAUTIFUL BILL ACT

### Student Impact

- Income-based student loan repayment plan
- Elimination of Graduate PLUS loans
- Other loan limit caps put into place

### Economic Impact

- Less resources to pay for tuition
- Accountability
- Workforce Pell
- Endowment tax

### Compliance Impact

- Department of Treasury additional reporting requirements
- Executive Compensation
- Form 1099 increases effective for payments made after 12/31/25



# GASB 103 Financial Reporting Module



Effective date  
**June 30, 2026**



## Impacts financial statement presentation

Updated disclosure guidance for:

- MD&A consistency
- Clearer definition of unusual or infrequent items
- Presentation of proprietary fund statements
- Major component unit information
- Budgetary comparison information (N/A for PASSHE)

**CLA can help by**  
assisting with or  
evaluating financial  
statement  
disclosure updates





*Upcoming Event*  
2026 Higher Education  
Virtual Conference



**Andy Lee**

Andrew.Lee@CLAConnect.com

**Christina Dooley**

Christina.Dooley@CLAConnect.com



CLAconnect.com



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UNIVERSITY SYSTEM OF NEW HAMPSHIRE  
BOARD OF TRUSTEES

Audit Committee

Information Item  
Supporting Materials Summary Sheet

University System of New Hampshire

To: Audit Committee

Re: Item VI. A. Status of Outstanding Audit Issues – **For Information, No Action Required**

SUPPORTING MATERIALS (attached) – SUMMARY AND SALIENT INFORMATION

The list of outstanding audit issues includes all significant open issues from past audit reports and those that were closed since the report was last distributed to the Audit Committee. It is updated semi-annually for follow-up and control monitoring purposes. Of 38 action plans currently being tracked, 12 are from internal audit reports issued since the last semi-annual update, 7 underlying risk/control issues have been reported by management as resolved or management has accepted the residual risk, and remaining 19 are in process, much improved, and/or on hold.

SUBMITTED and APPROVED BY:

Catherine A. Provencher  
Chancellor

Date Prepared: October 15, 2025




For the Meeting of: October 23, 2025




*-- End of Summary Sheet --*



OUTSTANDING AUDIT ISSUES MONITORING MATRIX as of 10/04/2025

#	Originally Reported	Entity	Audit	Risk/Control Issue	Action Plan & Responsible Party	Original Target Date	Revised Target Date	Status	
1	2022	KSC	Registrar's Office Data Security Review	Enhance protocols for sensitive data handling	(1) We will develop security protocols and guidelines for handling sensitive data, including redacting of sensitive information where possible. We will ensure that the security protocols are reviewed by the USNH Information Security Officer. (2) We will submit a TeamDynamix ticket to review the set-up of the OneDrive by the USNH Information Security Office to ensure FERPA data is securely stored. (3) We will review all various modes how FERPA sensitive data is currently received by the KSC Registrar's Office to ensure proper security measures are in place with the USNH Information Security Officer. This will include procedures regarding the sharing of the password for the central email account. (4) We will work on developing retention policies and purge obsolete documents that are stored on in the Vault, audit room, Ellucian Colleague, ApplicationXtender, shared drives, and KSC OneDrive folders. (5) We will submit a TeamDynamix ticket to request a security review of the fax machine and scanner. (6) We will submit a TeamDynamix ticket to request a review of web forms used to collect FERPA data by the Registrar's Office. This will be completed by the KSC Associate Provost	Mar-23	Mar-25	<div></div>	Resolved 7/25
				MGT. EXPLANATION & RESOLUTION PLAN @ 07/14/2025: (1) Resolved: The security protocols and guidelines for sensitive data handling has been finalized and implemented (2) Resolved. OneDrive has been reviewed by ETYS to ensure FERPA Data is securely stored. (3) Resolved: The security protocols and guidelines for sensitive data handling has been finalized and implemented (4) Resolved: The security protocols and guidelines for sensitive data handling has been finalized and implemented (5) Resolved. KSC Registrar's office no longer accepts faxes. (6) Resolved.					
2	2025	KSC	Behavioral Health Improvement Institute (BHII) Data Security Review	Enhance Data Protection in Cloud Solution	1)KSC BHII will request assistance from USNH Cybersecurity to assess the risk posed by LastPass's security incidents and to determine what, if any, action is needed from BHII to mitigate that risk. This will be completed by March 31, 2025. 2)KSC BHII will contact USNH Procurement Services to contact the vendor regarding signing a formal contract. This will be completed by March 31, 2025. 3)BHII will initiate a discussion with USNH Cybersecurity concerning review of security standards for our active third-party software applications and documentation of BHII's and USNH ET&S roles and responsibilities in managing those systems. This will be completed by March 31, 2025. 4)USNH Cybersecurity completed a security review of all required external vendors (QuickBase, Formstack, LucidCharts, ClickUp, DataCamp, Google Storage, LastPass, and Otter.AI) on 12/6/2024 and USNH GRC approved the individual SARs. Responsible Party: KSC BHII Data Security Officer	Mar-25	Jan-26	<div></div>	In Process 8/25
				MGT. EXPLANATION & RESOLUTION PLAN @ 07/23/2025: (1) Resolved. KSC BHII discussed the LastPass security incident with USNH Cybersecurity and implemented any actions as recommended by USNH Cybersecurity. (2) In Process. KSC BHII is currently working with USNH Procurement on the contract. The due date was extended to January 31, 2026. (3) In Process. KSC BHII is currently working with USNH Cybersecurity regarding this item. The due date was extended to January 31, 2026 (4) Resolved.					
3	2025	KSC	Behavioral Health Improvement Institute (BHII) Data Security Review	Enhance system access protocols	1) BHII conducts regular reviews of all individual access to data applications annually when managing SaaS/PaaS subscription renewals, in addition to real-time user management. We will develop tables in each of our QuickBase data platforms to document Client-initiated revisions to their roster of individuals and roles that determine the permissions governing their access to the data (historically, those requests have been made via email or in project meetings). This will be completed by March 31, 2025. 2) In addition, we will review and verify access on an annual basis with the clients. The review will be formally documented. This will be completed by December 31, 2025. 3) Client access to SharePoint content is very limited and is configured by USNH to automatically expire after a period no longer than a year without active administrative intervention. In concert with Sharepoint's audit log system, we believe no additional documentation is needed for that system. No external users are granted access to Formstack. No other systems are permitted for storage or management of sensitive data. 4) BHII's DSA template will be revised to specify that access for BHII staff is determined by the BHII Principal Investigator and enacted by the BHII Security Officer. When a BAA is deemed appropriate (when Client is a Covered Entity), the Client typically utilizes their own BAA template; BHII does not supply the template language, and revisions are rarely welcome. We will add language in the contract with the client, the DSA, or BAA (whichever is more appropriate) that requires the client to inform KSC BHII within a certain time frame of any changes to the access for external applications. This will be completed by March 31, 2025. Responsible Party: KSC BHII Data Security Officer	Dec-25	Jan-26	<div></div>	In Process 8/25
				MGT. EXPLANATION & RESOLUTION PLAN @ 07/23/2025: (1) In Process. KSC BHII is finalizing a formal way of requesting access to applications. In addition, access to the QuickBase application is reviewed annually in November. The due date was extended to January 31, 2026. (2) In Process. KSC BHII is currently working on this management action plan. The due date is December 31, 2025. (3) Resolved (4) In Process. KSC BHII is currently working on updating the DSA and BAA template to include language around informing BHII when there are any changes in staff. The due date was extended to January 31, 2026.					





