Audit Committee Meeting

October 22, 2026 at 10:45 AM (EST)

UNH - Durham | Memorial Union Building, Room 338

Meeting Book - 2026 October 22 Audit Committee

MEETING AGENDA - October 22, 2026 at 10:45am

I. Meeting Information

Physical location: UNH-Durham | Memorial Union Building, Room 338
Meeting URL: https://zoom.us/j/95216495265?pwd=O6zCUmbzeUoLagRSUt6wnYztwIoZme.1
Call in: 1 312 626 6799
Meeting ID: 952 1649 5265
Passcode: 532622

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, 2026 Meeting
1. 2026-06-26-audit-draft-minutes - 4

B. Enterprise Risk Management (ERM) Update on Compliance
1. ERM Update on Compliance and summary sheet - 7

10:50 - 11:00 am

V. Non-Public Session

MOVED, that the Audit Committee go into non-public session for the purpose of discussing matters which if discussed in public would likely affect adversely the reputation of a person or persons, who are not members of this committee authorized by RSA 91-A:3, II(c).

11:00 - 11:30 am

VI. Items for Committee Consideration and Action

A. Approve FY26 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, 2026 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, 2026 be accepted and forwarded to the Governor, the Legislative Fiscal Committee, and others as specified in state law RSA 187-A:22.

1. USNH FY26 Financial Highlights - 11
2. USNH FY26 Financial Statements with motion sheet - 18

B. Review FY26 Audit Report and Comments from CLA (15 mins)

1. FY26 Audit Results Presentation CLA - 60

11:30 - 11:50 am

VII. Items for Committee Consideration and Discussion

A. ERP Program Update (15 mins)

1. ERP Program Update October 2026 - 72

B. Status of Outstanding Audit Issues (5 mins)

1. Status of outstanding audit issues and summary sheet - 76

VIII. Other Business

A. Chair or Committee comments

B. Next scheduled meeting: March 25, 2027 at Keene State College

IX. Adjourn

X. Informational Items

A. informational items transition page - 93

B. FY26 UNH Foundation Financial Statements - 94

C. NCAA AUP Renewal summary sheet - 120

D. Internal Audit Reports Issued

1. KSC Revenue Contracts Audit Report - 121

BOARD OF TRUSTEES
AUDIT COMMITTEE
June 26, 2026

UNIVERSITY OF NEW HAMPSHIRE
DURHAM, NH

MEETING MINUTES
Draft for Approval

Attendance

Committee members present: Chair Peter T. Paul, Vice Chair David Westover, Jennifer Higgins Pitre

Other trustees present: Cathy Provencher

Other participants: Ashish Jain, Kara Bean, Karen Benincasa, David Blezard, George Morris (remote), Matt MacManes

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Call to Order

Committee Chair Paul called the meeting to order at 8:00 a.m.

Consent Agenda

Approval of the consent agenda containing the following items was duly moved, seconded, and approved.

Consent Items:
Approval of the March 19, 2026, Minutes

Items for Committee Consideration and Action

FY2027 Meeting Schedule and Work Plan

Mr. Jain noted that ERP update was added to the meeting schedule; otherwise, the meeting schedule and work plan are consistent with last year. Mr. Jain welcomes any input on the schedule and plan.

The following motion was moved by Trustee Paul, duly seconded, and approved with no dissenting votes.

***VOTED**, on recommendation of the Chancellor, that the Audit Committee FY2027 Meeting Schedule and Work Plan be approved.*

FY2027 Internal Audit Plan / Internal Audit's FY2026 Annual Report

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

The budget is consistent with last year. In response to a question from Chair Paul, Mr. Jain stated that

Internal Audit staff is sufficient and meets the core mission, noting that some audits are outsourced.

The following motion was moved by Trustee Paul, duly seconded, and approved with no dissenting votes.

***VOTED**, on recommendation of the Chancellor, that the proposed Internal Audit Plan for FY2027 be approved.*

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. The risks have generally not changed from the last year; content has been added to specify risks.

The risks assigned to the Audit Committee are Workday (ERP) Implementation, Compliance, and Cybersecurity & Data Governance.

Chancellor Provencher and Vice Chancellor Karen Benincasa discussed the status of various Workday functionalities. USNH has engaged with temporary consultants who have expert Workday knowledge to improve Workday security and reporting functionality. Reporting will be further improved and streamlined once Workday Student is launched and student data drivers are available. The Financial Data Model (FDM) has been restructured and the new structure will be launched on July 1. Adaptive planning (multi-year plan, assumptions, etc.) continues to be enhanced. USNH continues to see gains and efficiencies with Workday's automated transactional processing.

The following motion was moved by Trustee Paul, duly seconded, and approved with no dissenting votes.

***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 GY2027 annual ERM report to the appropriate Board committees, as specified in the attachment, for purposes of oversight.*

Items for Committee Consideration and Discussion

ERP Program Update

George Morris, USNH CIO, noted that the ERP project has reached just past the halfway point. Key milestones completed include go-live of HR and Finance Platform and completion of Workday Student design worksets. Upcoming milestones include Foundation Data Model (FDM) update and Workday Student design sign-off. The ERP project is on time and although currently tracking above budget the team will work to remain within budget.

Matt MacManes, UNH Vice Provost of Academic Affairs and Workday Student Business Sponsor, and Vice Chancellor Benincasa stated that a 3rd party solution for financial aid is currently being evaluated. Chancellor Provencher noted that the implementation partner relationship has improved with the Workday Student project. Upon question, Mr. Morris confirmed that there are enough resources for the ERP project, and overall, the ERP project has been progressing well at this time.

GLBA Compliance Update

David Blezard, Interim USNH CISO, updated the committee and provided brief background information.

CampusGuard completed a comprehensive GLBA compliance assessment in December 2024. The assessment resulted in ten institutional observations; five observations remain in progress. Mr. Blezard briefly discussed the status of high-risk observations. A third GLBA assessment is scheduled for October 2026.

GLBA training was expanded in 2026 and moved to Workday. The completion rate is 96% and outreach is underway for employees who have not completed the training.

Data security and data sharing concerns were highlighted during the Workday Student project. The GLBA Committee is working with General Counsel's Office and Procurement to draft a standard agreement for third-party vendors who will have access to financial aid data to ensure greater data security and training for vendor employees.

Self-assess Audit Committee Effectiveness

Mr. Jain noted that participation was low this year. Chair Paul offered his assistance to encourage participation in future surveys.

Audit Committee Charter

No changes to the Audit Committee charter are recommended at this time.

Internal Audit Charter

No changes to the Internal Audit Charter are recommended by USNH staff at this time; however, the Institute of Internal Auditors published new Global Internal Audit Standards effective January 9, 2025. Proposed revisions to the charter are under review.

Informational Items

- USNH Conflict of Interest Policies and Related Management Processes
- Enterprise Risk Management (ERM) Update on Cybersecurity
- UNH NCAA Agreed Upon Procedures Report
- Internal Audit Reports Issued
    - Confidential – UNH Building Badge Access Audit Report
    - Confidential – PSU Admissions Data Security Review Report

Adjournment

There being no further business or discussion, the meeting adjourned at 8:58 a.m.

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 IV. B. ERM Update on Compliance**– For Information, No Action Required**

SUPPORTING MATERIALS (attached) – SUMMARY AND SALIENT INFORMATION

At the August 27, 2026 meeting, the Presidents' Council reviewed risk mitigation efforts relating to Compliance. USNH General Counsel Pimentel reviewed the current risks and mitigation strategies. The changes to federal grant administration will be discussed in more detail. Chancellor Provencher noted the interest in a future overarching System compliance function. The monitoring report is attached.

SUBMITTED AND APPROVED BY:

Catherine A. Provencher
Chancellor

Date Prepared: October 12, 2026 For the Meeting of: October 22, 2026

-- End of Summary Sheet --

University System of New Hampshire

Presidents' Council

ENTERPRISE RISK MANAGMENT

Risk Monitoring Report to the Board of Trustees

August 2026

Process for Management of Enterprise Risks:

[Insert description of process(es) including (but not necessarily limited to): who is involved and how mitigation plans were developed; the nature and extent of ERM Champion and other staff involvement and Presidents' Council's oversight.]

Summary of the Mitigation Plans for Enterprise Risks (*Mitigation plan and progress comments columns are updated periodically. Other columns flow from the Annual ERM Report.)*:

Risk Area	Accountable Office	Risk Description	ERM Champion	Likelihood	Impact	Management/ Mitigation Plan	Presidents' Council Assessment Comments
Compliance	Presidents' Council, GCO	• Lack of central system compliance office/officer can lead to gaps in compliance management.	Chad Pimentel	High	Medium	Continued emphasis on a "culture of compliance" through a distributed compliance system; possible new area-specific central compliance structures.	

		• Material changes to grant regulations anticipated in the coming year.		High	High	Continued monitoring of new requirements and ongoing risk assessment of accepting grant conditions; monitoring of programs and website content for material that may violate grant conditions.	
		• Pending legislation could increase compliance obligations in operations.		Medium	Medium	Monitoring of expected bills (i.e. student and employee due process).	
		• Data collection for new federal financial aid/program evaluation metrics will begin, requiring System resources.		High	Medium	Workload monitoring in the short term. In future years, when program evaluations are made public, will require analysis of results and possible programmatic changes.	
		• Turnover and staff limitations in grant support staff increase risk to institutional research operations.		Medium	High	Hiring of new UNH AVP Research who will drive oversight and resource allocation.	
		• State and federal actions or constraints create legal, operational, and cultural risks.		High	Medium		

Keene STATE COLLEGE

Plymouth State UNIVERSITY

University of New Hampshire

University System of New Hampshire

Item VI. A. USNH FY26 Financial Highlights
October 22, 2026

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FY26 Overview

- **Adoption of GASB 103** changed how operating margin is calculated
- **Financial position strengthened:** Net position increased **$162 million (8.6%) to $2.06 billion**, primarily driven by strong investment performance and endowment growth.
- **Operating results improved, but a deficit remains:** The loss after noncapital subsidies narrowed to **$36 million from $50 million**, excluding investment income and other nonoperating activities.
- **Cost reductions outpaced revenue declines:** Operating expenses fell **$28 million (3%)**, reflecting restructuring, cost containment and lower employee benefit costs, while operating revenues declined **$8 million (1%)**.
- **Endowment resources expanded:** Endowment and similar investments reached **$1.21 billion**, up **12.7%**, with **$117 million** in returns after distributions and **$19 million** in gifts.
- **Liquidity improved:** Cash and short-term investments increased to **$184 million from $172 million**. Operating and noncapital financing activities generated **$48 million**, versus **$22 million** in FY25.
- **Debt increased to support capital investment:** Long-term debt rose to **$395 million** following new borrowing and refinancing, which generated approximately **$8 million in net present value savings**.
- **Credit ratings remained investment grade:** Moody's maintained **Aa3/stable** and S&P maintained **A+**, but revised its outlook to **negative**, citing operating pressures and demand challenges.
- **Financial pressures persist:** Declining enrollment and reduced federal grant activity constrain revenues. State operating support fell to **$87 million from $95 million**, with a further reduction to **$77 million in FY27**.

GASB 103 | Understanding the margin

Presentation change only — no change to total net position or underlying results

$(36)M

FY26 GASB 103 measure

FY25: $(50)M | $14M improvement

$5M

FY26 historical measure

FY25: $(7)M | $12M improvement

Reconciliation to the historical measure

	FY26	FY25
Operating loss after noncapital subsidies	**(36)**	**(50)**
Add: Endowment and investment income	**56**	**57**
Less: Interest expense, net	**(15)**	**(14)**
Historical increase (decrease) before other changes	**5**	**(7)**

FY26 | Financial performance

Operating improvement despite continued revenue and enrollment pressure

$(36)
GASB 103 loss after subsidies
Improved $14 vs. FY25

$5
Historical operating margin
Improved $12 vs. FY25

$763
Operating revenue
Down $8 / 1.0%

$897
Operating expenses
Down $28 / 3.0%

What improved

- Employee compensation declined $23; supplies and services $11.
- Cost containment and lower medical costs supported results.
- Operating loss before subsidies improved $20 to $(134).

Ongoing pressures

- Net tuition and fees declined $7; grants and contracts $7.
- State operating appropriations declined $8 to $87.
- Fall FTE enrollment declined 3.2% to 20,955.

FY26 | Financial position

Investment performance strengthened net position; strategic financing supports facilities

$2.06B
Total net position
Up $162 / 8.6%

$1.21B
Endowment investments
Up $136 / 12.7%

$395
Long-term debt
Up $52 / 15.2%

Financial strength

- Endowment growth included $117 returns and $19 gifts.
- Unrestricted net position rose $97 to $469.

Capital and financing

- Issued ~$150 in bonds: ~$70 new money, ~$80 refunding.
- Refunding delivered ~$8 in net present value savings.

Campus Statements of Revenues, Expenses and Changes in Net Position for the Year Ended June 30,2026

($ in millions)

	University of New Hampshire Campuses & Foundation	Plymouth State University	Keene State College & Endowment Association	System-wide Office	Total University System of New Hampshire
OPERATING REVENUES					
Tuition and fees	$ 416	$ 68	$ 57	$ -	$ 541
Less: student financial aid	(173)	(35)	(27)	-	(235)
Net tuition and fees	243	33	30	-	306
Grants and contracts	205	10	12	-	227
Sales of auxiliary services	121	31	25	-	177
Noncapital gifts and other operating revenue	34	3	4	12	53
Total Operating Revenues	**603**	**77**	**71**	**12**	**763**
OPERATING EXPENSES					
Employee compensation	407	49	48	56	560
Supplies and services	220	29	28	(49)	228
Utilities, depreciation and amortization	71	17	14	7	109
Total Operating Expenses	**698**	**95**	**90**	**14**	**897**
Operating loss	*(95)*	*(18)*	*(19)*	*(2)*	*(134)*
NON-CAPITAL SUBSIDIES					
State of New Hampshire general appropriations	61	15	11	-	87
Other subsidies	10	-	1	-	11
Total Non-capital Subsidies	71	15	12	-	98
Operating loss and noncapital subsidies	*(24)*	*(3)*	*(7)*	*(2)*	*(36)*
OTHER NONOPERATING REVENUES (EXPENSES)					
Investment income and other financing revenue	42	5	4	5	56
Interest expense, net	(7)	(3)	(2)	(3)	(15)
Endowment gifts and returns, net	83	5	10	38	136
State capital appropriations	4	1	-	-	5
Plant gifts, grants and other changes, net	159	21	14	(178)	16
Total Other Nonoperating Revenues (Expenses)	**281**	**29**	**26**	**(138)**	**198**
Total Increase (Decrease) in Net Position	**$ 257**	**$ 26**	**$ 19**	**$ (140)**	**$ 162**

Campus Statements of Net Position as of June 30, 2026

($ in millions)

	University of New Hampshire Campuses & Foundation	Plymouth State University	Keene State College & Endowment Assoc	System-wide Office	Total University System of New Hampshire
Cash and short-term investments	$ 154	$ 17	$ 13		$ 184
Endowment and similar investments	1,019	94	93		1,206
Capital assets, net	870	201	158		1,229
Other assets and deferred outflows of resources	145	5	8		158
Total Assets and Deferred Outflows of Resources	2,188	317	272	-	2,777
Postretirement medical benefits	46	8	7		61
Long-term debt	253	73	69		395
Other liabilities and deferred inflows of resources	216	26	23		265
Total Liabilities and Deferred Inflows of Resources	515	107	99	-	721
Net investment in capital assets	569	98	76		743
Restricted financial resources	712	48	84		844
Unrestricted financial resources	392	64	13		469
Total Net Position	$ 1,673	$ 210	$ 173	$ -	$ 2,056

UNIVERSITY SYSTEM OF NEW HAMPSHIRE BOARD OF TRUSTEES

Audit Committee

Motion Sheet

University System of New Hampshire

To: Audit Committee

Re: **Item VI. A. Approve Financial Statements for the Fiscal Year Ended June 30, 2026**

PROPOSED MOTION

***MOVED**, on recommendation of the Chancellor, that the USNH Financial Statements for the fiscal year ended June 30, 2026 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, 2026 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, 2026 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 23, 2026, 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 FY26 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 14, 2026 For the Meeting of: October 22, 2026

-- End of Motion Sheet --

Draft 10-14-26
For Discussion Purposes Only
Subject to Change
Not to be Reproduced

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 financial statements 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, 2026 and 2025, 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 accompanying 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, 2026 and 2025, and the 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). 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.

Draft 10-14-26
For Discussion Purposes Only
Subject to Change
Not to be Relied Upon

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.

Draft 10-14-26
For Discussion Purposes Only
Subject to Change
Not to be Relied Upon

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 basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

CliftonLarsonAllen LLP

Quincy, Massachusetts
October 22, 2026

UNIVERSITY SYSTEM OF NEW HAMPSHIRE

I. OVERVIEW OF THE FINANCIAL STATEMENTS

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and results of activities of the University System of New Hampshire (USNH) for the fiscal years ended June 30, 2026, and 2025. It presents comparative financial information and explains significant changes based on currently known facts, decisions, and conditions. This discussion should be read in conjunction with the accompanying financial statements and notes.

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 a key provider of public higher education for bachelor's and advanced-degree students. USNH operates three educational institutions that collectively provide instruction, research, and public service: the University of New Hampshire (UNH), Plymouth State University (PSU), and Keene State College (KSC). The financial statements also include the activities and balances of the University of New Hampshire Foundation, Inc. (UNHF) and the Keene Endowment Association (KEA), legally separate affiliated entities included in the USNH reporting entity.

Financial Reporting Model Changes

Fiscal year 2026 represents the first year in which USNH implemented GASB Statement No. 103, *Financial Reporting Model Improvements*. GASB 103 refines the structure and content of MD&A by emphasizing concise, objective explanations of the reasons for significant changes in financial position and results of operations. The revised MD&A is organized into five sections: an overview of the financial statements; a financial summary; detailed analyses; significant capital asset and long-term financing activity; and currently known facts, decisions, or conditions.

GASB 103 also modifies the presentation of the Statement of Revenues, Expenses, and Changes in Net Position, including the classification and display of operating and nonoperating activities. Fiscal year 2025 comparative amounts have been reclassified, as applicable, to conform to the fiscal year 2026 presentation. These presentation changes do not alter the underlying economic activity or total change in net position reported for the comparative period.

USNH also adopted the provisions of GASB Statement No. 104, *Disclosure of Certain Capital Assets*, during fiscal year 2026. The implementation of this Statement had no material impact on USNH's financial statements.

II. FINANCIAL SUMMARY

A. Financial Highlights

Table 1: Condensed Information from the Statements of Net Position as of June 30,
($ in millions)

	2026	2025	2024	2026-2025 $ Change	2026-2025 % Change
Cash and short-term investments	$ 184	$ 172	$ 207	$ 12	7.0%
Endowment and similar investments	1,206	1,070	988	136	12.7%
Capital assets, net	1,229	1,233	1,205	(4)	(0.3%)
Other assets and deferred outflows of resources	158	91	112	67	73.6%
Total Assets and Deferred Outflows of Resources	2,777	2,566	2,512	211	8.2%
Postretirement medical benefits	61	59	65	2	3.4%
Long-term debt	395	343	362	52	15.2%
Other liabilities and deferred inflows of resources	265	270	273	(5)	(1.9%)
Total Liabilities and Deferred Inflows of Resources	721	672	700	49	7.3%
Net investment in capital assets	743	789	799	(46)	(5.8%)
Restricted financial resources	844	733	670	111	15.1%
Unrestricted financial resources	469	372	343	97	26.1%
Total Net Position	$2,056	$1,894	$1,812	$ 162	8.6%

Table 2: Condensed Information from the Statements of Revenues, Expenses and Changes in Net Position for the Years Ended June 30,

($ in millions)

	2026	2025	2024	2026-2025 $ Change	2026-2025 % Change
OPERATING REVENUES					
Tuition and fees	$ 541	$ 555	$ 555	$ (14)	(2.5%)
Less: student financial aid	(235)	(242)	(233)	7	(2.9%)
Net tuition and fees	306	313	322	(7)	(2.2%)
Grants and contracts	227	234	239	(7)	(3.0%)
Sales of auxiliary services	177	174	174	3	1.7%
Noncapital gifts and other operating revenue	53	50	55	3	6.0%
Total Operating Revenues	**763**	**771**	**790**	**(8)**	**(1.0%)**
OPERATING EXPENSES					
Employee compensation	560	583	568	(23)	(3.9%)
Supplies and services	228	239	263	(11)	(4.6%)
Utilities, depreciation and amortization	109	103	97	6	5.8%
Total Operating Expenses	**897**	**925**	**928**	**(28)**	**(3.0%)**
Operating loss	*(134)*	*(154)*	*(138)*	*20*	*(13.0%)*
NON-CAPITAL SUBSIDIES					
State of New Hampshire general appropriations	87	95	98	(8)	(8.4%)
Other subsidies	11	9	12	2	22.2%
Total Non-capital Subsidies	98	104	110	(6)	(5.8%)
Operating loss and noncapital subsidies	*(36)*	*(50)*	*(28)*	*14*	*(28.0%)*
OTHER NONOPERATING REVENUES (EXPENSES)					
Investment income and other financing revenue	56	58	54	(2)	(3.4%)
Interest expense, net	(15)	(15)	(14)	-	0.0%
Endowment gifts and returns, net	136	81	75	55	67.9%
State capital appropriations	5	3	15	2	66.7%
Plant gifts, grants and other changes, net	16	5	6	11	220.0%
Total Other Nonoperating Revenues (Expenses)	**198**	**132**	**136**	**66**	**50.0%**
Total Increase (Decrease) in Net Position	**$ 162**	**$ 82**	**$ 108**	**$ 80**	**97.6%**

USNH's financial position strengthened in fiscal year 2026, with total net position increasing $162 million in comparison to $82 million in fiscal year 2025, primarily driven by strong investment performance and endowment growth. Operating results improved as cost containment measures, organizational restructuring, and lower employee benefit costs more than offset declines in tuition and grant revenues. The operating loss after noncapital subsidies improved from $50 million to $36 million despite continued enrollment pressures and reduced state appropriations. USNH also issued approximately $150 million in bonds to support capital investments and refinance existing debt, generating approximately $8 million in net present value savings. Despite these improvements, declining enrollment and state funding reductions remain ongoing financial challenges.

III. DETAILED ANALYSIS

A. Financial Position

The Statements of Net Position present USNH’s assets, liabilities, deferred outflows and inflows of resources, and resulting net position as of 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 1 shows condensed information from the Statements of Net Position at June 30 for the past three years. Condensed information as of June 30, 2026 by campus is also shown as required by regional accreditation agencies which can be found in Table 3.

Total net position increased from the prior year by 8.6%. Cash and short-term investments totaled approximately $184 million at June 30, 2026, compared with approximately $172 million at June 30, 2025 as USNH continues to manage cash flow despite declining enrollment and state appropriation reductions. Endowment and similar investments increased by $136 million, or 12.7%, reflecting $117 million of investment returns after distributions and $19 million of endowment gifts.

Capital assets remained relatively stable at approximately $1.2 million over the three-year period, as annual capital expenditures were generally consistent with annual depreciation expense. Other assets and deferred outflow of resources increased in fiscal year 2026 primarily as a result of the bond proceeds held by the bond trustee as of June 30, 2026.

USNH has large liabilities related to long-term debt, postretirement medical benefits, separation incentives programs, and lease liabilities. Bond principal payments ranged from $13 million to $15 million for fiscal years 2024 through 2026. The postretirement obligations represent the actuarially determined value of medical benefits provided to certain current and former employees for various periods. (See Notes 6 and 7 to the Financial Statements for additional information). 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 increase in long-term debt was primarily attributable to the March 2026 issuance of the Series 2026 HEFA bonds, which included approximately $70 million of new-money financing for capital projects.

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. This decreased in fiscal year 2026 primarily as a result of the increase in debt associated with Series 2026. Restricted financial resources include balances of current, and prior year, gifts designated for purposes such as scholarships and academic programs, as well as endowment and similar fund balances required by donors to be invested in perpetuity. This increased in fiscal year 2026 primarily as a result of strong endowment returns. Unrestricted financial resources represent net assets that are available for any future use without legal restriction. The increase in unrestricted financial resources in fiscal year 2026 is largely the result of strong endowment returns as a large portion of the USNH endowment fund is unrestricted (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, 2026 is shown in Table 3:

Table 3: Condensed Information from the Statement of Net Position as of June 30, 2026
Presented by Campus*
($ in millions)

	University of New Hampshire Campuses & Foundation	Plymouth State University	Keene State College & Endowment Assoc	System-wide Office	Total University System of New Hampshire
Cash and short-term investments	$ 154	$ 17	$ 13		$ 184
Endowment and similar investments	1,019	94	93		1,206
Capital assets, net	870	201	158		1,229
Other assets and deferred outflows of resources	145	5	8		158
Total Assets and Deferred Outflows of Resources	2,188	317	272	-	2,777
Postretirement medical benefits	46	8	7		61
Long-term debt	253	73	69		395
Other liabilities and deferred inflows of resources	216	26	23		265
Total Liabilities and Deferred Inflows of Resources	515	107	99	-	721
Net investment in capital assets	569	98	76		743
Restricted financial resources	712	48	84		844
Unrestricted financial resources	392	64	13		469
Total Net Position	$ 1,673	$ 210	$ 173	$ -	$ 2,056

* Beginning in fiscal year 2026, management changed the presentation of system wide office assets and liabilities by allocating these balances to the respective campuses using allocation methodologies designed to reflect the each campus's relative share. In prior year, these balances were presented separately at System level. Fiscal year 2025 amounts were not reclassified to conform to the fiscal year 2026 presentation. This change in presentation does not affect the consolidated financial results or net position of the University System.

B. Operating Results

This statement reports revenues, expenses, and changes in net position as prescribed by GASB. Consistent with GASB 103, revenues and expenses are classified among operating, noncapital financing, capital and related financing, and investing activities. Federal Pell grants and noncapital gifts are now reported as operating revenues. While certain revenue sources, such as state appropriations, investment income, and endowment distributions, are required to be presented outside of operating revenues, they remain important sources of funding for USNH's operations. Accordingly, all categories of operating and nonoperating revenues should be considered when evaluating USNH's financial performance and changes in net position.

Table 2 shows condensed information from the Statements of Revenues, Expenses and Changes in Net Position for the three years ended June 30, 2026. Condensed information by campus as of June 30, 2026 is also shown as required by regional accreditation agencies which can be found in Table 4.

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 enrollment. The decline in tuition and fee revenue was accompanied by a $7 million decrease in student financial aid, following a $9 million increase in fiscal year 2025. Operating revenue from grants and contracts decreased primarily due

to a reduction in federal grant awards from the U.S. government. The reduction in federal awards is primarily attributable to changes at the federal level. In addition, UNH's large NASA program is winding down, resulting in decreased subcontract activity and a corresponding reduction in grants, supplies, and services expenses.

