



## **UNIVERSITY SYSTEM OF NEW HAMPSHIRE**

Independent Auditors' Reports as Required by Title 2 U.S. Code of  
Federal Regulations Part 200, *Uniform Administrative Requirements,  
Cost Principles, and Audit Requirements for Federal Awards* and  
*Government Auditing Standards* and Related Information

Year ended June 30, 2018

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Year ended June 30, 2018

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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:

### **Report on the Financial Statements**

We have audited the accompanying statements of net position 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, 2018 and 2017, the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the System's basic financial statements.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes 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.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the University System of New Hampshire as of June 30, 2018 and 2017, and the changes in its net position and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

**Emphasis of Matter**

As disclosed in Note 1 to the financial statements, the System adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

**Other Matter – Required Supplementary Information**

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 – 11 and the required supplemental information on page 28 be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, 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 Matter – Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedule of expenditures of federal awards for the year ended June 30, 2018 is presented for purposes of additional analysis, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the 2018 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2018 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2018 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2018 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedule of expenditures of federal awards for the year ended June 30, 2018 is fairly stated, in all material respects, in relation to the 2018 financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2018 on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

KPMG LLP

October 26, 2018, except as to the supplementary  
schedule of expenditures of federal awards, which is as of January 23, 2019

# Management's Discussion and Analysis

June 30, 2018 and 2017 (Unaudited)

## I. Introduction

The following Management's Discussion and Analysis summarizes the financial condition and results of activities of the University System of New Hampshire (USNH) for the fiscal years ended June 30, 2018 and 2017. This analysis provides a comparison of significant amounts and measures to prior periods and, where appropriate, presents management's outlook for the future.

USNH is a Section 501(c)(3) corporation organized under the laws of the State of New Hampshire to serve the people of the state as the key provider of public higher education for Bachelor's and advanced degree students. USNH accomplishes its mission by operating four educational institutions that collectively offer a broad array of education, research and public service options for the state. These institutions include the University of New Hampshire (UNH), Plymouth State University (PSU), Keene State College (KSC) and Granite State College (GSC). While select programs are active in other regions as well as abroad, most of USNH's activities take place at the three residential campuses (UNHD, PSU and KSC), UNH's urban campuses (UNHM and UNHL), the six regional sites of GSC, and the UNH Cooperative Extension and Small Business Development Centers located throughout the state. The accompanying financial statements also include the activities and balances of the University of New Hampshire Foundation, Inc. (UNHF) and the Keene Endowment Association (KEA), two legally separate but affiliated entities. (See Note 1 to the Financial Statements for additional information on affiliated entities.)

## II. Economic Outlook

The US Census Bureau projects that through 2030 the number of New Hampshire residents between ages 15 and 19 will drop 6.6% (approximately 5,600 students) from the current level of 85,385. The dip will then be partially recovered over the following ten years to approximately 83,300 in 2040. This is one near-term trend impacting USNH campuses. However, it is mitigated by other trends including increased demand for fifth year programs culminating in graduate degrees, as well as local industry needs for higher education levels of new hires. At 2.7% as of July 2018, New Hampshire has the fourth lowest unemployment rate in the country behind only Hawaii, Iowa and North Dakota. This compares to the national average of 4.0%, and will ease the pathway for our graduates as they transition into the state's workforce. Over the past year USNH institutions have increased partnerships with the State and businesses to offer and expand programs in areas of expected economic growth including nursing and associated medical needs, as well as robotics and other new technologies. In short, our campuses continue to evolve to meet local and national demands for quality education. The remainder of this report describes the results of financial operations for the year ended June 30, 2018 with comparisons to prior years.

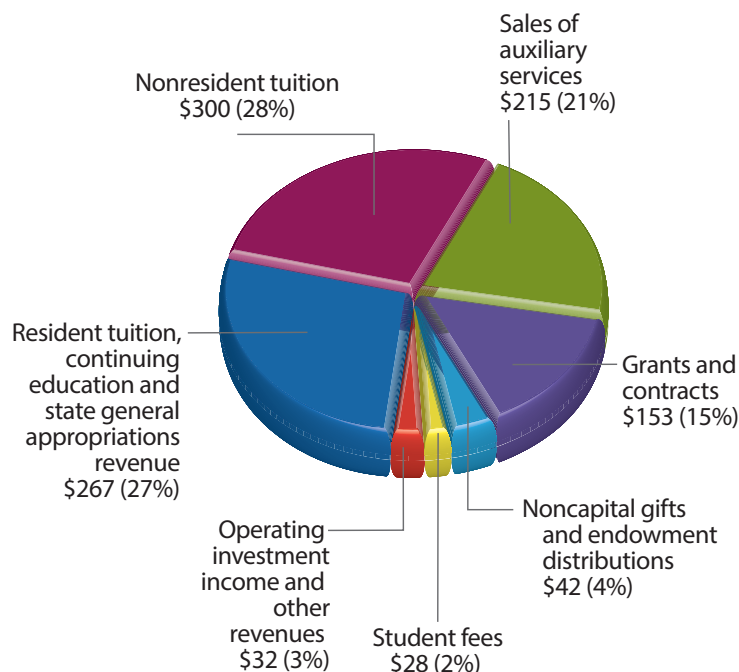
## III. Financial Highlights

### A. Revenues

Chart 1 to the right shows USNH's operating revenue streams including state appropriations, which totaled approximately \$1 billion in both fiscal years 2018 and 2017. Given our tri-fold mission of instruction, research and public service, the vast majority of USNH revenues are used for education, student support, and the delivery of related auxiliary services. Even our research projects increase the knowledge base. As shown in Chart 2, institutional financial aid expenditures significantly exceeded the level of student loans issued. This resource commitment is made in support of the state's workforce needs to ensure qualified students can attend our institutions, without being burdened by excessive debt.

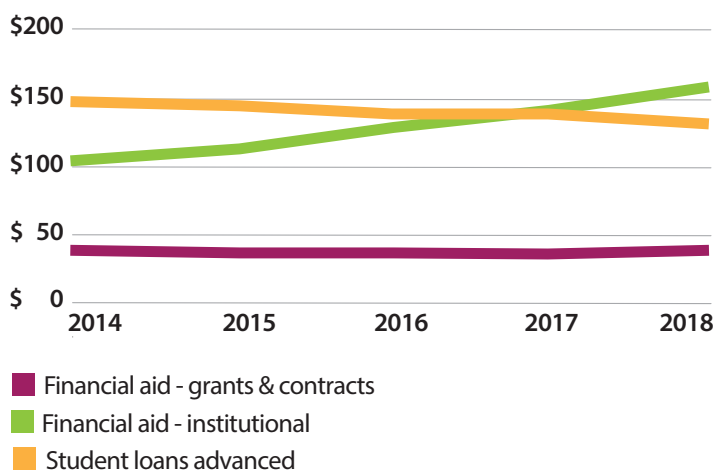
**Chart 1: 2018 Gross Revenues by Source**  
**Total = \$1+ Billion**

(\$ in millions)



**Chart 2: Student Aid Trends**

(\$ in millions)



As seen in Table 1 below, enrollment at the flagship campus has remained stable over the past five years at an average of approximately 15,500 FTE students for all UNH locations combined. UNH's Durham campus had large increases in freshman applications over the past five years as shown in Table 2. Their enrollment strategy remains focused on attracting exemplary students. Approximately 41% of new UNHD students in the fall of 2017 ranked in the top 20% of their high school class reflecting the continued quality of the population. PSU also launched an innovative new learning clusters program in 2017. The clusters group students in related majors to share resources with the goal of providing a holistic educational experience so that students are able to provide value to their future employers on their first day of work. The sharing of resources is also designed to drive down administrative costs as well as streamline financial transaction processing. KSC is also grouping its academic programs into two new Schools to gain administrative efficiencies and share resources. Beginning in the fall of 2018 the School of Arts, Education and Culture will house programs including education, journalism, communications, philosophy, Holocaust studies and a number of other majors. In addition, the School of Sciences, Sustainability and Health will include architecture, chemistry, political science, nursing, human performance, and environmental studies as well as technology and other related programs.

**Table 1: Full-Time Equivalent Credit Enrollment**

*For the Fall of Each Fiscal Year*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
UNH (all campuses)	15,272	15,406	15,657	15,473	15,669
PSU	4,670	4,346	4,674	4,641	4,694
KSC	4,705	4,751	4,250	4,160	3,758
GSC	<u>1,551</u>	<u>1,685</u>	<u>1,658</u>	<u>1,584</u>	<u>1,446</u>
<b>Total USNH FTEs</b>	<u>26,198</u>	<u>26,188</u>	<u>26,239</u>	<u>25,858</u>	<u>25,567</u>
NH Resident	14,797	14,308	13,742	13,240	12,940
Nonresident	<u>11,401</u>	<u>11,880</u>	<u>12,497</u>	<u>12,618</u>	<u>12,627</u>
<b>Total USNH FTEs</b>	<u>26,198</u>	<u>26,188</u>	<u>26,239</u>	<u>25,858</u>	<u>25,567</u>

During 2018 nonresident tuition increased 3.8% (\$11.0 million) over the prior year. Over the past five years the mix of USNH students has changed from 57% to 51% New Hampshire residents when calculated on a full-time equivalency basis. This is due, in part, to expansion of international recruiting as well as online course offerings available at nearly any location. USNH is working to ensure New Hampshire students are also well-represented and prepared to meet the needs of the State's workforce. Institutional financial aid grew nearly 10% (\$13.8 million) from 2017 to 2018, and grant aid grew by 6.5% (\$2.0 million). USNH has also made significant changes in the way it awards financial aid. During 2018, UNH launched the Granite Guarantee program which covers the cost of tuition for all federal Pell-grant eligible New Hampshire students. The sister USNH campuses were quick to follow suit. The State is also partnering in this area by renewing its Governor's Scholarship Fund for New Hampshire resident students as well.