#	Originally Reported	Entity	Audit	Risk/Control Issue	Action Plan & Responsible Party	Original Target Date	Revised Target Date	Status	
4	2025	KSC	Behavioral Health Improvement Institute (BHII) Data Security Review	Enhance protocols for sensitive data handling	1) BHII engages in risk assessment throughout the selection and design of relevant tools, security agreements, and annual BHII data privacy and security trainings. Going forward, we will document the risk assessment as required by the HIPAA Security Rule. This will be completed by March 31, 2025. 2) We are currently in the process of revising the BHII's Privacy & Security Policy as needed to address emergent concerns and opportunities. This will be completed by March 31, 2025. 3) Given the evident vulnerability of existing protocols for all laptops to be encrypted before they are issued to BHII staff, BHII's Security Officer will henceforth verify encryption as part of our routine staff onboarding and hardware replacement procedures. This will be included in our onboarding checklist. This will be completed by March 31,2025 4) BHII has terminated, and verified that it never used, Google One. They retain a generic Gmail account but that is never used for sensitive information. This was completed on January 31, 2025. 5) BHII's DSA templates have been reviewed by USNH Legal; we will submit our Jan 2025 revision for review as well and maintain the documentation of the review. This will be completed by April 30, 2025. 6) We will initiate a discussion with UNH SPA and USNH Cybersecurity to ensure external client's BAA and DSAs are appropriately reviewed and approved. This will be completed by June 30, 2025. Responsible Party: KSC BHII Data Security Office, Director of BHII, KSC	Jun-25	Jan-26		In Process 8/25
					MGT. EXPLANATION & RESOLUTION PLAN @ 07/23/2025: (1) In Process. KSC BHII is currently working on documenting the required risk assessment. The due date was extended to January 31, 2026. (2) In Process. KSC BHII is currently working on updating the BHII's Privacy & Security Policy. The due date was extended to January 31, 2026. (3) Resolved. The encryption verification has been added to the onboarding checklist. (4) Resolved. (5) In Process. KSC BHII is currently working on addressing the management action plan. The due date was extended to January 31, 2026. (6) In Process. KSC BHII is currently working on addressing the management action plan. The due date was extended to January 31, 2026.				
5	2021	PSU	Student Billing Audit	Enhance protocols related to mandatory and course related fees	(1) The Finance Division, in conjunction with the Registrar's office, will establish/enhance policies and procedures regarding the set up and use of course related fees by December 31, 2021. Through the implementation of the UShopNH tool, the majority of expenses charged against course fee revenues is evaluated at the time of purchase. For those items, such as reimbursements, that are not processed through the purchasing tool, the Finance Division will establish a periodic review process to ensure the appropriateness of expenses charged against course fee revenues beginning July 1, 2021. (2) PSU Finance will create a formal policy on how student mandatory fees can be used. This will be implemented by December 31, 2021. Procedures on how to access/spend the dollars will be governed by USNH purchasing and disbursement policies and procedures. Through the UShopNH tool, the PSU Finance Office has greater insight into related expenditures that are occurring and by virtue of their approval of the requisition is validating the appropriateness of the expense. As the new FAR travel and expense process is being constructed, PSU is advocating to have Campus Finance Offices inserted the Banner Finance approval process for such payments to employ the same allowability review that occurs for transaction processed through the UShopNH tool. (3) Mandatory auxiliary fees support auxiliary activity, and USNH elected to classify these revenues in alignment with the activity they support. USNH Financial Services will evaluate the existing practice and as part of the policy updates underway to support the Financial Administrative Restructure project and document its justification for the classification by June 30, 2022. The language in MD&A also will be clarified to fully disclose the categories of auxiliary activities for the year ending June 30, 2025	Dec-21	Dec-25		In Process 9/25
					MGT. EXPLANATION & RESOLUTION PLAN @ 07/14/2025: (1) Resolved. Formal guidelines surrounding course related fees have been created and implemented. In addition, course related fees are reviewed annually to ensure that they still should be applied to the specific course. (2) In process: PSU Management is currently working on resolving the management action plans. Due date was extended to December 31, 2025 (3) Resolved				
6	2020	UNH	Mandatory Fee	Develop formal policies and procedures for mandatory student fees	As part of the FY23 mandatory fee rate-setting process, the UNH CFO Office will establish formal policies and procedures regarding how mandatory student fees can be used. The policy and procedures will also address travel, including student and team travel, and will reflect compliance with NCAA requirements. UNH will also reinforce existing USNH policies to ensure that the policy is consistently applied to all expense transactions. This will be completed by December 31, 2021.	Dec-21	Jun-25		Resolved 9/25
					MGT. RESOLUTION & EXPLANATION PLAN @ 09/29/2025: Resolved. We have created a formal document on how mandatory fees can be used by the individual departments. The document has been approved by the UNH CFO and by the UNH President.				

#	Originally Reported	Entity	Audit	Risk/Control Issue	Action Plan & Responsible Party	Original Target Date	Revised Target Date	Status	
7	2022	UNH	Athletics Cash Carrying & Depositing	Enhance security of payment card data	(1) Athletics management will develop procedures for processing payment card transactions and handling of related data to comply with USNH policy 10-010 USNH Payment Card Data Security. These procedures will be incorporated into the UNH Athletics Box Office desk manual. (2) Individual user accounts will be setup in PayConex to comply with PCI DSS Requirement 8. (3) Management will periodically review PayConex access for appropriateness. (4) Athletics management will work with USNH Treasury to review credit card swipe terminals and computers used in processing of Athletics credit card activity for compliance with PCI DSS requirements. (5) Management will notify staff that user credentials should not be stored in electronic files. (6) Background checks are performed on employees and student interns who have access to PayConex. Also, PCI-DSS training is provided to staff and student interns. Athletics management will work with USNH Treasury to track training to ensure that training is completed to meet PCI-DSS requirements.	Sep-22	Nov-25		In Process 7/25
				MGT. EXPLANATION & RESOLUTION PLAN @ 7/14/2025: (1) In process. This is in draft form and will be finalized in the coming months. The due date was extended to November 30, 2025. (2) Resolved. All individual user accounts comply with PCI DSS Requirement 8 (3) In process. To be included with documented procedures. The due date was extended to November 30, 2025. (4) - (5) Resolved. (6) In process. Athletics is in the process of ensuring interns/staff are trained and that background checks are complete for all employees who accept payments.					
8	2023	UNH	Law Financial Aid Data Security Review	Enhance process around contract renewal	An extension to the NextGen WebSolutions contract has been signed on July 12, 2023, extending the existing contract by 1 year. In addition, we will update the Procurement policy to define the requirements and responsibilities between departments and USNH Procurement regarding contract renewals. We will include requirements that all contracts need to be reviewed by USNH Procurement regardless of if the department has signing authority. This will also allow for all contracts to be stored in the UShopNH Contracts+ module. During the requisition process, we will include data security triggers to ensure the data security addendum is added to the contract. Lastly, USNH Procurement will remove direct pay as a payment option to mitigate the risk. Responsible party: USNH Chief Procurement Officer	Mar-24	Dec-25		Resolved 9/25
				MGT. EXPLANATION & RESOLUTION PLAN @ 07/10/2025: Resolved. USNH Procurement has drafted a Contracts Responsibility matrix, a software request form (incorporated into UShopNH), and a contract review requirement to be included in the Procurement policy. These three draft documents will be presented to FINEC and once approved by FINEC included within UShopNH, the USNH Procurement website and policy. In addition, USNH Procurement is working with the vendor to sign a new contract. The due date for the management action plan is December 31, 2025. The item has been downgraded to medium risk.					
9	2024	UNH	Grants Subrecipient Monitoring	Enhance procedures during initial risk assessment of subrecipient	(1) We will update our procedures to require that the PI completes the Subrecipient vs Contractor classification form for all agreements regardless of if they are subrecipients or contractors. This will be done during the pre-award process. In addition, if any additional agreements are identified post-award, the PI in combination with UNH STAR will complete the Subrecipient vs Contractor classification form and inform UNH SPA of the analysis. (2) We will update our procedures to ensure that the Subrecipient vs Contractor classification form was signed and dated by the PI before forwarding it to UNH SPA for review. In addition, we will update the form to include a formal conclusion of the determination, including signing and dating the form by UNH SPA. (3) We will update our internal procedures to ensure that all required documentation was appropriately uploaded to Application Xtender (or any other documentation retention platform). In addition, we will perform a quarterly review over a sample of subrecipients to ensure that all documentation is included in Application Xtender. (4) We will develop and implement a simple scoring methodology to ensure the risk assessment is consistently assessed for all subrecipients. (5) We will implement a quarterly review and review procedures over a sample of risk assessments, to ensure that the risk assessment was appropriately determined. (6) We will add the details of the audited financial statements or documents reviewed and any potential issues in the Note section of the RAQ. Agreed actions will be completed on or before 09/30/2024. Responsible party: Associate Vice President and Chief Research Administration Officer	Sep-24	Jun-25		Resolved 7/25
				MGT. EXPLANATION & RESOLUTION PLAN @ 07/23/2025: (1) Resolved. The procedures were updated to require that the PI completes the Subrecipient vs. Contractor checklist. (2) Resolved. The Subrecipient vs. Contractor checklist was updated to include the formal conclusion by UNH SPA (3) Resolved. All documentation is now maintained in Application Xtender. (4) Resolved. The decision was made to update the RAQ and a subrecipient is either classified as Low or Elevated based on the answers in the RAQ. In addition, details on cross-cut findings in the audited Financial Statements (if applicable) are now documented within the RAQ (5) Resolved. All RAQs are now undergoing a secondary review by the UNH Subaward Manager before the subaward is approved. (6) Resolved The RAQ was updated to include details of the audited financial statements (if applicable) that were reviewed. In addition, details on cross-cut findings in the audited Financial Statements (if applicable) are now documented within the RAQ.					