Employee compensation decreased $23 million in fiscal year 2026 with approximately $3 million associated with grants and contracts and $20 million associated with non-grant operating activity. Cost reduction and containment efforts continued into fiscal year 2026 and employee medical expenses were lower in fiscal year 2026. Other operating supplies and services expenses, not directly related to grants, have continued to decline since fiscal year 2024, decreasing by $15.8 million, or 9%, over the two-year period. This reduction reflects management's continued focus on cost containment and operational efficiency initiatives across USNH.

State appropriations decreased from $98 million in fiscal year 2024 to $87 million in fiscal year 2026 which is a decrease of $11 million or 11%. Of the $11 million decrease, $3 million was one-time funding in fiscal year 2024 for Plymouth State University and Keene State College while the remaining $8 million is a decrease in the general block grant appropriated to USNH. The state authorized fiscal year 2027 appropriation is further reduced by an additional $10 million to a total block grant of $77 million.

Endowment gifts totaled $19 million in fiscal year 2026 and $16 million in fiscal year 2025. The endowment pool investment return after distributions resulted in gains of $117 million in fiscal year 2026 and $65 million in 2025.

With the adoption of GASB Statement No. 103 in fiscal year 2026, USNH replaced the previously reported Increase (Decrease) in Net Position Before Other Changes with Operating Income (Loss) After Noncapital Subsidies as a key measure of financial performance. While both measures provide insight into the System's financial results, they are not directly comparable due to changes in the classification and presentation of certain revenues and expenses as mandate by GASB 103. Specifically, the new measure excludes certain nonoperating activities, including investment income and interest expense, that were previously included in the Increase (Decrease) in Net Position Before Other Changes. To facilitate comparisons with prior years, the following reconciliation illustrates the adjustments necessary to bridge the new GASB 103 measure to the previously reported measure.

GASB 103 Financial Performance Reconciliation
For the Years Ended June 30,
($ in millions)

	2026	2025
Operating income (loss) after noncapital subsidies — GASB 103	$ (36)	$ (50)
Endowment and investment income	56	57
Interest expense, net	(15)	(14)
Increase (decrease) in net position before other changes — historical measure	5	(7)

Table 4 shows condensed information from the Statements of Revenues, Expenses and Changes in Net Position by campus as of June 30, 2026.

Table 4: Condensed Information from the Statement of Revenues, Expenses and Changes in Net Position for the Year Ended June 30, 2026
Presented by Campus
($ in millions)

	University of New Hampshire Campuses & Foundation	Plymouth State University	Keene State College & Endowment Association	System-wide Office	Total University System of New Hampshire
OPERATING REVENUES					
Tuition and fees	$ 416	$ 68	$ 57	$ -	$ 541
Less: student financial aid	(173)	(35)	(27)	-	(235)
Net tuition and fees	243	33	30	-	306
Grants and contracts	205	10	12	-	227
Sales of auxiliary services	121	31	25	-	177
Noncapital gifts and other operating revenue	34	3	4	12	53
Total Operating Revenues	**603**	**77**	**71**	**12**	**763**
OPERATING EXPENSES					
Employee compensation	407	49	48	56	560
Supplies and services	220	29	28	(49)	228
Utilities, depreciation and amortization	71	17	14	7	109
Total Operating Expenses	**698**	**95**	**90**	**14**	**897**
Operating loss	*(95)*	*(18)*	*(19)*	*(2)*	*(134)*
NON-CAPITAL SUBSIDIES					
State of New Hampshire general appropriations	61	15	11	-	87
Other subsidies	10	-	1	-	11
Total Non-capital Subsidies	71	15	12	-	98
Operating loss and noncapital subsidies	*(24)*	*(3)*	*(7)*	*(2)*	*(36)*
OTHER NONOPERATING REVENUES (EXPENSES)					
Investment income and other financing revenue	42	5	4	5	56
Interest expense, net	(7)	(3)	(2)	(3)	(15)
Endowment gifts and returns, net	83	5	10	38	136
State capital appropriations	4	1	-	-	5
Plant gifts, grants and other changes, net	159	21	14	(178)	16
Total Other Nonoperating Revenues (Expenses)	**281**	**29**	**26**	**(138)**	**198**
Total Increase (Decrease) in Net Position	**$ 257**	**$ 26**	**$ 19**	**$ (140)**	**$ 162**

*System-wide Office revenues and expenses include revenue recognized and costs incurred centrally on behalf of the University System. Consistent with prior years, certain System-wide Office expenses are allocated to the campuses through internal allocation methodologies for various line items such as supplies and services and other changes. Additionally, as of June 30, 2026, the accumulated net position through June 30, 2026 was full allocated to the institutions through allocation methodologies such that the system-wide Office net position is zero. Accordingly, the financial results reported for the System-wide Office are not intended to be interpreted as a measure of standalone operating performance.

Revenues

The University System's revenues are generated from a diverse mix of tuition and fees, state appropriations, grants and contracts, auxiliary enterprises, gifts, endowment distributions, and investment income. Although these revenue sources are diverse, USNH remains significantly dependent on tuition and fee revenue, making enrollment levels and student demand important drivers of its financial performance.

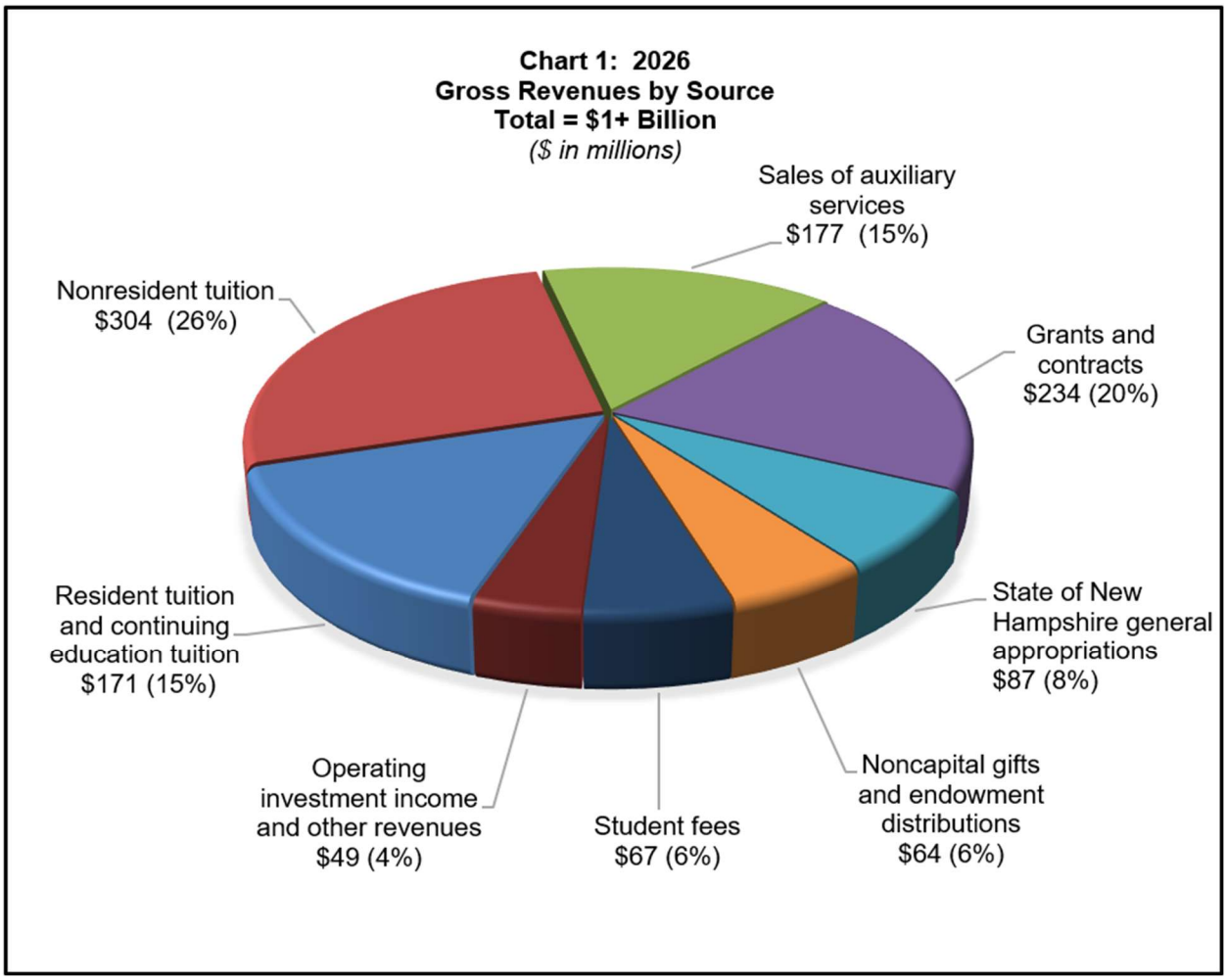
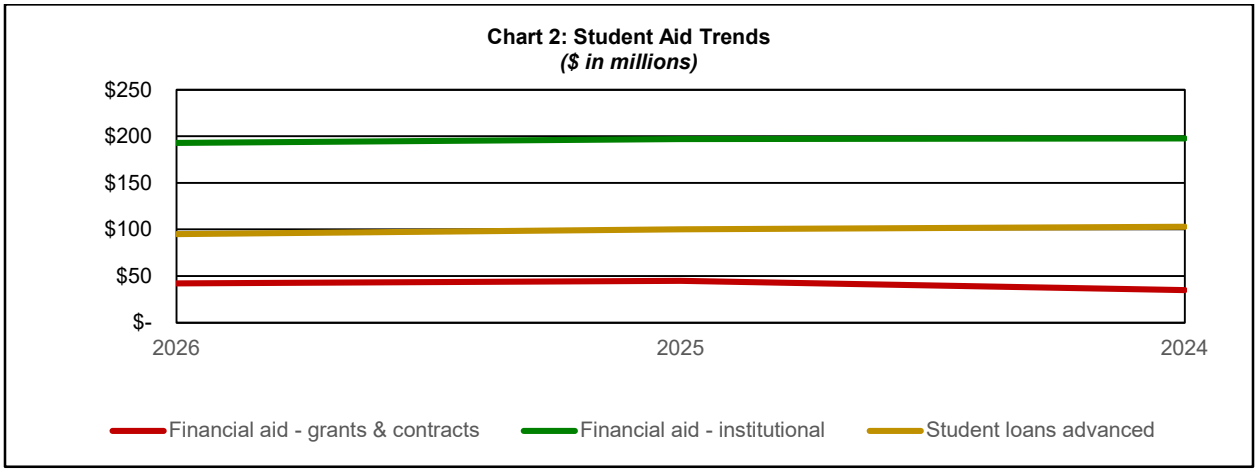


Chart 1 illustrates USNH's revenue streams, including those classified as nonoperating revenues in accordance with GASB standards, which combined totaled over $1 billion for fiscal year 2026. Given our tri-fold mission of instruction, research, and public service, the vast majority of USNH revenues are generated by providing educational and auxiliary services. Total gross revenues decreased by $21.7 million, or 1.9%, in fiscal year 2026 compared to fiscal year 2025. The largest contributing factor was a decrease in nonresident tuition due to a 6.4% decline in FTE enrollment

Providing access and affordability remains a strategic priority for USNH. Institutional financial aid continued to represent the largest source of student financial assistance during fiscal year 2026, reflecting USNH's commitment to supporting student recruitment, retention, and degree completion. Federal, state, and externally funded aid programs supplemented institutional resources and further enhanced affordability across all campuses.



As shown in Chart 2, institutional financial aid continues to exceed student loans advanced, demonstrating USNH's emphasis on direct financial support. Over the past three fiscal years, USNH has awarded approximately $710 million in direct student financial assistance. Of this total, approximately $588 million (82%) was funded through institutional resources, including campus general funds, gifts, and athletic programs, while approximately $122 million, or 18%, was supported by grants. USNH remains focused on balancing student affordability with long-term financial sustainability in support of student access, persistence, and success.

Table 5: Full-Time Equivalent Credit Enrollment For the Fall of Each Fiscal Year

	2026	2025	2024
UNH (all campuses)	14,777	15,291	15,234
PSU	3,481	3,577	3,712
KSC	2,697	2,786	2,773
Total USNH FTEs	20,955	21,654	21,719
NH Resident	10,840	10,849	10,570
Nonresident	10,115	10,805	11,149
Total USNH FTEs	20,955	21,654	21,719

As shown in Table 5, combined FTE enrollment across USNH institutions declined by 3.5% from fiscal year 2024, primarily reflecting the increasingly competitive and shrinking higher education market in New England, where approximately 90% of USNH students reside.

Table 6: Freshmen Applications, Acceptances and Enrollees for the Fall of Each Fiscal Year

	2026	2025	2024
Freshmen applications received			
UNH (all campuses)	21,566	21,175	20,887
PSU	5,454	6,185	6,927
KSC	5,868	4,964	4,306
Acceptances as % of applications			
UNH (all campuses)	89%	88%	87%
PSU	98%	97%	98%
KSC	96%	97%	97%
Enrolled as % of acceptances			
UNH (all campuses)	12%	14%	14%
PSU	17%	14%	15%
KSC	12%	15%	18%

UNH's strategic priorities focus on strengthening the university's impact, advancing interdisciplinary education and research excellence, fostering well-being and belonging, and reinforcing UNH's position as a first-choice destination for students seeking public higher education in New England. These priorities are intended to enhance student success, expand research and workforce impact, and position the university for long-term enrollment and financial sustainability in an increasingly competitive higher education environment.

PSU’s strategic priorities focus on igniting curiosity through integrated teaching and learning, advancing student success, strengthening an inclusive community, and ensuring institutional agility and financial sustainability. These priorities prepare students for success in learning, career and life while positioning PSU for enrollment growth and meeting New Hampshire’s evolving educational, workforce and community needs.

KSC’s strategic priorities focus on elevating academic and institutional reputation, achieving focused growth and fiscal sustainability, fostering an inclusive community and well-being, and creating clear student pathways to degree and career. These priorities are designed to enhance student success,

strengthen post-graduation outcomes, and position KSC for long-term enrollment growth and financial health.

Expenses

USNH's expenses (including expenses classified as nonoperating under GASB standards) decreased in fiscal year 2026 from fiscal year 2025 by $33.6 million, or 2.8%, after a relatively flat change to fiscal year 2024. Grant and contract related employee compensation and supplies and services decreased by $4.4 million, or 5.3%, due to a continued reduction in grant-related activities in fiscal year 2026. USNH has been focused on containing costs through restructuring and downsizing operations to more align with lower current enrollment levels. In fiscal year 2026, other employee compensation and supplies and services excluding grant-related activities decreased $29 million, or 9.6%. Employee benefit costs declined in fiscal year 2026 following high medical claims in fiscal year 2025. The decrease was driven by significantly lower medical claims and cost savings from the redesign of the medical plan, including a change in the medical insurance administrator.

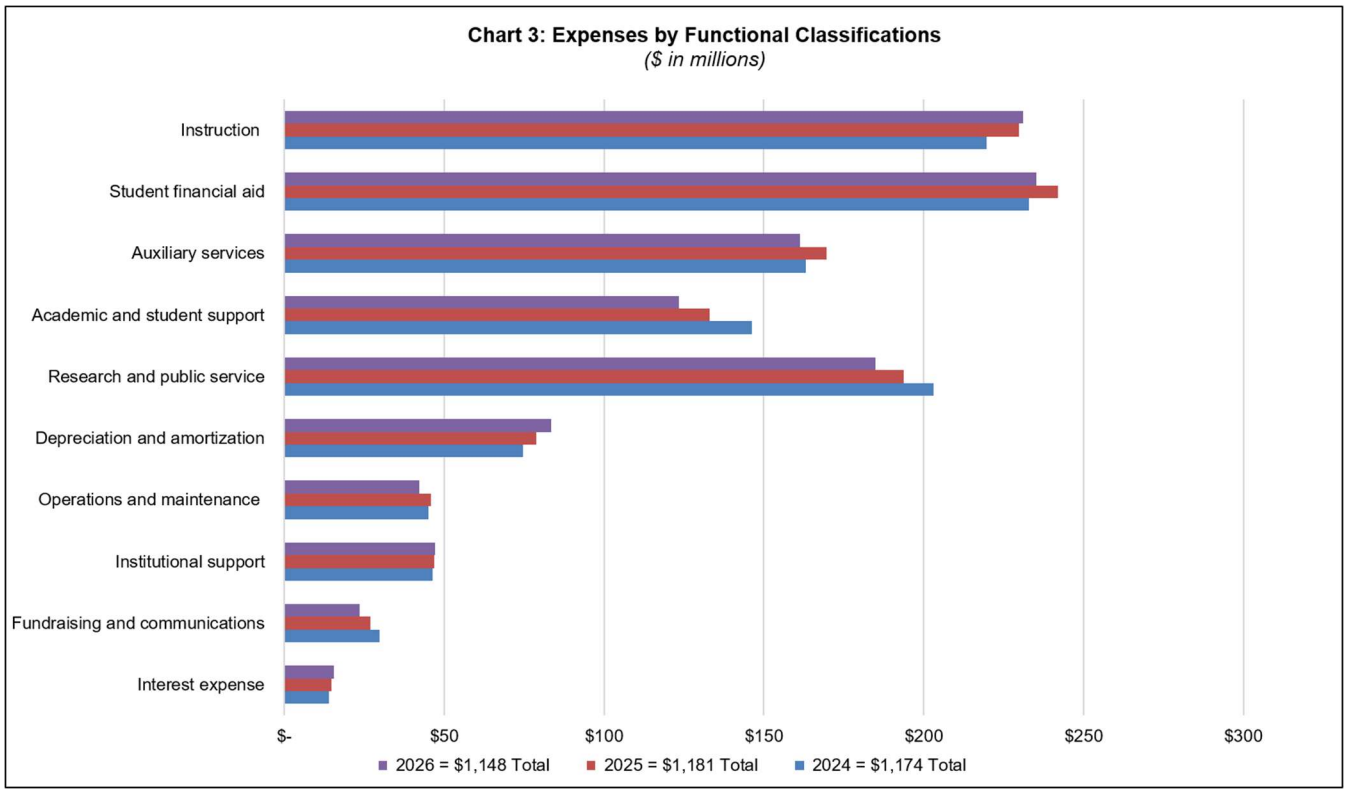


Chart 3 displays USNH's expenses for the past three fiscal years, categorized by function rather than natural classification. Instruction expenses increased in fiscal year 2026, largely driven by a faculty voluntary separation incentive program offered in fiscal year 2026. Excluding the total voluntary separation programs offered to faculty, instruction expenses decreased in fiscal year 2026. The year-over-year changes in financial aid expense reflect fluctuations in the level and mix of financial aid provided to students and the enrollment levels. Academic support, student support, and auxiliary services expenses decreased in fiscal year 2026 primarily due to operational efficiencies, targeted cost reductions and lower activity levels in certain areas. Research and public service expenses decreased in fiscal year 2026, primarily due to reduced subcontract activity and the wind down of UNH's large-scale NASA project. Depreciation and amortization expense increased in fiscal year 2026 due to a full year of amortization associated with the ERP system implemented in January 2025. (See Note 13 to the Financial Statements for additional information on expenses by functional classification).

C. Investment and Endowment Activity

Cash and short-term investment balances totaled approximately $184 million and $172 million on June 30, 2026 and June 30, 2025, 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 primarily of permanent endowment and quasi-endowment funds. Permanent endowments are donor-restricted funds intended to be invested in perpetuity, while quasi-endowments consist primarily of select large current-use gifts and unrestricted balances that have been designated by the Board for long-term investment purposes. Endowment assets are invested through one of three investment pools: the University System of New Hampshire (USNH) pool, the University of New Hampshire Foundation (UNHF) pool, or the Keene Endowment Association (KEA) pool. These pools are managed to achieve the highest long-term rate of return consistent with an acceptable level of risk, as determined by the respective board of directors. The USNH pool holds assets benefiting all USNH institutions, while the UNHF and KEA pools hold assets benefiting UNH and KSC, respectively. The USNH Board of Trustees has fiduciary responsibility for the USNH pool, whereas the separate boards of UNHF and KEA establish their own investment policies and oversee the management of their respective investment pools.

Table 7 is a summary of USNH's endowment and similar investment values for the past three years.

Table 7: Endowment and Similar Investments
Market Value Summary
($ in millions)

	as of June 30,		
	2026	**2025**	**2024**
USNH pool	$ 738	$ 669	$ 623
UNHF pool	406	347	317
KEA pool	31	26	22
Funds held in trust	23	21	20
Life income and annuity funds	8	7	6
	$ 1,206	**$ 1,070**	**$ 988**

Distributions from the endowment and trust funds totaled approximately $47 million in fiscal year 2026 and $44 million in 2025. The approximately $3 million increase provided additional current-year support while remaining subject to the spending policies governing the respective investment pools. Distributions of approximately $30 million were made from the USNH pool and trusts, along with $16 million from the UNHF pool and $918,000 from the KEA pool. USNH’s endowment and similar investments continued to provide long-term support for scholarships, academic programs, research, and other donor-designated and institutional purposes.

Table 8: Pooled Endowment Returns
For the Years Ended June 30,

	2026	2025	2024	Three Year Average
USNH Pool				
Gross return	15.7%	11.8%	12.8%	13.4%
Investment management fees	(0.6%)	(0.6%)	(0.6%)	(0.6%)
Net return	15.1%	11.2%	12.2%	12.8%
Distributions	(4.3%)	(4.5%)	(4.5%)	(4.4%)
Net reinvested	10.8%	6.7%	7.7%	8.4%
UNHF Pool				
Gross return	17.6%	12.8%	13.5%	14.6%
Investment management fees	(0.7%)	(0.9%)	(0.9%)	(0.8%)
Net return	16.9%	11.9%	12.6%	13.8%
Distributions	(4.6%)	(4.9%)	(4.8%)	(4.8%)
Net reinvested	12.3%	7.0%	7.8%	9.0%
KEA Pool				
Gross return	12.2%	9.9%	12.6%	11.6%
Investment management fees	(0.6%)	(0.6%)	(0.6%)	(0.6%)
Net return	11.6%	9.3%	12.0%	11.0%
Distributions	(2.7%)	(4.0%)	(3.9%)	(3.5%)
Net reinvested	8.9%	5.3%	8.1%	7.5%

While the two larger investment pools are primarily invested through external fund managers, the KEA Pool remains heavily invested in individual equity and fixed-income securities. As shown in Table 8, the KEA, USNH, and UNHF Pools generated average net returns before distributions of 11.0%, 12.8%, and 13.8%, respectively, over the past three fiscal years. All three pools benefited from favorable market performance during the period.

Endowment funds with market values below the original gift value are referred to as "underwater" funds. Of the 1,731 endowment funds held across the various investment pools, only two remained underwater as of June 30, 2026, compared to three at June 30, 2025, and 24 at June 30, 2024. The total underwater deficit of $1.7 million is attributable primarily to a single quasi-endowment fund that is approximately $1.5 million underwater. (See Notes 4 and 12 for additional information on endowment and similar investments).

Strong investment performance and continued donor support have strengthened USNH's long-term financial position and enhanced its ability to provide sustainable resources for future generations of students, faculty, and programs.

D. Cash Flows

The Statements of Cash Flows summarize transactions affecting cash and cash equivalents. 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 differ from the operating results reported in the Statements of Revenues, Expenses, and Changes in Net Position because those statements are prepared on the accrual basis and include noncash items such as depreciation and amortization.

Table 9 presents a summary of the Statements of Cash Flows for the three years ended June 30, 2026

Table 9: Condensed Information from the Statements of Cash Flows
For the Years Ended June 30,
($ in millions)

	2026	2025	2024
Cash flows from:			
Receipts from tuition and fees, net	$304	$317	$325
Receipts from sales of auxiliary services	179	174	174
Receipt of state general appropriations	87	95	98
Noncapital gifts, grants and other receipts	292	294	308
Payments to and on behalf of employees	(559)	(590)	(570)
Payments for supplies, services and utilities	(255)	(268)	(292)
Net Cash from Operating and Noncapital Financing Activities	48	22	43
Net Cash from Capital Financing Activities	2	(113)	(124)
Net Cash from Investing Activities	(36)	68	51
Increase/(Decrease) in Cash and Cash Equivalents	$ 14	$ (23)	$ (30)

Net cash provided by operating and noncapital financing activities increased from $22 million in fiscal year 2025 to $48 million in fiscal year 2026, primarily due to lower payments to employees and suppliers, partially offset by lower tuition and state appropriation receipts. Capital financing activities shifted from using $113 million in fiscal year 2025 to providing $2 million in fiscal year 2026, primarily due to proceeds from the Series 2026 bond issuance, a portion of which remained available for planned capital projects as of year-end. Investing activities used $36 million in fiscal year 2026 compared with providing $68 million in fiscal year 2025, reflecting differences in the timing of investment purchases, sales, and maturities, including the temporary investment of unspent bond proceeds.

IV. SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

Capital assets and long-term debt experienced several significant transactions and events during fiscal year 2026. Overall, the net carrying value of capital assets, defined as original cost less accumulated depreciation, decreased 0.3% from fiscal year 2025. Essentially, investments in capital assets were offset by annual depreciation expense.

USNH began fiscal year 2026 with $121.3 million of construction in progress and invested an additional $61.5 million in capital projects during the year. During fiscal year 2026, $121.6 million of completed projects were placed into service and reclassified to buildings and improvements, infrastructure, and equipment.

The campuses had several major capital projects in process in fiscal year 2026. These projects included the following list the total estimated project cost at completion which will be incurred over multiple years: UNH Ocean Mapping Center of Excellence and Expansion ($34M total project), UNH Women’s & Ski Locker Rooms ($13.5M total project), Morse Hall Research Infrastructure Project ($11.5M total project), UNH Whittemore Center ($20M), PSU PE Center Renovations ($12.5M total project), and KSC Morrison Hall Renovations ($5.1M total project).

Total long-term debt increased 15.2% to $394.9 million in fiscal year 2026. The most prominent aspect of that change, as already mentioned, was the issuance of $149.7 million par value of bonds. USNH issued approximately $70 million par of new debt to support the renovation of UNH's Williamson and Christensen residence halls and other eligible projects. The remaining $80 million par was related to refunding Series 2015 bonds to achieve approximately $8 million dollars of net present value savings over the remaining 20-year term of the bonds refinanced.

During fiscal year 2026, USNH maintained strong investment-grade credit ratings, retaining its Aa3 rating from Moody's Investors Service and its A+ long-term credit rating from S&P Global Ratings. Moody's Investors Service rating outlook remained stable while S&P Global Ratings revised the rating outlook to negative citing operating pressure and demand challenges.