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

*For the Fall of Each Fiscal Year*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Freshmen applications received	17,938	18,420	19,255	20,203	19,966
Acceptances as % of applications	78%	80%	71%	76%	77%
Enrolled as % of acceptances	16%	18%	24%	19%	20%

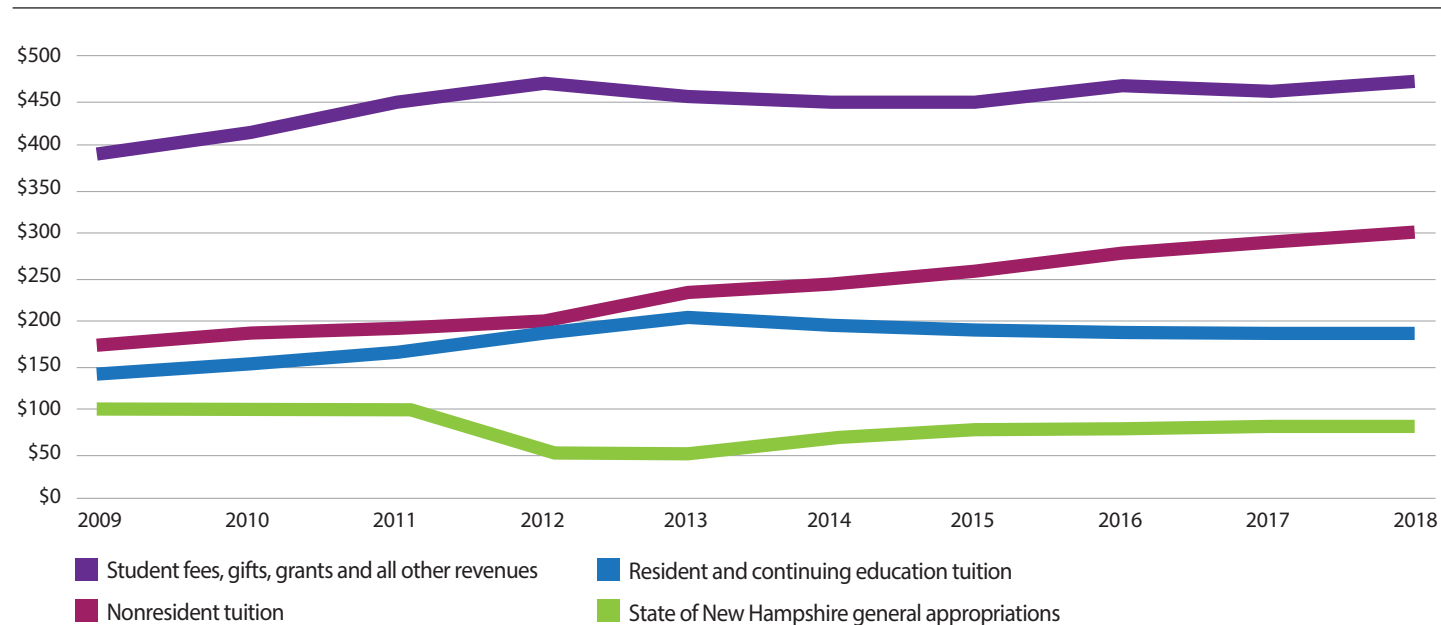
\* Comparable data for other campuses is available upon request.

Other areas of growth included noncapital and endowment gifts which were both up 23% over the prior year (\$2.7 million and \$3.1 million, respectively). These increases are attributable to the final year of UNH's highly successful fundraising campaign. Offsetting those contributions, plant gifts were at normal levels during 2018, compared to the significant gifts received for the Holocaust Studies Library addition at KSC (\$4 million) and the Ocean Engineering Program at UNH (\$2 million) in 2017. Chart 3 below shows USNH's major revenue stream trends for the past ten years. As seen in the graph, state appropriation revenues were cut by 50% in 2012, which resulted in a significant increase in resident tuition rates for fiscal years 2012 and 2013. USNH then held resident tuition rates flat through 2015 as the appropriation was partially restored. Inflationary increases in the resident tuition rates were added for 2016 through 2018. As evidenced by the financial aid growth shown in Chart 2, on page 25, USNH is committed to working with the State to ensure that New Hampshire's students have access to a quality education at an affordable price.

### Chart 3: Ten Year Revenue History

*Before Application of Student Financial Aid*

(\$ in millions)



### B. Operating and Capital Expenditures

USNH's operating expenses (including interest) increased \$12.7 million or 1.5% over the 2017 level; and 2017 expenses increased only \$650,000 or 0.1% over 2016. This compares to an increase of \$26 million (3.2%) from 2015 to 2016; and an increase of \$30 million (3.9%) from 2014 to 2015. There have been significant efforts to organize USNH employee groups over the past few years. This has resulted in new unions for certain faculty and staff at the residential and urban campuses. Nongrant compensation expenditures were up \$9.6 million (2.1%) in 2018 after being down \$8.9 million (1.9%) in 2017. The costs of employee separation offerings, medical and other benefits continue to be reviewed, along with supplies and services costs. In addition, depreciation charges are also increasing as efforts are made to modernize our buildings and infrastructure.

During 2017 USNH restructured its Procurement activities to have all campus purchasing personnel report centrally. This new model of local delivery with central oversight is designed to contain costs in future years by combining our purchasing volumes across the state. As part of this initiative USNH contracted for a system-wide online purchasing system during 2018. This new system is expected to be live for calendar year 2019 and will add another layer of cost control, as well as continuous monitoring and oversight of the purchasing function.

Other ongoing system-wide activities being regularly monitored by the Financial Affairs Committee of the USNH Board of Trustees include the implementation of an Enterprise Performance Management System, and implementation of the latest version of our Enterprise Resources and Planning System. Both of these systems are cloud-based and expected to go live in 2019. Accordingly, the Financial Affairs Committee is also monitoring a system-wide cyber security assessment as well.

## Chart 4: Expenses by Functional Classifications

(\$ in millions)

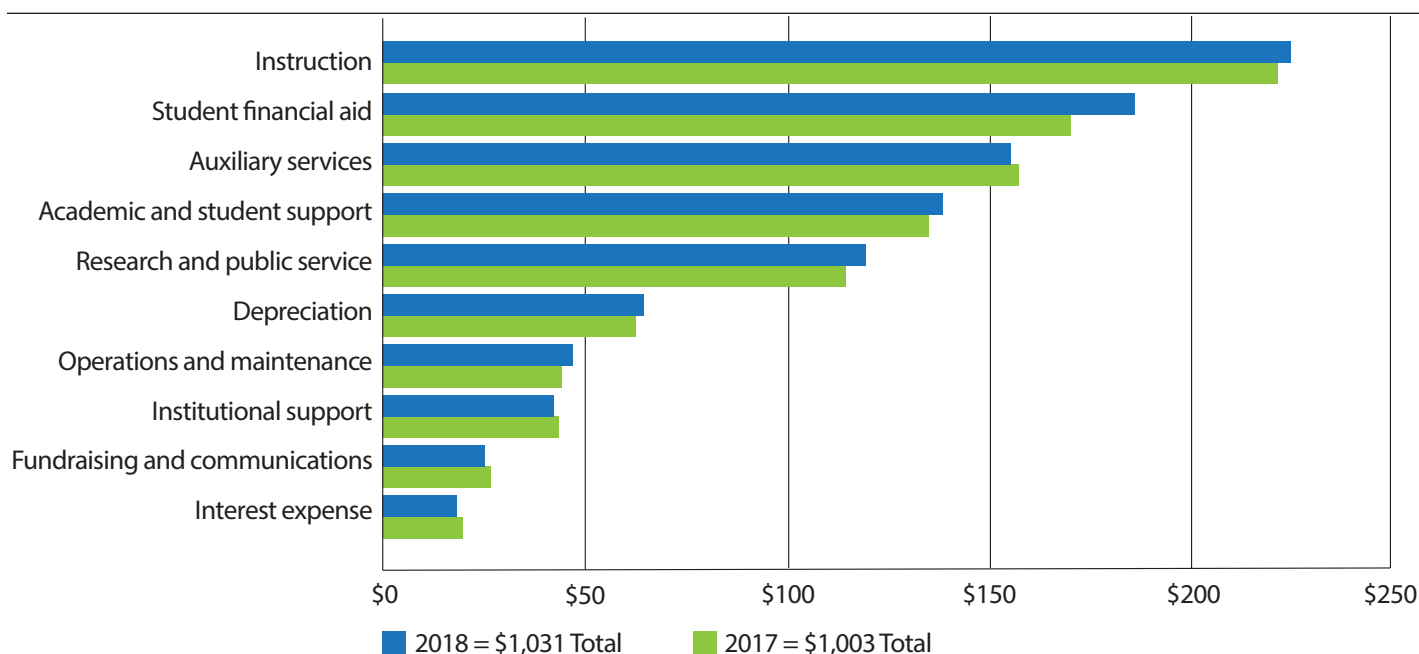


Chart 4 displays USNH's operating expenses for the past two years by functional, rather than natural, classification. The 2018 increases in financial aid discussed above are clearly depicted in the graph. That is the only cost category with such significant growth. (Additional detail on operating expenses by function can be found in Note 13 to the Financial Statements.)

The campuses also have several major capital projects currently underway. These include KSC's Mason Library expansion for Holocaust study materials funded primarily with gift proceeds (\$5 million); UNH's water treatment plant shared with the town of Durham (\$20 million) funded with internal resources; PSU's physical education center (\$10 million) funded with proceeds from bonds issued by USNH as well as internal resources; and PSU's Geneva Smith residence hall (\$9 million) funded with internal resources.