#	Originally Reported	Entity	Audit	Risk/Control Issue	Action Plan & Responsible Party	Original Target Date	Revised Target Date	Status	
10	2024	UNH	Grants Subrecipient Monitoring	Enhance subaward monitoring procedures	(1) We will update our monitoring plan to include the recommendations mentioned above. In addition, we will update the responsible parties for each type of monitoring activity. (2) We will update the subrecipient monitoring policy to reflect how cross-cutting audit findings should be addressed and when the RAQ should be updated. (3) On an annual basis, SPA does perform a risk assessment. The most recognized risk assessment in the industry is the verification that the subrecipient organization has completed its 2 CFR Part 200 Subpart F – Audit Requirements as applicable. SPA monitors and reviews the audit reports and the responses from the subrecipients. In the event that SPA has concerns about the audit report or the corrective action plan, the subrecipient is contacted to resolve those issues. If the subrecipient does not respond to SPA’s concerns in a timely manner, future and/or final payments on any current agreement may be withheld. In addition, we will update the initial RAQ based on the identified concerns or findings. (4) In addition, we will perform an annual review over a sample of subrecipients to ensure that the monitoring activities are performed by the responsible parties. Agreed actions will be completed on or before 09/30/2024 Responsible party: Associate Vice President and Chief Research Administration Officer	Sep-24	Jan-26		In Process 8/25
					MGT. EXPLANATION & RESOLUTION PLAN @ 07/23/2025: (1) - (2) In Process. We are currently working on updating the monitoring plan. The due date was extended to January 31, 2026. (3) Resolved. The RAQ was updated to include the monitoring activity and also any findings that were identified during the audited financial statement review. (4) Resolved. All annual reviews are now reviewed by the Subawards Manager.				
11	2024	UNH	International Operations	Update UNH International Travel Policy	(1) The Senior Vice Provost will coordinate with the USNH Associate General Counsel, and the UNH Chief Research Administration Officer to: A)Update the UNH International Travel Policy including responsibilities for ownership for Travel Aboard program and authority to enforce the UNH International Travel Policy among all UNH-sponsored international travelers, especially faculty and staff and repercussions for lack of compliance. i) The updated policy will include communication and procedural protocols in case of emergencies during travel abroad and roles and responsibilities of key parties, including faculty, staff, and the ITRRC. ii)The updated policy will describe roles and responsibilities related to managing and monitoring employees travelling abroad, and any special measures for employees travelling to high-risk countries, to include use of clean laptops and other devices. UNH’s president will have the final approval of the policy. B)Communicate the policy and provide training and guidance for faculty and staff on UNH international travel policy requirements. (2) The existing Education Abroad Enrollment Manager Manual includes procedures for checking the International Travel Registry ahead of student travel and ahead of approving students in Via-TRM. Education Abroad is in the process of updating and improving the manual; we will ensure that the manual is up to date and clear and concise regarding procedures to check for student registration in the travel tracker before approving the International Travel Registry form in Via-TRM. Education Abroad will provide additional training to the Global Enrollments Management team regarding the process of preparing students for their travels and, specifically, to reinforce the requirements to log into the travel tracker to ensure students’ itinerary is registered before final approval of travel. Education Abroad is in the process of updating the International Travel Registry form where students are required to acknowledge responsibility for the changes in the travel plans, starting with the Summer 2025 applicants. (3) Education Abroad will continue to work with our faculty and partner companies and institutions to ensure that students’ itinerary is updated in the travel registry as needed, especially due to planning delays, location changes, or any other itinerary updates. Education Abroad will continue to educate students on the importance of accurate and up-to-date itinerary information in the International Travel Registry (International SOS Tracker). The Global Enrollment Management team will also continue to coordinate with Education Abroad Advisors as needed and contact students’ emergency contacts for any needed or lacking information.	Jul-25	Jan-26		In Process 8/25
					MGT. EXPLANATION & RESOLUTION PLAN @ 08/11/2025: (1) In Process: UNH Management is currently working on addressing this management action plan. The due date was extended to 01/31/2026. (2) Resolved. The Education Abroad Enrollment Manager Manual and the Enrollment Procedures Manual have been updated and provided to staff. In addition, all staff are trained on the manuals. (3) Resolved. The updated Enrollment Procedures Manual includes now detailed procedures to review all international travel before the departure date to ensure accurate information is in the International Travel Registry.				





#	Originally Reported	Entity	Audit	Risk/Control Issue	Action Plan & Responsible Party	Original Target Date	Revised Target Date	Status	
12	2024	UNH	International Operations	International Students and Scholars Policies, Roles, and Responsibilities	The Senior Vice Provost for Academic Affairs will coordinate with USNH Associate General Counsel, UNH Research, Economic Engagement and Outreach, and UNH OISS to develop and promulgate a policy for foreign visitors to include international students and scholars that includes appropriate roles, responsibilities, and procedures across departments as appropriate. UNH’s president will have final approval of this policy. Roles, responsibilities, and procedures include: A) Overall governance of programs that support foreign visitors and employees B) The employment eligibility verification process (I-9 forms) C) Approval of international student and scholar applications D) Tracking visa and foreign visitor status E) Reporting to the appropriate federal government department/agency F) Monitoring the activities of foreign visitor to ensure propriety and consistency with their exchange or foreign visitor status G) Monitoring the physical location of foreign visitors H) Monitoring foreign visitor access to data, intellectual property, and other sensitive information I) Recordkeeping processes J) Crisis management and welfare support for international students and scholars	Mar-25	Jan-26	<div></div>	In Process 7/25
					MGT. EXPLANATION & RESOLUTION PLAN @ 07/14/2025: In Process: UNH Management is currently working on addressing this management action plan. The due date was extended to 01/31/2026.				
13	2024	UNH	International Operations	Enhance Data Security	(1) The Senior Vice Provost for Academic Affairs will coordinate with USNH Cybersecurity to include in the updated UNH International Travel Policy clearly defined protocols to secure data during international travel, including the use of clean devices in countries deemed to have a higher risk, and including user access to UNH systems during international travel. (2) The Senior Vice Provost for Academic Affairs will coordinate with USNH Associate General Counsel and the Sr Coordinator for Risk Management and Partnerships to ensure the updated UNH International Travel Policy includes clear roles and protocols regarding data protection regulations of applicable foreign (e.g., UK and GDPR) countries. These protocols may include the use of consent forms for all international travelers. (3) Education Abroad will develop and implement data security policies and standard operating procedures including roles and responsibilities and: A. Handling and storing sensitive student data, including retention requirements. Education Abroad will obtain advice from the Associate General Counsel to develop a schedule that articulates specific document retention requirements for each type of document/data handled by the office. The policy will include the requirement that any sensitive information required from students and scholars is requested to be submitted via Via-TRM (not email). The policy will include protocols for cases in which the office receives sensitive data via methods other than Via-TRM. B. An annual Via-TRM user access review process, including Director approval of the access review. (4) The Via-TRM and International SOS contracts are up for renewal on August 31, 2025. In the meantime, Education Abroad will coordinate with USNH Procurement Services to either process new Requests for Proposals or renegotiate the current contracts. We will coordinate with USNH Procurement Services to ensure that any new contracts, whether renewals or not, include all appropriate data security language to protect UNH’s interests. Education Abroad will also coordinate with USNH Cybersecurity and General Counsel as needed to ensure the proper language in the contracts regarding security of UNH’s and students’ data. (5) Education Abroad will coordinate with USNH Cybersecurity and Legal Counsel to create policies and protocols related to data security and international data privacy regulations for study abroad programs. The policy will address low, medium, and high risk areas of travel and any specific data security needs by country, as applicable. Additionally, Education Abroad will require students to sign in Via-TRM data consent form that mitigates the data consent regulation risk for travel to all countries (similar to and instead of the current EU GDPR data consent forms). Finally, we will add USNH Cybersecurity Incident Reporting procedures and Cybersecurity Tips for International Travel to the Canvas prep course. (6) OISS will develop and implement data security policies and standard operating procedures including roles and responsibilities and: A. Handling and storing sensitive international student and scholar data, including retention requirements. Based on requirements promulgated by the UNH Office of the Registrar, the Department of Homeland Security, the Department of State, and the Department of Justice, OISS will develop a schedule that articulates specific document retention requirements for each type of UNH-sponsored students and scholars. The policy will include the requirement that any sensitive information required from students and scholars is requested to be submitted via eOISS/Sunapsis. The policy will include protocols for cases in which OISS receives sensitive data via methods other than eOISS/Sunapsis. B. An annual user access review process, including Director approval of the access review. OISS will open a ticket to request a technical assessment of the health of Sunapsis to include review of existing services and ports and ensure periodic vulnerability scans and web application testing. OISS will coordinate with Cybersecurity to ensure completion of the review.	Dec-25	Dec-25	<div></div>	In Process 8/25
					MGT. EXPLANATION & RESOLUTION PLAN @ 08/11/2025: (1) – (2) In Process: UNH Management is currently working on addressing this management action plan. The due date was extended to 01/31/2026. (3) In process. UNH Education Abroad is currently working on addressing the management action plan. The due date was extended to 01/31/2026 (4) In process. UNH Management is currently working on addressing this management action plan. The due date is 10/30/2025 (5) In process. We have added the USNH Cybersecurity Incident Reporting procedures and Cybersecurity Tips for International Travel to the Canvas prep course. UNH Management is currently working on addressing the remaining management action plan. The due date is 12/31/2025 (6) Resolved: OISS has developed and implemented a retention period requirement for each type of documentation. In addition, the annual access review has been completed.				