Total lease and subscription liabilities decreased by $3.0 million, or 3.7%, during fiscal year 2026, reflecting scheduled liability payments and, in part, the application of a revised capitalization

threshold. During the year, USNH increased the capitalization threshold for new and renewed leases and subscription-based information technology arrangements (SBITAs) from $50,000 to $150,000. As a result, qualifying agreements below the revised threshold are no longer capitalized, reducing the amount of new liabilities recognized to offset reductions in existing obligations. This change was based on management's assessment of materiality and is intended to streamline accounting processes while maintaining appropriate financial reporting. Management determined that the revised threshold would not materially affect the System's financial statements. The revised threshold is applied prospectively to new agreements and existing agreements upon renewal or modification. (See Notes 5, 8 and 9 to the Financial Statements for additional information on capital assets, debt balances, and leases and subscriptions.)

V. CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

USNH expects to continue to face declining enrollment due to the demographic changes resulting from declining birth rates, a decrease in the college-going rate and significant market competition. Competition for students remains intense among both public and private higher education institutions.

Pursuant to State of New Hampshire Chapter 140 Laws of 2025, operating appropriations authorized for the fiscal year 2026-2027 biennium total approximately $87 million for fiscal year 2026 and $77 million for fiscal year 2027. These amounts represent reductions of approximately 8% and 19%, respectively, from fiscal year 2025 appropriation of $95 million. These reductions require continued attention to operational efficiency, strategic prioritization, and resource allocation.

USNH continues to advance strategic initiatives focused on:

- Enrollment growth and retention with the goal of offsetting a portion of the baseline enrollment reductions as noted above
- Institutional academic and administrative restructuring
- Expansion of current and new shared services
- Technology modernization
- Long-term facilities downsizing and optimization

USNH went live in fiscal year 2025 with the implementation of a new Enterprise Resource Planning Solution, Workday, for Finance and Human Resources. The Workday Student implementation started during fiscal year 2026, with full systemwide deployment planned in fiscal year 2028.

USNH remains committed to maintaining affordability, improving student outcomes, and adapting its operating model to address long-term demographic and financial challenges while continuing to fulfill its educational, research, and public service mission to the State of NH.

University System of New Hampshire

Statements of Net Position

($ in thousands)

	Balance at June 30,	
	2026	**2025**
ASSETS		
Current Assets		
Cash and cash equivalents	$ 43,790	$ 29,548
Short-term investments	140,334	142,709
Accounts receivable, net	38,572	42,830
Pledges receivable - current portion	5,423	4,233
Notes receivable - current portion	169	241
Lease receivable - current portion	159	220
Prepaid expenses and other current assets	10,834	11,762
Total Current Assets	239,281	231,543
Noncurrent Assets		
Debt proceeds held by bond trustee for construction purposes	75,303	-
Endowment and similar investments - campuses	761,563	689,573
Endowment and similar investments - affiliated entities	444,890	380,159
Pledges receivable, net of current portion	5,943	8,309
Notes receivable, net of current portion	1,903	2,566
Lease receivable, net of current portion	640	863
Pension assets, net of obligations	2,152	1,510
Capital assets, net of accumulated depreciation/amortization	1,229,072	1,233,202
Total Noncurrent Assets	2,521,466	2,316,182
Total Assets	2,760,747	2,547,725
DEFERRED OUTFLOWS OF RESOURCES	16,700	17,897
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses	62,933	68,733
Deposits and unearned revenues	55,616	59,833
Accrued employee benefits - current portion	16,778	7,852
Postretirement medical benefits - current portion	4,183	7,571
Long-term leases and subscriptions - current portion	8,470	7,520
Long-term debt - current portion	13,926	17,211
Total Current Liabilities	161,906	168,720
Noncurrent Liabilities		
Asset retirement and other obligations	6,698	6,669
Refundable government advances	1,349	2,097
Accrued employee benefits, net of current portion	19,827	23,276
Postretirement medical benefits, net of current portion	56,826	51,685
Long-term leases and subscriptions, net of current portion	69,502	73,408
Long-term debt, net of current portion	381,020	325,609
Total Noncurrent Liabilities	535,222	482,744
Total Liabilities	697,128	651,464
DEFERRED INFLOWS OF RESOURCES	23,891	20,056
NET POSITION (see Note 14)		
Net investment in capital assets	743,517	789,135
Restricted		
Nonexpendable	388,235	369,088
Expendable	455,437	363,433
Unrestricted	469,239	372,446
TOTAL NET POSITION	**$ 2,056,428**	**$ 1,894,102**

See accompanying notes to the financial statements.

University System of New Hampshire

Statements of Revenues, Expenses and Changes in Net Position

($ in thousands)

	For the year ended June 30,	
	2026	**2025**
OPERATING REVENUES		
Resident tuition	$ 162,067	$ 157,615
Nonresident tuition	303,817	321,424
Continuing education tuition	8,726	8,783
Student fees revenue	66,547	67,484
Total tuition and fees	541,157	555,306
Less: student financial aid - grants and contracts	(40,318)	(44,265)
Less: student financial aid - all other	(194,882)	(197,788)
Net tuition and fees	305,957	313,253
Federal Pell grants	25,615	28,666
Grants and contracts - direct revenues	165,644	167,388
Grants and contracts - facilities & administrative recovery	35,463	37,577
Noncapital gifts	13,308	16,013
Sales of auxiliary services	177,265	174,340
Other operating revenues	40,002	33,878
Total Operating Revenues	**763,254**	**771,115**
OPERATING EXPENSES		
Employee compensation - grants and contracts	88,801	92,220
Employee compensation - all other	471,223	490,162
Supplies and services - grants and contracts	61,442	62,440
Supplies and services - all other	166,576	176,700
Utilities	25,619	24,544
Depreciation and amortization	83,517	78,671
Total Operating Expenses	**897,178**	**924,737**
Operating loss	(133,924)	(153,622)
NON-CAPITAL SUBSIDIES		
State of New Hampshire general appropriations	87,000	95,000
Grants and contracts - subsidies	7,877	5,511
Gifts and contributions related to scholarships	3,491	3,175
Total Non-capital Subsidies	98,368	103,686
Operating loss and noncapital subsidies	(35,556)	(49,936)
OTHER NONOPERATING REVENUES (EXPENSES)		
State of New Hampshire capital appropriations	5,538	3,064
Plant gifts, grants and other changes, net	16,043	4,491
Endowment and investment income	55,691	57,398
Endowment and similar gifts	18,948	16,174
Endowment return, net of amount used for operations	117,053	65,023
Interest expense, net	(15,418)	(14,639)
Other revenue related to financing	27	40
Total Other Nonoperating Revenues (Expenses)	**197,882**	**131,551**
INCREASE IN NET POSITION	**162,326**	**81,615**
Net Position at Beginning of Year	1,894,102	1,812,487
NET POSITION AT END OF YEAR	**$ 2,056,428**	**$ 1,894,102**

See accompanying notes to the financial statements.

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

	For the year ended June 30,	
	2026	**2025**
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from tuition and fees, net of student financial aid	$ 304,528	$ 317,485
Receipts from sales of auxiliary services	178,814	173,987
Receipts from grants, contracts and other operating revenues	241,547	238,615
Payments to employees	(424,045)	(430,598)
Payments for employee benefits	(134,831)	(159,186)
Payments for supplies, services and utilities	(255,616)	(268,183)
Net Cash Used In Operating Activities	**(89,603)**	**(127,880)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State general appropriations	87,000	95,000
Federal Pell and other nonoperating grants	33,519	34,218
Noncapital gifts	17,222	21,205
Net Cash Provided by Noncapital Financing Activities	**137,741**	**150,423**
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
State appropriations for plant projects	5,538	3,064
Plant gifts and grants	17,568	4,828
Endowment gifts	18,948	16,174
Proceeds from issuance of debt, sale of capital assets	171,809	624
Principal payments	(22,619)	(25,416)
Interest payments	(17,798)	(16,305)
Purchases and construction of capital assets	(76,218)	(96,107)
Retirement of debt through defeasance	(94,770)	-
Net Cash Provided By/Used In Capital Financing Activities	**2,458**	**(113,138)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	521,087	550,922
Purchases of investments	(572,292)	(501,645)
Investment income	14,851	18,688
Net Cash Provided By/Used In Investing Activities	**(36,354)**	**67,965**
Increase (Decrease) in Cash and Equivalents	$ 14,242	$ (22,630)
Beginning cash and cash equivalents	29,548	52,178
ENDING CASH AND CASH EQUIVALENTS	**$ 43,790**	**$ 29,548**
RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES		
Operating loss	$ (147,232)	$ (169,635)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation and amortization	83,517	78,671
Federal Pell grants	(25,615)	(28,666)
Changes in assets and liabilities:		
Accounts receivable, net	4,259	(2,443)
Notes receivable	(14)	(323)
Lease receivable	18	(55)
Prepaid expenses and other current assets	928	1,456
Accounts payable and accrued expenses	(4,051)	(1,533)
Deposits and unearned revenues	(4,178)	4,826
Accrued employee benefits	2,765	(10,178)
NET CASH USED IN OPERATING ACTIVITIES	**$ (89,603)**	**$ (127,880)**
SIGNIFICANT NONCASH TRANSACTIONS		
Endowment return, net of amount used for operations	$ 117,053	$ 65,023
Loss on disposal of capital assets	(2,865)	(729)
Construction services payable balance	9,758	11,145

See accompanying notes to the financial statements.

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. Unlike UNHF, KEA does not maintain separate operating activities, and its financial activities are reflected in the System's financial statements.

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.

In accordance with GASB Statement No. 103, *Financial Reporting Model Improvements*, the System classifies revenues and expenses as operating, noncapital subsidies, or other nonoperating revenues and expenses based on the nature of the underlying transactions.

Operating revenues primarily include tuition and fees, grants and contracts, sales of auxiliary services, and other revenues associated with the System's ongoing activities. Tuition and fee revenues are reported net of student financial aid discounts and allowances. Operating revenues are recognized when earned. Restricted grant revenue is recognized to the extent that eligible expenses are incurred or, for fixed-price contracts, when the applicable contractual performance requirements are satisfied.

Operating expenses include employee compensation and benefits, supplies and services, utilities, depreciation, and other costs associated with the System's ongoing activities. Operating expenses are recognized when incurred.

Noncapital subsidies include resources received from or provided to other parties without a direct exchange of goods or services that support the System's operations and directly or indirectly reduce current or future tuition, fees, or other charges. These may include federal, state operating appropriations, noncapital gifts and contributions related to scholarships, and other qualifying financial assistance. Noncapital subsidies are presented separately from operating revenues and expenses and other nonoperating revenues and expenses.

Other nonoperating revenues and expenses include capital subsidies, contributions to permanent and term endowments, investment income and expenses, financing-related revenues and expenses, and gains or losses from the disposal of capital assets and inventory. Capital subsidies include contributions and other financial assistance specifically restricted by the provider for the acquisition of capital assets.

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 $10,582,000 and $14,942,000 at June 30, 2026 and 2025, 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.103: Financial Reporting Model Improvements. The objective of this standard is to primarily modify the presentation and classification of revenue and expenses and enhances certain financial statement disclosures. Prior year amounts have been reclassified to conform to the current year presentation under GASB 103. These reclassifications had no effect on previously reported net position or change in net position.

The following prior year financial statement line items are affected by the application of the new accounting principle as follows:

Financial Statement Line Item	As Previously Reported	As Reported under GASB 103
Operating Revenues		
Federal Pell Grants	-	28,666
Grants and contracts - direct revenues	172,726	167,388
Noncapital Subsidies		
State of New Hampshire general appropriations	-	95,000
Grants and contracts - subsidies	-	5,338
Noncapital gifts - subsidies	-	3,175
Nonoperating Revenues (Expenses)		
State of New Hampshire general appropriations	95,000	-
Federal Pell Grants	28,666	-
Noncapital gifts	19,188	16,013

USNH also adopted the provisions of GASB Statement No. 104, *Disclosure of Certain Capital Assets*, during fiscal year 2026. The implementation of this Statement had no material impact on USNH's financial statements.

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 $43,790,000 and $29,548,000 at June 30, 2026 and 2025, respectively, and short-term investments totaled $140,334,000 and $142,709,000 at June 30, 2026 and 2025, 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, 2026					Balances and Terms as of June 30, 2025				
	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	$33,245	$ -	$ -	$ 33,245		$24,306	$ -	$ -	$ 24,306	
Money market funds	-	10,545	-	10,545	Less than 1 year	-	5,242	-	5,242	Less than 1 year
Subtotal cash and cash equivalents	33,245	10,545	-	43,790		24,306	5,242	-	29,548	
Money market funds	-	21,426	-	21,426	Less than 1 year	-	25,625	-	25,625	Less than 1 year
Domestic equity	-	650	-	650	Less than 1 year	-	679	-	679	Less than 1 year
Mutual Funds	-	118,188	-	118,188	1-5 years	-	116,348	-	116,348	1-5 years
Convertible note	-	-	70	70	1-5 years	-	-	57	57	1-5 years
Subtotal short-term investments	-	140,264	70	140,334		-	142,652	57	142,709	
Total cash, cash equivalents and short-term investments	$33,245	$ 150,809	$ 70	$184,124		$24,306	$ 147,894	$ 57	$172,257	

3. Accounts, pledges, notes, and lease receivable

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

	2026	2025
Grants and contracts	$31,627	$37,525
Student and general	9,782	7,795
Allowance for doubtful accounts	(2,837)	(2,490)
Total accounts receivable, net	$38,572	$42,830

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

	2026	2025
Pledges receivable	$13,482	$15,022
Discounts and allowance for doubtful pledges	(2,116)	(2,480)
Total pledges receivable, net	11,366	12,542
Less: noncurrent portion	(5,943)	(8,309)
Current portion	$ 5,423	$ 4,233

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

	2026	2025
Perkins loans	$ 1,225	$ 1,995
Other loans, restricted and unrestricted	1,587	1,625
Allowance for doubtful loans	(740)	(813)
Total notes receivable, net	2,072	2,807
Less: noncurrent portion	(1,903)	(2,566)
Current portion	$ 169	$ 241

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

	2026	2025
Long-term lease receivable	$ 796	$ 1,076
Accrued interest receivable	3	7
Total lease receivable, net	799	1,083
Less: noncurrent portion	(640)	(863)
Current portion	$ 159	$ 220

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, 2026 or June 30, 2025.

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, 2026 and 2025, USNH had no plans or intentions to sell such investments at amounts different from NAV. Investments reported at NAV as a practical expedient are not categorized in the fair value hierarchy.

The endowment and similar investment holdings of the campuses and affiliated entities as of June 30, 2026 and 2025, respectively, are summarized below *($ in thousands)*:

	Campuses		Affiliated Entities	
	2026	2025	2026	2025
Pooled endowments:				
Campuses	$738,095	$668,159	$ -	$ -
UNH Foundation	-	-	406,294	347,140
Keene Endowment Association	-	-	31,241	26,325
Life income and annuity funds	94	86	7,355	6,694
Funds held in trust	23,374	21,328	-	-
Total	$761,563	$689,573	$444,890	$380,159

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 11 years at June 30, 2026 and 12 years at 2025 and carried ratings ranging from Aaa to Baa3 as of June 30, 2026 and 2025. 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, 2026					Balances as of June 30, 2025				
	Investments Classified in Fair Value Hierarchy			Investments Measured		Investments Classified in Fair Value Hierarchy			Investments Measured	
	Level 1	Level 2	Level 3	at NAV	Total	Level 1	Level 2	Level 3	at NAV	Total
Endowment and similar investments - campuses										
Domestic equity	$ 91,508	$ -	$ -	$ 114,830	$ 206,338	$ 80,142	$ -	$ -	$ 104,923	$ 185,065
Global equity	-	-	-	43,588	43,588	-	-	-	47,615	47,615
Global fixed income	67,509	-	-	-	67,509	65,351	-	-	-	65,351
Hedge funds:										
Distressed/Restructuring	-	-	-	31,815	31,815	-	-	-	34,187	34,187
Equity Hedge	-	-	-	51,756	51,756	-	-	-	43,804	43,804
Event-Driven	-	-	-	75,644	75,644	-	-	-	69,753	69,753
Fund of Funds	-	-	-	16	16	-	-	-	38	38
Inflation hedging assets	15,048	-	-	-	15,048	11,773	-	-	-	11,773
International equity	94,404	-	-	-	94,404	62,673	-	-	29,906	92,579
Money market	39,474	-	-	-	39,474	10,405	-	-	-	10,405
Private equity & non-marketable real assets	-	-	-	112,597	112,597	-	-	-	107,674	107,674
Trust funds	-	23,374	-	-	23,374	-	21,329	-	-	21,329
Total endowment and similar investments - campuses	$307,943	$23,374	$ -	$ 430,246	$ 761,563	$230,344	$21,329	$ -	$ 437,900	$ 689,573
Endowment and similar investments - affiliated entities										
Domestic equity	$ 32,424	$ -	$ -	$ 76,298	$ 108,722	$ 27,347	$ -	$ -	$ 61,738	$ 89,085
Global equity	458	-	-	87,800	88,258	624	-	-	92,359	92,983
Global fixed income	9,784	19,049	1,804	-	30,637	9,614	17,381	1,718	-	28,713
Hedge funds:										
Distressed/Restructuring	-	-	-	20,320	20,320	-	-	-	14,585	14,585
Equity Hedge	-	-	-	17,887	17,887	-	-	-	18,027	18,027
Event-Driven	-	-	-	20,100	20,100	-	-	-	16,699	16,699
Inflation hedging assets	26,224	-	-	-	26,224	17,871	-	-	-	17,871
International equity	35,220	-	-	14,821	50,041	29,676	-	-	11,299	40,975
Money market	20,060	-	-	-	20,060	9,891	-	-	-	9,891
Private equity & non-marketable real assets	-	-	-	62,641	62,641	-	-	-	51,330	51,330
Total endowment and similar investments - affiliated entities	$124,170	$19,049	$ 1,804	$ 299,867	$ 444,890	$ 95,023	$17,381	$ 1,718	$ 266,037	$ 380,159
Total endowment and similar investments	$432,113	$42,423	$ 1,804	$ 730,113	$1,206,453	$325,367	$38,710	$ 1,718	$ 703,937	$1,069,732

As of June 30, 2026, UNHF had one fund 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 29 are expected to be liquidated over the next one to 10 years, and 10 currently have no stated liquidation timeframe. For UNHF, 41 funds are classified as illiquid, 37 are expected to be liquidated over the next one to 12 years, three funds have no expected liquidation dates, and one is in a one-year lock up as noted above.

Unfunded commitments with various private equity and similar alternative investment funds totaled $32,794,000 for USNH and $49,958,000 for UNHF at June 30, 2026. This compares to $42,982,000 and $35,404,000, respectively, at June 30, 2025.

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

	Liquidity Terms as of June 30, 2026							
	Daily	Monthly	Quarterly	Semi-Annual	Annual	Illiquid	Total	Redemption Notice Period
Endowment and similar investments - campuses								
Money market	$ 39,474	$ -	$ -	$ -	$ -	$ -	$ 39,474	Daily
Global fixed income	67,509	-	-	-	-	-	67,509	Daily
Inflation hedging assets	15,048	-	-	-	-	-	15,048	Daily
International equity	94,404	-	-	-	-	-	94,404	Daily
Domestic equity	91,508	-	114,830	-	-	-	206,338	1 - 60 days
Global equity	-	43,588	-	-	-	-	43,588	10 days
Hedge funds:								
Equity Hedge	7,533	-	44,223	-	-	-	51,756	1 - 60 days
Event-Driven	8,121	-	16,940	50,583	-	-	75,644	1 - 90 days
Distressed/Restructuring	-	-	13,973	-	17,842	-	31,815	75 days. illiquid
Fund of Funds	-	-	-	-	-	16	16	Illiquid
Private equity & non-marketable real assets	-	-	-	-	-	112,597	112,597	Illiquid
Funds held in trust	-	-	-	-	-	23,374	23,374	Illiquid
Total endowment and similar investments - campuses	$323,597	$ 43,588	$189,966	$50,583	$17,842	$135,987	$ 761,563	
Endowment and similar investments - affiliated entities								
Money market	$ 7,270	$ -	$ -	$ -	$ -	$ 12,790	$ 20,060	Daily, illiquid
Inflation hedging assets	26,224	-	-	-	-	-	26,224	Daily
International equity	50,041	-	-	-	-	-	50,041	Daily
Fixed income	28,833	-	-	-	-	1,804	30,637	Daily, illiquid
Global equity	51,910	36,348	-	-	-	-	88,258	1 - 45 days
Domestic equity	32,424	15,813	60,485	-	-	-	108,722	1 - 60 days
Hedge funds:								
Equity Hedge	-	-	17,887	-	-	-	17,887	30 - 45 days
Event-Driven	-	-	-	17,467	-	2,633	20,100	65 - 90 days, illiquid
Distressed/Restructuring	-	-	8,447	-	11,873	-	20,320	90 days
Private equity & non-marketable real assets	-	-	-	-	-	62,641	62,641	Illiquid
Total endowment and similar investments - affiliated entities	$196,702	$ 52,161	$ 86,819	$17,467	$11,873	$ 79,868	$ 444,890	
Total endowment and similar investments	$520,299	$ 95,749	$276,785	$68,050	$29,715	$215,855	$1,206,453	

	Liquidity Terms as of June 30, 2025							
	Daily	Monthly	Quarterly	Semi-Annual	Annual	Illiquid	Total	Redemption Notice Period
Endowment and similar investments - campuses								
Money market	$ 10,405	$ -	$ -	$ -	$ -	$ -	$ 10,405	Daily
Global fixed income	65,351	-	-	-	-	-	65,351	Daily
International equity	11,773	-	-	-	-	-	11,773	Daily
Inflation hedging assets	62,673	29,906	-	-	-	-	92,579	1 - 5 days
Domestic equity	80,142	-	104,923	-	-	-	185,065	1 - 60 days
Global equity	-	35,243	-	-	-	12,372	47,615	10 days, illiquid
Hedge funds:								
Equity Hedge	9,129	-	16,955	-	-	17,720	43,804	1 - 60 days, illiquid
Event-Driven	9,624	-	15,339	44,790	-	-	69,753	1 - 90 days
Distressed/Restructuring	-	-	13,694	-	10,237	10,256	34,187	75 days. illiquid
Fund of Funds	-	-	-	-	-	38	38	Illiquid
Private equity & non-marketable real assets	-	-	-	-	-	107,674	107,674	Illiquid
Funds held in trust	-	-	-	-	-	21,329	21,329	Illiquid
Total endowment and similar investments - campuses	$249,097	$ 65,149	$150,911	$44,790	$10,237	$169,389	$ 689,573	
Endowment and similar investments - affiliated entities								
Money market	$ 9,891	$ -	$ -	$ -	$ -	$ -	$ 9,891	Daily
Inflation hedging assets	17,871	-	-	-	-	-	17,871	Daily
Global fixed income	40,975	-	-	-	-	-	40,975	Daily
Global equity	26,995	-	-	-	-	1,718	28,713	Daily, illiquid
Domestic equity	49,060	20,657	23,266	-	-	-	92,983	1 - 30 days
International equity	27,347	11,495	50,243	-	-	-	89,085	1 - 60 days
Hedge funds:								
Equity Hedge	-	-	18,027	-	-	-	18,027	30 - 45 days
Event-Driven	-	-	1,535	15,090	74	-	16,699	65 - 90 days
Distressed/Restructuring	-	-	-	-	6,385	8,200	14,585	90 days
Private equity & non-marketable real assets	-	-	-	-	-	51,330	51,330	Illiquid
Total endowment and similar investments - affiliated entities	$172,139	$ 32,152	$ 93,071	$15,090	$ 6,459	$ 61,248	$ 380,159	
Total endowment and similar investments	$421,236	$ 97,301	$243,982	$59,880	$16,696	$230,637	$1,069,732	

5. Capital Assets

Capital assets activity for the years ended June 30, 2026 and 2025 is summarized as follows *($ in thousands)*:

		2025			2026		
	Balance June 30, 2024	Additions	Retirements & Changes	Balance June 30, 2025	Additions	Retirements & Changes	Balance June 30, 2026
Land	$ 14,163	$ -	$ -	$ 14,163	$ -	$ -	$ 14,163
Assets held for sale	-	-	-	-	-	2,481	2,481
Construction in progress, net	173,419	84,285	(136,454)	121,250	61,499	(121,555)	61,194
Total nondepreciable assets	187,582	84,285	(136,454)	135,413	61,499	(119,074)	77,838
Buildings and improvements	1,966,382	125,071	(5,785)	2,085,668	120,563	(6,359)	2,199,872
Equipment	179,036	9,341	(1,964)	186,413	15,592	(2,703)	199,302
Total depreciable assets	2,145,418	134,412	(7,749)	2,272,081	136,155	(9,062)	2,399,174
Intangible right to use assets - real estate	41,554	155	786	42,495	1,341	(1,190)	42,646
Intangible right to use assets - equipment	2,233	-	6	2,239	-	27	2,266
Intangible right to use assets - subscription	49,140	17,386	3,559	70,085	4,332	(5,944)	68,473
Total amortizable intangible assets	92,927	17,541	4,351	114,819	5,673	(7,107)	113,385
Total capital assets	2,425,927	236,238	(139,852)	2,522,313	203,327	(135,243)	2,590,397
Less: accumulated depreciation	(1,201,205)	(69,049)	6,850	(1,263,404)	(72,551)	5,671	(1,330,284)
Less: accumulated amortization	(19,285)	(9,552)	3,130	(25,707)	(10,899)	5,565	(31,041)
Total accumulated depreciation/amortization	(1,220,490)	(78,601)	9,980	(1,289,111)	(83,450)	11,236	(1,361,325)
Capital assets, net	$ 1,205,437	$157,637	$ (129,872)	$ 1,233,202	$119,877	$ (124,007)	$ 1,229,072

Contractual obligations for major construction projects totaled approximately $13,900,000 and $19,674,000 at June 30, 2026 and 2025, 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)*:

		2025			2026			
	Balance June 30, 2024	Payments to/ on Behalf of Participants	Expenses & Other Changes	Balance June 30, 2025	Payments to/ on Behalf of Participants	Expenses & Other Changes	Balance June 30, 2026	Current Portion
Additional retirement contribution	$ 976	$ (71)	$ (18)	$ 887	$ (103)	$ 22	$ 806	$ 72
Standard employee separation incentives	3,434	(4,136)	3,259	2,557	(3,381)	12,824	12,000	11,713
Enhanced retirement and separation programs	7,217	(1,270)	(4,641)	1,306	(995)	(311)	-	-
Long-term disability	982	(122)	(180)	680	(64)	(338)	278	64
Workers' compensation	2,608	(922)	996	2,682	(1,242)	1,049	2,489	1,243
Compensated absences	22,190	(2,234)	2,194	22,150	(3,552)	1,855	20,453	3,107
Other benefits	982	-	(116)	866	-	(287)	579	579
Total accrued employee benefits	$ 38,389	$ (8,755)	$ 1,494	$ 31,128	$ (9,337)	$14,814	$ 36,605	$ 16,778

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 89 and 115 active employees meeting the requirements for the guaranteed minimum employer contribution as of June 30, 2026 and 2025, 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, 2025, and were developed using the Entry Age Normal Actuarial Cost Method. The discount rate used in determining the accrued liabilities was 4.83% and 4.08% for 2026 and 2025, respectively, based on Bond Buyer Go 20-Bond Municipal Bond Index as of the measurement date. Inflation rates of 2.5% and salary increase rates of 2.5% 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 $806,000 and $887,000 at June 30, 2026 and 2025, respectively, for the related obligations. If the discount rate were to increase by 1%, the total liability at June 30, 2026 and 2025 would be $787,000 and $862,000, respectively. Similarly, if the discount rate were to decrease by 1%, the total liability at June 30, 2026 and 2025 would be $826,000 and $912,000, respectively. The Additional Retirement Contribution program expense was ($16,000) and zero for fiscal years 2026 and 2025, respectively.