Chart 5 to the right shows the funding sources for USNH's capital spending over the past fifteen years. USNH spent over \$1 billion during this time to construct and renovate buildings and infrastructure at all campuses. One of the largest sources of funding for the related projects was debt issuances of \$427 million. USNH is authorized to issue debt only for self-supporting, auxiliary projects. The majority of the related debt service is funded by student fees for each type of auxiliary service (housing, dining or recreation).

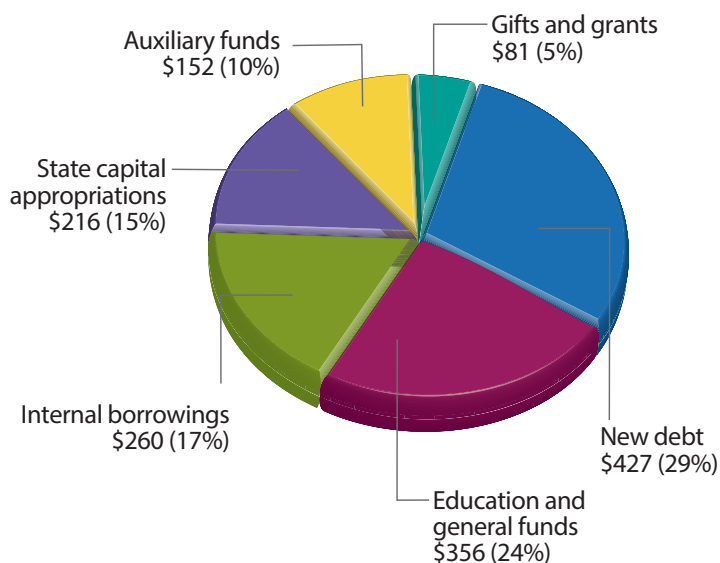
From 2002 to 2013, USNH received significant state capital appropriations to renovate specific science buildings on each campus. During the past ten years operating funds and internal borrowings totaling \$616 million were used to supplement the state appropriations. However, there are still several buildings in need of improvement at each campus to ensure USNH is able to meet the education and experiential needs of the state's future workforce. In 2017 USNH engaged third-party consultants to complete a detailed Facilities Condition Assessment and prioritization of deferred maintenance needs at each campus. Because state capital funding has been

significantly reduced over the past 5 years, USNH campuses must strategically prioritize the available limited funding for capital assets, while at the same time not allowing deferred maintenance needs to escalate. Plant depreciation expenses of \$580 million were recorded during the same 15 year period. (See Notes 5 and 8 to the Financial Statements for additional information on property and equipment, and debt balances.)

## Chart 5: Capital Funding Sources, 2004-2018

Total \$1.5 Billion

(\$ in millions)





## C. Investing Activities

Cash and short-term investment balances totaled approximately \$206 million on June 30, 2018. This compares to \$213 million on June 30, 2017. The reduction is primarily due to purposeful spending of internal resources for the capital projects noted above. Advisory services of cash and short-term investment balances were outsourced in 2015 to improve short-term returns while ensuring sufficient liquidity for near-term obligations. (See Note 2 to the Financial Statements for additional information on cash, cash equivalents and short-term investments.)

USNH's long-term investments are primarily derived from endowment gifts intended to be invested in perpetuity. With Board approval USNH also invests select large, current-use gifts, and unrestricted balances held centrally, as quasi-endowment funds. These amounts are invested in one of three venues depending on whether the donor contributed to a campus, the UNH Foundation (UNHF), or the Keene Endowment Association (KEA). The investment pools are managed to provide the highest rate of return over the long term given an acceptable level of risk as determined by the responsible fiduciaries. The USNH Consolidated Endowment Pool holds funds for the benefit of all campuses. The UNHF endowment pool holds funds for the benefit of UNH only, and the KEA pool holds funds for the benefit of KSC only. The USNH Board of Trustees has fiduciary responsibility for the USNH Pool, whereas the separate boards of UNHF and KEA have their own investment policies and are responsible for those investments. Below is a summary of USNH's endowment and similar investment values for the past three years.

**Table 3: Endowment and Similar Investments  
Market Value Summary**

(\$ in millions)

	As of June 30,		
	2018	2017	2016
USNH Pool	\$527	\$498	\$444
UNHF Pool	225	204	185
KEA Pool	9	8	7
Funds held in trust	16	16	15
Life Income/Annuity Funds	4	4	4
	<u>\$781</u>	<u>\$730</u>	<u>\$655</u>

While the two larger pools are primarily invested in funds, the KEA pool primarily holds individual stock and bond investments. As shown in Table 4 to the right, the KEA pool net gains over the past five years averaged 10.0% and the USNH and UNHF pools averaged 7.5% and 7.4%, respectively.

Distributions from the pools totaled approximately \$28 million in 2018, approximately \$1 million higher than the prior year. Distributions of approximately \$17 million were made from the USNH pool and trusts, along with \$11 million from the UNHF pool and \$400,000 from the KEA pool. Distributions represent a smaller percentage of the USNH pool because USNH holds several quasi-endowment funds for future, rather than current, use. Recent volatility in returns has resulted in a limited number of endowment funds having market values less than the original gift value ("underwater" funds). The 2017 and 2018 gains have mitigated this in most cases. Of the 1,472 endowment funds

maintained in the various endowment pools, only 42 remained underwater at June 30, 2018. This compares to 46 underwater funds at June 30, 2017. The balances underwater at June 30, 2018 totaled \$440,000, compared to \$817,000 at June 30, 2017. (See Notes 4 and 12 for further information on endowment and similar investments.)

**Table 4: Pooled Endowment Returns**

	Year - Ended June 30,		Five Year
	2018	2017	Average
<b>USNH Pool</b>			
<b>Gross return</b>	8.4%	13.4%	7.9%
<i>Investment management fees</i>	<u>(0.4%)</u>	<u>(0.4%)</u>	<u>(0.4%)</u>
<b>Net return</b>	8.0%	13.0%	7.5%
<i>Distributions</i>	<u>(3.2%)</u>	<u>(3.5%)</u>	<u>(3.4%)</u>
<b>Net reinvested</b>	<u>4.8%</u>	<u>9.5%</u>	<u>4.1%</u>
<b>UNHF Pool</b>			
<b>Gross return</b>	8.6%	14.1%	8.0%
<i>Investment management fees</i>	<u>(0.7%)</u>	<u>(0.6%)</u>	<u>(0.6%)</u>
<b>Net return</b>	7.9%	13.5%	7.4%
<i>Distributions</i>	<u>(5.3%)</u>	<u>(5.7%)</u>	<u>(5.3%)</u>
<b>Net reinvested</b>	<u>2.6%</u>	<u>7.8%</u>	<u>2.1%</u>
<b>KEA Pool</b>			
<b>Gross return</b>	14.7%	11.3%	10.7%
<i>Investment management fees</i>	<u>(0.7%)</u>	<u>(0.7%)</u>	<u>(0.7%)</u>
<b>Net return</b>	14.0%	10.6%	10.0%
<i>Distributions</i>	<u>(3.7%)</u>	<u>(5.7%)</u>	<u>(4.2%)</u>
<b>Net reinvested</b>	<u>10.3%</u>	<u>4.9%</u>	<u>5.8%</u>

## IV. Using the Financial Statements

### A. Statements of Net Position

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

Table 5 below shows condensed information from the Statements of Net Position at June 30 for the past five years. Note that we have also included certain condensed information as of June 30, 2018 by campus herein as required by recent regional accreditation standard changes.

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

	2014	2015	2016	2017	2018*
Cash and short-term investments	\$ 235	\$ 237	\$ 228	\$ 213	\$ 206
Endowment and similar investments	667	679	655	730	781
Property and equipment, net	982	1,010	1,077	1,120	1,122
Other assets and deferred outflows of resources	<u>96</u>	<u>168</u>	<u>162</u>	<u>106</u>	<u>95</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>1,980</u>	<u>2,094</u>	<u>2,122</u>	<u>2,169</u>	<u>2,204</u>
Derivative instruments - interest rate swaps	30	30	37	26	18
Postretirement medical benefits	51	54	56	56	90
Long-term debt	431	500	519	501	488
Other liabilities and deferred inflows of resources	<u>150</u>	<u>160</u>	<u>169</u>	<u>152</u>	<u>160</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>662</u>	<u>744</u>	<u>781</u>	<u>735</u>	<u>756</u>
Net investment in capital assets	574	598	630	651	665
Restricted financial resources	397	413	405	454	481
Unrestricted financial resources	<u>347</u>	<u>339</u>	<u>306</u>	<u>329</u>	<u>302</u>
<b>Total Net Position</b>	<u>\$1,318</u>	<u>\$1,350</u>	<u>\$1,341</u>	<u>\$1,434</u>	<u>\$1,448</u>

\*Beginning net position restated to reflect the adoption of GASB 75 related to postretirement medical obligations.

As shown above, cash and short-term investment balances have decreased over the past four years. The spending also increased the value of the related property assets. In 2017 endowment returns rebounded after net losses in the prior two years. The 2018 endowment gains were more moderate. This increased the restricted net position, as well as the investment asset balances. The other assets balances above include investments of \$69 million, \$57 million, \$11 million and \$4 million, held by our bond trustee related to our Series 2015 and 2016 bond issuances for 2015 through 2018, respectively. In 2017 USNH also transferred assets related to our Operating Staff Retirement Program into a trust, and applied the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The actuarial reviews completed for the plan in 2017 and 2018 resulted in the recording of a net pension asset of approximately \$1 million, which is also included in other assets. Accordingly, no related pension liabilities are recorded for the plan beginning in 2017.

Deferred inflows and outflows of resources include changes in the fair value of USNH's interest rate swap derivatives, as well as accounting gains and losses incurred when refinancing certain bonds outstanding. Because the interest-rate swaps are deemed to be effective hedge instruments, the fair value of the derivatives is recorded to offset the fair value of the interest rate swap liability in its entirety. The accounting gains and losses on debt refinancing are amortized and charged to interest expense annually over the term of the new obligations. The impacts of changes in actuarial assumptions, differences between projected and actual earnings, and benefit payments made after the measurement dates of USNH benefit plans are also included in deferred inflows and outflows beginning in 2017 and 2018 depending on the type of plan.