#	Originally Reported	Entity	Audit	Risk/Control Issue	Action Plan & Responsible Party	Original Target Date	Revised Target Date	Status	
14	2024	UNH	International Operations	Approval and Periodic Review of Education Abroad Programs	(1) Education Abroad will continue to work with the UCSA to document specific and clear criteria for program approval, for all programs, to include: academic effectiveness, emergency protocols in place including roles and responsibilities, policies in place to notify UNH of student incidents, definition of what constitutes a reportable incident, policies in place to notify UNH of changes in student academic status (e.g., students not adhering to program requirements), appropriate housing and accommodations, responsibility for logistics ·consideration of costs to students, appropriate credits earned, responsibility for security of sensitive student and UNH data, mitigation of risks associated with international privacy laws, program-specific orientation As part of this documentation, Education Abroad will develop clear detailed checklists to ensure all key aspects indicated above are included in program reviews, approval, and reapprovals. Also included will be formal policy to review: all faculty-led programs at least every five years and when there are substantial changes to programs or situations that affect programs, all partner programs annually, with specific review criteria and documentation requirements, and relationships with and performance of all partners at least every five years. This will be completed by December 31, 2026. (2) Education Abroad will develop a procedure for faculty who lead programs to sign an acknowledgment listing their duties and responsibilities as program leaders or participants. We will include a clause to address their responsibilities and limitations related to FCPA and other requirements. Beginning in February 2025, Education Abroad will coordinate with USNH Procurement Services to begin using the Jaggaer Contract Module to process partner program agreements (new agreements and renewal agreements). Lastly, Education Abroad will coordinate with COLSA implement a process of processing EcoQuest student applications through Via-TRM. EcoQuest students will go through the same approval process including attending required trainings and orientation and completing all relevant and required forms to be approved to travel with the program. This will be completed by December 31, 2025 (3) Education Abroad will coordinate with USNH Procurement Services to employ the Jaggaer Contract Module to track all existing agreements, both partner and exchange agreements, so that staff can ensure the agreements are current. This will be completed by June 30, 2026. (4) Education Abroad will work with USNH General Counsel to determine how to mitigate risks regarding all relevant international privacy regulations (e.g., student data-use consent forms). Education Abroad will work with USNH General Counsel to ensure all partner and exchange agreements include the terms recommended by USNH General Counsel related to data privacy. (5) Education Abroad will coordinate with USNH Cybersecurity to mitigate risks regarding student and UNH data security and the language specific to data security that should be included in all agreements and faculty-led program documents. All Education Abroad agreements and faculty-led program documentation will clearly address roles responsibilities for data security going forward. This will be completed by December 31, 2026	Dec-26	Dec-26		In Process 7/25
					MGT. EXPLANATION & RESOLUTION PLAN @ 07/14/2025: (1) In process. UNH Management is currently working on addressing this management action plan. The due date is 12/31/2026 (2) In process. UNH Management is currently working on addressing this management action plan. The due date is 12/31/2025 (3) In process. UNH Management is currently working on addressing this management action plan. The due date is 06/30/2026 (4) Resoled. All templates have been updated to include data privacy terms. (5) In process. UNH Management is currently working on addressing this management action plan. The due date is 12/31/2026				
15	2024	UNH	Human Subject Protocols Compliance	Enhance the IRB Approval Protocols procedures	1) There is currently a one-way integration between Cayuse SP and Cayuse Human Ethics in that Cayuse SP, on both the Proposal and Award forms, has a function to allows the applicable Human Ethics record to be linked. No such link is possible (yet) in Human Ethics, so RIS is reliant upon the information provided by the PI in the IRB application. According to Cayuse, it is part of future upgrades to enhance communication between the modules. Until then, UNH SPA will reinforce with the PI to link all IRB protocol # in Cayuse SP through the system. In addition, RIS will add to the Cayuse Human Ethics initial application (for those applications that have an external sponsor) a text field to include the full name of the research project (name of the project as noted in Cayuse SP) and federal project number. In addition, IRB Analysts will reinforce that the PI needs to provide the Cayuse Award/Proposal number and the name of the PI as noted on the proposal/award. 2. We will reach out to Cayuse to advocate this improvement. 3. RIS staff will update the existing procedures to include standard naming conventions that will be used by the PI when submitting a new protocol. The standard naming convention will be verified during the initial review of the IRB protocol. 4. We will develop and implement roles and responsibilities for the items mentioned in the above recommendations. RIS staff will add to the Cayuse Human Ethics initial application for those applications that indicate an external sponsor a question for the PI to certify that the sponsor has given approval for the involvement of human subjects in the research and where applicable, an incentive payment. If the payment of incentives is approved in the proposed budget and the proposed budget is accepted by the Sponsor, by definition it is approved by the Sponsor. SPA will check that incentive payments are included in the award budget. 5. UNH SPA, when necessary, will add language to the fee for service contract regarding IRB approval for any research activities involving human participants on behalf of the sponsor. 6. RIS and SPA staff will be trained on new processes once they are in place and any guides will be updated to ensure PIs are aware of the changes. 7. UNH SPA and RIS will offer formal training on the importance of IRB protocols to PIs and their administrative staff. Responsible Parties: Associate Vice President and Chief Research Administration Officer, UNH & Director of Research Integrity Services, UNH	Jun-25	Jan-26		In Process 8/25
					MGT. EXPLANATION & RESOLUTION PLAN @ 08/13/2024: (1) - (2) In Process. We have reached out to Cayuse to advocate for this improvement and hope to see this feature in future upgrades. The due date was extended to January 31, 2026 (3) Resolved. RIS have added to the Cayuse Human Ethics initial application (for those applications that have an external sponsor) a text field to include the full name of the research project (name of the project as noted in Cayuse SP) and federal project number. (4) Resolved. RIS staff have added to the Cayuse Human Ethics initial application for those applications that indicate an external sponsor a question for the PI to certify that the sponsor has given approval for the involvement of human subjects in the research and where applicable, an incentive payment (e.g., by attachment of a copy of the sponsor-approved budget justification). (5) In Process. UNH SPA is currently working on addressing this management action plan. The due date was extended to January 31, 2026. (6) Resolved. RIS and SPA staff have been trained on the new process. (7) In Process. We are currently working on developing a formal training on the importance of IRB protocols to PI. The due date was extended to January 31, 2026				