USNH had designated cash assets to fully fund the Additional Retirement Contribution obligations at June 30, 2026 and 2025. 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 $28,232,000 and $27,799,000 in 2026 and 2025, respectively. Retirement contributions by plan members totaled $27,050,000 and $27,799,000 in 2026 and 2025, respectively.

Early retirement and employee separation incentive programs were provided to various faculty and staff during 2026 and 2025. 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 $12,000,000 and $2,557,000 at June 30, 2026 and 2025 represent obligations for 81 and 32 participants, respectively, which will be remitted in fiscal years 2027 and 2028.

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, 2025, the liability balance for these programs was $1,306,000. This liability balance was fully remitted by June 30, 2026 and no longer has any participants.

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 approximate costs of self-insured medical and dental claims and administrative fees totaled $79,411,000 and $94,168,000 for fiscal year 2026 and 2025, respectively. In addition, we estimate $4,187,000 for claims incurred but not reported as of June 30, 2026 and $4,814,000 for 2025.

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, 2026 and 2025 are summarized below *($ in thousands):*

Trust Investment Components	2026	2025
Cash and equivalents	$ 125	$ 100
Fixed income	1,672	1,002
Equities	4,222	4,506
Total including accrued income	$6,019	$5,608

The plan has been closed to new participants since 1987. At June 30, 2026, there were approximately 122 current annuitants and 3 participants with deferred benefits, all fully vested. This compares to 129 current annuitants and 3 participants with deferred benefits as of June 30, 2025. The determination of total pension liabilities for this program was based on actuarial calculations completed by the plan trustee as of June 30, 2026 and 2025. The calculations were developed using the Entry Age Normal Actuarial Cost Method and the PubG-2016 for General Retirees Mortality Table with fully generational improvements using MP-21 mortality tables for Healthy and PubG-2016 for Continuing Survivors Mortality Table with fully generational improvements using scale MP-21 for Beneficiaries. 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 $6,019,000 as of June 30, 2026 and $5,608,000 as of June 30, 2025 which resulted in the recording of a net pension asset of $2,152,000 and $1,510,000 for fiscal years 2026 and 2025, respectively. The actuarially determined liability for the program was $3,867,000 as of June 30, 2026 and $4,097,000 as of June 30, 2025. If the discount rate were to increase by 1%, the net pension asset at June 30, 2026 would be $2,422,000. Similarly, if the discount rate were to decrease by 1%, the net pension asset at June 30, 2026 would be $1,841,000. The plan expense was $214,000 and ($53,000) for fiscal years 2026 and 2025, 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, 2025 and 2024, respectively, there were 773 and 821 former employees receiving benefits under this program along with their eligible dependents. As of December 31, 2025 and 2024, there were 32 and 38 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, 2025 and 2024, respectively, there were 94 and 119 retirees receiving benefits under this program along with their dependents. As of December 31, 2025 and 2024, respectively, there were also 3,810 and 4,101 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, 2026 and 2025 were as follows *($ in thousands*):

Postretirement Medical Plan Liability	2026	2025
Service costs	$ 858	$ 943
Interest	2,358	2,068
Benefit payments	(4,707)	(4,562)
Differences between expected and actual experience	451	-
Changes in assumptions	2,793	(3,939)
Net change	1,753	(5,490)
Liability at beginning of year	59,256	64,746
Liability at end of year	$ 61,009	$59,256
Current portion	$ 4,183	$ 7,571

The total postretirement benefit obligation is measured at December 31, 2025 for the June 30, 2026 financial statements based on the last biennial actuarial valuation, December 31, 2025, 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, 2025 measurement date. The initial increase in the cost of prescriptions was assumed to be 10.0% for 2026 and 2025, reduced by 0.50% each year thereafter until reaching an ultimate rate of 4.5% per year. Salary increases of 3.5% and 3.0% were included in the calculations for fiscal year 2026 and 2025, respectively. The actuarially determined postretirement medical expense for the plan for the years ended June 30, 2026 and 2025 were $1,891,000 and $1,273,000, 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)*:

	2025 OPEB liability Sensitivity to change in discount rate			2024 OPEB liability Sensitivity to change in discount rate		
	1% Decrease	Current rate	1% Increase	1% Decrease	Current rate	1% Increase
Discount rate	3.83%	4.83%	5.83%	3.08%	4.08%	5.08%
Net OPEB liability	$65,672	$61,009	$56,872	$64,117	$59,256	$54,985

	Sensitivity to change in healthcare costs trend rates			Sensitivity to change in healthcare costs trend rates		
	1% Decrease	Current rate	1% Increase	1% Decrease	Current rate	1% Increase
Initial healthcare cost trend rate	7.00%	8.00%	9.00%	6.00%	7.00%	8.00%
Ultimate healthcare cost trend rate	3.50%	4.50%	5.50%	3.50%	4.50%	5.50%
Net OPEB liability	$56,931	$61,009	$65,630	$54,692	$59,256	$64,471

The benefit payments subsequent to the measurement date for the years ended June 30, 2026 and 2025 were $3,357,000 and $4,174,000, 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, 2026 and 2025 is summarized below *($ in thousands)*:

		2025			2026			
	Balance June 30, 2024	Additions & Other Changes	Retire-ments	Balance June 30, 2025	Additions & Other Changes	Retire-ments	Balance June 30, 2026	Current Portion
NHHEFA bonds								
Series 2014	$ 2,380	$ -	$ (2,380)	$ -	$ -	$ -	$ -	$ -
Series 2015	94,905	-	(3,540)	91,365	-	(91,365)	-	-
Series 2016	35,900	-	(3,225)	32,675	-	(3,395)	29,280	3,550
Series 2017A	44,075	-	(2,250)	41,825	-	(2,360)	39,465	2,480
Series 2017B	37,750	-	(2,180)	35,570	-	(2,245)	33,325	2,310
Series 2023	115,430	-	(1,810)	113,620	-	(2,605)	111,015	2,735
Series 2026	-	-	-	-	149,705	-	149,705	-
Unamortized discounts/ premiums, net	30,563	-	(2,844)	27,719	14,715	(10,278)	32,156	2,851
Financed purchases payable	1,508	-	(1,462)	46	-	(46)	-	-
Total bonds and financed purchases	$362,511	$ -	$ (19,691)	$342,820	$164,420	$ (112,294)	$394,946	$13,926

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.

Effective July 1, 2026, pursuant to New Hampshire Senate Bill 56 (Chapter 335), the New Hampshire Health and Education Facilities Authority ("NHHEFA") was merged with and into the New Hampshire Business Finance Authority ("BFA"). The BFA became the successor in interest to NHHEFA and assumed its rights, powers, duties, assets, contracts, and obligations, including those related to outstanding NHHEFA bond financings.

USNH issued Series 2026 Bonds during the year ended June 30,2026. The Series 2026 Bonds were issued in the amount of $149,705,000 par; proceeds totaled 164,420,000 which included 14,715,000 of premium. These proceeds were to refund the Series 2015 Bonds ($79,705,000 par value), fund two UNH residence hall renovations, other eligible projects, capitalized interest during construction, and cost of issuance ($70,000,000 par value). Construction proceeds of $75,303,000 and $0 were unspent as of June 30, 2026 and 2025, respectively, and held in reserve in accordance with the related debt agreements. The related investments are classified in Level 1 of the GASB fair value hierarchy because the underlying securities held by the bond trustee are valued based on quoted market prices.

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

NHHEFA Bonds	Maturity Date	Interest Terms and Rates
Series 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%
Series 2026	7/1/2056	Fixed at 4.5%

Financed purchases

There are no remaining payments at June 30, 2026. The carrying value of all financed assets was $6,000 and $520,000 as of June 30, 2026 and 2025, respectively. The remaining asset will be fully depreciated in the following year.

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)*:

Fiscal Year	Principal	Interest	Total
2027	$ 11,075	$ 15,265	$ 26,340
2028	15,715	16,274	31,989
2029	20,465	15,444	35,909
2030	22,565	14,437	37,002
2031	23,330	13,354	36,684
2032-2036	119,075	49,099	168,174
2037-2041	53,625	28,580	82,205
2042-2046	44,855	18,479	63,334
2047-2051	23,310	10,131	33,441
2052-2056	24,245	4,052	28,297
2057	4,530	113	4,643
Plus: unamortized discounts/premiums, net	32,156	-	32,156
Total	$ 394,946	$ 185,228	$580,174

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*):

		2025			2026			
	Balance June 30, 2024	Additions & Other Changes	Retire-ments	Balance June 30, 2025	Additions & Other Changes	Retire-ments	Balance June 30, 2026	Current Portion
Asset retirement and other obligations*	$ 7,169	$ 285	$ (414)	$ 7,040	$ 464	$ (434)	$ 7,070	$ 372
Refundable government advances	3,386	-	(1,289)	2,097	82	(830)	1,349	-
Long-term leases - real estate	33,795	3,053	(3,232)	33,616	1,613	(2,951)	32,278	2,579
Long-term leases - equipment	1,997	(4)	(403)	1,590	12	(446)	1,156	459
Long-term leases - subscriptions	40,610	10,853	(5,742)	45,721	5,745	(6,928)	44,538	5,432
Total other long-term obligations	$ 86,957	$ 14,187	$ (11,080)	$ 90,064	$ 7,916	$ (11,589)	$ 86,391	$ 8,842

*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 $150,000 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 3.72% and 3.53% as of June 30, 2026 and 2025, 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, 2026 and 2025. USNH recognized $0 and $52,000 in variable payment revenue as of June 30, 2026 and 2025, respectively.

The tables below represent the schedule of maturity for current Lessee and Lessor arrangements as of June 30, 2026 (*in thousands*):

Lessee Maturity Schedule

Fiscal Year	Principal	Interest	Total
2027	$ 3,038	$ 1,135	$ 4,173
2028	3,154	1,029	4,183
2029	2,998	913	3,911
2030	2,188	823	3,011
2031	2,316	744	3,060
2032-2036	13,522	2,328	15,850
2037-2041	5,840	373	6,213
2042-2046	378	27	405
Total lessee	$ 33,434	$ 7,372	$ 40,806

Lessor Maturity Schedule

Fiscal Year	Principal	Interest	Total
2027	$ 152	$ 25	$ 177
2028	140	20	160
2029	124	15	139
2030	132	11	143
2031	3	9	12
2032-2036	18	40	58
2037-2041	21	36	57
2042-2046	25	32	57
2047-2051	30	27	57
2052-2056	35	22	57
2057-2061	42	15	57
2062-2066	50	7	57
2067	12	-	12
Total lessor	$ 784	$ 259	$ 1,043

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 $150,000 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 3.72% and 3.53% as of June 30, 2026 and 2025, respectively.

The table below represents the maturity of current subscription arrangements as of June 30, 2026 (*in thousands*):

Subscription Maturity Schedule

Fiscal Year	Principal	Interest	Total
2027	$ 5,432	$ 1,600	$ 7,032
2028	4,661	1,409	6,070
2029	3,986	1,244	5,230
2030	2,995	1,098	4,093
2031	2,280	992	3,272
2032-2036	12,110	3,692	15,802
2037-2041	13,074	1,345	14,419
Total subscriptions	$ 44,538	$ 11,380	$ 55,918

10. Deferred inflows and outflows of resources

The components of Deferred Inflows and Outflows of Resources as of June 30, 2026 and 2025 were as follows (*$ in thousands*):

	2026	2025
Deferred outflows of resources		
Accounting loss on debt refinancing	$ 7,158	$ 8,298
Changes of assumptions:		
Postretirement Medical Plan	4,706	4,468
Additional Retirement Contribution Program	6	9
Net difference betw een projected and actual earnings:		
Operating Staff Retirement Plan	-	220
Difference betw een expected and actual experience:		
Postretirement Medical Plan	542	314
Additional Retirement Contribution Program	5	7
Benefit payments subsequent to the measurement date:		
Postretirement Medical Plan	3,357	3,618
Additional Retirement Contribution Program	90	60
Asset retirement obligations	836	903
Total deferred outflows of resources	$ 16,700	$ 17,897
Deferred inflows of resources		
Accounting gain on debt refinancing	$ 7,390	$ -
Annuities unconditional remainder interest	3,470	2,849
Changes of assumptions:		
Postretirement Medical Plan	10,810	14,529
Additional Retirement Contribution Program	31	40
Net difference betw een projected and actual earnings:		
Operating Staff Retirement Plan	765	558
Difference betw een expected and actual experience:		
Postretirement Medical Plan	663	1,048
Additional Retirement Contribution Program	29	33
Deferred inflow s - leases	733	999
Total deferred inflows of resources	$ 23,891	$ 20,056

The accounting loss on debt refinancing relates to the Series 2015 and 2023 bond issuances while the accounting gain on debt refinancing relates to the Series 2026 bond issuance. 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, 2026. 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 six years as summarized below *($ in thousands):*

Fiscal Year	Operating Staff Retirement Plan	Additional Retirement Contribution Program	Post-retirement Medical Plan
2027	(283)	(12)	(1,783)
2028	(227)	(13)	(2,147)
2029	(157)	-	(1,601)
2030	(98)	-	(984)
2031	-	-	(50)
2032	-	-	340
Total	$ (765)	$ (25)	$ (6,225)

11. Pass-through grants

USNH distributed $128,204,000 and $130,038,000 of student loans through the US Department of Education Federal Direct Lending program during 2026 and 2025, 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 $62,000 and $43,000 as of June 30, 2026 and 2025, 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. The USNH pool distribution rate is established annually by the USNH Board of Trustees. For the USNH pool and the UNHF pool, the distribution rate was 5.0% and 5.25% calculated as a percentage of the average market value for the previous twelve quarters for 2026 and 2025.

The components of endowment return used for operations for 2026 and 2025 are summarized below *($ in thousands)*:

Components of Endowment Payout	2026	2025
Pooled endowment yield - campuses	$ 5,063	$ 5,341
Pooled endowment yield - affiliates	768	1,569
Trusts, life income and annuities yield, net of gains utilized	819	575
Gains utilized to fund distribution - pooled campuses	23,987	22,712
Gains utilized to fund distribution - pooled affiliates	16,210	14,669
Endowment return used for operations	$46,847	$44,866

13. Operating expenses by function

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

	Compensation	Supplies & Services	Utilities	Internal Allocations	Depreciation/ Amortization	2026 Total
Campuses – current funds						
Instruction	$211,175	$ 17,061	$ 28	$ 2,763	$ -	$231,027
Auxiliary services	44,972	46,574	32	69,581	-	161,159
Research and sponsored programs	96,964	61,725	256	1,451	-	160,396
Academic support	46,454	14,730	-	8,215	-	69,399
Student services	36,187	15,542	-	2,388	-	54,117
Institutional support	67,859	27,994	28	(48,682)	-	47,199
Operations and maintenance	21,567	31,846	25,275	(39,145)	-	39,543
Fundraising and communications	7,759	4,280	-	1,397	-	13,436
Public service	18,153	4,946	-	1,515	-	24,614
Subtotal - current funds	551,090	224,698	25,619	(517)	-	800,890
Campuses – other funds	-	2,306	-	422	83,517	86,245
Affiliated entities	8,934	1,014	-	95	-	10,043
Total	$560,024	$228,018	$25,619	$ -	$ 83,517	$897,178

	Compensation	Supplies & Services	Utilities	Internal Allocations	Depreciation/ Amortization	2025 Total
Campuses – current funds						
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
Campuses – other funds	-	3,537	-	(49)	78,671	82,159
Affiliated entities	9,939	1,045	-	185	-	11,169
Total	$582,382	$239,140	$24,544	$ -	$ 78,671	$924,737

14. Net position

It is USNH's policy to use restricted funds before accessing unrestricted balances. The table below details USNH's net position as of June 30, 2026 and 2025 *($ in thousands)*:

Components of Net Position	2026	2025
Net investment in capital assets	$ 743,517	$ 789,135
Restricted financial resources		
Nonexpendable		
Historic gift value of endowment-campuses	156,827	155,880
Historic gift value of endowment-affiliated entities	231,408	213,208
Total restricted nonexpendable resources	388,235	369,088
Expendable		
Held by campuses:		
Accumulated net gains on endowment	135,187	107,539
Fair value of restricted funds functioning as endowment	21,107	19,146
Gifts, grants, and contracts	73,954	55,573
Life income and annuity funds	45	34
Loan funds	1,158	1,287
Pension assets	2,152	1,510
Held by affiliated entities:		
Accumulated net gains on endowment	131,552	93,477
Fair value of restricted funds functioning as endowment	72,759	65,187
Other	17,523	19,680
Total restricted expendable resources	455,437	363,433
Unrestricted financial resources		
Held by campuses:		
Educational and general reserves	(72,846)	(53,385)
Auxiliary enterprises	183,029	154,706
Internally designated reserves	185,617	165,036
Unrestricted loan funds	986	1,020
Unexpended plant funds	62,209	40,503
Fair value of unrestricted funds functioning as endowment	167,304	124,740
Other	(303)	1,172
Less: postretirement medical liability[1]	(63,878)	(66,433)
Held by affiliated entities:		
Fair value of unrestricted funds functioning as endowment	1,875	1,674
Other	5,245	3,413
Total unrestricted financial resources	469,238	372,446
Total net position	$2,056,427	$1,894,102

[1] As discussed in Note 7, the 2026 and 2025 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,

	2026	2025
Endowment investments	$414	$354
Other assets	24	24
Total assets	438	378
Annuities payable	4	4
Other liabilities and deferred inflows of resources	5	4
Total liabilties and deferred inflows of resources	9	8
Total net position	$429	$370

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

	2026	2025
Gifts and other support	$ 39	$ 37
Investment income	60	37
Total revenues	99	74
Distributions to UNH	30	29
Administrative and other expenses	10	11
Total expenses	40	40
Increase in net position	$ 59	$ 34

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

	2026	2025
Receipts from gifts and other sources	$24	$31
Payments to UNH and suppliers	(39)	(40)
Net cash used in operating activities	(15)	(9)
Net cash provided by investing activities	1	6
Net cash provided by noncapital financing activities	16	9
Change in cash and equivalents	$ 2	$ 6

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.

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)

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Service costs	$ 858	$ 943	$ 869	$ 1,103	$ 1,132	$ 1,143	$ 1,247	$ 1,359	$ 1,416
Interest	2,358	2,068	2,390	1,579	1,792	2,444	3,339	3,024	3,627
Benefit payments	(4,707)	(4,562)	(4,585)	(4,577)	(5,337)	(4,795)	(5,084)	(6,381)	(6,923)
Differences between expected and actual experience	451	-	(677)	-	363	(999)	849	-	(1,511)
Change of benefit terms	-	-	-	-	-	(9,533)	(318)	-	-
Changes in assumptions[1]	2,793	(3,939)	1,089	(10,306)	(6,126)	7,336	7,664	(4,968)	(4,857)
Net change in postretirement medical liability	1,753	(5,490)	(914)	(12,201)	(8,176)	(4,404)	7,697	(6,966)	(8,248)
Total Postretirement Medical Plan liability-beginning of year	59,256	64,746	65,660	77,861	86,037	90,441	82,744	89,710	97,958
Total Postretirement Medical Plan liability-end of year	$ 61,009	$ 59,256	$ 64,746	$ 65,660	$ 77,861	$ 86,037	$ 90,441	$ 82,744	$ 89,710
Current portion	$ 4,183	$ 7,571	$ 7,039	$ 7,148	$ 7,201	$ 5,342	$ 4,412	$ 5,331	$ 5,837
Covered payroll	$ 314,966	$ 421,072	$ 324,201	$ 314,822	$ 289,072	$ 303,529	$ 298,040	$ 290,287	$ 290,107
Total liability as a percentage of covered payroll	19.4%	14.1%	20.0%	20.9%	26.9%	28.3%	30.3%	28.5%	30.9%

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

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Service costs	6	$ 7	$ 7	$ 10	$ 26	$ 22	$ 37	$ 31	$ 41	$ 103
Interest	35	30	35	21	32	52	91	66	88	118
Benefit payments[2]	(72)	(106)	(48)	(22)	(714)	(343)	(111)	(123)	(95)	(518)
Differences between expected and actual experience	(39)	-	11	-	(164)	-	(200)	-	(89)	(328)
Changes in assumptions	(11)	(20)	15	(61)	3	36	70	(97)	26	(5)
Net change in ARC liability	(81)	(89)	20	(52)	(817)	(233)	(113)	(123)	(29)	(630)
Total ARC liability at beginning of year	887	976	956	1,008	1,825	2,058	2,171	2,294	2,323	2,953
Total ARC liability at end of year	$ 806	$ 887	$ 976	$ 956	$ 1,008	$ 1,825	$ 2,058	$ 2,171	$ 2,294	$ 2,323
Current portion	$ 71	$ 71	$ 105	$ 56	$ 42	$ 865	$ 217	$ 200	$ 95	$ 455
Covered payroll	$ 7,393	$ 9,204	$ 10,363	$ 11,690	$ 12,138	$ 12,732	$ 22,275	$ 24,369	$ 26,646	$ 29,409
Total Liability as a Percentage of Covered Payroll	10.9%	9.6%	9.4%	8.2%	8.3%	14.3%	9.2%	8.9%	8.6%	7.9%

Operating Staff Retirement Plan

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

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017[3]
Plan Fiduciary Net Position										
Beginning balance	5,608	5,458	$ 5,410	$ 5,307	$ 6,549	$ 5,863	$ 6,186	$ 6,376	$ 6,700	$ -
Employer contributions	-	-	-	-	-	-	-	-	-	6,700
Plan administrative costs	-	-	-	-	-	-	-	(13)	(13)	-
Net investment income	788	585	637	554	(754)	1,143	173	407	274	-
Benefit payments	(377)	(435)	(589)	(451)	(488)	(457)	(496)	(584)	(585)	-
Fiduciary net position	$ 6,019	$ 5,608	$ 5,458	$ 5,410	$ 5,307	$ 6,549	$ 5,863	$ 6,186	$ 6,376	$ 6,700
Total pension liability at end of year	(3,867)	(4,098)	(4,058)	(4,328)	(4,593)	(4,992)	(5,431)	(5,875)	(5,652)	(5,707)
Net pension asset	$ 2,152	$ 1,510	$ 1,400	$ 1,082	$ 714	$ 1,557	$ 432	$ 311	$ 724	$ 993
Plan net position as a percentage of total pension liabilty	155.7%	136.8%	134.5%	125.0%	115.5%	131.2%	108.0%	105.3%	112.8%	117.4%
Plan Pension Liability										
Beginning balance	$ (4,098)	$ (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	(176)	(207)	(319)	(185)	(79)	(41)	(65)	(290)	(292)	(298)
Benefit payments	377	434	590	451	488	457	496	584	585	956
Changes in assumptions	30	(267)	-	-	(9)	29	20	(514)	(238)	-
Total pension liability at end of year	$ (3,867)	$ (4,098)	$ (4,058)	$ (4,328)	$ (4,593)	$ (4,992)	$ (5,431)	$ (5,875)	$ (5,652)	$ (5,707)
Covered payroll	-	-	$ -	$ 62	$ 122	$ 120	$ 815	$ 850	$ 961	$ 1,007
Net pension asset as a percentage of covered payroll	0.0%	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:

[1] Changes in assumptions relate to discount rate changes. The rates were 4.8% for FY26, 4.1% 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.

[2] Fiscal year 2017 benefit payments included separation costs resulting in larger amounts.

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

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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 unity of the State of New Hampshire, as of and for the year ended June 30, 2026, and have issued our report thereon dated October 22, 2026. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit in our planning communications dated April 22, 2026. 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. 103, *Financial Reporting Model Improvements* and GASB Statement No. 104, *Disclosure of Certain Capital Assets* in 2026. Accordingly, the adoption of these statements resulted in changes in the financial statement presentation, note disclosures, and required supplementary information.

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.

- 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

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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 take 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

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

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.

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Not to be Relied Upon

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
October 22, 2026

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT
University System of New Hampshire
Business Type Activities
Year Ended June 30, 2026

UNCORRECTED ADJUSTMENTS	Effect of misstatements on:			
Description	Assets	Liabilities	Net Position	Net Expense/Revenue and Change in Net Position
Investment Market Valuation	(6,811,898)		6,811,898	6,811,898
Net current year misstatements (Iron Curtain Method)	(6,811,898)	-	6,811,898	6,811,898
Net prior year misstatements			-	-
Combined current and prior year misstatements (Rollover Method)	$ (6,811,898)	$ -	$ 6,811,898	$ 6,811,898
Financial statement totals	$ 2,777,447,000	$ (721,019,000)	$ (2,056,428,000)	$ 162,326,000
Current year misstatement as a % of financial statement totals (Iron Curtain Method)	-0.25%		-0.33%	4.20%
Current and prior year misstatement as a % of financial statement totals (Rollover Method)	-0.25%		-0.33%	4.20%

INADEQUATE DISCLOSURES	
Description	Amount (If Applicable)
N/A	

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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, 2026, 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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
October 22, 2026

We'll get you there.