The reduction in other assets and deferred outflows of resources in 2018 is due to a \$7 million reduction in the fair value of interest rate swap obligations, offset by an increase of \$2 million in accounting losses on debt refinancing, and postretirement

medical plan benefit payments of \$3 million which were made after the actuarial review measurement date in 2018. Approximately \$11 million of bond proceeds was also unspent at June 30, 2017, then used in 2018 for the fall 2017 occupancy. (See Notes 8 and 9 to the Financial Statements for further discussion of outstanding debt and related interest rate swaps in place.)

In 2017 USNH adopted the provisions of GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68*, with respect to the accounting for our Additional Retirement Contributions (ARC) plan. In 2018 USNH adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, for our postretirement medical obligations. The actuarial review completed for the ARC plan in June 2017 resulted in the recording of deferred inflows for the related obligations of approximately \$693,000 in 2017 and \$629,000 in 2018. The actuarial review completed for the Postretirement Medical Plan in 2018 resulted in recording deferred outflows of approximately \$3 million, as well as deferred inflows of approximately \$6 million.

The UNH Foundation also adopted the provisions of GASB Statement No.81, *Irrevocable Split-Interest Agreements*, which resulted in recording deferred inflows of approximately \$1 million and \$2 million in 2017 and 2018, respectively.

USNH has large liabilities related to long-term debt and postretirement medical benefits. Bond and capital lease principal payments of approximately \$16 million and \$19 million reduced the related liabilities in 2017 and 2018, respectively. The postretirement obligations represent the actuarially-determined value of medical benefits provided to certain current and former employees for various periods, including the remaining life of the participants in some cases. (See Notes 7 and 8 to the Financial Statements for additional information in this regard.)

Net position is reported in three categories. The net invested in capital assets amount represents the historical cost of property and equipment reduced by total accumulated depreciation and the balance of related debt outstanding for certain auxiliary buildings. Restricted financial resources include balances of current and prior year gifts for specified purposes such as scholarships or academic programs, as well as the majority of campus endowment balances which were requested to be invested in perpetuity by the original donors (\$264 million and \$270 million at June 30, 2017 and 2018, respectively). Unrestricted financial resources represent net assets that are available for any future use without restriction. (See Note 14 to the Financial Statements for further details on the components of net position.) A breakdown of asset, liability and net position balances by campus as of June 30, 2018 is shown below.

**Table 5A: Condensed Information from the Statement of Net Position as of June 30, 2018  
Presented by Campus**

(\$ in millions)

	University of New Hampshire Campuses & Foundation	Plymouth State University	Keene State College & Endowment Association	Granite State College	Chancellor's Office	Total University System of New Hampshire
Cash and short-term investments	\$ 251	\$ 44	\$ 58	\$ 20	\$(167)	\$ 206
Endowment and similar investments	391	27	37	7	319	781
Property and equipment, net	747	189	177	8	1	1,122
Other assets and deferred outflows of resources	(32)	(8)	(2)	(1)	138	95
<b>Total Assets and Deferred Outflows of Resources</b>	<u>1,357</u>	<u>252</u>	<u>270</u>	<u>34</u>	<u>291</u>	<u>2,204</u>
Derivative instruments - interest rate swaps					18	18
Postretirement medical benefits	70	12	12	2	(6)	90
Long-term debt	197	104	103	–	84	488
Other liabilities and deferred inflows of resources	84	14	7	2	53	160
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>351</u>	<u>130</u>	<u>122</u>	<u>4</u>	<u>149</u>	<u>756</u>
Net investment in capital assets	474	72	71	5	43	665
Restricted financial resources	404	25	43	9	–	481
Unrestricted financial resources	128	25	34	16	99	302
<b>Total Net Position</b>	<u>\$1,006</u>	<u>\$122</u>	<u>\$148</u>	<u>\$30</u>	<u>\$142</u>	<u>\$1,448</u>

*Beginning net position restated to reflect the impact of adoption of GASB 75 related to postretirement medical obligations.*

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

Operating revenues are generally earned in exchange for providing goods and services. However, GASB reporting standards require that some of USNH's recurring revenues be shown as nonoperating. This includes state general appropriations, federal Pell grants, noncapital gifts, operating investment income, and the portion of endowment returns used to fund the related programs. These revenue streams are important sources of funds used to supplement tuition and fees revenue. Accordingly, we have grouped the operating and nonoperating revenues together in the condensed statement below to allow readers to better understand which revenues support operating expense streams.

Table 6 shows condensed information from the Statements of Revenues, Expenses and Changes in Net Position for the five years ended June 30, 2018.

The net tuition and other revenue values on these statements reflect the size and type of student enrollments, financial need, and growth of supporting revenue streams. Total operating and nonoperating revenues were up \$6 million in 2018, primarily due to increases in grant and noncapital gifts revenues. Expenses were up approximately \$12 million in 2018, after being held flat in 2017. Compensation, utilities and depreciation cost increases were offset by a decrease in supplies and services costs.

The increase in net position from recurring activities reflects USNH's operating margin each year. USNH's margin for 2018 was half the level of 2017. This reflects the increased investment in institutional financial aid provided as discussed previously. USNH is implementing a cloud-based ERP upgrade and a new EPM system to help improve forecasting and control costs. The USNH Board of Trustees is monitoring these initiatives, particularly our move to more electronic procurement, as work continues to lower administrative cost structures.

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

(\$ in millions)

	2014	2015	2016	2017	2018
Tuition and fees	\$465	\$472	\$491	\$501	\$514
Less: student financial aid	(144)	(149)	(162)	(172)	(188)
Net tuition and fees	321	323	329	329	326
Sales of auxiliary services	203	206	211	216	215
Grants and contracts	152	149	149	146	153
State general appropriations	69	81	81	81	81
Noncapital gifts, investment income and other revenues	65	66	79	71	74
<b>Total Operating and Nonoperating Revenues</b>	<b>810</b>	<b>825</b>	<b>849</b>	<b>843</b>	<b>849</b>
Employee compensation	481	503	529	521	533
Supplies and services	195	203	203	210	208
Utilities, depreciation and interest	98	98	99	100	102
<b>Total Operating and Nonoperating Expenses</b>	<b>774</b>	<b>804</b>	<b>831</b>	<b>831</b>	<b>843</b>
<b>Increase in Net Position from Recurring Activities</b>	<b>36</b>	<b>21</b>	<b>18</b>	<b>12</b>	<b>6</b>
Endowment gifts and returns, net	83	6	(30)	70	45
State capital appropriations and other changes	10	5	3	11	5
<b>Total Other Changes in Net Position</b>	<b>93</b>	<b>11</b>	<b>(27)</b>	<b>81</b>	<b>50</b>
Cumulative effect of adoption of GASB 75 related to accounting for postretirement medical obligations	—	—	—	—	(42)
<b>Total Increase (Decrease) in Net Position</b>	<b>\$129</b>	<b>\$ 32</b>	<b>\$ (9)</b>	<b>\$ 93</b>	<b>\$ 14</b>

Endowment gifts totaled \$16 million in 2018, and \$13 million in 2017. Most of these gifts were due to UNH's recent capital campaign which ended in 2018. The investment return after distributions totaled \$29 million in 2018 compared to \$56 million in 2017. The volatility of endowment returns is a significant driver of the change in total net position each year.

Table 6A below provides condensed information from the Statement of Revenues, Expenses and Changes in Net Position presented by campus for the year ended June 30, 2018.

**Table 6A: Condensed Information from the Statement of Revenues, Expenses and Changes in Net Position for the Year Ended June 30, 2018, Presented by Campus (\$ in millions)**

	University of New Hampshire Campuses & Foundation	Plymouth State University	Keene State College & Endowment Association	Granite State College	Chancellor's Office	Total University System of New Hampshire
Tuition and fees	\$361	\$ 73	\$ 65	\$ 15	\$ —	\$514
Less: student financial aid	(133)	(26)	(23)	(6)	—	(188)
Net tuition and fees	228	47	42	9	—	326
Sales and auxiliary services	150	31	34	—	—	215
Grants and contracts	132	8	8	5	—	153
State general appropriations	55	12	11	3	—	81
Noncapital gifts, investment income and other revenues	60	5	6	2	1	74
<b>Total Operating and Nonoperating Revenues</b>	<b>625</b>	<b>103</b>	<b>101</b>	<b>19</b>	<b>1</b>	<b>849</b>
Employee compensation	393	59	61	13	7	533
Supplies and services	154	26	28	4	(4)	208
Utilities, depreciation and interest	65	17	16	1	3	102
<b>Total Operating and Nonoperating Expenses</b>	<b>612</b>	<b>102</b>	<b>105</b>	<b>18</b>	<b>6</b>	<b>843</b>
<b>Change in Net Position from Recurring Activities</b>	<b>13</b>	<b>1</b>	<b>(4)</b>	<b>1</b>	<b>(5)</b>	<b>6</b>
Endowment gifts and returns, net	23	3	3	1	15	45
State capital appropriations and other changes, net*	(27)	(3)	(6)	(2)	1	(37)
<b>Total Other Changes in Net Position</b>	<b>(4)</b>	<b>—</b>	<b>(3)</b>	<b>(1)</b>	<b>16</b>	<b>8</b>
<b>Total Increase (Decrease) in Net Position</b>	<b>\$ 9</b>	<b>\$ 1</b>	<b>\$ (7)</b>	<b>\$ —</b>	<b>\$ 11</b>	<b>\$ 14</b>

\* Includes impact of adoption of GASB Statement 75 related to postretirement medical obligations.