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16	2025	UNH	Parking Operations	Enhance Data Security	1) For the systems that did not receive a full HECVAT review, Touchnet will be replaced by Nelnet by June 30, 2025, and Flowbird will be sunset by July 1, 2025. Parking Services management team will submit a ticket to USNH cybersecurity on July 1st each year so they may conduct timely reviews, to include annual reviews for all systems, and a full HECVAT review for any pending system contracts going forward. We have requested ET&S to implement USNH SSO and MFA for Cardinal and iParq. 2) Parking Services management team will conduct a formal documented review of access to any systems that Parking manages annually on July 1st. 3) Parking Services has reached out to USNH Financial Operations and the PCI Compliance Specialist to ensure that the HCS Administrative Coordinator receives notifications for training requirements regarding PCI compliance for all required Parking Services employees. All staff are currently up to date on PCI training and will be tracked by the HCS Administrative Coordinator. 4) Parking Services management will work with Student Financial Services and ET&S to receive business office payments on student accounts through OneDrive or SharePoint by June 30th. 5) Parking Services management will develop and implement policies and procedures including roles and responsibilities of handling and storing sensitive payment and other data, including retention requirements for Campus Services by July 1st. Responsible Party: Parking and Campus Services Manager, UNH	Jul-25	Jan-26	<div></div>	In Process 8/25
					MGT. EXPLANATION & RESOLUTION PLAN @ 08/13/2025: NEW & (1) In Process: A ticket was submitted for a HECVAT review of all systems for July 1st. At this time we have not had a response to this ticket from ET&S. Touchnet was replaced by Nelnet, and SSO has been implemented for Cardinal. SSO for iParq is still in progress but nearing completion. The due date was extended to January 31, 2026. (2) Resolved. A formal documented review was performed. (3) Resolved. All staff are currently up to date on PCI training and are tracked. (4) In Process: We have reached out to Student Accounts to request delivery of the Business Office payments through SharePoint. The due date was extended to January 31, 2026. (5) In Process: UNH Management is currently working on addressing this management action plan. The due date was extended to January 31, 2026.				
17	2025	UNH	Animal Care and Use Protocols Compliance	Enhance the Billing procedures	1. We will review the existing per diem rates for housing research animals and update them as appropriate based on the review. We will review all costs associated with the facility and ensure that the units used in the analysis are reasonable. In regards to the outstanding internal billing to PIs, we will review the impacted cost centers and record any revenue for outstanding balances if needed. 2. Internal billing rates will be evaluated and approved annually. 3. We will establish and implement formal procedures regarding the purchase of research animals and ensure that all research animals are billed to the PIs. In addition, we will review the animal purchases that are noted in the findings and bill the animals to the PI. 4. We will establish and implement formal procedures related to appropriate internal billing for the transfer of internally bred research animals. Responsible Party:	Dec-25	Dec-25	<div></div>	In Process 6/25
					MGT. EXPLANATION & RESOLUTION PLAN @ 06/25/2025: NEW				
18	2025	UNH	Animal Care and Use Protocols Compliance	Enhance the IACUC Approval Protocols procedures	1. We are currently working with Cayuse to upgrade the Animal Oversight module. Once the upgrade is completed, we will be able to obtain all the information through the application. We will import and develop the IACUC protocols within Cayuse Animal Oversight and request all needed information, ensuring that the IACUC protocols will be linked to Cayuse Sponsored Projects for consistent data mapping. This depends on the vendor's timeframe and the integration capability of the two modules, but we currently estimate that this will be completed by December 30, 2026. 2. Until the upgrade of the Cayuse Animal Oversight module is completed, during the initial review of IACUC applications, we will check with the PI regarding the grant title, award information and PI (if different from the IACUC protocol) if the PI indicates external funding on the application. Any guidelines will be updated and reinforced with the PIs. This will be completed by September 30, 2025. 3. We will develop and implement roles and responsibilities regarding animal use and care approval and monitoring. Once we have upgraded the Cayuse Animal Oversight module, for those initial applications that indicate and external sponsor, RIS staff add a question for the PI to certify that the sponsor has given approval for the involvement of vertebrate animals in research and where those animals need to be purchased. This will be incorporated into the IACUC manual. This will be completed by December 30, 2026. 4. We will update the training section within the IACUC manual, to include that any training certificates through the CITI program will have an expiration date of 5 years and any training program completed prior to that, does not have an expiration date. This will be completed by September 30, 2025. Responsible Party: Director of Research Integrity Services, UNH	Dec-26	Dec-26	<div></div>	In Process 6/25
					MGT. EXPLANATION & RESOLUTION PLAN @ 06/25/2025: NEW				

#	Originally Reported	Entity	Audit	Risk/Control Issue	Action Plan & Responsible Party	Original Target Date	Revised Target Date	Status	
19	2025	UNH	Advancement Data Security	Enhance PCI-DSS Compliance	1) We will update the UNH Advancement-specific PCI-DSS data handling procedures to ensure alignment with current practices. In addition, we will review the procedure annually for any changes. This will be completed by July 1, 2025. 2) In discussion with USNH's E-Commerce & PCI Compliance Specialist, we determined that our current process of Development Officers writing down credit card information, calling GDM to process securely and then securely destroying the credit card information securely is, in fact, the PCI-DSS compliant way to handle this process. They did note that we should avoid using whiteboards and just focus on paper so we will remove the whiteboard option for development officers and provide clear communication/direction on this change. This will be completed by September 1, 2025. 3) USNH manages the PCI-DSS training program including tracking who is in program and who has completed. We will connect with USNH to determine how they can best share information on Advancement when the automated notices go out for annual training. This connects with the other action item identified here for GLBA/FERPA trainings. It will be the same solution for all. This will be completed by December 31, 2025. Responsible Party: UNH Director of Gift and Data Management	Dec-25	Dec-25		In Process 6/25
					MGT. EXPLANATION & RESOLUTION PLAN @ 06/25/2025: NEW				
20	2025	UNH	Advancement Data Security	Enhance data security protocols	1) We will create a records retention policy as it relates to confidential data and document it with any necessary procedures. Once in place, we will communicate it within Advancement and carry out the necessary removal of identified documents accordingly. We will seek out sample documents from other institutions to guide this outcome. This will be completed by June 30, 2026, by the Senior Executive Director of Finance, UNH Advancement & Treasurer, UNH Foundation. 2) Once we complete the step above, we would then document the policies/procedures that are needed in compliance with existing USNH policies that already apply to Advancement. This will be completed by December 31, 2026, by the UNH Assistant Vice President of Advancement Operations. 3) There is already a USNH Privacy Policy that is publicly posted. Advancement and all areas of UNH are subject to this policy and our actions are covered by this policy. We would first determine if an additional privacy policy is needed that covers information/details not already covered by this existing policy. If it is determined that we need a privacy policy that contains more detail than the USNH one, we will partner with USNH Counsel's office to draft and finalize a policy that covers all of UNH, not just Advancement, so it's all covered in one place. This will be completed by December 31, 2025, by the UNH Assistant Vice President of Advancement Operations. 4) We will ask HR to provide a list of all Advancement staff with a Flex Agreement on file to determine if anyone is missing. We have confirmed we are not required to renew these agreements annually, only if anything changes. We have already added a step to our new hire ticket to ensure the hiring manager puts a flex agreement on file as all Advancement staff work in a hybrid capacity. This will be completed by September 1, 2025, by the UNH Assistant Vice President of Advancement Operations.	Jun-26	Jun-26		In Process 6/25
					MGT. EXPLANATION & RESOLUTION PLAN @ 06/25/2025: NEW				
21	2025	UNH	Advancement Data Security	Enhance On-Premises Applications Security	1) We will coordinate with Cybersecurity for an updated SAR that covers on-premises controls and risks and implement any recommendations. This will be completed by September 30, 2025 2) We will coordinate with Cybersecurity to review the current MFA prompt settings, session time-out duration policies for the application and consider updating the setting to align with current security best practices and organizational needs. This will be completed by December 31, 2025. Responsible Party: UNH Director, CRM Services	Dec-25	Dec-25		In Process 6/25
					MGT. EXPLANATION & RESOLUTION PLAN @ 06/25/2025: NEW				
22	2025	UNH	Research Computing Center ITGC	Enhance Configuration Management	1) RCC will formally document the practices into Standard Operating Procedure (SOP) and train adequate personnel accordingly. It will outline a clear process for determining which configuration changes are applicable for submission to the CAB. RCC will establish a schedule for quarterly reviews of system configurations and develop and maintain documented baseline configurations for all relevant systems and tools 2) All applicable configuration changes, including updates and patches to Windows and Linux servers, will be logged into a central system, Splunk, and reported to the CAB as per the required timelines. 3) RCC will collaborate with Enterprise Infrastructure Services (EIS) team to secure and maintain the repository (repo-01.unh.edu). Access requests are submitted via Tdx and reviewed by that team prior to allowing new developers to log in. All code changes are actively being logged in the repository. 4) We will work with Cybersecurity to formalize the protocols for secure code reviews for our test sites and mobile applications through a scanning tool, like BurpSuite, prior to pushing major code changes to production and would formalize SOPs and approval process. For web development environment (Drupal), we will install a Drupal security module, like Security Kit, to monitor the code for various vulnerabilities across the site, including 3rd party libraries. 5) All installed libraries will be analyzed for security and active maintenance prior to selection.  This will be completed by August 31,2025 by the UNH Senior Director, RCC	Aug-25	Dec-25		In Process 9/25
					MGT. EXPLANATION & RESOLUTION PLAN @ 09/29/2025: NEW (1) - (5) In Process: Management is currently working on addressing these management action plans. The due date was extended to December 31, 2025.				