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University System of New Hampshire

June 30, 2026 Audit Results

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Agenda

- Audit scope and process
- Audit opinion and communications
- Single audit update

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Scope of Services

- Audit of the System's financial statements for the year ended June 30, 2026
- Opinion on internal controls over financial reporting and compliance in accordance with *Government Auditing Standards*
- Required communications letter to governance
- Report on internal control over compliance with major program requirements (federal awards)

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Responsibility Overview

Governance

- Oversight of the audit process and strategic direction
- Policy related to external audits

Management

- Preparation of financial statements
- Selection of accounting policies
- Design and implementation of internal controls over financial reporting and compliance
- Programs to control and prevent fraud and inform auditors of known or suspected fraud

Independent Auditor

- Perform an audit in accordance with GAAS and GAGAS
- Express opinion on whether financial statements are fairly presented in conformity with GAAP in all material respects
- Communicate significant matters

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Audit Process

RISK-BASED APPROACH

- Internal controls
- Revenue recognition
- Significant estimates
- Investment valuation
- Capital projects and debt
- Salary/Other post retirement benefits



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Audit Opinion

Financial Statement

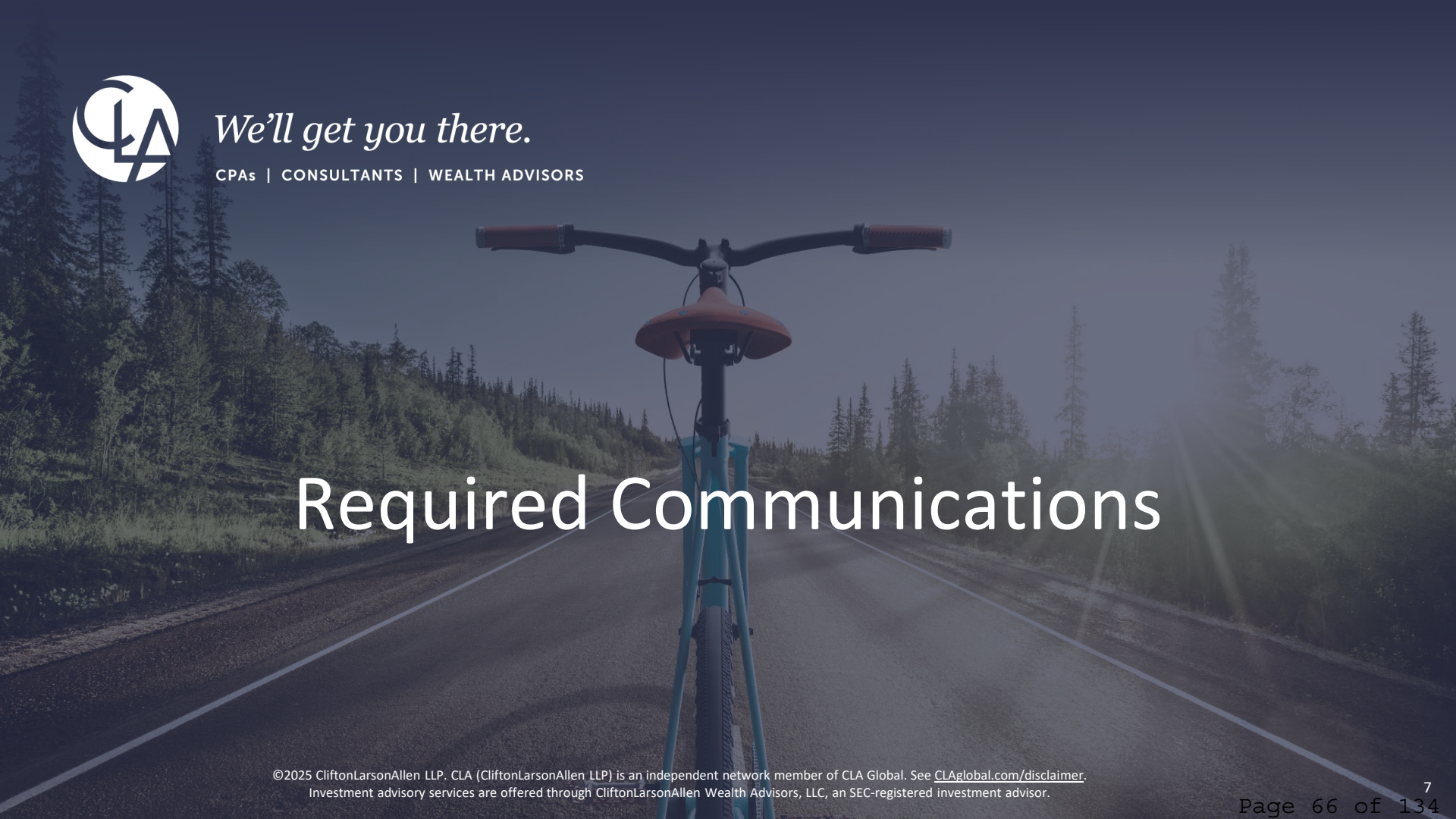
Financial statement audit opinion is **unmodified**.



Audit Results

No material weaknesses noted.

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Required Communications

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Audit Process – Risk Based Approach

Overall

- Purpose is to communicate audit results to governance
- No changes in scope
- Implementation of GASB 103 and 104
- No new or changed accounting policies
- 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

- No corrected and one uncorrected adjustment noted

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Single Audit

Major Programs	Status	Findings
Research & Development (R&D) 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

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Approval from audit committee

Signed representation letter

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Questions and Feedback

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

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Keene STATE COLLEGE

Plymouth State UNIVERSITY

University of New Hampshire

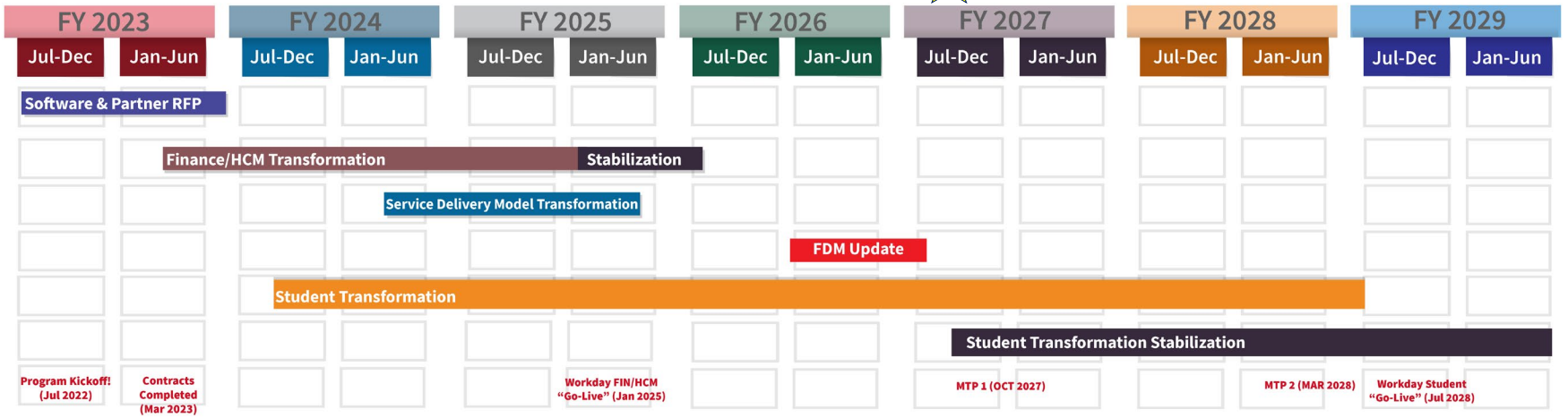
University System of New Hampshire

Item VII. A. ERP Program Update

October 2026

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ERP Program Timeline



Software & Partner RFP
Software "Request for Proposals"
- Workday chosen.

Software implementation partner "Request for Proposals"
- Cognizant chosen.

Service Delivery Model Transformation
- Workday production governance
- Single Point of Entry Customer Support
- Training Documentation

Finance/HCM Transformation
- Plan
- Design
- Test
- Train
- Deploy

FDM Update
- Company hierarchy updates.
- Financial processing changes.

Student Transformation
- Readiness
- Discovery
- Analysis
- Alignment
- Plan
- Design
- Test
- Train
- Deploy

Stabilization
- Knowledge Transfer
- Evaluation
- Adjustments

Key milestones completed

- January 2025 - Production go-live Workday HR and Finance platform
- January 2025 - Workday Student implementation phase kick-off
- June 2026 – Completion Workday Student design workset A, B, C and D.
- July 2026 – Foundation Data Model Update (FDM production go-live)

Key milestones upcoming

- December 2026 - Workday Student Design sign-off
- January 2027 – Start End To End Testing stage
- October 2027 – Move To Production 1

Workday Student Status – October 2026

Stage: Design and Architect

Keene State College | Plymouth State University | University of New Hampshire | University System of New Hampshire

OVERALL ◆ | SCOPE ◆ | TIMELINE ◆ | FINANCIALS ◆ | RESOURCES ◆

MILESTONE	START DATE	END DATE	STATUS
Design Workset A - C	Jan 2025	Dec 2025	Completed
Design Workset D	Jan 2026	June 2026	Completed
Design Workset E	July 2026	Dec 2026	In Progress
End To End Testing MTP 1	Jan 2027	Sept 2027	Not started
End To End Testing MTP 2	July 2027	Feb 2028	Not started
Move To Production 1	Oct 2027	**Oct 2027**	Not started
Move To Production 2	Mar 2028	**Mar 2028**	Not started
Hypercare	Oct 2027	June 2028	Not started

EXECUTIVE SUMMARY

Overall
- Architect and Design stage on track for design sign-off in December 2026.
- Financial Aid 3rd party vendor implementation underway.
- Planning for E2E testing started.

Scope
- Student waiver functionality requires a Workday Extend solution.

Financials
- Program is tracking towards its approved $50M budget.

Timeline
- On track to start End to End testing stage as on schedule.

Resources
- Resource turn-over and functional resource constraints due to competing priorities between business operations and project remain risk for project.

RISK	IMPACT	MITIGATION STRATEGY
Course Leaf reimplementation not ready by October 2027 for MTP1 go-live.	Adjustments to curriculum and catalog cycles will be required.	Vendor escalation and detailed planning efforts underway to bring implementation timeline in alignment with Workday plan.

ERP Inception-to-date financials/projected spend

	FY23 Actuals	FY24 Actuals	FY25 Actuals	FY26 Projected	FY27 Projected	FY28 Projected	FY29 Projected	FY30-FY32 Projected	Total
Total Expenses	4,154,624	9,890,300	9,351,579	7,814,439	8,128,341	5,781,410	2,162,444	3,385,653	50,668,790
Cumulative Spending	4,154,624	14,044,924	23,396,503	31,210,942	39,339,283	45,120,693	47,283,137	50,668,790	

- ERP program budget approved at $50M
- Continues to analyze and reduce costs to maintain spending at $50M level, as approved by BOT
- Forecast based on projected FY26 projected not actuals

UNIVERSITY SYSTEM OF NEW HAMPSHIRE
BOARD OF TRUSTEES

Audit Committee

Supporting Materials Summary Sheet

University System of New Hampshire

To: Audit Committee

Re: Item VII. B. 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 36 action plans currently being tracked, five are from internal audit reports issued since the last semi-annual update, six underlying risk/control issues have been reported by management as resolved or management has accepted the residual risk (includes one of newly reported audit issues), and remaining 26 are in process, much improved, and/or on hold.

SUBMITTED and APPROVED BY:

Catherine A. Provencher
Chancellor

Date Prepared: October 12, 2026 For the Meeting of: October 22, 2026

-- End of Summary Sheet --

OUTSTANDING AUDIT ISSUES MONITORING MATRIX as of 10/01/2026

#	Originally Reported	Entity	Audit	Risk/Control Issue	Action Plan & Responsible Party	Original Target Date	Revised Target Date	Status	
1	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	Dec-26		In Process 8/26
				MGT. EXPLANATION & RESOLUTION PLAN @ 08/13/2026: (1) Resolved. The required risk assessment has been performed as required y the HIPAA Security Rule. (2) In Process. KSC BHII has updated the BHII's Privacy & Security Policy and has submitted the document to the UNH HIPAA Compliance officer for review and comments. The due date was extended to December 30, 2026. (3) Resolved. The encryption verification has been added to the onboarding checklist. (4) Resolved. (5) In Process. KSC BHII has updated the DSA templates and it is currently under review by Legal. The due date was extended to December 30, 2026. (6) In Process. KSC BHII is currently working on addressing the management action plan. The due date was extended to December 30, 2026.				
2	2027	KSC	Revenue Contracts Audit	Enhance invoicing of revenue contracts	1) We will create formal roles and responsibilities to define, document, and communicate the different processes, including tracking, invoicing, billing, collection, recording and monitoring of payments. 2) Going forward, we will involve Non-Student Accounts Receivable to invoice and bill all existing and new revenue contracts. 3) We will create procedures to monitor outstanding receivable balances and perform monthly reconciliations to ensure all revenue has been received. 4) Lastly, we will ensure that any missing revenue is billed and collected. Responsible Party: KSC Director, Finance Division	Jun-27	Jun-27		In Process 9/26
				MGT. EXPLANATION & RESOLUTION PLAN @ 09/03/2026: NEW					
3	2026	PSU	Admissions Office Data Security Review	Enhance security of shared confidential data	1) PSU has engaged institutional partners to initiate the review and updates to the Ruffalo Noel Levitz (RNL) contract to ensure appropriate data protection, security, and breach response language is incorporated into both current and future agreements. While Admissions does not hold contracting authority, it is actively collaborating with University stakeholders to support this effort. This will be completed by September 30, 2026. 2) PSU Admissions worked with ET&S to implement MFA through the University's Single Sign-On environment for Slate. This has been completed. 3) PSU Admissions coordinated with the USNH CISO and Cybersecurity staff to confirm the status of the Security Assessment Review over Slate. Management will implement a recurring review cadence to ensure ongoing compliance with the USNH Vendor Cloud Service Security Standard and to support timely identification of changes in vendor risk posture. This has been completed. This will be completed by the PSU Director of Enrollment Operations & Graduate Admissions	Sep-26	Sep-26		Resolved 8/26
				MGT. EXPLANATION & RESOLUTION PLAN @ 7/27/2026: New (1) Resolved. The RNL contract was terminated on 7/27/2026 and all services were moved to EAB. In addition, PSU has decided to not share FTI data with EAB. (2) Resolved (3) Resolved					

OUTSTANDING AUDIT ISSUES MONITORING MATRIX as of 10/01/2026

#	Originally Reported	Entity	Audit	Risk/Control Issue	Action Plan & Responsible Party	Original Target Date	Revised Target Date	Status	
4	2026	PSU	Admissions Office Data Security Review	Enhance protocols for confidential data protection	1) PSU Admissions will create data protection SOPs and move these into production for all users of Slate. This will be completed by May 31, 2027 2) PSU Admissions will create a document destruction SOP and move them into production for all users of Slate. This will be completed by May 31, 2027. 3) PSU Admissions will develop, document, and communicate a data classification and handling procedure aligned with the USNH Information Classification Policy, including defined data categories, handling expectations, staff training, and ongoing review. This will be completed by May 31, 2027 4) PSU Admissions will create an Admissions Confidential Data Access and Identity Verification SOP and move them to production for all users of Slate. This will be completed by May 31, 2027. 5) PSU Admissions will create the Confidentiality Agreement and move the agreement and process into production for all active and appropriate user signatures. This will be completed by November 30, 2026. 6) PSU Admissions will reach out to ET&S Cybersecurity to provide details regarding the incident. They will also add to or create a new policy or addendum that explicitly addresses this finding. This will be completed by May 31, 2027. This will be completed by the PSU Director of Enrollment Operations & Graduate Admissions	May-27	May-27		In Process 8/26
				MGT. EXPLANATION & RESOLUTION PLAN @ 7/27/2026: NEW					
5	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	Dec-26		Resolved 8/26
				MGT. EXPLANATION & RESOLUTION PLAN @ 08/20/2026: (1) Resolved. UNH Athletics created detailed procedures for processing payment card transactions that were incorporated into the UNH Athletic Box Office desk manual (2) Resolved. All individual user accounts comply with PCI DSS Requirement 8 (3) Resolved. An access review is semi-annually performed and access is removed if needed (4) - (5) Resolved. (6) Resolved. All ticket office staff processing payment card transactions complete an annual PCI-DSS training. In addition, all ticket office staff has a background check on file.				
6	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	May-26		Resolved 8/26
				MGT. EXPLANATION & RESOLUTION PLAN @ 02/17/2026: (1) - (2) Resolved. The Subrecipient monitoring plan was updated and includes now all recommendations, reflect how cross-cutting audit findings should be addressed, and when the RAQ should be updated (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.				

OUTSTANDING AUDIT ISSUES MONITORING MATRIX as of 10/01/2026

#	Originally Reported	Entity	Audit	Risk/Control Issue	Action Plan & Responsible Party	Original Target Date	Revised Target Date	Status	
7	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	Dec-26		In Process 8/26
				MGT. EXPLANATION & RESOLUTION PLAN @08/26/2026: (1) In Process: Management is currently working on addressing this management action plan. The due date was extended to December 30, 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.					
8	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	Dec-26		In Process 8/26
				MGT. EXPLANATION & RESOLUTION PLAN @ 08/26/2026: In Process. UNH management is currently working on addressing this management action plan. The due date was extended to December 30, 2026.					

OUTSTANDING AUDIT ISSUES MONITORING MATRIX as of 10/01/2026

#	Originally Reported	Entity	Audit	Risk/Control Issue	Action Plan & Responsible Party	Original Target Date	Revised Target Date	Status	
9	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-26		In Process 8/26
				MGT. EXPLANATION & RESOLUTION PLAN @ 08/26/2026: (1) - (2) In Process. Management is currently working on addressing this management action plan. The due date was extended to December 30, 2026. (3) In Process. UNH Education Abroad has drafted the protocols for handling and storing sensitive student data and they will be submitted to the University Committee on Study Abroad (UCSA) at the fall meeting for approval. An access review for Via-TRM has been completed and will be conducted and documented semi-annually. The due date was extended to December 30, 2026 (4) Resolved. New contracts for Via-TRM and International SOS have been signed. Both contracts include the appropriate data security language. (5) Resolved. Education Abroad has added the USNH Cybersecurity Incident Reporting procedures and Cybersecurity Tips for International Travel to the Canvas prep course. Going forward, the data security addendum will be added to all agreements. (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.				

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#	Originally Reported	Entity	Audit	Risk/Control Issue	Action Plan & Responsible Party	Original Target Date	Revised Target Date	Status	
10	2024	UNH	International Operations	Approval and Periodic Review of Education Abroad Programs	1) Education Abroad will continue to work with the University Committee of Study Abroad (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 8/26
				MGT. EXPLANATION & RESOLUTION PLAN @ 08/26/2026: (1) - (2) In Process. University Committee of Study Abroad (UCSA) has provided a faculty-led program proposal that will be the basis of the program review, and a tentative schedule for program reviews has been set. In the meantime, the Assistant Director is working on a program review rubric. The due date was extended to December 30, 2026 (3) Resolved. All active agreements were uploaded into UShopNH and any new agreements will be uploaded as a standard operating procedure. (4) Resolved. All templates have been updated to include data privacy terms. (5) Resolved. Going forward, the data security addendum will be added to all agreements going forward.				

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#	Originally Reported	Entity	Audit	Risk/Control Issue	Action Plan & Responsible Party	Original Target Date	Revised Target Date	Status	
11	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	Dec-26		In Process 8/26
				MGT. EXPLANATION & RESOLUTION PLAN @ 08/07/2026: (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 December 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 December 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 December 31, 2026				
12	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		Resolved 8/26

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				MGT. EXPLANATION & RESOLUTION PLAN @ 08/07/2026: (1) Resolved UNH management is currently working with the vendor to address this issue. The overall risk has been reduced, and as such, this outstanding audit issue has been downgraded to medium and has been closed for audit committee reporting purposes. (2) Resolved. Going forward, inquiries are performed with the PI regarding the grant title, awarded information, and PI if external funding is used. (3) Resolved. UNH management is currently working with the vendor to address this issue. The overall risk has been reduced, and as such, this outstanding audit issue has been downgraded to medium and has been closed for audit committee reporting purposes. (4) Resolved. The training section and website was updated to reflect the validity of the training certificates.			
13	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	Resolved 8/2026
				MGT. EXPLANATION & RESOLUTION PLAN @ 08/06/2026: (1)- (2) Resolved. A records retention policy was created and communicated within Advancement staff. (3) In Process. A UNH Foundation privacy policy was drafted and approved internally. It was sent to USNH internal counsel for feedback and confirmation that there are no legal risks to the policy. Once the policy was approves, it will be posted on the UNH Advancement website and communicate the new policy. (4) Resolved. All Flex Agreements have been received and are on file with HR.			
14	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-26	In Process 8/26
				MGT. EXPLANATION & RESOLUTION PLAN @ 01/30/2026: (1) Resolved. An updated SAR as been performed by ET&S. (2) In Process. UNH management is currently working on addressing this item. The due date was extended to December 30, 2026.			
15	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-26	In Process 9/26
				MGT. EXPLANATION & RESOLUTION PLAN @ 09/11/2026: (1) - (5) In Process. UNH management is currently working on addressing these management action plans. The due date was extended to December 31, 2026.			

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16	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-26		In Process 9/26
				MGT. EXPLANATION & RESOLUTION PLAN @ 09/11/2026: (1) - (2) In Process. UNH management is currently working on addressing these management action plans. The due date was extended to December 31, 2026.					
17	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-26		In Process 9/26
				MGT. EXPLANATION & RESOLUTION PLAN @ 09/11/2026: (1) - (3) In Process. UNH management is currently working on addressing these management action plans. The due date was extended to December 31, 2026.					
18	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-26		In Process 9/26
				MGT. EXPLANATION & RESOLUTION PLAN @ 09/11/2026: (1) - (4) In Process. UNH management is currently working on addressing these management action plans. The due date was extended to December 31, 2026					
19	2025	UNH	Financial Conflict of Interest in Research	Enhance existing research conflict of interest reporting process	1) The monitoring list will be updated to include all active PHS, NASA, and DOE PIs. In addition, the monitoring list will be reviewed to ensure that the date of the last disclosure is correct. 2) Any missing disclosures identified by internal audit have now been obtained and reviewed. 3) Management plans will be finalized, approved, and implemented within determined timeframes. 4) RIS has already reached out to Cayuse to see if the system would be capable to send annual reminders to all investigators that work on research projects and the system isn't currently able too. We will continue with the manual tracking spreadsheet to ensure that all required disclosures are obtained. 5) Assistance Listing Numbers will be captured, and only active awards will be monitored. RIS will perform periodic (semi-annual) reconciliations between monitoring and award system to maintain integrity and completeness. These will be completed by July 30, 2026 by the UNH Research Integrity Services	Jul-26	Dec-26		In Process 10/26

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#	Originally Reported	Entity	Audit	Risk/Control Issue	Action Plan & Responsible Party	Original Target Date	Revised Target Date	Status
				MGT. EXPLANATION & RESOLUTION PLAN @ 10/07/2026: (1) Resolved. The list was updated to include all active PHS, NASA, and DoE PIs and is being actively monitored. Going forward, we are requiring all PIs (regardless of funding source) to complete the financial conflict of interest disclosure annually (2) Resolved. All missing disclosures have been obtained and reviewed. (3) In Process. Out of the 4 open management plans, one has been finalized, signed off, and implemented. For two plans, RIS is awaiting supporting documentation that there is no longer a financial conflict of interest, and the remaining one management plan is currently in the process of being finalized. The due date has been extended to December 31, 2026. (4) Resolved. Cayuse is not able to send annual reminders to all investigators. We continue to utilize the manual tracking spreadsheet to follow up with the PIs on an annual basis to ensure that all required disclosures are obtained. (5) Resolved. The Assistant Listing Numbers have been added to the manual tracking spreadsheet.				
20	2025	UNH	Financial Conflict of Interest in Research	Expand conflict of interest disclosure process	The Cayuse conflict of interest form is being modified to include additional questions. In coordination with the Interim Vice President for Research and Innovation, UNH, a review process will be developed to manage non-financial conflicts of interests and commitments by the researchers. These will be completed by September 30, 2026 by the UNH Provost.	Sep-26	Sep-26	In Process 8/26
				MGT. EXPLANATION & RESOLUTION PLAN @ 08/07/2026: In Process. This action is being addressed within the Provost's Office with coordination with the Research and Innovation office. Note, This is applicable to all UNH faculty and PAT staff, not just researchers. This item specifically relates to Conflict of Interest and Commitment, not FCOIR for externally funded researchers. Research and Innovation will support the use of Cayuse for this purpose. The due date for this action is September 30, 2026				
21	2026	UNH	College of Health and Human Services Data Security Review	Enhance protocols for confidential data protection	(1) We will author a Data Protection Protocol that operationalizes FERPA, HIPAA and USNH standards for collection, storage, transmission, sharing, and destruction of sensitive and confidential data, including an Email Security Playbook that defines do's and don'ts; mandates encryption/secure file transfer in lieu of email for restricted or protected data; and a standard response if sensitive data is received via email. Departments must classify all data they handle according to the UNH/USNH Information Classification tiers. CHHS will work with the HIPAA Privacy Officer, USNH/HIPAA Security Officer, and ET&S to review and validate the security of all OneDrive and SharePoint locations used to store or share confidential health information. Establish formal record retention and secure destruction procedures to ensure confidential data is purged on a defined schedule from all storage locations. (2) An inventory and risk assessment of all removable media with protected health information (PHI) will be performed. A disposition plan will be developed to migrate required PHI to approved, governed storage, cryptographically wipe/destroy redundant media, and document chain of custody. Physical Safe governance will be created if retention of hard-copy data is justified, update combination of physical safe semiannually and after personnel changes, maintain access log, limit keys/combination to least necessary roles. Create standard procedure for media receipt, labeling, storage, transport, and destruction. (3) We will explore if there are other ways to receive data rather than physical storage devices. Standardize receipt procedures including seal integrity check, logging on receipt, immediate transfer to controlled storage, prohibition on personal devices. Disposal will use NIST equivalent destruction for optical media (shredder/certified vendor) with certificate of destruction retained per retention policy. Incident response for lost/stolen/damaged media with PHI triggers HIPAA breach evaluation flow. (4) We will create an intake channel inventory: enumerate every pathway sensitive data enters CHHS (fax, email, mail, web forms, cloud apps, scanning, uploads to SharePoint/OneDrive/Banner/mWS). We will initiate a security assessment with USNH CISO/ET&S regarding the fax machines. (5) We will adopt CHHS Record Retention Schedule mapped to data classes and to legal/operational requirements and USNH policies on data retention. (6) We will adopt a CHHS Data Classification Procedure that aligns the terms/definitions to USNH tiers, maps common CHHS data types to tiers, assigns handling requirements, add banners/metadata on repositories and documents for Restricted/Protected data, governs access requirements, and integrates with procurement and vendor security assessment review (SAR) This will be completed by the Associate Dean for Research; Associate Dean for Academic Affairs; with support from the UNH HIPAA Privacy Officer, HIPAA Security Officer and USNH CISO	Sep-26	Sep-26	In Process 8/26
				MGT. EXPLANATION & RESOLUTION PLAN @ 08/07/2026: (1) - (6) In Process. UNH management is currently working on addressing these management action plans. The due date is September 30, 2026.				