## C. Statements of Cash Flows

The Statements of Cash Flows summarize transactions affecting cash and cash equivalents during the fiscal period. Table 7 below shows summary information from the Statements of Cash Flows for the five years ended June 30, 2018.

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

(\$ in millions)

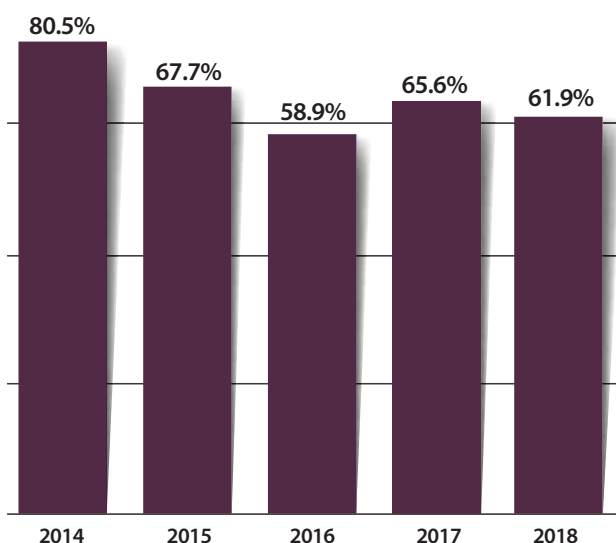
	2014	2015	2016	2017	2018
<b>Cash flows from:</b>					
Receipts from tuition and fees, net	\$321	\$324	\$331	\$332	\$328
Receipts from sales of auxiliary services	204	206	208	217	214
Receipt of state general appropriations	69	81	81	81	81
Noncapital gifts, grants and other receipts	192	190	193	188	203
Payments to and on behalf of employees	(478)	(499)	(518)	(543)	(537)
Payments for supplies, services and utilities	(223)	(224)	(222)	(227)	(227)
<b>Net Cash Provided by Operating and Noncapital Financing Activities</b>	85	78	73	48	62
<b>Net Cash Used in Capital Financing Activities</b>	(75)	(5)	(110)	(120)	(83)
<b>Net Cash (Used in)/Provided by Investing Activities</b>	(10)	(73)	26	69	10
<b>Increase/(Decrease) in Cash and Cash Equivalents</b>	\$ —	\$ —	\$ (11)	\$ (3)	\$ (11)

These statements provide information about cash collections and cash payments made by USNH each year to help readers assess our ability to generate the future cash flows necessary to meet current and future obligations. Cash flows from operating activities will always be different than the operating results on the Statements of Revenues, Expenses and Changes in Net Position because of the inclusion of noncash items, such as depreciation expense, and because the latter statement is prepared on the accrual basis of accounting, meaning that it shows revenues when earned and expenses as incurred. The increase in cash flows from operating and noncapital financing activities is primarily related to the increase in grant revenues during 2018. The net cash used in capital financing activities for 2018 is lower since most of the prior year investments generated by USNH's recent bond issuances had already been liquidated in prior years. The lower level of available bond proceeds also reduced the net cash provided by investing activities in 2018.

## D. Financial Health

USNH's primary indicator of its financial health is the level of unrestricted financial resources to external debt outstanding. This ratio uses the unrestricted net position balance as the numerator and the total long-term debt balance outstanding as the denominator. USNH's targeted unrestricted financial resources to debt ratio is 50% or above. The average of this ratio over the past five years was 67% reflecting sufficient available support of ongoing initiatives. (See Notes 8 and 14 to the Financial Statements for additional information in this regard).

**Chart 6: Unrestricted Financial Resources to Total Debt**



# University System of New Hampshire

## Statements of Net Position

(\$ in thousands)

	Balance at June 30,	
	2018	2017
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 55,128	\$ 66,069
Short-term investments	151,150	146,588
Accounts receivable, net	20,628	21,729
Pledges receivable, net - current portion	3,299	3,187
Notes receivable, net - current portion	2,711	3,293
Prepaid expenses and other current assets	7,590	7,811
Total Current Assets	240,506	248,677
<b>Noncurrent Assets</b>		
Debt proceeds held by bond trustee for construction purposes	4,239	10,718
Endowment and similar investments - campuses	543,365	514,162
Endowment and similar investments - affiliated entities	237,917	216,346
Pledges receivable, net of current portion	5,501	7,106
Notes receivable, net of current portion	18,070	18,094
Pension assets	724	993
Property and equipment, net	1,122,011	1,119,628
Total Noncurrent Assets	1,931,827	1,887,047
<b>TOTAL ASSETS</b>	<b>2,172,333</b>	<b>2,135,724</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>31,436</b>	<b>33,067</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	59,924	57,238
Deposits and unearned revenues	39,864	37,682
Accrued employee benefits - current portion	6,917	7,407
Postretirement medical benefits - current portion	5,837	6,018
Long-term debt - current portion	22,968	20,064
Total Current Liabilities	135,510	128,409
<b>Noncurrent Liabilities</b>		
Obligations under life income agreements	2,000	2,126
Refundable government advances	16,679	16,643
Accrued employee benefits, net of current portion	25,736	27,178
Postretirement medical benefits, net of current portion	83,975	50,251
Derivative instruments - interest rate swaps	18,294	25,759
Long-term debt, net of current portion	465,219	481,401
Total Noncurrent Liabilities	611,903	603,358
<b>TOTAL LIABILITIES</b>	<b>747,413</b>	<b>731,767</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>8,700</b>	<b>3,508</b>
<b>NET POSITION</b> (see Note 14)		
Net investment in capital assets	665,194	650,968
Restricted		
Nonexpendable	263,969	270,089
Expendable	216,339	183,540
Unrestricted	302,154	328,919
<b>TOTAL NET POSITION</b>	<b>\$1,447,656</b>	<b>\$1,433,516</b>

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,	
	2018	2017
<b>OPERATING REVENUES</b>		
Resident tuition	\$ 165,325	\$ 164,406
Nonresident tuition	299,663	288,702
Continuing education tuition	20,749	21,110
Student fees revenue	28,072	26,901
Total tuition and fees	513,809	501,119
Less: student financial aid - grants and contracts	(33,591)	(31,533)
Less: student financial aid - all other	(153,890)	(140,069)
Net tuition and fees	326,328	329,517
Grants and contracts - direct revenues	105,735	101,033
Grants and contracts - facilities & administrative recovery	21,160	20,060
Sales of auxiliary services	214,784	215,554
Other operating revenues	29,677	29,800
<b>TOTAL OPERATING REVENUES</b>	<b>697,684</b>	<b>695,964</b>
<b>OPERATING EXPENSES</b>		
Employee compensation - grants and contracts	61,714	59,324
Employee compensation - all other	471,004	461,372
Supplies and services - grants and contracts	32,416	31,342
Supplies and services - all other	175,883	178,511
Utilities	19,065	17,949
Depreciation	65,096	62,942
<b>TOTAL OPERATING EXPENSES</b>	<b>825,178</b>	<b>811,440</b>
Operating loss	(127,494)	(115,476)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State of New Hampshire general appropriations	81,000	81,000
Federal Pell grants	26,408	24,603
Noncapital gifts	14,101	11,424
Endowment and investment income	29,667	29,970
Interest expense, net	(18,440)	(19,521)
Other nonoperating revenue	349	241
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>133,085</b>	<b>127,717</b>
<b>INCREASE IN NET POSITION BEFORE OTHER CHANGES</b>	<b>5,591</b>	<b>12,241</b>
<b>OTHER CHANGES IN NET POSITION</b>		
State of New Hampshire capital appropriations	3,000	3,611
Plant gifts, grants and other changes, net	1,862	7,828
Endowment and similar gifts	16,494	13,395
Endowment return, net of amount used for operations	28,985	56,296
<b>TOTAL OTHER CHANGES IN NET POSITION</b>	<b>50,341</b>	<b>81,130</b>
<b>INCREASE IN NET POSITION</b>	<b>55,932</b>	<b>93,371</b>
Net Position at Beginning of Year	1,433,516	1,340,145
Effect of adoption of new accounting standard related to postemployment benefits other than pensions	(41,792)	—
<b>NET POSITION AT END OF YEAR</b>	<b>\$1,447,656</b>	<b>\$1,433,516</b>

See accompanying notes to the financial statements.

# University System of New Hampshire

## Statements of Cash Flows

(\$ in thousands)

	For the year ended June 30,	
	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from tuition and fees, net of student financial aid	\$ 327,532	\$ 331,935
Receipts from sales of auxiliary services	214,353	216,831
Receipts from grants, contracts and other operating revenues	160,598	150,932
Payments to employees	(404,062)	(402,840)
Payments for employee benefits	(133,283)	(139,960)
Payments for supplies, services and utilities	(226,678)	(226,957)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(61,540)</b>	<b>(70,059)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State general appropriations	81,000	81,000
Federal Pell and other nonoperating grants	26,757	24,844
Noncapital gifts	15,599	12,516
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>123,356</b>	<b>118,360</b>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
State appropriations for plant projects	1,762	3,973
Plant gifts and grants	6,307	10,614
Endowment gifts	17,002	13,429
Proceeds from issuance of debt and sale of property	109,736	66
Purchases and construction of property	(72,427)	(112,843)
Retirement of debt through defeasance	(106,572)	16
Debt principal payments	(18,632)	(16,089)
Interest payments	(19,994)	(19,874)
<b>NET CASH USED IN CAPITAL FINANCING ACTIVITIES</b>	<b>(82,818)</b>	<b>(120,708)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	718,539	507,248
Purchase of investments	(717,912)	(445,502)
Investment income	9,434	7,576
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>10,061</b>	<b>69,322</b>
Decrease in cash and cash equivalents	\$ (10,941)	\$ (3,085)
Beginning cash and cash equivalents	66,069	69,154
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<b>\$ 55,128</b>	<b>\$ 66,069</b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</b>		
Operating loss	\$(127,494)	\$ (115,476)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	65,096	62,942
Changes in current assets and liabilities:		
Accounts receivable, net	2,339	(1,803)
Notes receivable	642	695
Prepaid expenses and other current assets	221	947
Accounts payable and accrued expenses	3,446	(8,103)
Deposits and unearned revenues	2,135	4,970
Accrued employee benefits	(7,925)	(14,231)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>\$(61,540)</b>	<b>\$(70,059)</b>
<b>SIGNIFICANT NONCASH TRANSACTIONS</b>		
Endowment return, net of amount used for operations	\$ 28,985	\$ 56,296
Loss on disposal of capital assets	(4,403)	(1,978)
Construction services payable balance	10,373	10,642

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), Keene State College (KSC), and Granite State College (GSC) as well as certain affiliated entities discussed below. UNH, PSU, KSC and GSC are collectively referred to in the accompanying financial statements as “campuses.”