#	Originally Reported	Entity	Audit	Risk/Control Issue	Action Plan & Responsible Party	Original Target Date	Revised Target Date	Status	
23	2025	UNH	Research Computing Center ITGC	Enhance Access Management	1) RCC will review systems and applications managed by RCC that are not currently utilizing central authentication. For these systems, a plan will be developed to integrate them with central authentication where feasible. For systems where central authentication cannot be immediately implemented, a formalized process for initiating regular access reviews will be documented. This process will define the steps for conducting these reviews and ensuring that access remains appropriate and continue to comply with Cybersecurity standards. Any deviation will be presented for formal risk acceptance in accordance with Cybersecurity standards. 2) Accounts are currently requested through https://ams.usnh.edu. RCC will formally document the existing procedures for granting administrative access to RCC Linux servers in a Standard Operating Procedure (SOP). We formalize a document that outlines the current definition for all roles and privileges granted to them in the repository (Reporter, Developer, Maintainer, Owner). Service Line Lead and Development Team managers will be responsible for assigning roles based on these qualifications. SOP would also document the procedure of periodic review of those roles.  This will be completed by August 31, 2025 by the UNH Senior Director, RCC	Aug-25	Dec-25		In Process 9/25
					MGT. EXPLANATION & RESOLUTION PLAN @ 09/29/2025: NEW (1) - (2) In Process: Management is currently working on addressing these management action plans. The due date was extended to December 31, 2025.				
24	2025	UNH	Research Computing Center ITGC	Enhance IT Asset Inventory Tracking	1) Intake form is in place. This form will be revised to include details on application details and the type of data used and data sensitivity labels. The request is reviewed with the client for additional information. Going forward a checklist will be developed and completed for new requests. Lastly, the RCC team will work together to determine the data classifications and add them to Netbox. 2) SOP for IT Asset Tracking will be written up by RCC. This will include formalizing IT asset tracking requirements including software components (software inventory), data classification, commission date, name of asset, asset owner, location, purchase date, warranty status per USNH standards and policies. 3) A new asset inventory was set up in the fall and all RCC assets were migrated to it in December 2024. RCC will collaborate with security operation team to enable SSO via central auth system and additional layer of MFA to inventory Netbox.  This will be completed by August 31, 2025 by the UNH Senior Director, RCC	Aug-25	Dec-25		In Process 9/25
					MGT. EXPLANATION & RESOLUTION PLAN @ 09/29/2025: NEW (1) - (3) In Process: Management is currently working on addressing these management action plans. The due date was extended to December 31, 2025.				
25	2025	UNH	Research Computing Center ITGC	Clarify Staff Roles and Responsibilities	We will: 1) Create a document with the roles and responsibilities of the staff. 2) Create documentation around training policies, which will be based on roles and responsibilities. RCC staff training attendance will be formally tracked. For example, HIPPA training should be done each calendar year in July. Annual Cybersecurity training is managed by the Cybersecurity team. 3) SOPs will be developed for the incident response process 4) Develop outline the steps for tracking incidents & vulnerabilities. This will be completed by July 31, 2025 by the UNH Security Administrator, ET&S RCC	Jul-25	Dec-25		In Process 9/25
					MGT. EXPLANATION & RESOLUTION PLAN @ 09/29/2025: NEW (1) - (4) In Process: Management is currently working on addressing these management action plans. The due date was extended to December 31, 2025.				
26	2024	USNH	Travel and Expense Reimbursement	Ensure compliance with USNH Travel and Business Expense policies	(1) USNH campuses and departments are responsible for being informed and knowledgeable of USNH Financial Policies. The USNH Travel policy provides guidelines that are to be followed by campuses and should be incorporated in departmental purchasing process. Management will review the USNH Travel policy and make any necessary updates to clarify roles/responsibilities and supporting documentation requirements. Work to be completed by June 30, 2024. (2) Any changes to the USNH Travel policy will be communicated and any training program will be updated. Work to be completed by June 30, 2024. (3) Management will incorporate functionality from the new ERP travel module to streamline reimbursement processing and include traveler, supervisor, and STAR approval workflow. Work to be completed by January 1, 2025. (4) Management will develop a formal training program for employees planning to travel on behalf of USNH and their supervisors. Work to be completed by January 1, 2025. In the meantime, USNH FOC will develop travel reimbursement guides on key areas. Work to be completed by June 30, 2024. (5) USNH Procurement is in the process of evaluating the feasibility of the use of a travel agency. (6) Effective April 1, 2023, when USNH T&E staff note that a reimbursement contains goods or services, they will notify the employee that future purchases should be made through preapproved USNH purchasing methods going forward. (7) Management will evaluate opportunities in the new ERP to determine if tracking and reporting of violations in an automated manner is an option. The FOC currently notifies all individuals included on the reimbursement submission regarding any policy non-compliance corrections needed. Evaluation will be completed by January 2025. Responsible party: USNH Assistant Director, Controller and Financial Operations	Jan-25	Jun-25		Resolved 8/25