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22	2026	UNH	College of Health and Human Services Data Security Review	Enhance security of shared confidential data	(1) We will consult UNH HIPAA Privacy Officer and HIPAA Security Officer, RCC representatives CHHS institute leadership, and clinical leaders to verify what PHI is being stored and how it is accessed and by whom. Draft a simple, formal service level agreement (SLA), request written confirmation from RCC that safeguards meet HIPAA requirements, and document RCC storage procedures in the CHHS Data Protection Protocol (2) We will compile a clean list of all unreviewed external software and storage applications. Submit the list to ET&S Cybersecurity for SAR review., and reinforce the required procurement workflow (3) We will request Procurement to initiate contract discussions with the five identified vendors. Ensure each contract includes required security terms, add Business Associate Agreements where necessary (for PHI systems) and clarify the responsibility for reviewing and signing off on these BAAs. (4)We will work with the UNH RCC to draft a formal SLA, to obtain written verification that RCC has implemented security controls consistent with HIPAA, State Laws, and USNH standards. Update departmental guidance to state that PHI may not be stored on RCC servers unless authorized under the SLA. File the SLA and verification in the central CHHS data governance repository. This will be completed by the Associate Dean for Research; Associate Dean for Academic Affairs; with support from the UNH HIPAA Privacy Officer, HIPAA Security Officer and USNH CISO, and USNH Procurement	Sep-26	Sep-26		In Process 8/26
				MGT. EXPLANATION & RESOLUTION PLAN @ 08/07/2026: (1) - (4) In Process. UNH management is currently working on addressing these management action plans. The due date is September 30, 2026.					
23	2026	UNH	College of Health and Human Services Data Security Review	Document HIPAA Covered Component Determination	(1) We will meet with the UNH HIPAA Privacy Officer to review all five CHHS departments/programs handling health related information. We will use a simple evaluation template (criteria based on HIPAA hybrid entity rules) to determine whether each unit meets the definition of a HIPAA covered component and document whether each unit is HIPAA covered or non covered. (2) We will create a short HIPAA Component Designation Memo listing and submit the memo to the HIPAA Privacy Officer for campus level recordkeeping. (3) If necessary, we will update the CHHS Data Protection Protocol to reflect which departments are HIPAA covered. (4) We will implement a biennial review process in cooperation with the HIPAA Privacy Officer to reassess HIPAA applicability for all CHHS programs handling medical or health related information. This will be completed by the Associate Dean for Research; Associate Dean for Academic Affairs; with support from the UNH HIPAA Privacy Officer, CHHS Director of Clinical, Internship, and Experiential Education	Sep-26	Sep-26		In Process 8/26
				MGT. EXPLANATION & RESOLUTION PLAN @ 08/07/2026: (1) - (4) In Process. UNH management is currently working on addressing these management action plans. The due date is September 30, 2026.					
24	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	Dec-26		In Process 9/26
				MGT. EXPLANATION & RESOLUTION PLAN @ 09/04/2026: (1) In Process. ET&S management is actively working on these management action plans, which have been delayed due to the recent staffing change. Cybersecurity training is delivered by Workday and results will be presented to president's council. The due date has been extended to December 31, 2026. (2) Resolved.					
25	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	Dec-26		In Process 9/26

OUTSTANDING AUDIT ISSUES MONITORING MATRIX as of 10/01/2026

#	Originally Reported	Entity	Audit	Risk/Control Issue	Action Plan & Responsible Party	Original Target Date	Revised Target Date	Status	
				MGT. EXPLANATION & RESOLUTION PLAN @ 09/04/2026: (1) In Process. ET&S management is actively working on these management action plans, sensitivity labels were created and HIPPA DLP is still being worked on . The due date has been extended to December 31, 2026. (2) Resolved. Management has revised the policy to clarify that a role change can lead to the deletion of emails.				
26	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	Dec-26		In Process 09/26
				MGT. EXPLANATION & RESOLUTION PLAN @ 09/05/2026: In Process. Desktop inventory is being tracked in TeamDynamix for managed devices, and server inventory for not managed by EIS (Enterprise Infrastructure Services) is currently in progress. The due date has been extended to December 31, 2026.				
27	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	Jun-26		Resolved 09/26
				MGT. EXPLANATION & RESOLUTION PLAN @ 09/05/2026: (1) Resolved. The amount is set at $350, and the most commonly used codes - SC255, SC325, SC026, and SC249 have been added. (2) Resolved. Management has updated the policy. (3) Resolved. Policy has been updated. (4)Resolved. Management has updated the Endpoint Management Standard to address the purchase requirements for institutionally owned endpoints.				
28	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	Dec-26		In Process 09/26
				MGT. EXPLANATION & RESOLUTION PLAN @ 09/05/2026: (1) In Process. Management is currently working on the SAR for Collegis, and the SEED SAR has been completed. The due date was extended to December 2026. (2) Resolved. SEED destruction policy has been validated via the vendor certificate, (3) Resolved. A message has been added to Jaggaer for cybersecurity requirements, and (4) Resolved. The contract with Coretek has been updated.				
29	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	Dec-26		In Process 9/26

OUTSTANDING AUDIT ISSUES MONITORING MATRIX as of 10/01/2026

#	Originally Reported	Entity	Audit	Risk/Control Issue	Action Plan & Responsible Party	Original Target Date	Revised Target Date		Status
				MGT. EXPLANATION & RESOLUTION PLAN @ 09/30/2026: (1) In Process. USNH management is currently working on the risk acceptance memo. The due date was extended to December 30, 2026. (2) - (3) Resolved. We actively follow up with cardholders that have not submitted receipts over $25 or have missing reconciliations. Cards are timely suspended until the card holder submits all required receipts. (4) Resolved. All Policy violation notifications include both the cardholder and their supervisor regarding their violation. Refer to the attached violation notice for more details. The notification includes instructions on how to reimburse the University (5) Resolved. All Policy violation notifications include both the cardholder and their supervisor regarding their violation. In addition, starting in December 2025 the PCard Administrator met with NSAR and it was changed how they notify the team to improve the process and save staff time. Now a 'Task' within a TDx Service Request is added and then assigned to NSAR whose team then closes the Task, once they received the check. The notification includes instructions on how to reimburse the University (6) Resolved. FDM's can be changed from non-grant to grant prior to the reconciliation of the transaction within WD. (7) In Process. USNH management is currently working on the risk acceptance memo. The due date was extended to December 30, 2026. (8) Resolved: UNH STAR reviewed the identified transaction and confirmed the allowability and allocability of the transactions.				
30	2025	USNH	Purchasing Card	Ensure Cardholder Compliance with USNH Policy and Procedures	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. 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. 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. 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. 5) We have issued policy violation notices for the above noted transactions. 6) 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. 7) We will implement a process of reviewing PCard transactions periodically for purchases from catalog vendors and follow up with cardholders. 8) 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. 9) We will identify purchases that occur post termination. 10) 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. 11) 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. 12) 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&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. 13) 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. 14) 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. 15) 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. Responsible Party: USNH Chief Procurement Officer, USNH Finance Support Manager, and UNH Associate Vice President & Chief Research Administration Officer, Research, Economic Engagement, and Outreach	Dec-25	Dec-26		In Process 9/26

OUTSTANDING AUDIT ISSUES MONITORING MATRIX as of 10/01/2026

#	Originally Reported	Entity	Audit	Risk/Control Issue	Action Plan & Responsible Party	Original Target Date	Revised Target Date		Status
				MGT. EXPLANATION & RESOLUTION PLAN @ 09/30/2026: (1) Resolved: Current PCard Training iterates the requirement for cardholders to review and adhere to all USNH Financial Services Policies and Procedures. (2) Resolved: With the implementation of Workday, 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. (3) Resolved. Since the implementation of Workday, Wells Fargo data feeds directly into Workday. Any cards are suspended and deactivated directly in Wells Fargo and then the status is updated in Workday. (4) Resolved. A monthly report is reviewed for any missing receipts and terminated employees. Follow-ups are emailed to the PCard holder and their supervisor. In addition, cards are suspended until receipts are received by the card holder. (5) In Process. USNH management is currently working on the risk acceptance memo. The due date was extended to December 30, 2026. (6) Resolved. the PCard application signature line has been updated and is currently being used by all new applicants. (7) In Process. USNH Procurement is in the optimization stage of using AI to identify transactions that could be purchased through catalog vendors. The due date was extended to December 30, 2026. (8) Resolved. We actively follow up with cardholders that have not submitted receipts over $25 or have missing reconciliations. Cards are timely suspended until the card holder submits all required receipts. In addition, if there is a lack of responses from the card holder and their supervisor, those card holders are now being reported to the Campus CFO to request assistance in obtaining the support. If there is still a lack of PCard reconciliations, these cases are review by the CPO to decide if further escalation to HR and Legal will be required. (9) Resolved. A monthly report is reviewed for any missing receipts and terminated employees. Follow-ups are emailed to the PCard holder and their supervisor. In addition, cards are suspended until receipts are received by the card holder. (10) & (11) In Process. Changes to the P-Card Policy have been drafted and are currently with FINEC for review and approval. The due date has been extended to December 30, 2026. (12) Resolved. Currently the T&E supervisor and Senior T&E staff are primarily reviewing expense reports in Workday to ensure adequate reviews are conducted. This means that senior well trained staff working solely within T&E are responsible for this effort. In addition, all T&E reviewers, T&E supervisors, and Senior T&E staff use a checklist to perform their reviews. (13) In Process: Level 3 data will be used in AI based analytics being optimized. The due date was extended to December 30, 2026. (14) Resolved: UNH STAR reviewed the identified transaction and confirmed the allowability and allocability of the transactions. (15) Resolved: As a result of the audit, SPA conducted a training session on travel including foreign travel and the need to seek preapproval prior to foreign travel. Workday does have a pre-approval function that is now being utilized.				
31	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	May-27		In Process 9/26
				MGT. EXPLANATION & RESOLUTION PLAN @ 09/04/2026: 1) - 5) In Process. The Networking Operations team's in process work remains delayed due to limited staffing and competing priorities. The due date has been extended to May 31, 2027.				

OUTSTANDING AUDIT ISSUES MONITORING MATRIX as of 10/01/2026

#	Originally Reported	Entity	Audit	Risk/Control Issue	Action Plan & Responsible Party	Original Target Date	Revised Target Date	Status	
32	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-26		In Process 9/26
				MGT. EXPLANATION & RESOLUTION PLAN @ 09/04/2026: (1) In Process. The Networking Operations team's in process work remains delayed due to limited staffing, licensing and competing priorities. The due date has been extended to December 31, 2026.(2) Resolved. Management has created a Splunk dashboard and performs review quarterly.					
33	2025	USNH	Sponsored Accounts Audit	Strengthen Governance, Standards and Policies	The Sponsored User Standard is currently up for review and revision. In the updated standard, ET&S will address the following: 1)The Sponsored User Standard is currently up for review and revision. In the updated standard we will: I. Document the current birthright access privilege of minimal access. II. Document the process of adding access privileges to an account will be clearly outlined. III. Document clear roles and responsibilities of all parties involved (including approver and sponsor) in the Sponsored Account Lifecycle which will include all positions involved in the sponsored user lifecycle. IV. IAM team will create a process to periodically audit approvers to ensure eligibility. V. Update the standard to accurately reflect the CISO's role. VI. Document required elements for business justification in the Sponsored Account Standard including purpose and relevance of access, define the scope (systems or type of data requested), and confirm role alignment. VII. We will document and enforce clear timelines requiring sponsors to notify us whenever sponsored user's access is no longer required before the predefined end date. In addition, we will update the standard to define account deactivation procedures for situations where the sponsoring employee leaves USNH. When a sponsoring employee departs, all sponsored accounts must be closed within 48 hours unless the sponsored user designates another sponsoring employee. 2) The Director of Cybersecurity Operations will present to the Cybersecurity Committee a proposal that System Office and ET&S leadership collectively review vendor access and implement additional controls, addressing both physical access and access to information systems. 3) Director, Cybersecurity Operations will present to HREC and the Cybersecurity Committee a plan to develop and update standards for the validation and verification of sponsored users who require access to sensitive data or administrative systems. The expected level of security will be extended to third-party contracts and must be validated prior to account creation requests. In addition, Further, we will document the updated requirements and will formally notify Procurement so that these security requirements are incorporated into contracts and related processes. Responsible Party: Director, Cybersecurity Operations, USNH Expected Completion Date: June 30, 2026	Jun-26	Mar-27		In Process 09/26
				MGT. EXPLANATION & RESOLUTION PLAN @ 09/04/2026: (1) - (2) In Process. Management has requested extension. The due date has been extended to March 31, 2027.					

OUTSTANDING AUDIT ISSUES MONITORING MATRIX as of 10/01/2026

#	Originally Reported	Entity	Audit	Risk/Control Issue	Action Plan & Responsible Party	Original Target Date	Revised Target Date	Status	
34	2025	USNH	Sponsored Accounts Audit	Enhance Access Controls and Approval Oversight	1) ET&S IAM team will review TDX approval work flows to ensure configurations to enforce segregation of duties and ensure alignment with the documented approvers in the updated standard. 2) CISO will review, on a regular basis, all accounts that have access to sensitive data and areas. However, the sponsor has the ultimate responsibility for the people they sponsor and the actions they take. Sponsors need to review and audit access and activity 3) Director, Cybersecurity Operations will present to USNH Cybersecurity Committee a proposal for a standardized approval process that validates sponsored users' identity and prior employment history. 4) ET&S will develop a business case and present it to the Presidents Council to establish clear guidelines on who is authorized to sponsor a user and approve the access request. The proposed business case will recommend that a director or higher-level approvers, with direct knowledge of sponsored user's responsibilities, should approve such requests. This approach will prevent approvals by individuals or delegates who lack direct insight into the sponsored user activity. 5) ET&S will present a proposal to the HREC & Cybersecurity Committee to define an approval process that validates sponsored users, identity, prior employment, and criminal status. 6) ET&S will work with Cybersecurity Committee to establish a definition of what constitutes sensitive data and update the standard accordingly. In addition, ET&S will work with the systems office to examine & develop a data classification program that defines data types and protections for the various data types and controls they want to place on access from sponsored users. Responsible Party: Director, Cybersecurity Operations, USNH and System Administration Team Lead, USNH Expected Completion Date: June 30, 2026	Jun-26	Mar-27		In Process 09/26
				MGT. EXPLANATION & RESOLUTION PLAN @ 09/04/2026: (1) - (6) In Process. Management has requested extension. The due date has been extended to March 31, 2027.					
35	2026	UNH	Building Badge Access Audit	Enhance Badge Access Governance	1. The Director of Housing, in coordination with key stakeholders (e.g., Vice President for Student Life, Vice President for Finance, UNH Police, and Facilities), will define UNH ID and building-access requirements within a formal policy. The policy will address: I. Eligibility and access requirements for external affiliates (contractors, vendors, visiting scholars, temporary staff, and other non-employee populations), including sponsorship, expiration, and re-verification obligations; II. Badge and building-access provisioning and deprovisioning, including documented approvals, role-based access assignments, and time-bound deactivation upon role change, separation, or contract end; III. Governance of generic and temporary badges, including issuance criteria, approved use cases, named accountable owners, maximum validity periods, mandatory return/deactivation, and a central log of all active generic/temporary credentials; IV. Badge replacement protocols, defining the conditions under which a replacement may be issued (lost, damaged, stolen, role change), required approvals, mandatory deactivation of the superseded badge before reissuance, and reconciliation of Mag-Stripe, ISO, and PIN credentials as a single paired record per Personnel ID and employee ID; V. Sub-administrator access approvals, responsibilities, and segregation of duties, including approvals, training, scope of authority, periodic recertification, and monitoring of actions performed; VI. Overall badge governance, including roles and responsibilities of various stakeholders, periodic (at minimum quarterly) reconciliation reporting, and a formal exception-handling protocol; VII. Data handling, covering confidentiality, retention, and disposal of cardholder information in alignment with university data-classification standards and applicable compliance (e.g., FERPA); VIII. Emergency protocols (active shooter and lockdown etc.) and escalation procedures, including lost/stolen-badge reporting, after-hours access, emergency deactivation, and coordination with UNH Police and Facilities; and IX. Naming conventions and data-entry standards for badge holder records (e.g., including but not limited to, standardized format for generic badges such as "Dept., Role - Purpose", prohibition of free-text or placeholder names, and required fields for every UNH ID) to prevent duplicate identities and improper data. Once finalized, the policy will be formally approved, communicated to all relevant personnel reviewed on a defined recurring cadence (e.g., annually) to remain current with operational and regulatory changes. Once finalized, the policy will be formally approved, communicated to all relevant personnel reviewed on a defined recurring cadence (e.g., annually) to remain current with operational and regulatory changes 2. Based on the updated policy, Housing Access Team will: I. Review and remove badge access for terminated employees, students and external affiliates, and review and deactivate generic badges that are no longer required; II. Procedures around generic badges and access codes (PINs) will be updated to include security and protection and communicated to appropriate personnel; III. Reconciliation activities C•CURE and source systems (Transact, Workday, Banner, and other relevant systems) will be defined with assigned responsibilities and performed annually for all badges, including individually assigned badges and nonindividual badges (e.g., including but not limited to, support animals, gift cards, and generic); IV. Duplicate badges identified in C•CURE will be researched and validated in coordination with the ID Office and relevant sub-administrators to confirm intended disposition. Once confirmed, duplicates will be removed and a protocol will be established and communicated to all relevant parties to prevent recurrence; V. Formal procedures governing all sub-administrator activities will be developed collaboratively with sub-administrators, with associated training provided to ensure consistent and compliant execution. VI. In addition, the option of mobile badges will be explored to reduce future costs and improve security. Target Date: June 30, 2027 Responsible Party: Assistant Director, Housing Access Control, UNH	Jun-27	Jun-27		In Process 09/26
				MGT. EXPLANATION & RESOLUTION PLAN @ 09/03/2026: NEW					

OUTSTANDING AUDIT ISSUES MONITORING MATRIX as of 10/01/2026

#	Originally Reported	Entity	Audit	Risk/Control Issue	Action Plan & Responsible Party	Original Target Date	Revised Target Date	Status	
36	2026	UNH	Building Badge Access Audit	Strengthen Security Configurations	1. Housing Access Control Team will: I. Review all non-SSO accounts in C•CURE and remove accounts that are not necessary for business operations. Where feasible, we will replace shared or generic accounts with individual named accounts to ensure full accountability. For service accounts, we will reduce the authorization to minimum necessary; II. We will work with the CISO to develop a solution for managing any remaining generic accounts that must be retained, including implementation of privileged access management (PAM) controls, to ensure all privileged accounts conform to USNH standards.; III. Formalize an annual access review process for all sub-administrator accounts to ensure access appropriateness; IV. Work with ET&S to establish and document an approved secure configuration baseline and responsibilities for the PACS environment, including OS patching configuration, approved services and settings, authentication requirements, and logging standards. Perform annual configuration and version compliance validation with documented remediation tracking. Upgrade C•CURE to the latest vendor-supported version; Target Date: June 30, 2027 Responsible Party: Assistant Director, Housing Access Control, UNH 2. The Director of Housing will: I. Develop and execute a prioritized plan to replace legacy mag-stripe readers and panels with modern encrypted technology and enable encrypted communications across all controller connections; II. Obtain formal risk acceptance from the VP of Student Life for any legacy components that cannot be remediated within the defined timeline; III. For older hardware that cannot be replaced, additional security controls will be implemented to restrict access and limit exposure, with periodic reviews conducted to ensure controls remain effective. Target Date: December 31, 2026 Responsible Party: Director, Housing, UNH 3. The Application Administration Team Lead will work with Transact and Software House vendors, and the Network team to redesign the Transact–C-Cure interface to use an encrypted transport (e.g., SMB 3.X at AES-256-GCM).in line with USNH Network Security and Management Standard §3.2.2. The legacy unencrypted script will be decommissioned immediately after cutover. Target Date: December 31, 2026 Responsible Party: Application Administration Team Lead, ET&S, USNH	Jun-27	Jun-27		In Process 09/26
				MGT. EXPLANATION & RESOLUTION PLAN @ 09/03/2026: NEW					

Keene STATE COLLEGE | Plymouth State UNIVERSITY | University of New Hampshire

University System of New Hampshire

Item X. Informational Items

FY 26

Financial Statements

University of New Hampshire Foundation, Inc.
June 30, 2026 and 2025

9 Edgewood Road, Durham, NH 03824

University of New Hampshire Foundation, Inc.
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The 2026 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

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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 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, 2026 and 2025, 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 accompanying financial statements referred to above present fairly, in all material respects, the business-type activities of the Foundation, as of June 30, 2026 and 2025, 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.

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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.

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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 2026, 2025, and 2024
(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, 2026 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, 2025 and 2024. 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 years 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.

Overview of 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.

Certain structural changes from prior presentations have been made to these statements as a result of the adoption of GASB 103 Financial Reporting Model Improvements. Prior year information has been reclassified from earlier presentations in accordance with GASB 103 (see footnote 1). These reclassifications had no effect on previously reported total net position or changes in net position.

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 Changes in Net Position present the revenues earned and the expenses incurred by the Foundation during the year. All activities are reported in one of the following categories: operating revenues, operating expenses, and other nonoperating revenues and expenses. Operating activities are those that support the mission and purpose of the Foundation and include gifts, university support, and endowment distributions that are expended or transferred for salaries and goods and services. Nonoperating revenues and expenses include investment income and contributions to permanent endowments. Endowment contributions are invested to generate future distributions that support donor-designated purposes and Foundation operations.

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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Financial Summary

The Foundation's financial position strengthened during fiscal year 2026, with total net position increasing 15.9% from June 30, 2025. The increase was driven primarily by strong investment performance and additional endowment gifts, partially offset by distributions supporting UNH programs and Foundation operations. The pooled endowment increased $59,154, or 17.0%, to $406,294 at June 30, 2026 from $347,140 at June 30, 2025. The underlying investments earned 16.9%, net of fees.

All three categories of net position increased during the year. Restricted nonexpendable net position increased 8.2%, reflecting additional donor-restricted gifts required to be maintained in perpetuity. Restricted expendable net position increased 24.1%, primarily because of accumulated endowment investment gains. Unrestricted net position increased 40.2%, reflecting growth in operating reserves and other unrestricted resources.

Current-use gifts and contributions decreased 24.9% compared with fiscal year 2025. This decrease was partially offset by an increase in endowment contributions classified as nonoperating revenue. Compensation, supplies, and other operating expenses decreased 6.4%, primarily because of restructuring, staff vacancies, and other budget savings. Total operating expenses decreased 0.9%. Operating support from the University remained relatively stable at $8,143, compared with $8,295 in fiscal year 2025.

Endowment resources continued to provide substantial support to UNH. Total endowment income distributed and used for operations increased by 4.5% over 2025 to $16,060 in 2026, including $13,030 distributed for endowed UNH programs and $3,030 used to support Foundation operations. Gifts transferred to the University totaled $16,652, generally consistent with the $16,906 transferred in fiscal year 2025.

The Foundation's Investment Committee in conjunction with its investment advisor regularly monitors investment market volatility, investment liquidity, and unfunded private investment commitments. Unfunded commitments increased to $49,958 at June 30, 2026, from $35,404 at June 30, 2025 reflecting the Foundation's continuing efforts to build its private investments portfolio.

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Detailed Analysis

Statements of Net Position

A condensed summary of net position as of June 30, 2026, 2025, and 2024 follows:

	2026	2025	2024	26 - 25 $ Change	26 - 25 % Change
Assets:					
Current assets	$ 18,296	$ 15,225	$ 11,436	$ 3,071	20.2%
Noncurrent assets	419,657	362,300	332,083	57,357	15.8%
Total Assets	437,953	377,525	343,519	60,428	16.0%
Liabilities:					
Current liabilities	2,074	1,129	1,146	945	83.7%
Noncurrent liabilities	3,348	3,315	3,443	33	1.0%
Total Liabilities	5,422	4,444	4,589	978	22.0%
Deferred Inflows of Resources:					
Deferred inflows - annuities	3,470	2,849	2,447	621	21.8%
Total Deferred Inflows of Resources	3,470	2,849	2,447	621	21.8%
Net Position:					
Restricted					
Nonexpendable	211,880	195,873	186,193	16,007	8.2%
Expendable	210,104	169,310	146,361	40,794	24.1%
Unrestricted	7,077	5,049	3,929	2,028	40.2%
Total Net Position	$ 429,061	$ 370,232	$ 336,483	$ 58,829	15.9%

Current assets consist primarily of cash, cash equivalents, and non-endowment pledges receivable due within one year. Current assets increased 20.2% in 2026, with the increase primarily attributable to growth in the current portion of pledges receivable.

Current liabilities consist primarily of accounts payable, accrued expenses, and the current portion of annuities payable. The year-to-year change in current liabilities was driven principally by the timing and volume of monthly gift activity and related amounts due to UNH. At June 30, 2026, the accrued amount payable to UNH included $972 of gift funding designated for projects benefiting UNH athletics.

The Foundation evaluates available liquidity using working capital and unrestricted operating reserves. The combined balance of working capital and unrestricted operating reserves increased 21.7% during 2026, primarily because of growth in current pledges receivable and unrestricted net position. Management considers these resources adequate to support anticipated operations and unexpected financial needs.

Noncurrent assets consist primarily of endowment investments and also include noncurrent pledges receivable and annuity investments. The noncurrent portion of pledges receivable decreased as amounts previously due beyond one year moved into the current classification based on their expected collection dates. The overall increase in noncurrent assets during 2026 was driven primarily by growth in endowment investments.

As noted in the Financial Summary, the pooled endowment increased $59,154, or 17.0%, from $347,140 at June 30, 2025, to $406,294 at June 30, 2026. Strong investment performance was the primary driver of the increase, with the pooled endowment earning a 16.9% return, net of fees. New endowment gifts also contributed to the growth, while distributions supporting UNH programs and Foundation operations partially offset these increases.

Noncurrent liabilities consist primarily of the portion of annuities payable beyond the next fiscal year. During fiscal year 2026, four existing annuity agreements terminated and two new annuity agreements were established. The effects of these changes offset one another, resulting in minimal change in noncurrent liabilities from June 30, 2025, to June 30, 2026.

The Foundation's net position consists of three categories: restricted nonexpendable, restricted expendable, and unrestricted. Changes in net position over time provide an indication of changes in the Foundation's financial position. Investment returns, fundraising results, donor restrictions, distributions, and broader economic conditions are among the factors affecting net position. Total net position increased 15.9% during fiscal year 2026, with increases in all three categories.

Restricted nonexpendable net position represents the historic gift value of donor-restricted endowment gifts required to be invested in perpetuity. This category increased $16,007, or 8.2%, in fiscal year 2026 because of new donor-restricted endowment gifts received during the year. Sustained growth in this category over the past several years reflects the receipt of significant donor-restricted endowment gifts and the success of the Foundation's ongoing fundraising activities.

Restricted expendable net position includes accumulated appreciation on donor-restricted endowments, funds functioning as endowment, restricted current-use gifts, pledges receivable, and life income and annuity funds. 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. Restricted expendable net position increased $40,794, or 24.1%, primarily because of investment gains accumulated within the endowment. The increase was partially offset by amounts distributed or expended for donor-restricted purposes.

Unrestricted net position consists primarily of operating reserves and unrestricted gifts available to support Foundation activities. Unrestricted net position increased $2,028, or 40.2%, primarily because of unrestricted gifts, expense savings, and positive operating results.

