





UNIVERSITY SYSTEM OF NEW HAMPSHIRE



2026 ANNUAL FINANCIAL REPORT

Keene STATE COLLEGE

Plymouth State UNIVERSITY

University of New Hampshire

University System of New Hampshire


Keene
STATE COLLEGE
Plymouth State
UNIVERSITY
University of
New Hampshire
University System
of New Hampshire
25,000
Enrolled students annually



5 Campuses in *New Hampshire*







90,000
Alumni living *in state*

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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.

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The Board of Trustees
University System of New Hampshire

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

The Board of Trustees
University System of New Hampshire

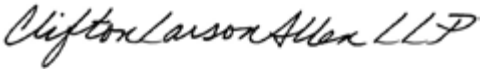
Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the System board listing but does not include the 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

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 non-operating 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 non-capital subsidies	*(36)*	*(50)*	*(28)*	*14*	*(28.0%)*
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.

USNH's financial position strengthened during fiscal year 2026 as 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 Association	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 each campus's relative share. In prior years, 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 US 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 mandated 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 Reconciliations 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)

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: 2026 Gross Revenues by Source Total = $1+ Billion

($ in millions)

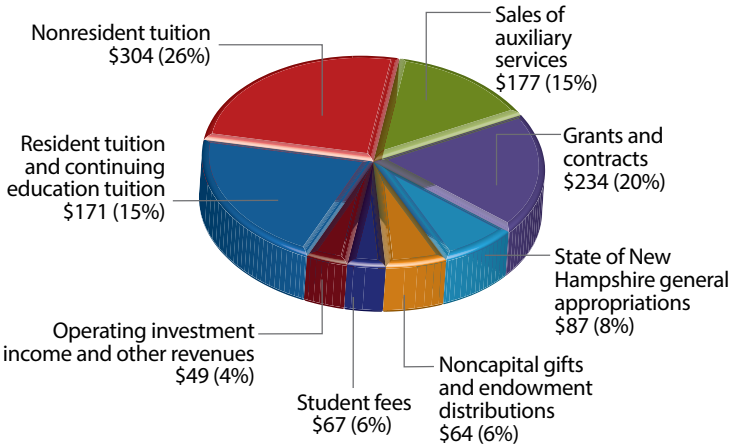


Chart 1 illustrates USNH's revenue streams, including those classified as nonoperating revenues in accordance with GASB standards, which combined totaled over $1 billion for fiscal year 2026. Given our tri-fold mission of instruction, research, and public service, the vast majority of USNH revenues are 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.

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

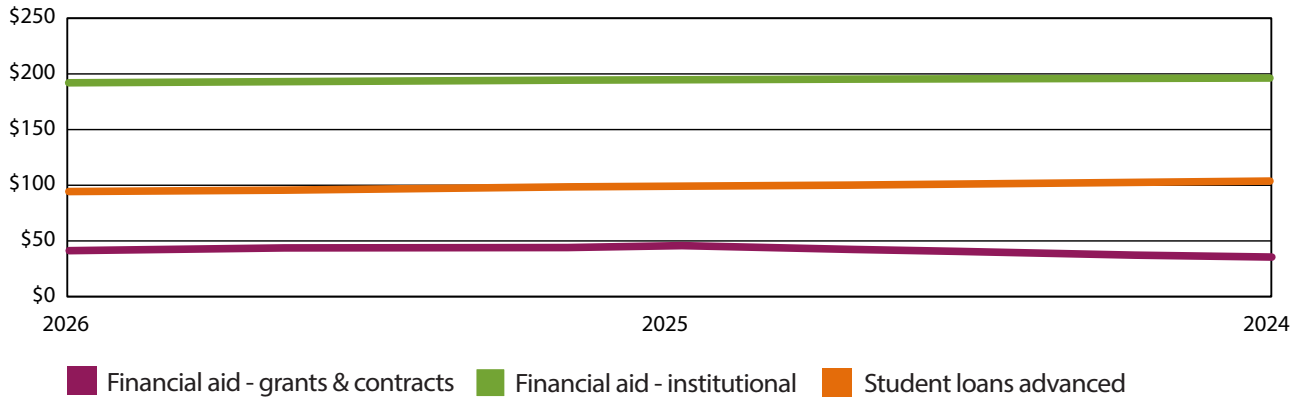
($ in millions)