#	Originally Reported	Entity	Audit	Risk/Control Issue	Action Plan & Responsible Party	Original Target Date	Revised Target Date	Status	
				MGT. EXPLANATION & RESOLUTION PLAN @ 08/13/2025: (1) - (2) Resolved: USNH Policy updates have not started yet. Workday has been the high priority for all staff and once Workday is in a good start, likely after hypercare, USNH policies will be updated. The due date has been extended to January 31, 2026. Due to Workday controls, this item has been downgraded to medium risk. (3) Resolved. Workday Expense Report approval workflow has been created to capture proper approvals including supervisor, PI, STAR, cost centers depending on the FDM elements selected within the expense report. The expense report is unable to be processed without full approvals captured in Workday. (4) Resolved: Guides for Workday expense reports have been created and are shared within the USNH Workday Resources Pages. (5) Resolved. We are still evaluating the feasibility of a travel agency. The due date has been extended to January 31, 2026. This item has been downgraded to medium. (6) Resolved (7) Resolved. When a violation is discovered by an expense partner, upon review of an expense report, they flag the expense item and add a comment for the audit flag.					
27	2024	USNH	Travel and Expense Reimbursement	Enhance controls and procedures to ensure compliance with sponsor requirements for grant related foreign travel	(1) All unallowable costs noted above will be removed from sponsored projects. (2) Sponsored Programs will be launching research security training that will advise researchers traveling internationally of their obligations and responsibilities. Work to be completed by January 1, 2025. In the meantime, SPA will develop travel guidance on key areas. Work to be completed by June 30, 2024 (3) UNH researchers are responsible for being informed and knowledgeable of USNH Financial Policies. The USNH Travel policy provides guidelines that are to be followed by campuses and should be incorporated in departmental purchasing process. Sponsored Programs Administration will review the USNH Travel policy and make any necessary updates to clarify roles/responsibilities and supporting documentation requirements. Work to be completed by January 30, 2024. (4) SPA will work with management to incorporate functionality from new ERP travel module to streamline reimbursement processing and include traveler, supervisor, and STAR approval workflow. Work to be completed by January 1, 2025. (5) All grant related reimbursements will be first reviewed and approved by STAR and then sent to USNH FOC for further review and payment processing. This workflow change will be incorporated into the functionality of the new ERP travel module to streamline the reimbursement process. Work to be completed by January 31, 2025 Responsible Party - UNH Sponsored Programs Director, Post Award	Jan-25	Jan-26	<div></div>	In Process 8/25
MGT. EXPLANATION & RESOLUTION PLAN @ 08/13/2025: (1) - (5) In process. Due to the Workday Implementation, an extension has been requested. The new due date for the management action plan is January 31, 2026.									
28	2024	USNH	Email Security	Enhance Email Security Architecture	(1) We are currently working with UNH-PD to move them to cloud-based email and processes that move them closer to CJIS compliance which may including placing them in the existing USNH tenant with appropriate controls or into their own CJIS compliant tenant). Owner: Manager of Microsoft Services, USNH Expected Completion Date: October 31, 2024. (2) We will generate an asset inventory for email systems operating outside ET&S purview through discovery scans and present a list to the Provost for possible migration to ET&S managed systems or risk acceptance. Owner: Director of Governance, Risk, & Compliance, USNH Expected Completion Date: October 31, 2024.	Oct-24	Aug-25	<div></div>	Resolved 8/25
MGT. EXPLANATION & RESOLUTION PLAN @ 08/21/2025: (1) Resolved. The UNH-PD email has been successfully migrated to M365. Migration to OneDrive and SharePoint is currently in process. (2) Resolved. The UNH PD Email server has been successfully migrated to the Government Cloud & RCC email servers are scheduled for decommissioning, pending a meeting with the Provost. Progress has been impacted due to the recent ET&S staff reductions. This issue has been downgraded to medium.									
29	2024	USNH	Email Security	Enhance Security Awareness & Training	(1) To enhance organizational cybersecurity, a management action plan is proposed to transition USNH cybersecurity data security training from strongly encouraged to mandatory. The plan focuses on promoting awareness, reinforcement/staying current with threats, and celebrating success. Currently, the completion rate stands at approximately 60% among USNH staff and faculty. (2) Additionally, USNH ET&S will increase the frequency of the bi-annual anti-phishing exercise to quarterly. By executing this plan, the organization aims to foster a culture of security, improve employee compliance, and effectively mitigate cybersecurity risks. Owner: Director of Cybersecurity Operations & Identity Access Management, Lead Cybersecurity GRC, DB/BC Analyst, and General Counsel, USNH Expected Completion Date: December 31, 2024	Dec-24	Nov-25	<div></div>	In Process 8/25
MGT. EXPLANATION & RESOLUTION PLAN @ 08/21/2025: (1)In progress: The CISO has informed us that cybersecurity training is being piloted for delivery via Workday. The due date was extended to November 30, 2025. (2) Resolved									
30	2024	USNH	Email Security	Enhance Data Loss Prevention (DLP)	(1) We will test and tune DLP rules before deployment and communicate with the USNH community on actions to be taken. We will deploy and enable DLP policies for critical roles requiring access to GLBA, HIPAA, and PCI-DSS information. (2) We will create a written policy and notification of the ability to delete inboxes upon losing birth-right roles. (3) We will create a written policy to specifically address and warn users of the ability to restrict or delete email inboxes on personal devices (BYOD) when connected to USNH M365. Owner: Director of Cybersecurity Governance, USNH, and Director of Cybersecurity Operations & Identity Access Management, USNH Expected Completion Date: July 30, 2024	Jul-24	Nov-25	<div></div>	In Process 8/25
MGT. EXPLANATION & RESOLUTION PLAN @ 08/21/2025:: (1)- (3) In Process. Management is currently working on addressing these management action plans. The due date was extended November 30, 2025.									



#	Originally Reported	Entity	Audit	Risk/Control Issue	Action Plan & Responsible Party	Original Target Date	Revised Target Date	Status	
31	2024	USNH	Vulnerability Management	Least Privilege and Superuser Access	We will use group-based access control lists and tailor access rights. We will include Tenable in SSO with appropriate conditional access policies enabled. We will disallow SMS-based Multi-Factor Authentication for administrator accounts within scanning appliances. Owner: Manager of Network Security Engineering, USNH Expected Completion Date: December 01, 2024	Dec-24	Apr-25	<div></div>	Resolved 8/25
				MGT. EXPLANATION & RESOLUTION PLAN @ 08/21/2025: Resolved. Tenable and Burp Suite are using SSO, and SMS-based authentication has been disabled for all 'adm' accounts as a standard practice.					
32	2024	USNH	Vulnerability Management	Improve Servers Asset Inventory & Ownership Tracking	We will conduct a review to examine data currently in TeamDynamix, establish processes to standardize data imported into TeamDynamix, for managed servers, endpoints and network devices and identify areas for automation. Owner: Assistant Vice President of Enterprise Portfolio Management Services & Customer Management, USNH and Director of Cybersecurity Operations & Identity Access Management, USNH Expected Completion Date: December 01, 2024	Dec-24	Nov-25	<div></div>	In Process 08/25
				MGT. EXPLANATION & RESOLUTION PLAN @ 08/21/2025: In process. Desktop inventory is being tracked in TeamDynamix, and server inventory is currently in progress. The due date has been extended to November 30, 2025.					
33	2024	USNH	IT Asset Management	Strengthen Controls Around the Procurement of IT devices	(1) Analyze the dollar threshold amount before setting a reduced amount. (Dec 2024) (2) Review and update the P-Card policy and exception process with Finance and Procurement and adjust accordingly (Dec 2024) (3) Update Acquisitions policy to mandate inventory tracking, tagging and registration of IT assets (Dec 2024) (4) Review and update the endpoint management policy for exceptions for alignment with procurement and acquisitions policy (Dec 2024) Responsible Party: Director, Help Desk Services, ET&S, USNH	Dec-24	Nov-25	<div></div>	In Process 08/25
				MGT. EXPLANATION & RESOLUTION PLAN @ 08/21/2025: (1) to (4) In process. The threshold amount has been decided, and the policy has been drafted, but it is yet to be approved and communicated. The due date has been extended to November 30, 2025.					
34	2024	USNH	IT Asset Management	Improve Central Reporting for Vendor Contracting & Security Assessment Reviews	(1) Validate SAR reviews with vendors (SEED and Collegis) to be done by Cybersecurity ET&S (Oct 2024) (2) Validate SEED vendor data destruction policies and documentation (Oct 2024) (3) Review cybersecurity review process for onboarding new vendors/services (December 2024) (4) Work with procurement on contract with CoreTek (December 2024) Responsible Party: Director, Help Desk Services, ET&S, USNH	Dec-24	Nov-25	<div></div>	In Process 08/25
				MGT. EXPLANATION & RESOLUTION PLAN @ 08/21/2025: In Process.1. SAR for the Collegis is due for renewal the due date was extended to December 2025. 2-4 Resolved. The SAR has been completed for Cortex/SEED, and the contract is updated. The due date was extended to November 30, 2025.					
35	2025	USNH	Purchasing Card	Lack of Receipts and Business Purpose	(1) We will continue to ensure that receipts are submitted and contact the cardholder and supervisor with a warning violation to attempt to obtain receipts for purchases greater than \$25. (2) We will continue to maintain the list of cardholders with policy violations started in 2024. (3) We will continue to suspend cards promptly after repeated violations. (4) For transactions that violate the policy of the PCard program, we will continue to contact both the cardholder and their supervisor with policy violation notification and provide instructions on how to reimburse the University, if applicable. (5) We will continue to contact cardholders and cardholders’ supervisors for any personal or other unauthorized charges to provide instructions on how to reimburse the University, to seek reimbursement. If unsuccessful in the collection of owed funds. In addition, PCard will be suspended or terminated, and escalation to Human Resources (in consultation with legal) for recovery of unsupported funds or personnel action will be referred, as appropriate. (6) Workday workflow process contains STAR approval to change FDMs (accounting codes) from non-grant to grant prior to the reconciliation of transactions. Current Workday defaults are set to employees’ non-grant related organization FDMs. (7) For transactions that appear fraudulent and for abuse of the PCard program, we will refer to HR and General Counsel for further action, including pursuing refunds for unsupported transactions or personnel action, as appropriate. The remaining 22 purchasing cardholders noted above who still have not submitted receipts will be referred to HR and General Counsel for further action. (8) UNH STAR will review the above transactions that are charged to grants and confirm the allowability and allocability of these transactions. If necessary, STAR will remove these costs from the grants. Responsible Parties: USNH Chief Procurement Officer and UNH Associate Vice President & Chief Research Administration Officer, Research, Economic Engagement, and Outreach	Jun-25	Jan-26	<div></div>	In Process 8/25
				MGT. EXPLANATION & RESOLUTION PLAN @ 08/11/2025: (1) - (8) In Process. USNH Management is currently working on addressing these management action plans. The due date has been extended to January 31, 2026.					