Statements of Revenues, Expenses, and Changes in Net Position

A condensed summary of revenues, expenses, and changes in net position for the years ended June 30, 2026, 2025, and 2024 follows:

	2026	2025	2024	26 - 25 $ Change	26 - 25 % Change
Operating Revenues:					
Gifts and contributions	$ 14,345	$ 19,091	$ 16,972	$ (4,746)	(24.9%)
Support from UNH	8,143	8,295	8,109	(152)	(1.8%)
Endowment income used for operations	16,060	15,367	13,974	693	4.5%
Other income	7	20	37	(13)	(65.0%)
Total Operating Revenues	38,555	42,773	39,092	(4,218)	(9.9%)
Operating Expenses:					
Gifts transferred to UNH	16,652	16,906	19,194	(254)	(1.5%)
Distributions to UNH for endowed programs	13,030	12,449	11,227	581	4.7%
Salaries, wages, fringe benefits and other operating expenses	10,065	10,753	10,651	(688)	(6.4%)
Total Operating Expenses	39,747	40,108	41,072	(361)	(0.9%)
Operating Income (Loss)	(1,192)	2,665	(1,980)	(3,857)	(144.7%)
Other Nonoperating Revenue (Expenses)					
Realized and unrealized gain (loss) on investments, net	43,130	20,618	21,413	22,512	109.2%
Endowment gifts and contributions	16,264	9,964	6,444	6,299	63.2%
Funds functioning as endowment gifts and contributions	33	27	20	6	22.2%
Other investment income	594	475	655	119	25.1%
Total Other Changes in Net Position	60,021	31,084	28,532	28,936	93.1%
Increase (Decrease) in Net Position	$ 58,829	$ 33,749	$ 26,552	$ 25,079	74.3%

Operating revenues and expenses were lower in fiscal year 2026 compared with fiscal year 2025. Current-use gifts and contributions decreased 24.9%, primarily because of the timing of gifts and year-to-year differences in donor-designated purposes. Fundraising results may fluctuate significantly between fiscal years based on the timing, amount, and intended use of individual gifts. In contrast, endowment gifts and contributions, which are reported as nonoperating revenues, increased in fiscal year 2026 and offset the decrease in current-use gifts and contributions.

Endowment income used for Foundation operations totaled $3,030 in fiscal year 2026, compared with $2,918 in fiscal year 2025. The fiscal year 2026 amount consisted principally of the $2,898 administrative fee, calculated at 1.0%, presented in the endowment activity schedule, together with a small portion of the payout-to-purpose distribution allocated to Foundation operations. These distributions are calculated using the endowment's twelve-quarter rolling average market value. Financial support received from UNH for fundraising services is also recognized as operating revenue by the Foundation.

Compensation, supplies, and other operating expenses decreased 6.4% in fiscal year 2026, primarily because of salary and related benefit savings from eliminated and vacant positions, together with other operating expense savings.

Net realized and unrealized investment gains increased 109.2% compared with fiscal year 2025 because of strong investment market performance during fiscal year 2026. Investment gains were the primary contributor to the increase in the Foundation's change in net position for the year.

The following table summarizes activity in endowments, annuities, and similar funds for the years ended June 30:

	2026	2025	2024
Beginning Endowment Balance	$ 347,140	$ 316,767	$ 288,892
Additions	16,033	9,763	6,464
Payout to purpose	(13,163)	(12,576)	(11,352)
Administration fee	(2,898)	(2,790)	(2,622)
Yield, net of fees	232	1,162	986
Realized gain (loss)	7,890	1,795	2,518
Unrealized gain (loss)	51,060	33,019	31,881
Ending Endowment Balance	406,294	347,140	316,767
Annuities*	7,355	6,694	6,416
Ending Investment Balance	$ 413,649	$ 353,834	$ 323,183

*Associated liabilities (current and noncurrent) totaled $3,715, $3,681, and $3,807, at June 30, 2026, 2025, and 2024, respectively.

The combined value of endowment, annuity, and similar fund investments increased $59,815, or 16.9%, during fiscal year 2026. The increase was driven primarily by net realized and unrealized investment gains and new additions, partially offset by distributions supporting donor-designated purposes and Foundation operations.

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Significant Capital Asset and Long-Term Financing Activity

The Foundation had no significant capital asset activity during fiscal year 2026. The Foundation does not participate in long-term financing activity.

Currently Known Facts, Decisions, or Conditions

In 2026, following the conclusion of a seven-year fundraising campaign in 2025, the Foundation commenced a new comprehensive multi-year fundraising campaign to support UNH's current and future strategic goals. This campaign is in its "quiet phase" and its goal and duration have not yet been finalized. The Foundation continues to identify new donors and secure additional current-use and endowment gifts from current donors.

The Foundation's operating budget for 2027 is similar to 2026. Fiscal year 2027 fundraising goals are similar to fiscal year 2026 goals as the Foundation enters the second year of the campaign.

An Advancement shared services project is underway to leverage the Foundation's substantial fundraising expertise and infrastructure for the benefit of UNH's sister USNH institutions, Keene State College and Plymouth State University. This project will utilize some staff and technical resources of the Foundation. USNH has designated funding to cover the project's one-time and ongoing costs. Based on the project's current staffing and funding plan, management does not expect the project to adversely affect UNH fundraising activities.

National and global investment market conditions may significantly affect the Foundation's financial position and results of operations. The Foundation manages investment risk through portfolio diversification, a long-term investment strategy, liquidity monitoring, and oversight by the Investment Committee in conjunction with the investment advisor.

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University of New Hampshire Foundation, Inc.
Statements of Net Position
Years ended June 30, 2026 and 2025
($ in thousands)

	2026	2025
ASSETS		
Current Assets		
Cash and cash equivalents	$ 12,995	$ 10,963
Pledges receivable, net	5,253	4,233
Prepaids	48	29
Total Current Assets	18,296	15,225
Noncurrent Assets		
Pledges receivable, net	5,838	8,309
Endowment investments and similar funds	406,294	347,140
Annuity investments and similar funds	7,355	6,694
Other investments	170	157
Total Noncurrent Assets	419,657	362,300
Total Assets	437,953	377,525
LIABILITIES		
Current Liabilities		
Accounts payable and other liabilities	1,707	763
Annuities payable	367	366
Total Current Liabilities	2,074	1,129
Noncurrent Liabilities		
Annuities payable	3,348	3,315
Total Noncurrent Liabilities	3,348	3,315
Total Liabilities	5,422	4,444
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - annuities	3,470	2,849
Total Deferred Inflows of Resources	3,470	2,849
NET POSITION		
Restricted		
Nonexpendable	211,880	195,873
Expendable	210,104	169,310
Unrestricted	7,077	5,049
Total Net Position	$ 429,061	$ 370,232

See accompanying notes to financial statements.

University of New Hampshire Foundation, Inc.
Statements of Revenue, Expenses, and Changes in Net Position
Years ended June 30, 2026 and 2025
($ in thousands)

	2026	2025
OPERATING REVENUES		
Gifts and contributions	$ 14,345	$ 19,091
Support from UNH for fundraising services rendered	8,143	8,295
Endowment income used for operations	16,060	15,367
Other income	7	20
Total Operating Revenues	38,555	42,773
OPERATING EXPENSES		
Gifts and contributions transferred to UNH	16,652	16,906
Distributions to UNH for endowed programs	13,030	12,449
Salaries, wages, and fringe benefits	8,943	9,507
Supplies and other operating expenses	1,114	1,234
Interest on annuities	8	12
Total Operating Expenses	39,747	40,108
Operating Income (Loss)	(1,192)	2,665
OTHER NONOPERATING REVENUES (EXPENSES)		
Realized and unrealized gain (loss) on investments, net	43,130	20,618
Endowment gifts and contributions	16,264	9,964
Funds functioning as endowment gifts and contributions	33	27
Other investment income	594	475
Total Other Nonoperating Revenue (Expenses)	60,021	31,084
INCREASE (DECREASE) IN NET POSITION	58,829	33,749
NET POSITION AT BEGINNING OF YEAR	370,232	336,483
NET POSITION AT END OF YEAR	$ 429,061	$ 370,232

See accompanying notes to financial statements.

University of New Hampshire Foundation, Inc.
Statements of Cash Flows
Years ended June 30, 2026 and 2025
($ in thousands)

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Gifts and contributions	$ 15,795	$ 21,953
Support from UNH	8,143	8,295
Other income	7	20
Payments to UNH	(28,698)	(29,302)
Payments to employees and for employee benefits	(8,966)	(9,492)
Payments to suppliers	(1,147)	(1,318)
Net Cash Provided By (Used In) Operating Activities	(14,866)	(9,844)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of pooled endowment investments	211,748	213,203
Purchases of pooled endowment investments	(211,721)	(207,599)
Proceeds from sales and maturities of annuity, life income, and other investments	386	398
Purchases of annuity, life income and other investments	(3)	(7)
Net Cash Provided By (Used In) Investing Activities	410	5,995
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Investment income	574	449
Payments to annuitants and life income beneficiaries	(383)	(392)
Endowment and funds functioning as endowment gifts and contributions	16,297	9,991
Net Cash Provided By (Used In) Noncapital Financing Activities	16,488	10,048
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,032	6,199
BEGINNING CASH AND CASH EQUIVALENTS	10,963	4,764
ENDING CASH AND CASH EQUIVALENTS	$ 12,995	$ 10,963
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
OPERATING INCOME (LOSS)	(1,192)	$ 2,665
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Endowment income used in operations	(16,060)	(15,367)
Interest on annuities	8	12
Changes in assets and liabilities:		
Pledges receivable, net	1,450	2,862
Other investments	3	3
Other assets	(19)	-
Accounts payable and other liabilities	944	(19)
Net Cash Provided By (Used In) Operating Activities	$ (14,866)	$ (9,844)

See accompanying notes to financial statements.

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. The Foundation's primary purpose is to solicit, receive, invest, and disburse funds for the benefit of the University of New Hampshire (UNH). The Foundation is governed by its Board of Directors (Board), whose membership includes, among others, the President of UNH and up to three members of the University System of New Hampshire (USNH) Board of Trustees. The Investment Committee (Committee) is responsible for the oversight of the Foundation's investment program. UNH provides financial support for a significant portion of the Foundation's operating expenses.

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 Foundation's financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred, regardless of when cash is received or paid. The financial statements include comparative financial information for the prior fiscal year.

The Foundation's net position is classified for accounting and financial reporting purposes into the following categories:

- Restricted Nonexpendable – Net position subject to externally imposed restrictions requiring the resources to be maintained in perpetuity by the Foundation. This category includes the original gift value of donor-restricted endowment funds subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the State of New Hampshire and described in Note 4.

- Restricted Expendable – Net position subject to externally imposed restrictions that can be fulfilled by actions of the Foundation in accordance with those restrictions or that expire with the passage of time. This category includes accumulated unspent appreciation on donor-restricted nonexpendable endowments, funds functioning as endowment, restricted current-use gifts, life income and annuity funds, and pledges receivable. When both restricted and unrestricted resources are available for the same purpose, the Foundation generally uses restricted resources first.

- Unrestricted – Net position not subject to externally imposed restrictions. Unrestricted net position may be designated by the Foundation for specific purposes.

UNH provides financial support to the Foundation through annual operating appropriations and other sources. Although UNH does not control the timing or amount of distributions from the Foundation, a majority of the resources held and invested by the Foundation, and the related income, are restricted by donors for activities that benefit UNH. Because these resources may be used only 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.*

Effective 2026, the Foundation adopted GASB Statement No. 103, *Financial Reporting Model Improvements*. The statement modifies certain aspects of governmental financial reporting, including management's discussion and analysis and the presentation of operating and nonoperating revenues and expenses. The adoption of GASB 103 resulted in changes to the presentation and disclosures within the financial statements and management's discussion and analysis. In connection with the implementation of GASB 103, certain amounts reported in the prior year have been reclassified to conform to the current year presentation. These reclassifications had no effect on previously reported net position, changes in net position, or cash flows. The following prior year financial statement line items are affected by the application of the new accounting principle as follows:

Financial Statement Line	As Previously Reported	As Reported under GASB103
OPERATING REVENUES		
Gifts and contributions for funds functioning as endowment	27	-
Realized and unrealized gain (loss) on investments, net	20,618	-
Other investment income	475	-
OTHER NONOPERATING REVENUES (EXPENSES)		
Realized and unrealized gain (loss) on investments, net	-	20,618
Funds functioning as endowment gifts and contributions	-	27
Other investment income	-	475

The standard did not impact classifications on the Statement of Cash Flows.

Cash and Cash Equivalents

Cash and cash equivalents consist of checking and money market accounts. These funds are maintained primarily to support the Foundation’s anticipated operating expenses but also may include gifts awaiting distribution to UNH.

Gifts, Contributions, and Pledges

Gifts and contributions are recognized at estimated fair value when all applicable eligibility requirements have been met and collection is considered probable. Pledges represent unconditional promises by donors to make future payments. The Foundation recognizes pledges receivable and contribution revenue when the pledges are verifiable, measurable, probable of collection, and meet all applicable eligibility requirements. Because the eligibility requirements associated with endowment gifts are not met until the donated resources are received and invested, endowment pledges are not recognized as receivables or contribution revenue until cash or other assets are received. Donated real estate is reported at its estimated fair value as of the date of the gift. Transfers to UNH are reported at the carrying value of the related gifts as of the date of transfer.

Fair Value Measurements

Investments and investment activities are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, the Foundation categorizes fair value measurements within a three-level hierarchy based on the inputs used in the applicable valuation techniques. The hierarchy is defined as follows:

- Level 1 – Quoted prices, unadjusted, in active markets for identical assets or liabilities that the Foundation can access at the measurement date.

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3 – Unobservable inputs for the asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. The Foundation uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Transfers between levels of the fair value hierarchy are recognized at the end of the reporting period in which the event or change in circumstances causing the transfer occurs.

As described in Note 3, certain investments are measured at net asset value per share, or its equivalent, as a practical expedient to estimate fair value and are not categorized within the fair value hierarchy.

Income Tax Status

The Internal Revenue Service has determined that the Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, generally is not subject to federal income taxes. 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 Internal Revenue Code.

2. Pledges Receivable

Pledges receivable are reported at net present value. Pledges expected to be collected beyond one year are discounted using rates commensurate with the associated risks and expected collection periods. Amortization of the discount is recognized as contribution revenue in accordance with the applicable donor-imposed restrictions. An allowance for uncollectible amounts is established based on management's assessment of the collectability of outstanding pledges. At June 30, 2026, approximately 42% of gross pledges receivable was attributable to two donors.

Pledges receivable at June 30 were restricted by donors for the following purposes:

	2026	2025
Instruction and academic support	$ 7,117	$ 5,985
Scholarships and fellowships	2,014	2,855
Plant construction and renovations	3,954	4,873
Other	107	1,309
Gross Pledges Receivable	$ 13,192	$ 15,022

Gross pledges receivable are expected to be collected as follows:

	2026	2025
Due within one year	$ 5,769	$ 4,700
Due in one year to five years	6,603	8,999
Due after five years	820	1,323
Gross Pledges Receivable	13,192	15,022
Less: Unamortized discount	(1,111)	(1,270)
Less: allowance for uncollectible amounts	(990)	(1,210)
Pledges Receivable, Net	$ 11,091	$ 12,542

3. Investments

Investments and related investment activity are reported at fair value. The fair value of publicly traded securities is based on quoted market prices, and the fair value of registered mutual funds is based on published net asset values. The fair value of investments for which quoted market prices are not readily available, including hedge funds, private equity funds, inflation-hedging investments, and nonmarketable real asset funds, is estimated using net asset value per share, or its equivalent, provided by the respective investment managers and reviewed by management. The Foundation uses net asset value as a practical expedient to estimate the fair value of these investments. Because certain alternative investments are not readily marketable, their estimated fair values are subject to uncertainty and may differ materially from the values that would have been determined if readily available market prices existed. The ultimate amounts realized upon redemption or sale may differ from the amounts reported in the financial statements.

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

	2026				
		Investments Classified in the Fair Value Hierarchy			
	NAV	Level 1	Level 2	Level 3	Total
Cash	$ -	$ 18,300	$ -	$ -	$ 18,300
Fixed income	-	9,784	10,989	1,804	22,576
Inflation hedging	-	26,224	-	-	26,224
Domestic equity	76,299	15,155	-	-	91,453
Global equity	87,800	458	-	-	88,258
International equity	14,821	31,068	-	-	45,889
Hedge funds:					
Distressed/Restructuring	20,320	-	-	-	20,320
Equity Hedge	17,887	-	-	-	17,887
Event-Driven	20,100	-	-	-	20,100
Private equity	53,396	-	-	-	53,396
Private real assets	9,245	-	-	-	9,245
Total	$ 299,867	$ 100,989	$ 10,989	$ 1,804	$ 413,649

	2025				
		Investments Classified in the Fair Value Hierarchy			
	NAV	Level 1	Level 2	Level 3	Total
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	$ 266,037	$ 75,356	$ 10,723	$ 1,718	$ 353,834

Investment liquidity and redemption terms as of June 30, 2026 and 2025 are presented below:

	2026							
	Daily	Monthly	Quarterly	Semi-Annual	Annual	Illiquid	Total	Redemption Notice
Cash	$ 5,510	$ -	$ -	$ -	$ -	$ 12,790	$ 18,300	Daily, Illiquid
Fixed income	20,773	-	-	-	-	1,804	22,576	Daily, Illiquid
Inflation hedging	26,224	-	-	-	-	-	26,224	Daily
Domestic equity	15,155	15,813	60,486	-	-	-	91,453	1 - 60 days
Global equity	51,910	36,348	-	-	-	-	88,258	1 - 45 days
International equity	45,889	-	-	-	-	-	45,889	Daily
Hedge funds:							-	
Distressed/Restructuring	-	-	8,447	-	11,873	-	20,320	90 days, Semi-Illiquid
Equity Hedge	-	-	17,887	-	-	-	17,887	30 - 45 days
Event-Driven	-	-	-	17,467	-	2,633	20,100	65 - 90 days, Illiquid
Private equity	-	-	-	-	-	53,396	53,396	Illiquid
Private real assets	-	-	-	-	-	9,245	9,245	Illiquid
Total	$ 165,460	$ 52,161	$ 86,819	$ 17,467	$ 11,873	$ 79,868	$ 413,649	

	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	

As of June 30, 2026 and 2025, the Foundation had outstanding unfunded commitments to private investments, including recallable capital, of $49,958 and $35,404, respectively. The Foundation monitors available liquidity, anticipated investment distributions, and expected capital calls in managing these commitments.

At June 30, 2026, the Foundation held interests in 41 investment funds that were not eligible for redemption. Of these funds, 34 have anticipated liquidation periods ranging from one to 12 years, three have no stated liquidation timeframe, one is subject to a one-year lockup period, and three were in the process of full redemption. The timing and amounts of future distributions are based on the terms of the underlying investment agreements and actions of the respective fund managers.

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.

Fixed income investments are subject to credit risk, which is the risk that an issuer or other counterparty will not fulfill its obligations. The Foundation manages credit risk through diversification and evaluating ratings issued by nationally recognized statistical rating organizations, such as Moody's Investors Service. At June 30, 2026 and 2025, the Foundation's Level 1 and Level 3 fixed income investments were not rated.

The credit quality of the Foundation's Level 2 fixed income investments at June 30 was as follows:

Moody's Rating	2026	2025
Aaa	43%	42%
Aa1-Aa3	17%	18%
A1-A3	25%	23%
Baa1-Baa3	14%	15%
Not Rated	1%	2%
Total	100%	100%

4. Endowment and Similar Funds

The Foundation is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the State of New Hampshire in Chapter 292-B of the New Hampshire Revised Statutes Annotated (RSA). Subject to donor intent expressed in the applicable gift instrument, RSA 292-B permits the Board to appropriate for expenditure or accumulate amounts from an endowment fund that the Board determines to be prudent. In making this determination, the Board considers the duration and preservation of the endowment fund, the purposes of the Foundation and the endowment fund, general economic conditions, the possible effects of inflation or deflation, expected total investment return, other resources of the Foundation, and the Foundation's investment policy.

Endowment funds are invested and maintained on a pooled basis using the unit-share method to allocate investment activity. At June 30, 2026 and 2025, pooled endowment funds totaled $406,294 and $347,140, respectively.

Consistent with UPMIFA, the Foundation applies a total-return approach to endowment distributions, under which investment income and accumulated net appreciation may be appropriated for expenditure. For fiscal years 2026 and 2025, the Foundation's standard annual distribution rate was 5.25% of the pooled endowment's twelve-quarter rolling average market value. The total distribution rate consisted of a 4.25% payout-to-purpose component and a 1.0% administrative fee component.

The payout-to-purpose component supports the donor-specified purposes of the endowment funds. The administrative fee component supports general and administrative costs associated with investment management and the Foundation's fiduciary responsibilities. The Board reviews and approves the distribution rate annually. Certain funds functioning as endowment have distribution provisions that differ from the Foundation's standard distribution methodology.

Total endowment income distributed and used for operations was $16,060 and $15,367 for fiscal years 2026 and 2025, respectively. Of these amounts, $13,030 and $12,449, respectively, were distributed to UNH to support endowed programs. The remaining $3,030 in fiscal year 2026 and $2,918 in fiscal year 2025 was used to support Foundation operations, consisting primarily of the administrative fee and a small portion of the payout-to-purpose distribution allocated to the Foundation. Excluding new gifts, investment activity and annual distributions resulted in net increases in the pooled endowment of $43,121 and $20,610 for fiscal years 2026 and 2025, respectively. Including new endowment gifts, the pooled endowment increased $59,154 in fiscal year 2026 and $30,373 in fiscal year 2025.

Distributions were made from all payout-eligible pooled endowment funds in fiscal years 2026 and 2025. At June 30, 2026 and 2025, none of the Foundation's true endowment funds had a market value below the original gift value required to be maintained in perpetuity.

Similar funds consist of life income and annuity funds totaling $7,355 and $6,694 at June 30, 2026 and 2025, respectively.

5. Annuities Payable

Annuities payable are reported at the present value of estimated future payments to beneficiaries based on applicable life expectancies and discount rates.

The activity in life income and annuity obligations for the years ended June 30, 2026 and 2025 was as follows:

	2026	2025
Beginning of year balance	$ 3,681	$ 3,807
Revaluations	401	285
New annuities	63	-
Terminations	(55)	(31)
Payments to beneficiaries	(375)	(380)
End of year balance	3,715	3,681
Less: Current portion	(367)	(366)
Noncurrent portion	$ 3,348	$ 3,315

6. Net Position

The components of total net position at June 30, 2026 and 2025 are summarized below:

	2026	2025
Restricted		
Nonexpendable		
Historical gift value of endowment	$ 211,880	$ 195,873
Total Restricted Nonexpendable	211,880	195,873
Expendable		
Accumulated net gains on historical gift value of endowment	119,821	84,443
Fair value of funds functioning as endowment	72,760	65,187
Pledges receivable, net, and other gifts	17,353	19,517
Life income and annuity funds	170	163
Total Restricted Expendable	210,104	169,310
Unrestricted		
Foundation operating funds	5,245	3,413
Fair value of unrestricted funds functioning as endowment	1,832	1,636
Total Unrestricted	7,077	5,049
Total Net Position	$ 429,061	$ 370,232

7. Gifts and Contributions

Gifts and contributions include adjustments to pledges receivable for changes in estimated future cash flows, amortization of discounts, and changes in allowances for uncollectible amounts.

Gifts and contributions recognized during fiscal years 2026 and 2025 consisted of the following:

	2026	2025
Endowment gifts and contributions*	$ 16,264	$ 9,964
Funds functioning as endowment	33	27
Current-use unrestricted	737	26
Current-use restricted	11,665	16,842
Plant construction and renovations	1,943	2,224
Total gifts and contributions	$ 30,642	$ 29,082

*Endowment gifts and contributions include additions to UNH endowments held by USNH totaling $262 and $228 in fiscal years 2026 and 2025, respectively.

8. Related Party Transactions

The Foundation's operations depend on the continued support of UNH and USNH. Personnel who provide services to the Foundation are employees of USNH and participate in the employee benefit programs available to USNH employees. USNH assumes the employment-related obligations for these personnel and charges the related compensation and benefit costs to the Foundation.

The UNH and USNH central finance offices provide certain financial, payroll, and administrative services to the Foundation. The accompanying financial statements do not recognize the value of services provided to the Foundation without charge. The costs of these services are included in the operating budgets and financial statements of UNH or USNH, as applicable.

UNH also provides financial support for the Foundation's management and general operating expenses. This support and the related expenses are recognized in the Foundation's financial statements as operating revenue and operating expenses, respectively. For the years ended June 30, 2026 and 2025, operating support provided by UNH totaled $8,143 and $8,295, respectively.

Gifts transferred to UNH totaled $16,652 and $16,906 during fiscal years 2026 and 2025, respectively. At June 30, 2026 and 2025, amounts currently due to UNH were $1,341 and $356, respectively, and were included in accounts payable and other liabilities.

Certain gifts awaiting transfer to UNH are held by the Foundation in cash and cash equivalents. These balances totaled $3,317 and $3,857 at June 30, 2026 and 2025, respectively. The majority of these amounts were restricted for capital projects and will be transferred to the applicable UNH project funds as the funds are needed.

UNIVERSITY SYSTEM OF NEW HAMPSHIRE
BOARD OF TRUSTEES

Audit Committee

Information Item
Summary Sheet

University System of New Hampshire

To: Audit Committee

Re: NCAA Agreed Upon Procedures Engagement– **For Information, No Action Required**

SUPPORTING MATERIALS (attached) – SUMMARY AND SALIENT INFORMATION

Competitive bids were obtained in FY19 to perform NCAA agreed-upon procedures related to the UNH Athletics Department's Statement of Revenues and Expenditures. The cost of NCAA agreed upon procedures engagement for FY25 was $18,000.

James Moore & Co. has agreed to a three-year extension with fees of $20,000 for FY26, $20,600 for FY27, and $21,200 for FY28. The increase reflects the expanded scope of the NCAA agreed upon procedures since the previous contract was executed, including student-athlete revenue sharing and addition of new NCAA reporting categories in recent years. A three-year extension agreement has been executed with James Moore & Co.

SUBMITTED and APPROVED BY:

Catherine A. Provencher
Chancellor

Date Prepared: October 12, 2026 For the Meeting of: October 22, 2026

-- End of Summary Sheet --

University System of New Hampshire

Keene State College
Revenue Contracts Audit

Report Issued September 18, 2026

University System of New Hampshire

September 18, 2026

Donald L. Birx, Interim President
Keene State College
Keene, New Hampshire 03435

Dear President Dr. Birx:

This letter conveys our report on the Keene State College Revenue Contracts Audit.

As communicated in our engagement letter of April 2, 2025, The primary objective of the audit is to obtain reasonable assurance whether internal controls are adequately designed and operating effectively to ensure revenue from contracts is accurately and properly recognized, recorded, and collected.

This report reflects our observations, which were discussed with members of KSC management, and their action plans in response to our recommendations. It is being distributed to the individuals listed below and will be presented to members of the Audit Committee of the University System of New Hampshire (USNH) at its next scheduled meeting. It is also available for review by external auditors of USNH.

We appreciated the full cooperation and assistance we received from Brian Downing, Finance Manager with whom Yasmin Clark, Internal Audit Manager, worked most closely as she conducted the fieldwork for this audit.

Please feel free to contact me with any comments, questions, or suggestions you may have.