	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 non-capital 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 Non-operating 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 fully allocated to the institutions through allocation methodologies such that the System-wide Office net position is zero dollars. Accordingly, the financial results reported for the System-wide Office are not intended to be interpreted as a measure of standalone operating performance.*

Chart 2: Student Aid Trends

($ in millions)



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.

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.

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.

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

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%

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: Expenses by Functional Classifications

($ in millions)

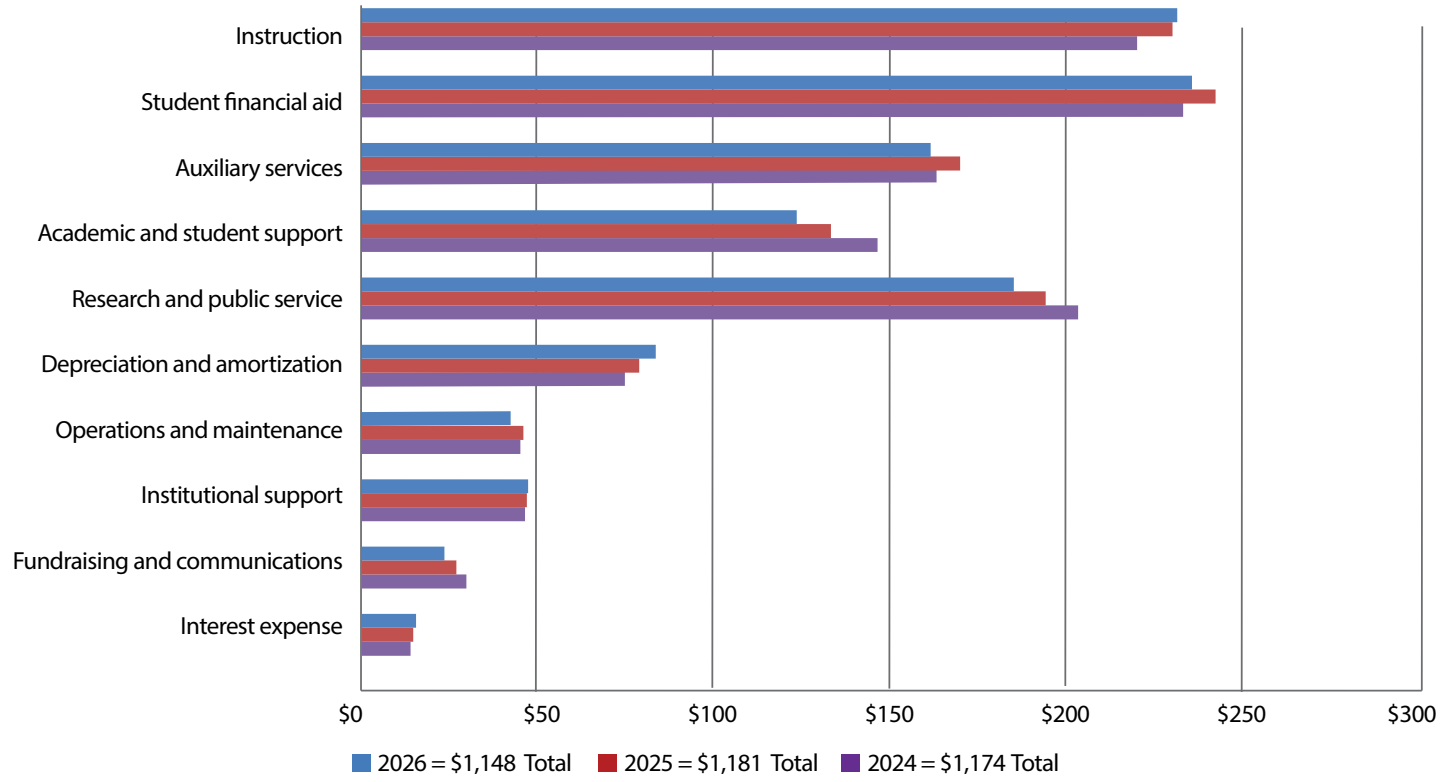


Chart 3 displays USNH's expenses for the past three fiscal years, categorized by function rather than natural classification. Instruction expenses increased in fiscal year 2026, largely driven by a faculty voluntary separation incentive program offered in fiscal year 2026. Excluding the total voluntary 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.

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.

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%

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.

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, with 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), UNH Morse Hall Research Infrastructure Project ($11.5M total project), UNH Whittemore Center ($20M total project), 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 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).

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)

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 USED IN OPERATING ACTIVITIES		
Operating loss	$(133,923)	$ (153,622)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	83,517	78,671
Federal Pell Grants	(25,615)	(28,666)
Noncapital gifts	(13,309)	(16,013)
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 enhance 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 *($ in thousands):*

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 gifts	–	16,013
Noncapital Subsidies		
State of New Hampshire general appropriations	–	95,000
Grants and contracts - subsidies	–	5,338
Gifts and contributions related to scholarships	–	3,175
Nonoperating Revenues (Expenses)		
State of New Hampshire general appropriations	95,000	–
Federal Pell grants	28,666	–
Noncapital gifts	19,188	–

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	

New Hampshire Promise

With the New Hampshire Promise, a high-quality public university education is now within reach for more New Hampshire students. Beginning in fall 2027, incoming first-year students who are New Hampshire residents and have a total family income of up to $100,000 a year can pay no tuition at any USNH institution, including UNH Durham, UNH Manchester, UNH College of Professional Studies Online, Keene State College, and Plymouth State University.