#	Originally Reported	Entity	Audit	Risk/Control Issue	Action Plan & Responsible Party	Original Target Date	Revised Target Date	Status	
36	2025	USNH	Purchasing Card	Ensure Cardholder Compliance with USNH Policy and Procedures	<p>(1) Current PCard Training iterates the requirement for cardholders to review and adhere to all USNH Financial Services Policies and Procedures. This will continue to be included in training, if updates are warranted.</p> <p>(2) Workday includes designated reviewers (supervisors or STAR for PIs as cardholders) are required to review grant-related transactions over certain dollar thresholds for adherence to all USNH Financial Services Policies and Procedures, and grant requirements as applicable and reiterate policy requirements as needed. This has developed clear roles and responsibilities for reviewing PCard transactions by STAR and USNH FOC.</p> <p>(3) Confirmed with a Wells Fargo that only credits can be charged after a PCard has been closed with Wells Fargo. The sample finding indicated that the PCard was reflected as closed in Banner; however, it was not closed in the Wells Fargo portal. The PCards were closed with Wells Fargo, to prevent further transactions.</p> <p>(4) Staff will continue to perform monthly reviews of reports detailing transactions after employee terminations and will investigate any transactions after termination. We will continue to regularly review terminated employee list, and will continue to suspend or terminate the card, depending on the business requirement status findings.</p> <p>(4) We have issued policy violation notices for the above noted transactions.</p> <p>(5) The PCard signature line will be updated for the cardholder, the supervisor or his/her delegate or PI. We will evaluate future opportunities to collect the attestation from cardholders and supervisors that they possess a working knowledge of the USNH Financial Services Policies and Procedures annually.</p> <p>(6) We will implement a process of reviewing PCard transactions periodically for purchases from catalog vendors and follow up with cardholders.</p> <p>(7) We will continue to work with cardholders to resolve issues with transactions that arise from FOC's review. For items that cannot be resolved, Procurement will issue warnings, track violations, and require additional training for cardholders with more than one violation. Escalating to General Counsel and HR will take place, if applicable. A periodic report may be presented to FINEC on PCard trends and compliance at any time upon FINEC's request.</p> <p>(8) We will identify purchases that occur post termination.</p> <p>(9) The PCard policy will be updated to include that reviewers of transactions are required to report repeated violations for tracking and follow up as needed.</p> <p>(10) We will seek approval from FINEC to add the recommended additional training requirements to the policy as well as request any additional resources necessary to complete this recommendation.</p> <p>(11) Additional controls have been built into Workday. We will develop guidance for the FOC staff on the above areas and areas such as business purpose, unallowable expenses, and receipt documentation requirements. Training will be provided during weekly T&amp;E/PCard meetings. After the training, all FOC staff reviewing transactions will be asked to formally acknowledge all financial policies including gift and awards, taxability of gifts, and alcohol.</p> <p>(12) We will request Level 3 data to be available for FOC review within Workday. If this cannot be achieved, we will ask FINEC to accept the risk.</p> <p>(13) UNH STAR will review transactions (charged to grants) and verify pre-approval documentation and confirm the allowability and allocability of these transactions. If necessary, STAR will remove these costs from the grants.</p> <p>(14) Workday workflow requires preapproved authorization to approve certain predefined expenses (e.g., foreign travel). Additionally, training, including the approval process for expenses charged to grants, was provided to PIs before the Workday implementation in November and December of 2024, and sponsored program expense training will be ongoing as STAR continues to complete the Workday implementation process.</p> <p>Responsible Party: USNH Chief Procurement Officer, USNH Finance Support Manager, and UNH Associate Vice President &amp; Chief Research Administration Officer, Research, Economic Engagement, and Outreach</p>	Dec-25	Dec-25	<div></div>	In Process 8/25
MGT. EXPLANATION & RESOLUTION PLAN @ 08/11/2025: (1) - (14) In Process. USNH Management is currently working on addressing these management action plans. The due date currently is December 31, 2025.									

#	Originally Reported	Entity	Audit	Risk/Control Issue	Action Plan & Responsible Party	Original Target Date	Revised Target Date	Status	
37	2025	USNH	Network Security	Enhance Configuration Controls	1) ET&S Networking will improve configuration management by implementing the following: I. Establish and enforce standardized baseline configurations based on CIS Level 1 benchmarks and vendor-recommended best practices for all network devices (firewalls, routers, switches, VPN) and audit via Tenable. We will then establish a process to alert and remediate any configuration drift. II. Disable outdated protocols and unnecessary services, and enable secure protocols audit via Tenable. III. Deploy 802.1X enterprise wide with the Aruba CX switch rollout using the existing PSU configuration as the standard. IV. Existing certificate lifecycle management process alerts as certificates approach expiration to ensure timely renewal and replacement. V. Replace/rename local default administrative usernames but keep for local break glass. VI. Changes to enhance VLAN segmentation are already in progress. VII. HA monitoring is accomplished via logs and email alerts. VIII. Implement quarterly device configuration reviews, including compliance checks against baseline configurations. These will be completed by December 31, 2025. Network segmentation is a strategic roadmap initiative that will be prioritized and addressed as soon as the next available resources are allocated. Responsible Party: Director, Networking Operations, USNH 2) Will work with CAB governance to document standard changes. In conjunction with the business contact for individual rules conduct a retrospective rule audit to identify and remove redundant, outdated, or overly permissive rules. Integrate automated rule analysis tools, where feasible, to assist with validation against security policies. This will be completed by March 31, 2026. Responsible Party: Director, Networking Operations, USNH 3) We will review exceptions and disabled or formally submitted for exception identified in the audit. We will perform a full physical port audit across all sites to validate access control enforcement. Existing edge-based controls are currently being replaced with a standard recognized network segmentation model to simplify review. This will be completed by September 30, 2025. Responsible Party: Director, Networking Operations, USNH 4) Implementation of endpoint posture validation is in process using available tools. Coordination with the VPN vendor is in process to patch or mitigate the IPv6 tunneling bug and deploy updated client software. This will be completed by December 31, 2025. Responsible Party: CISO & Director, Networking Operations, USNH 5) We acknowledge the risk and have prioritized this as part of our web security roadmap. Actions include: I. Request Long Range Technology Plan funding to procure and deploy a cloud-based or hybrid Web Application Firewall (WAF) solution to protect both internal and external web applications. II. When funding is secured conduct an application risk assessment to prioritize high-value targets for WAF enforcement. III. For immediate action we have registered the risk to the risk register, and we will work with CISO for formally the risk acceptance by September 30, 2025. Implementation of WAF is dependent of availability of funding. Responsible Party: CISO & Director, Networking Operations, USNH	Mar-26	Mar-26	<div></div>	In Process 9/25
					MGT. EXPLANATION & RESOLUTION PLAN @ 09/29/2025: 1) - 5) NEW				
38	2025	USNH	Network Security	Improve Access Controls	1) We will implement the following measures to strengthen privileged access and credential management: I. Minimize usage of generic local admin accounts across routers, switches, and other network devices to break glass events. Develop approval process for break glass account usage and password storage. II. Centralized authentication for network devices using RADIUS/TACACS+ or SAML/MFA is already standard practice and logged. Log review documentation will be enhanced as per vendor/industry's best practices. III. All management of network devices will be accomplished on enterprise managed machines. IV. Beyond Trust implementation is in process to enhance monitoring of access activity. V. Continue to monitor devices for any advancements that do not currently support Multi-Factor Authentication (MFA). VI. Align secure password management practices with enterprise solution and policy. Implement audit logging and session monitoring for all administrative access via Beyond Trust to ensure accountability and support incident response and investigations. Central authentication and MFA enforced on priority devices is complete. Alerting, investigation, and documentation of shared account usage will be completed by December 31, 2025. Responsible Party: Network Development & Security Program Manager, USNH 2) We will formalize annual review of access for all critical network devices and systems, including: I. Validation of current users and roles. II. Identification and removal of orphaned or excessive access rights. III. Review of dormant or unused accounts. IV. Track and report review completion status to IT leadership as part of security metrics and compliance dashboards. This will be completed by December 31, 2025 Responsible Party: Director, Networking Operations, USNH	Dec-25	Dec-25	<div></div>	In Process 9/25
					MGT. EXPLANATION & RESOLUTION PLAN @ 09/29/2025: 1) - 2) NEW				