### Affiliated entities and related parties

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

UNHF, Inc. was incorporated in 1989 as a not-for-profit, tax-exempt organization. Its purpose is to solicit, collect, invest and disburse funds for the sole benefit of the University of New Hampshire. The University of New Hampshire funds a portion of the operating expenses of UNHF. UNHF is governed by its own Board of Directors, the membership of which includes the President of the University of New Hampshire and up to three other members of the USNH Board of Trustees. UNHF has a separate financial statement audit each year. Condensed financial information for UNHF is included in Note 16. The KEA was organized in 1957 as a separate charitable entity to provide financial assistance to deserving students at Keene State College. Income is distributed at the discretion of the Trustees of KEA.

### Basis of accounting

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

USNH follows the requirements of the “business-type activities” (BTA) model as defined by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis for Public Colleges and Universities*. BTAs are defined as those that are financed in whole or in part by fees charged to external parties for goods or services. The Statement requires that resources be classified into the following net position categories, as more fully detailed in Note 14:

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

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

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

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

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

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

Property and equipment are recorded at original cost for purchased assets or at fair value on the date of donation in the case of gifts. 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. Net interest costs incurred during the construction period for major, debt-funded capital projects are added to the cost of the underlying asset. The value of equipment acquired under capital 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 10 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, with the exception of UNH School of Law 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 US 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.

Operating revenues include tuition and fees, grants and contracts, sales of auxiliary services, and other operating revenues. Tuition and fee revenues are reported net of student financial aid discounts and allowances. Operating expenses include employee compensation and benefits, supplies and services, utilities, and depreciation. Operating expenses also include early retirement and other separation incentive stipends and benefits promised to certain employees in exchange for termination of employment. All such termination benefits are accrued as of the date the termination agreements are signed, and are presented at net present value at year end. Nonoperating revenues (expenses) include all other revenues and expenses except certain changes in long-term plant, endowment and other net position funds, which are reported as other changes in net position. Operating revenues are recognized when earned and expenses are recorded when incurred. Restricted grant revenue is recognized only to the extent of applicable expenses incurred or, in the case of fixed-price contracts, when the contract terms are met or completed.

Unconditional pledges of nonendowment gifts are presented net of estimated amounts deemed uncollectible after discounting to the present value of expected future cash flows. Because of uncertainties with regard to their realization and valuation, bequest intentions and other conditional promises are not recognized as assets until the specified conditions are met. In accordance with GASB requirements, endowment pledges expected to be received over the next ten years, totaling \$8,166,000 and \$8,227,000 at June 30, 2018 and 2017, 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 (deficiency) of these earnings over the return used for operations, are reported as other changes in net position.

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

#### New reporting standards

The System's financial statements and notes for fiscal 2018 as presented herein reflect the adoption of GASB Statement No. 75, *Accounting and Financial Reporting for*

*Postemployment Benefits Other Than Pensions*, as of July 1, 2017. GASB 75 requires recording of the full actuarially determined postemployment benefits liability, modifies the presentation of certain postemployment benefits related assets and obligations, and requires new and enhanced disclosures related to these benefits plans. Note that the prior year data has not been restated as allowed under this standard. Additional information can be found in Notes 7 and 10, respectively. The System also adopted GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, for both fiscal years 2017 and 2018. GASB 81 modifies the reporting and recognition of certain deferred giving instruments, collectively referred to as annuities. As a result of this adoption the opening net position as of July 1, 2016 was reduced by \$1,055,000.

## 2. Cash, cash equivalents and short-term investments

Cash, 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 the largest national fund managers. These funds must be rated AA/Aa 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. Cash, cash equivalents and 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 \$55,128,000 and \$66,069,000 at June 30, 2018 and 2017, respectively, and short-term investments totaled \$151,150,000 and \$146,588,000 at June 30, 2018 and 2017, 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, 2018				Balances and Terms as of June 30, 2017			
	Level 1	Level 2	Total	Weighted Average Maturity	Level 1	Level 2	Total	Weighted Average Maturity
Cash balance	\$ 10,654	\$ –	\$ 10,654	Less than 1 year	\$ 18,144	\$ –	\$ 18,144	Less than 1 year
Repurchase agreements	–	7,018	7,018	Less than 1 year	–	11,134	11,134	Less than 1 year
Money market funds	<u>37,456</u>	<u>–</u>	<u>37,456</u>	Less than 1 year	<u>36,791</u>	<u>–</u>	<u>36,791</u>	Less than 1 year
<b>Subtotal cash and cash equivalents</b>	<b>48,110</b>	<b>7,018</b>	<b>55,128</b>		<b>54,935</b>	<b>11,134</b>	<b>66,069</b>	
Money market funds	30,888	–	30,888	Less than 1 year	28,118	–	28,118	Less than 1 year
Domestic equity	298	–	298	Less than 1 year	276	–	276	Less than 1 year
Mutual funds	93,928	–	93,928	1-5 years	91,947	–	91,947	1-5 years
Corporate bonds	–	14,254	14,254	1-5 years	–	16,404	16,404	1-5 years
US government and agencies	–	9,972	9,972	1-5 years	–	7,689	7,689	1-5 years
Municipal bonds	–	1,797	1,797	1-5 years	–	2,149	2,149	1-5 years
Convertible note	<u>–</u>	<u>13</u>	<u>13</u>	1-5 years	<u>–</u>	<u>5</u>	<u>5</u>	1-5 years
<b>Subtotal short-term investments</b>	<b><u>125,114</u></b>	<b><u>26,036</u></b>	<b><u>151,150</u></b>		<b><u>120,341</u></b>	<b><u>26,247</u></b>	<b><u>146,588</u></b>	
<b>Total cash, cash equivalents and short-term investments</b>	<b><u>\$173,224</u></b>	<b><u>\$33,054</u></b>	<b><u>\$206,278</u></b>		<b><u>\$175,276</u></b>	<b><u>\$37,381</u></b>	<b><u>\$212,657</u></b>	

### 3. Accounts, pledges and notes receivable

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

	2018	2017
Grants and contracts	\$16,296	\$18,847
Student and general	6,589	6,095
State of NH capital projects	1,238	—
Allowance for doubtful accounts	(3,495)	(3,213)
<b>Total accounts receivable, net</b>	<u>\$20,628</u>	<u>\$21,729</u>

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

	2018	2017
Pledges receivable	\$12,119	\$13,884
Discounts and allowance for doubtful pledges	(3,319)	(3,591)
<b>Total pledges receivable, net</b>	8,800	10,293
Less: noncurrent portion	(5,501)	(7,106)
<b>Current portion</b>	<u>\$ 3,299</u>	<u>\$ 3,187</u>

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

	2018	2017
Perkins loans	\$22,134	\$22,481
Other loans, restricted and unrestricted	748	874
Allowance for doubtful loans	(2,101)	(1,968)
<b>Total notes receivable, net</b>	20,781	21,387
Less: noncurrent portion	(18,070)	(18,094)
<b>Current portion</b>	<u>\$ 2,711</u>	<u>\$ 3,293</u>

### 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 20% 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. No more than 15% of total portfolio assets may be invested in any single fund and no more than 20% of the pool may be invested with any single bank, fund manager, or investment group unless approved by the USNH Board of Trustees' Finance Committee for Investments. Foreign currency risk is mitigated by limiting global equity investments in publicly traded international and emerging market funds to 25% of the endowment pool. Private global equity investments are limited to 15% of the endowment pool. No USNH endowment investments were denominated in foreign currencies as of June 30, 2018 or June 30, 2017.

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, 2018, and 2017, 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, 2018 and 2017, respectively, are summarized below (\$ in thousands):

	Campuses		Affiliated Entities	
	2018	2017	2018	2017
Pooled endowments:				
Campuses	\$527,063	\$ 497,885	\$ —	\$ —
UNH Foundation	—	—	224,648	204,468
Keene Endowment Association	—	—	8,869	7,820
Life income and annuity funds	87	85	4,400	4,058
Funds held in trust	16,215	16,192	—	—
<b>Total</b>	<u>\$543,365</u>	<u>\$514,162</u>	<u>\$237,917</u>	<u>\$216,346</u>

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 and venture capital, and distressed security strategies. Real asset funds generally hold interests in private real estate. As of June 30, 2018 and 2017, fixed income securities had maturities up to 29 years and carried ratings ranging from AAA to A3. 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 by liquidity terms shown on the following page (\$ in thousands):