Sincerely,



Ashish Jain
Director of Internal Audit

Distribution:
Karen Benincasa, Vice Chancellor for Financial Affairs and Treasurer, USNH
Brian Downing, Finance Manager, KSC
Nathalie Houder, Vice President for Finance and Administration, KSC

I. Executive Summary

We performed an audit over revenue contracts at Keene State College (KSC). We noted opportunities to strengthen controls over the billing, collection, recording, and monitoring of revenue contracts. Two selected revenue transactions totaling $ 21,276 were neither billed nor collected, and 34 out of 36 selected contracts with revenues totaling $203,707 were not recorded in accordance with U.S. GAAP and USNH Financial Services Policy, as revenue was recognized when payments were received rather than when earned. In addition, KSC Finance does not perform reconciliation of revenue contracts to amounts billed, collected, and recorded. We recommend that KSC Finance establish formal roles and responsibilities and utilize the USNH Non-Student Accounts Receivable to bill, invoice, record, and collect revenues.

Due to staffing constraints and decentralized contract storage, KSC does not have a complete and current inventory of active revenue contracts. We also noted that KSC Finance tracks revenue contracts using a manual spreadsheet that does not reflect pertinent information. In addition, revenue contracts are stored at multiple locations, and as such, limiting the visibility into the full population of agreements. We recommend that KSC Finance create and maintain a centralized, complete, and current inventory of all revenue contracts, assign ownership for maintaining the inventory, periodically reconcile the inventory to billing and revenue records.

We noted that KSC does not have a formal pre-execution review process to ensure revenue contracts are consistently evaluated for compliance requirements including cybersecurity considerations prior to the execution of the contract. We noted that three out of 12 selected contracts provided external parties with network access, but did not include acceptable use, network access restriction, cybersecurity language. We recommend that KSC develop formal procedures to ensure revenue contracts, that include network or internet access, are routed to USNH Enterprise Technology & Services Cybersecurity for review and approval prior to execution, and that existing contracts are evaluated to determine whether amendments are needed.

Lastly, we noted a business process improvement opportunity related to KSC's monitoring of the Chartwells dining services contract. KSC currently reviews high-level monthly financial information; however, the review process does not require a formal documented budget baseline, itemized supporting documentation, or formal benchmarking to validate the reasonableness of dining costs. We recommend that KSC Finance strengthen their contract monitoring by obtaining a detailed annual budget baseline, requiring itemized monthly support from Chartwells, formalizing the monthly review process, and periodically benchmarking dining costs against comparable institutions.

II. Background

Keene State College (KSC) enters into a variety of revenue-generating contracts. Apart from student tuition and sponsored programs, other revenue generating contracts include short-term facility use agreements (space rentals for events lasting hours to weeks), leases of building and cell tower space, sponsorships, continuing education and contract training services, as well as agreements with external providers such as Barnes & Noble and Chartwells. The management of these revenue contracts is generally coordinated with the KSC Finance Office, with some individual departments, KSC Athletics and KSC Redfern Art Center, responsible for initiating

their own contracts based on operational needs and demands. These departments are using a standard contract template that was approved by USNH Procurement Services. Some contracts, including the Barnes & Noble and Chartwells agreements, are established at the University System of New Hampshire (USNH) level and apply across multiple campuses and institutions, with associated revenues allocated to the individual institutions.

For FY25 and FY26, Keene State College recorded revenue in the other operating revenue categories:

Revenue Category	FY26	FY25
Commissions Revenue (RC717)	$ 127,647.36	$ 144,575.13
Facilities and Equipment Rental Revenue- Short Term (RC190)	$ 403,403.72	$ 448,209.83
Lease Revenue Gross (RC770)	$ 163,076.00	$ 83,496.00
Other Operating Revenue (RC185)[1]	$1,356,915.67	$ 778,216.07
Royalty and Affinity Revenue (RC716)	$ 51,439.30	$ 14,961.36
Special Events Revenue (RC635)	$ 3,065.00	$ -
Sponsorship Revenue (RC610)	$ 100,000.00	$ 101,025.00
Total	$2,205,547.05	$1,570,483.39

Roles and Responsibilities

The responsibilities over contract development, review, and execution are shared across KSC and USNH centralized functions. At the campus level, the individual KSC departments and KSC Finance are responsible for coordinating pricing and terms, and executing agreements using standardized templates (e.g., Facility Use Agreements and rental agreements) and appropriate signature authority. These agreements generally are maintained locally within a designated Microsoft SharePoint folder. For more complex, higher value, and multiple year agreements, USNH Procurement is involved in the development, review, and execution of these revenue contracts. USNH Procurement uses the USNH contract management system (UShopNH /Contracts+) to facilitate sourcing, contract negotiation, and contract storage, and may coordinate with the USNH General Counsel's Office for legal review. Any contracts entered into UShopNH can be located through system-based tracking of key terms, renewal dates, and obligations.

KSC Finance is primarily responsible for the administration and monitoring of revenue contracts, including communicating the contract details (e.g., billing terms, payment schedules, and contract changes) to USNH Non-Student Accounts Receivable (NSAR) via TeamDynamix tickets. USNH Non-Student Accounts Receivable is a part of the USNH Financial Operations Center (FOC) and will only invoice and bill for revenue contracts if instructed to do so by the contract owner. Once a request is submitted, the USNH NSAR team is then responsible for processes related to the timely billing/invoicing to external customers (goods and services provided to external customers), receiving/processing payments (including cash and check processing) and managing cash and check deposits. The NSAR department handles all payments excluding the following:

- Student billing

[1] This revenue category also includes gift donations and payments that KSC received for the various Club Organizations located on campus

- Grants and Sponsored Programs
- Gifts
- Donations and Fundraising.

The USNH NSAR staff works closely with the Institutional Finance Divisions and campus stakeholders as needed to coordinate processes.

The recording, billing and collecting of revenue activities is supported by Workday Finance and depends based on contract type. The USNH Workday system serves as the primary system of record for all financial transactions, including the recording of revenue, accounts receivable, and all journal entries. Any contracts invoiced by USNH NSAR, revenue and receivables are recorded based on the contractual terms included in the contract, rather than cash receipts and payments received via check or ACH. Once the payment is received, USNH NSAR applies the payment against the outstanding balances. KSC Student Financial Services and USNH NSAR use shared revenue logs in addition to bank reconciliation to track deposits to ensure alignment between recorded transactions and bank activity.

For certain revenue streams, additional systems are used by KSC departments. For example, KSC Continuing Education and some contracted training programs use systems such as DestinyOne to manage course registration and process credit card payments, while short-term rentals and events may utilize point-of-sale products to collect fees. In these cases, payments can be collected by KSC departments prior to the revenue being recorded in Workday Finance, requiring subsequent communication and coordination with USNH NSAR to ensure proper recording. In practice, payments can be received and deposited before being recorded centrally.

KSC Finance and USNH NSAR are primarily responsible for recording revenue. USNH Controller's Office is responsible for applying applicable accounting guidance to revenue contracts. This includes evaluating contracts for compliance with accounting standards, such as Governmental Accounting Standards Board (GASB) Statement No. 87 for leases, which requires the recognition of lease assets and liabilities and related revenue or expense recognition for qualifying agreements. In addition, certain revenue contracts may be subject to federal tax considerations, including unrelated business income tax (UBIT), requiring identification and reporting through Form 990T and coordination with external advisors. The USNH Controller's Office relies on timely and complete information from KSC Finance regarding the contract terms and arrangements to ensure accurate and complete financial reporting and regulatory compliance.

Given the involvement of multiple systems (e.g., Workday, UShopNH/Contracts+, and various departmental systems) and stakeholders (KSC departments, KSC Finance, USNH Procurement, USNH Accounts Receivable, and USNH Financial Operations), the effective management of KSC revenue contracts depends on consistent communication, clearly defined responsibilities, and comprehensive contract tracking.

For the majority of the revenue contracts, payments, either checks or direct deposits, are received directly by USNH NSAR for processing and recording. However, some payments, especially for short-term facilities use agreements or athletic space rentals, are received by the individual departments and are then hand delivered to KSC Student Financial Services for deposit processing and recording of the revenue.

Compass Group USA, Inc. – Chartwells Division

The Master Food Services Agreement between USNH and Compass Group USA, Inc., through its Chartwells division, covers the dining operations at Keene State College and Plymouth State University and extends from August 1, 2018, through June 30, 2028. Under the agreement, Chartwells manages KSC's residential dining, retail food sales, catering, and related food-service operations. For FY26, KSC budgeted $6,522,200 in Chartwells-related expenses and incurred actual expenses of $6,088,311, while PSU budgeted $6,208,650 and incurred actual expenses of $6,255,733. Chartwells is also required to provide financial and operational information, including monthly financial reports, an annual operating plan, and monthly balanced scorecards measuring agreed-upon key performance indicators. KSC personnel meet monthly with the Chartwells Controller to review high level monthly financial statements, including line-item activity and projected annual results. During this meeting, Chartwell provides and discusses forecasting information and budgeting projections. If detailed questions arrive, individual invoices can be requested from Chartwell. In addition, once every semester, KSC can meet, if necessary, with the Chartwells regional leadership to conduct a broader program review.

Accounting and Tax Reporting Criteria

Generally Accepted Accounting Principles (GAAP) – Revenue Recognition: GAAP requires revenue to be recognized when it is earned and measurable, rather than solely when cash is received.

GASB Statement No. 87: GASB 87 establishes accounting and financial reporting requirements for leases by requiring entities to recognize qualifying lease assets and lease liabilities, rather than treating most leases as purely off-balance-sheet arrangements

Unrelated Business Income Tax (UBIT)/Form 990T: Certain revenue-generating activities may be subject to UBIT when the activity is not substantially related to USNH's tax-exempt purpose. Form 990-T is filed with the Internal Revenue Service (IRS) to report unrelated business income and any related tax liability by USNH.

USNH and KSC Policies and Procedures

Signature Authority: Per USNH Board of Trustees Policy (BOT.I.C – Authority of the USNH Treasurer and Secretary), only individuals with appropriate authority may execute contracts or otherwise commit USNH or its component institutions. USNH Financial Services Policies and Procedures 12-003 USNH Signature Authority provides the signature authority guidelines, including delegated authority for revenue leases and rentals subject to dollar limits.

USNH Financial Services Policies and Procedures 10 - 001 Revenue Accounting: The policy defines operating revenue within USNH current funds as any transaction resulting in an increase in USNH's current financial resources, including departmental sales and services to external entities and auxiliary enterprise sales. In addition, revenue must be recorded at the gross amount in the appropriate fund classification, restricted or unrestricted, consistent with generally accepted accounting principles (GAAP).

USNH Financial Services Policies and Procedures 10 - 002 Billing for Goods Sold or

Services Rendered: This policy establishes the requirements for billing, credit sales, accounts receivable management, and revenue recognition for goods and services provided by USNH departments. It applies to departmental revenue activities but specifically excludes student tuition billing.

USNH Financial Services Policies and Procedures 12-001 Authority to Sign Contracts: This policy establishes that no person may execute contracts or similar legal documents for USNH or a component institution unless that authority has been delegated to them in writing.

USNH Purchasing Policy 06-001: This policy requires that all contracts be reviewed by and coordinated through the USNH Procurement team prior to any commitment being made to a supplier or signature on any contract.

USNH Acceptable Use Policy: This policy establishes requirements for the appropriate use of USNH information technology resources and applies to users who access USNH systems, networks, or technology services. It supports the need for revenue contracts involving network or internet access to include acceptable use, access restriction, and security-related provisions.

KSC Policy for Connecting Network Devices to the KSC LAN (CNUP): The CNUP governs the acceptable use of KSC computers, information systems, and networks by all authorized users, requiring that all users assume personal responsibility for appropriate use and comply with applicable USNH and KSC policies.

KSC Computer and Network Use Policy: This policy requires that all devices connecting to the KSC network be approved by USNH Network Services prior to connection and specifically identifies unauthorized wireless access points as a serious security exposure that may allow anyone within broadcast distance to gain access to the KSC network.

III. Scope

The primary objective of the audit was to obtain reasonable assurance regarding the effectiveness of internal controls over non-student revenue contracts to ensure revenue is accurately and timely recorded and collected in accordance with applicable policies. We accomplished these objectives through interviews of key personnel, review of the business process, controls testing, and substantive testing for a sample of contracts and transactions. Student and sponsored project revenues were excluded from this audit. Specifically, we conducted the following activities:

- Interviewed staff from KSC Finance, KSC OSHA Training Institute, USNH Procurement, USNH NSAR, and USNH Controller's Office
- Reviewed the inventory of revenue contracts obtained from KSC Finance to ensure that revenues were properly billed and the payments received were recorded in Workday Finance
- For sampled contracts:
    - Reviewed the terms and contract language;
    - Reviewed for appropriate signature authority;
    - Reviewed a sample of transactions in Workday Finance for proper recording; and
    - Reviewed controls around monitoring of revenues.

- Reviewed the GASB 87 analysis from the USNH Senior Accountant and ensured all contracts identified as capital leases were included in the USNH Financial Statements.
- Reviewed the USNH 2022 and 2023 990-T filing for completeness of KSC unrelated business income tax
- Reviewed Workday Finance receipts data for missing KSC revenue contracts

IV. Report Structure

The three observations in Section V of this report outline internal control issues for management's attention and consideration. The order of the comments is based on their relative importance in terms of potential risk to USNH or foregone effectiveness if not addressed. The observations marked with an asterisk indicate the most significant items for management attention and resolution, which will be tracked for the USNH Audit Committee's monitoring until resolved. The report contains recommendations that management has considered and incorporated into the management action plans indicated below. The one business process improvement observations in Section VI is strongly recommended but does not require a management action plan.

V. Observations

* 1. Enhance recording of revenue contracts

During our testing, we noted that roles and responsibilities over billing, collections, recording, and monitoring of revenue contract payments were not clearly and formally defined, as the responsibilities are spread across multiple departments, including KSC Finance, KSC Redfern Arts Center, KSC Athletics, and USNH NSAR. Based on the testing of the 36 selected contracts, we noted the following:

a) Two revenue transactions totaling $21,276 were not billed or collected from customers.

b) 34 contracts, totaling $203,707, were not recorded in accordance with US GAAP. Instead, revenue was recorded only when payments were received, resulting in unrecorded accounts receivable and payments not being consistently linked to customer accounts in Workday. This practice limits KSC's ability to track outstanding balances and verify billing and collections. As a result, revenue and receivable balances may be misstated, and contract revenue may not be collected timely or in the correct amount. This issue stems from inconsistent billing practices and inadequate use of the USNH Non-Student Accounts Receivable process to invoice, record, and collect revenues. The existing practices are contrary to U.S. GAAP and USNH Financial Services Policy 10-002, which require revenue to be recognized when earned.

c) KSC Finance does not perform a periodic reconciliation of revenue contract against billed to ensure appropriate billing. There is currently no process in place to compare amounts expected under each active revenue contract to amounts received and billed.

There is a risk that revenue contracts may not be consistently identified, properly billed, collected, monitored, or reported accurately and timely, resulting in uncollectible balances and misstated financial statements.

We recommend the following in regards to this observation:

1. *Create formal roles and responsibilities to clearly define, document, and communicate the various processes, including invoicing, billing, collection, recording, and monitoring of all revenue contract payments. The documentation should identify the responsible party for each function and the applicable escalation process when payments are not received within contract terms.*
2. *Consider utilizing Non-Student Accounts Receivable to invoice and bill all existing and new revenue contracts. This will ensure that a receivable amount is recorded to the individual customer account when services are provided or the earning process is completed, and appropriate follow-up procedures can be performed to collect all outstanding balances. Alternatively, we recommend KSC Finance records accounts receivable balances for all revenue contracts when services are provided or the earning process is completed, in accordance with USNH Policies.*
3. *KSC Finance should implement a formal monthly revenue contract receivables reconciliation process in which expected billings or receipts under each active revenue contract are compared to amounts recorded in Workday for the period. Any variance exceeding a defined threshold should be identified and resolved.*

Management Action Plan

1. We will create formal roles and responsibilities to define, document, and communicate the different processes, including tracking, invoicing, billing, collection, recording and monitoring of payments.
2. Going forward, we will involve Non-Student Accounts Receivable to invoice and bill all existing and new revenue contracts.
3. We will create procedures to monitor outstanding receivable balances and perform monthly reconciliations to ensure all revenue has been received.
4. Lastly, we will ensure that any missing revenue is billed and collected.

Responsible Party: KSC Director, Finance Division
Estimated Completion Date: June 30, 2027

2. Enhance tracking of revenue contracts

a) KSC Finance maintains a manual spreadsheet to track their revenue contracts. During the audit, we specifically noted the following based on the review of revenue contract inventory, spreadsheet data, and Workday entries:

   a) KSC received revenue totaling $60,484 for two expired contracts during FY2026, even though the contract expired prior to June 30, 2025, and we were unable to obtain renewals.
   b) We were unable to locate five Facility Use Agreements, however revenue totaling $23,890 was recorded in the general ledger accounts.
   c) 14 long-term and 130 short-term revenue contracts with an expiration date prior to June 30, 2025, were included along with active revenue contracts on the spreadsheet.

We noted via inquiry that staffing constraints have limited KSC's ability to accurately maintain the spreadsheet. As such, KSC currently does not have an accurate and complete inventory of all active revenue contracts, including their contract values, billing schedules, and renewal dates.

b) We noted that KSC revenue contracts are currently stored across two separate and unconnected applications. Any revenue contracts executed through USNH Procurement, including system-wide contracts, are stored in the UShopNH Contracts+ module. However, KSC-specific revenue contracts, including facility use agreements, space leases, housing rental agreements, and other locally executed revenue arrangements, are stored and managed in a local SharePoint folder set-up by KSC Finance. These contracts are not uploaded into Contracts+ as required by USNH Procurement Policy. As such, USNH Procurement does not have visibility into the full population of KSC revenue contracts, and there is no single centralized repository providing a complete and current inventory of all active KSC revenue agreements.

Without an inventory of all active revenue contracts, there is a risk that the revenue may not be properly billed and collected completely. Furthermore, absence of current, executed agreements weakens KSC's legal ability to enforce contract terms, support amounts billed and collected, and resolve disputes. Counterparties may challenge rates, seek refunds, or renegotiate terms more favorably to them. Expired or missing agreements may also leave KSC without clearly defined service expectations, termination provisions, and dispute resolution mechanisms, increasing financial and operational risk for KSC and USNH.

We recommend the following in regards to this observation:

1. *KSC Finance establishes and maintains a centralized, complete, and current inventory of all revenue contracts. The inventory should include key contract information such as customer name, contract value, contract duration, renewal dates, billing schedules, and amounts billed and collected.*
2. *KSC Management should assign ownership for maintaining the inventory and perform periodic reconciliations between the contract inventory, customer billings, accounts receivable records, and revenue recognized to ensure the completeness and accuracy of revenue-related financial information.*
3. *Identify any expired contracts that are still currently in place and determine if a new contract should be signed or if the contract is truly expired. Remove any expired contracts from the manual tracking spreadsheet to ensure that the spreadsheet is complete and accurate for any active contracts.*
4. *Consider storing all revenue contracts in a centralized location to ensure completeness of all revenue contracts.*

Management Action Plan

1. We will create and maintain a centralized spreadsheet with all active revenue contracts added to it. The tracking list will contain key contract information. Any expired contracts will be removed from the tracking list

2. Ownership will be assigned in accordance with the established roles and responsibilities from Finding #1. As mentioned in finding #1, contract revenue will be reconciled on a monthly basis to ensure all outstanding revenue has been collected.
3. We will review any expired contracts and determine if a new contract is needed. Any expired contracts will be removed from the tracking spreadsheet.
4. We will reach out to all other KSC Departments that have revenue contracts, especially KSC Athletics and the KSC Red Fern Center, to ensure all active contracts are forwarded to KSC Finance for signature, tracking, billing, recording of revenue and reconciliations purposes. We will review existing applications on how to store all revenue contracts in a centralized location. This will be most likely a shared SharePoint drive.

Responsible Party: KSC Director, Finance Division
Estimated Completion Date: June 30, 2027

3. Enhance pre-execution review of revenue contracts

During our testing, we noted the following exceptions:

a) We noted that for three[2] out of 12 selected revenue contracts, the terms allowed the tenant KCS network access or access to KSC's telecommunication spaces and cabling to the customer, but the contract did not include appropriate cybersecurity language regarding network access restrictions, unauthorized access prohibitions, incident reporting obligations, or liability provisions related to network access. Per review of the KSC Policy for Connecting Network Devices to the KSC LAN, the policy requires that all network connections be approved by USNH Network Services. Providing network access to revenue contract parties without USNH ET&S review constitutes non-compliance with these policies. The non-inclusion of the acceptable use language in revenue contracts means external parties using the KSC network or infrastructure are not formally bound by the USNH acceptable use obligations, reducing KSC's recourse in the event of a violation.

b) KSC does not have a formal procedure or pre-execution review checklist to ensure revenue contracts are reviewed for necessary compliance requirements including technology considerations prior to execution, especially when non-standard contract language or templates are used. All KSC revenue contracts are managed primarily through KSC Finance, with limited coordination with USNH ET&S. As a result, KSC may execute agreements with unsupported obligations, unplanned commitments of internal resources, inadequate security or privacy requirements, or other non-compliant terms, resulting in financial, operational, legal, and reputational risk.

We recommend the following in regards to this observation:

a) Develop formal policies, written procedures, and defined protocols to ensure that revenue contracts containing provisions for network or internet access, including Wi-Fi access are identified during the contract preparation and review process and routed to USNH Enterprise Technology & Services (ET&S) for review and approval prior to signing of the contract. The procedures should include, but not limited to the following:

I. Which types of access provisions trigger a mandatory ET&S review,

II. Identify the party responsible for initiating the review,

[2] One of the contracts has last revenue receipt from May 2026.

III. And establish documentation requirements to evidence that the review was completed and retained in the contract file.

b) Develop and incorporate standard acceptable use language, consistent with the KSC Computer and Network Use Policy and the KSC Policy for Connecting Network Devices to the KSC LAN, into all KSC revenue contract templates where network or internet access is provided to external parties. At a minimum, the standard language should address the authorized use of the KSC network, network access restrictions, unauthorized access prohibitions, network segregation requirements for dedicated circuits or co-located telecommunication equipment, incident reporting obligations, and KSC's right to terminate access in the event of a violation.

c) KSC management should consult USNH ET&S and evaluate if amendments should be issued to incorporate the required provisions for the identified contracts

Management Action Plan –

a) We will develop formal policies and detailed procedures to ensure that contracts that contain network or internet access provisions are routed to USNH ET&S Cybersecurity for review. The protocols will include what types of access will trigger an ET&S review, identify the party responsible for initiating the review, and ensure that all documentation is maintained.
b) We will ensure that only the standard templates are used for all revenue contracts that include the USNH acceptable use language. If the template can't be used, we will ensure USNH Procurement and USNH ET&S are involved in the revenue contract process
c) We will reach out to USNH ET&S to evaluate if amendments to the existing contracts identified above are needed.

Responsible Party: KSC Director, Finance Division
Estimated Completion Date: June 30, 2027

VI. Business Process Improvements

I. Enhance Contract Monitoring

During the audit, we noted that KSC has an opportunity to strengthen oversight of dining costs by implementing more robust cost and budget validation and benchmarking procedures to ensure higher costs are understood, justified, and aligned with institutional objectives. Specifically, we noted the following regarding KSC's monitoring and oversight of the Chartwell (Compass Group USA, Inc.) dining services contract:

a) KSC's cost per meal is higher than Plymouth State University (PSU), despite both institutions operating under the same Chartwells contract. Management indicated that the higher cost structure is an intentional decision to support the desired level of meal quality and service at KSC. However, benchmark analysis and justification of such higher cost has not been formally documented and approved.

b) Currently, monthly invoices consist of a single line-item charge, accompanied by a high-level Business Transaction Analysis (BTA) report review[3] that summarizes actual costs against Chartwells generated forecasts and prior year figures. The monthly review process has not been formalized and does not require and retain sufficient supporting details, such as detailed support for actual cost billed, meal plan participation reports, food cost percentage calculations, purchasing discount reconciliations, labor headcount and overtime summaries, and itemized controllable cost breakdowns, to allow KSC management to verify the accuracy of individual cost components prior to approving payment. There is also no detailed analysis performed to ensure that all billed cost is related to the KSC dining contract. As a result, the monthly review is limited to discussing the high-level BTA report. The absence of a formalized review process with itemized supporting detail limits KSC's ability to proactively identify and address specific cost variances before the invoice approval.

c) We also noted that no formal budget baseline exists to independently evaluate whether monthly costs are reasonable or within expected parameters, as the budget is prepared by Chartwell.

Without a documented budget baseline, monthly supporting detail, and a structured review process, KSC management is unable to confirm that these contractual billing terms are being applied correctly or that the monthly charge paid to Chartwell accurately reflects the allowable costs of operating the dining program. There is a risk that KSC may approve and remit monthly dining services payments that contain inaccurate, unsupported, or inflated cost charges without detection, and any potential food cost overruns will not be identified until after payment has been made.

We recommend the following in regards to this observation:

1. *KSC Finance should request and obtain a formal documented detailed budget baseline for dining services at the start of each fiscal year. The budget baseline should include itemized projections for food costs, labor costs, controllable expenses, management fees, T&B rates, and volume allowance credits, consistent with the billing terms established in agreement. Furthermore, KSC Finance should review the budget for reasonableness and ensure that the budget has been prepared in accordance with USNH budget expectations and sound business practices.*
2. *KSC Finance should require Chartwell to provide itemized monthly supporting documentation in advance of the monthly review meeting, including at a minimum:*
    - *Plan participation reports,*
    - *Food cost percentage calculations,*
    - *Purchasing discount reconciliations and volume allowance credit calculations,*
    - *Labor headcount and overtime summaries,*
    - *Detailed invoices supporting cost, and*
    - *Itemized controllable cost breakdowns.*

    Documentation should be received with sufficient time to allow KSC management to review, question, and validate individual cost components before invoice approval.
3. *KSC Finance should formalize the existing monthly review process with Chartwell by establishing a written agenda, required documentation package, and documentation of key discussion points and any required follow-up items for each monthly meeting.*

[3] KSC management and the Chartwell Controller hold monthly meetings to discuss monthly billing,

The formalized review should include a comparison of actual costs to the KSC-approved budget baseline, an explanation from Chartwell for any line-item variance exceeding a defined threshold, and advance notice of any anticipated cost changes in the upcoming period.

4. *KSC Finance and Chartwell should conduct a periodic peer benchmarking review, comparing KSC's per-meal dining services costs to those of comparable higher education institutions. The benchmarking analysis should evaluate per-meal cost, meal plan participation rates, food cost percentages, and labor cost ratios, and should be presented to KSC management as part of the annual contract performance review. Any KSC's costs that are found to be materially higher than peer institutions, management should request a formal explanation from Chartwell and, where appropriate, negotiate cost efficiencies.*