Transfer students who earn an associate degree from the Community College System of New Hampshire are also eligible for the New Hampshire Promise.

Keene State College · Plymouth State University · University of New Hampshire

University System of New Hampshire

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 June 30, 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 at NAV	Total	Investments Classified in Fair Value Hierarchy			Investments Measured at NAV	Total
	Level 1	Level 2	Level 3			Level 1	Level 2	Level 3		
Endowment and similar investments – campuses										
Domestic equity	$ 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 post-retirement medical benefits. Employees meeting certain service guidelines prior to July 1, 1994 are also eligible for a guaranteed minimum employer retirement contribution of $10,000 plus an additional $1,000 for each year of service in excess of 20 years less 1% of the participant's salary account. There were 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 $0 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 years 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 June 30, 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 PubG-2016 mortality tables with scale MP-21. 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, 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 at December 31 *($ in thousands)*:

	2025 OPEB liability			2024 OPEB liability		
	Sensitivity to change in discount rate			**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 cost trend rate			**Sensitivity to change in healthcare cost trend rate**		
	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	Retirements	Balance June 30, 2025	Additions & Other Changes	Retirements	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 financed purchase 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	Retirements	Balance June 30, 2025	Additions & Other Changes	Retirements	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 straightline 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 between projected and actual earnings:		
Operating Staff Retirement Plan	–	220
Difference between 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 between projected and actual earnings:		
Operating Staff Retirement Plan	765	558
Difference between expected and actual experience:		
Postretirement Medical Plan	663	1,048
Additional Retirement Contribution Program	29	33
Deferred inflows - 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)*:

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 liabilities 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
(Unaudited)

Postretirement Medical Plan

Schedule of Changes in Total OPEB Liability and Related Ratios for the years ended June 30, *($ 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, *($ 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 liability	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.

University System of New Hampshire

As of September 1, 2026

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