	Balances as of June 30, 2018				Balances as of June 30, 2017			
	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 1	Level 2		
Endowment and similar investments – campuses								
Money market	\$ 14,671	\$ –	\$ –	\$ 14,671	\$ 13,694	\$ –	\$ –	\$ 13,694
Global fixed income	17,554	36,511	–	54,065	17,865	29,214	–	47,079
Inflation hedging assets	–	8,213	10,222	18,435	–	8,041	9,593	17,634
International equity	31,617	–	58,979	90,596	53,145	–	42,996	96,141
Domestic equity	106,777	–	57,801	164,578	106,689	–	50,323	157,012
Hedge funds:								
Equity Hedge	–	–	73,076	73,076	–	–	44,479	44,479
Event-Driven	–	–	33,192	33,192	–	–	29,775	29,775
Fund of Funds	–	–	36,391	36,391	–	–	56,640	56,640
Distressed/Restructuring	–	–	15,347	15,347	–	–	12,236	12,236
Private equity & non-marketable real assets	–	–	26,799	26,799	–	–	23,280	23,280
Funds held in trust	–	16,215	–	16,215	–	16,192	–	16,192
Total endowment and similar investments – campuses	<u>\$170,619</u>	<u>\$60,939</u>	<u>\$311,807</u>	<u>\$543,365</u>	<u>\$191,393</u>	<u>\$53,447</u>	<u>\$269,322</u>	<u>\$514,162</u>
Endowment and similar investments – affiliated entities								
Money market	\$ 9,408	\$ –	\$ –	\$ 9,408	\$ 3,303	\$ –	\$ –	\$ 3,303
Global fixed income	21,359	–	4,718	26,077	12,795	720	1,342	14,857
Inflation hedging assets	4,006	9,300	453	13,759	2,785	3,799	3,352	9,936
Domestic equity	24,193	–	33,573	57,766	37,240	–	34,635	71,875
International equity	12,865	–	39,699	52,564	15,788	–	29,918	45,706
Hedge funds:								
Diversified	–	–	16,437	16,437	–	–	9,797	9,797
Distressed/Restructuring	–	–	31,089	31,089	–	–	26,075	26,075
Equity Hedge	–	–	15,029	15,029	–	–	21,216	21,216
Private equity & non-marketable real assets	–	–	15,788	15,788	–	–	13,581	13,581
Total endowment and similar investments – affiliated entities	<u>\$ 71,831</u>	<u>\$ 9,300</u>	<u>\$156,786</u>	<u>\$237,917</u>	<u>\$ 71,911</u>	<u>\$ 4,519</u>	<u>\$139,916</u>	<u>\$216,346</u>
Total endowment and similar investments	<u>\$242,450</u>	<u>\$70,239</u>	<u>\$468,593</u>	<u>\$781,282</u>	<u>\$263,304</u>	<u>\$57,966</u>	<u>\$409,238</u>	<u>\$730,508</u>

As of June 30, 2018, USNH had two equity hedge funds in a lock-up period set to expire in 7 months. As of June 30, 2018, UNHF had one distressed hedge fund with a lock-up period set to expire in 10 months. Hedge funds, private equity and real estate funds classified as illiquid have no ability to be redeemed. For USNH, of the 30 funds classified as illiquid, ten are currently in liquidation; two are expected to start liquidation within the next year; nine are expected to start liquidation in 2 to 15 years, and nine currently have no expected liquidation dates. For UNHF, fourteen funds are classified as illiquid and are expected to be liquidated over the next one to 13 years. One of the funds classified as illiquid can be redeemed in 3 years.

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

Liquidity Terms as of June 30, 2018								
	Daily	Monthly	Quarterly	Semi-Annual	Annual	illiquid	Total	Redemption Notice Period
Endowment and similar investments – campuses								
Money market	\$ 14,671	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 14,671	Same day
Global fixed income	54,065	–	–	–	–	–	54,065	Same day
Inflation hedging assets	8,213	10,222	–	–	–	–	18,435	1-30 days
International equity	45,296	45,300	–	–	–	–	90,596	1-30 days
Domestic equity	106,777	–	57,801	–	–	–	164,578	1-60 days
Hedge funds:								
Equity Hedge	24,595	–	23,721	326	24,434		73,076	1-60 days, illiquid
Event-Driven	–	–	18,985	14,146	–	61	33,192	60-65 days, illiquid
Fund of Funds	–	–	–	–	35,930	461	36,391	65-91 days, illiquid
Distressed/Restructuring	–	–	–	–	15,347	–	15,347	90 days
Private equity & non-marketable real assets	–	–	–	–	–	26,799	26,799	illiquid
Funds held in trust	–	–	–	–	–	16,215	16,215	illiquid
Total endowment and similar investments – campuses	<u>\$253,617</u>	<u>\$55,522</u>	<u>\$100,507</u>	<u>\$14,472</u>	<u>\$75,711</u>	<u>\$43,536</u>	<u>\$ 543,365</u>	
Endowment and similar investments – affiliated entities								
Money market	\$ 9,408	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 9,408	Same day
Global fixed income	22,971	–	–	–	1,069	2,037	26,077	Same day, illiquid
Inflation hedging assets	13,759	–	–	–	–	–	13,759	1-35 days
Domestic equity	25,407	–	32,359	–	–	–	57,766	1-60 days
International equity	13,782	31,282	7,500	–	–	–	52,564	1-90 days
Hedge funds:								
Diversified	–	–	7,786	3,537	5,114	–	16,437	45-60 days
Distressed/Restructuring	–	–	19,589	–	11,500	–	31,089	45-90 days
Equity Hedge	–	–	9,374	5,655	–	–	15,029	60-90 days
Private equity & non-marketable real assets	–	–	–	–	–	15,788	15,788	illiquid
Total endowment and similar investments - affiliated entities	<u>\$ 85,327</u>	<u>\$31,282</u>	<u>\$ 76,608</u>	<u>\$ 9,192</u>	<u>\$17,683</u>	<u>\$17,825</u>	<u>\$ 237,917</u>	
Total endowment and similar investments	<u>\$338,944</u>	<u>\$86,804</u>	<u>\$177,115</u>	<u>\$23,664</u>	<u>\$93,394</u>	<u>\$61,361</u>	<u>\$781,282</u>	

As of June 30, 2018, USNH has two outstanding investment liquidation requests which have been limited by the respective fund managers. Management of the fund in which USNH has the largest of these balances has approved a plan to fully liquidate all balances by early 2019 with the anticipated holdback distributed by the end of 2019. USNH's balance in that fund was \$369,000 and \$482,000 as of June 30, 2018 and 2017, respectively. Plans have not been communicated for the remaining fund. USNH's balance in the remaining fund totaled \$92,000 as of June 30, 2018. USNH's balance of \$233,000 as of June 30, 2017 includes one fund that was completely liquidated during fiscal year 2018. The estimated fair values based on June 30 of the two investments at June 30, 2018 and the three investments at June 30, 2017 are \$461,000 and \$714,000, respectively. It is uncertain when, or if, the funds will be fully collected at the NAV recorded.

Unfunded commitments with various private equity and similar alternative investment funds totaled \$30,277,000 for USNH and \$23,878,000 for UNHF at June 30, 2018. This compares to \$15,351,000 and \$17,421,000, respectively, at June 30, 2017.

Liquidity Terms as of June 30, 2017								
	Daily	Monthly	Quarterly	Semi-Annual	Annual	illiquid	Total	Redemption Notice Period
<b>Endowment and similar investments – campuses</b>								
Money market	\$ 13,694	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 13,694	Same day
Global fixed income	47,079	–	–	–	–	–	47,079	Same day
Inflation hedging assets	8,041	9,593	–	–	–	–	17,634	1-30 days
International equity	53,145	42,996	–	–	–	–	96,141	1-30 days
Domestic equity	106,689	–	50,323	–	–	–	157,012	1-60 days
Hedge funds:								
Equity Hedge	13,974	–	–	6,243	24,137	125	44,479	1-60 days, illiquid
Event-Driven	–	–	16,460	13,254	–	61	29,775	60-65 days, illiquid
Fund of Funds	–	–	21,278	–	34,772	590	56,640	65-91 days, illiquid
Distressed/Restructuring	–	–	–	–	12,236	–	12,236	90 days
Private equity & non-marketable real assets	–	–	–	–	–	23,280	23,280	illiquid
Funds held in trust	–	–	–	–	–	16,192	16,192	illiquid
Total endowment and similar investments – campuses	<u>\$242,622</u>	<u>\$52,589</u>	<u>\$ 88,061</u>	<u>\$19,497</u>	<u>\$71,145</u>	<u>\$ 40,248</u>	<u>\$514,162</u>	
<b>Endowment and similar investments – affiliated entities</b>								
Money market	\$ 3,303	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 3,303	Same day
Global fixed income	13,515	1,342	–	–	–	–	14,857	1-10 days
Inflation hedging assets	6,584	3,352	–	–	–	–	9,936	1-60 days
Domestic equity	38,893	–	32,982	–	–	–	71,875	1-60 days
International equity	16,278	29,428	–	–	–	–	45,706	1-35 days
Hedge funds:								
Diversified	–	–	–	4,747	5,050	–	9,797	65-95 days
Distressed/Restructuring	–	–	16,379	–	9,696	–	26,075	45-90 days
Equity Hedge	–	–	3,189	7,226	10,801	–	21,216	45-60 days
Private equity & non-marketable real assets	–	–	–	–	–	13,581	13,581	illiquid
Total endowment and similar investments - affiliated entities	<u>\$ 78,573</u>	<u>\$ 34,122</u>	<u>\$ 52,550</u>	<u>\$11,973</u>	<u>\$25,547</u>	<u>\$ 13,581</u>	<u>\$216,346</u>	
<b>Total endowment and similar investments</b>	<u>\$ 321,195</u>	<u>\$86,711</u>	<u>\$140,611</u>	<u>\$31,470</u>	<u>\$96,692</u>	<u>\$53,829</u>	<u>\$730,508</u>	

## 5. Property and equipment

Property and equipment activity for the years ended June 30, 2018 and 2017 is summarized as follows (\$ in thousands):

	Balance June 30, 2016	2017		Balance June 30, 2017	2018		Balance June 30, 2018
		Additions	Retirements & Changes		Additions	Retirements & Changes	
Land	\$ 15,780	\$ 85	\$ –	\$ 15,865	\$ –	\$ (277)	\$ 15,588
Buildings and improvements	1,593,091	96,333	(8,763)	1,680,661	134,977	(14,531)	1,801,107
Equipment	123,087	12,603	(3,075)	132,615	11,153	(5,181)	138,587
Construction in progress, net	118,357	94,894	(96,418)	116,833	61,006	(134,977)	42,862
<b>Total property and equipment</b>	1,850,315	203,915	(108,256)	1,945,974	207,136	(154,966)	1,998,144
Less: accumulated depreciation	(773,264)	(62,942)	9,860	(826,346)	(65,096)	15,309	(876,133)
<b>Property and equipment, net</b>	<u>\$1,077,051</u>	<u>\$140,973</u>	<u>\$ (98,396)</u>	<u>\$1,119,628</u>	<u>\$142,040</u>	<u>\$ (139,657)</u>	<u>\$1,122,011</u>

Contractual obligations for major construction projects totaled approximately \$35,380,000 and \$26,794,000 at June 30, 2018 and 2017, respectively.



## 6. Accrued employee benefits

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

	2017			2018			Balance June 30, 2018	Current Portion
	Balance June 30, 2016	Payments to/ on Behalf of Participants	Expenses & Other Changes	Balance June 30, 2017	Payments to/ on Behalf of Participants	Expenses & Other Changes		
Additional retirement program	\$ 2,953	\$ (455)	\$ (175)	\$ 2,323	\$ (121)	\$ 92	\$ 2,294	\$ 95
Employee separation incentives	12,348	(8,977)	923	4,294	(1,660)	535	3,169	2,222
Long-term disability	2,617	(571)	320	2,366	(511)	232	2,087	511
Workers' compensation	3,901	(1,089)	1,388	4,200	(543)	(366)	3,291	543
Compensated absences	20,236	(2,689)	3,219	20,766	(2,095)	2,176	20,847	2,759
Other benefits	475	—	161	636	—	329	965	787
<b>Total accrued employee benefits</b>	<b>\$42,530</b>	<b>\$(13,781)</b>	<b>\$5,836</b>	<b>\$34,585</b>	<b>\$(4,930)</b>	<b>\$2,998</b>	<b>\$32,653</b>	<b>\$6,917</b>

The **Additional Retirement Contribution** program is a single employer plan administered by USNH and offered to eligible employees hired between July 1, 1994 and June 30, 2011. Under this plan, staff meeting certain voluntary defined benefit plan contribution levels receive an additional 1% of their salary contributed to their defined contribution retirement plan (see below) by USNH in lieu of postretirement medical benefits. Employees meeting certain service guidelines prior to July 1, 1994 are also eligible for a guaranteed minimum employer retirement contribution of \$10,000 plus an additional \$1,000 for each year of service in excess of 20 less 1% of the participant's salary account. There were 358 and 386 active employees meeting the requirements for the guaranteed minimum employer contribution as of June 30, 2018 and 2017, 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, 2017, and were developed using the Entry Age Normal Cost Method. The discount rate used in determining the actuarial accrued liabilities was 3.44% and 3.78% for 2018 and 2017, respectively, based on Bond Buyer 20-Bond General Obligation index rate as of the measurement date. Inflation rates of 2.5% and salary increase rates of 3% were used to determine the liability along with the RP-2014 Employee Mortality Table with Scale MP-2016. USNH accrued \$2,294,000 and \$2,323,000 at June 30, 2018 and 2017, respectively, for the related obligations. If the discount rate were to increase by 1%, the total liability at June 30, 2018 would be \$2,216,000. Similarly, if the discount rate were to decrease by 1%, the total liability at June 30, 2018 would be \$2,371,000. The Additional Retirement Contribution program expense was \$21,000 and \$81,000 for fiscal years 2018 and 2017, respectively.

USNH had designated cash assets to fully fund the Additional Retirement Contribution obligations at June 30, 2018 and 2017. These assets are not administered through a trust. The Additional Retirement Contribution program is not available to employees hired after June 30, 2011. Eligible employees hired after June 30, 2011 may elect to participate in USNH's defined contribution retirement plans administered by others. Retirement contributions by USNH for employees enrolled in the defined contribution plans range from 4% to 10% of eligible salaries for enrolled participants. USNH additions to the defined contribution plans totaled \$27,421,000 and \$26,283,000 in 2018 and 2017, respectively. Retirement contributions by plan members totaled \$26,724,000 and \$28,771,000 in 2018 and 2017, respectively.

Early retirement and employee separation incentive programs were provided to various faculty and staff during 2018 and 2017. Such incentives include stipends, as well as medical, educational and other termination benefits. The future costs associated with these incentive options is accrued as of the date of acceptance into the program. The liability balances of \$3,169,000 and \$4,294,000 at June 30, 2018 and 2017 represent obligations for 117 and 94 participants, respectively, which will be remitted in fiscal years 2019 through 2024.

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

USNH is self-insured for a portion of certain risks, including workers' compensation, employee long-term disability, and certain student health insurance claims. Most employee and retiree medical and dental coverage provided by USNH is also self-insured. The costs of self-insured medical and dental claims and administrative fees totaled \$66,507,000 and \$56,649,000 for fiscal year 2018 and 2017, respectively. These amounts include \$8,059,000 and \$5,572,000 for estimated claims incurred but not reported as of June 30, 2018 and 2017, respectively. In conjunction with the primary medical plan offering for active employees, USNH purchases stop-loss coverage which limits the USNH cost of claims to \$500,000 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 as required by the related accounting standards. The related investment balances as of June 30, 2018 and 2017 are summarized below (\$ in thousands):

	2018	2017
Cash and equivalents	\$ 311	\$6,700
Fixed income	2,779	—
Equities	3,200	—
Real assets	86	—
<b>Total including accrued income</b>	<b>\$6,376</b>	<b>\$6,700</b>

The plan has been closed to new participants since 1987. At June 30, 2018 there were approximately 184 current annuitants and 32 participants with deferred benefits, all fully vested. This compares to 190 current annuitants and 35 participants with deferred benefits as of June 30, 2017. The determination of total pension liabilities for this program was based on actuarial calculations completed by the plan trustee as of June 30, 2018 and 2017.

The calculations were developed using the Entry Age Normal Cost Method and the RP-2014 employee mortality tables. The 2018 valuation used Scale MP-2017, and Scale MP-2016 was used for the 2017 calculation. 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 \$6,376,000 as of June 30, 2018 and \$6,700,000 as of June 30, 2017 which resulted in the recording of a net pension asset of \$724,000 and \$993,000 for fiscal years 2018 and 2017, respectively. The actuarially-determined liability for the program was \$5,652,000 as of June 30, 2018 and \$5,707,000 as of June 30, 2017. If the discount rate were to increase by 1%, the net pension asset at June 30, 2018 would be \$1,114,000. Similarly, if the discount rate were to decrease by 1%, the net pension asset at June 30, 2018 would be \$275,000. The plan expense was \$37,000 and \$317,000 for fiscal years 2018 and 2017, 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 January 1, 2018 and 2017, respectively, there were 777 and 798 former employees receiving benefits under this program along with their eligible dependents. As of January 1, 2018 and 2017 there were 179 and 202 active employees, respectively, who along with their dependents, may eventually be eligible to receive benefits under this program. The MCP provides limited medical coverage for the remaining life of the participants. There are no costs to participate in the plan, but retirees must pay a portion of the actual costs of services rendered.

Employees hired on July 1, 1994 or later are eligible for the current offering which provides bridge coverage only for retirees aged 62-65. Retired employees must have reached age 62, completed at least 10 years of benefits eligible service, participated in the active retirement plans during their last 10 years of benefits-eligible service, and participated in USNH's active medical plan at the time of retirement in order to be eligible for the plan. Retirees contribute to the plan at then-current employee medical rates during the bridge period. As of January 1, 2018 and 2017, respectively, there were 97 and 125 retirees receiving benefits under this program along with their dependents. As of January 1, 2018 and 2017, respectively, there were also 3,638 and 3,687 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 a 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. For measurement purposes the 2017 initial rate of increase in the cost of healthcare services was assumed to be 7.0% for participants, decreasing 0.5% each year thereafter until reaching an ultimate rate of 4.5% per year. The initial increase in the cost of prescriptions was assumed to be 10.0% for 2017, decreasing by 0.5% each year thereafter to an ultimate rate of 4.5% per year. The discount rate used in determining the actuarial accrued liability was 2.5% for 2017 and the actuarially determined postretirement benefit expense for the plan was \$7,516,000. The June 30, 2017 obligation was calculated using the Projected Unit Credit Cost Method and measured as of December 31, 2016. USNH accrued \$56,166,000 for obligations of the plan as of June 30, 2017.

Total annual postretirement medical costs for the primary postretirement medical plan for the year ended June 30, 2017, and the liability as of June 30, 2017 included the following components (\$ in thousands (\$ in thousands):

Other Post-Employment Benefits (OPEB)	2017
Annual required contribution	\$ 13,886
Interest on net OPEB obligation	1,383
Adjustment on annual required contribution	(8,417)
<b>Annual OPEB cost</b>	<b>6,852</b>
Claims paid	(6,018)
<b>Increase in net OPEB obligation</b>	<b>834</b>
<b>Net OPEB obligation at beginning of year</b>	<b>\$ 55,332</b>
<b>Net OPEB obligation at end of year</b>	<b>\$ 56,166</b>
<b>Current Portion</b>	<b>\$ 6,018</b>

USNH adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for its June 30, 2018 financial statements. Fiscal year 2017 balances and activities were not restated to reflect this adoption as allowed under the standard. For measurement purposes the 2018 initial rate of increase in the cost of healthcare services was assumed to be 6.5% for participants, decreasing 0.5% each year for four years thereafter until reaching an ultimate rate of 4.5% per year. The initial increase in the cost of prescriptions was assumed to be 9.5% for 2018, decreasing 0.5% each year for ten years thereafter until reaching an ultimate rate of 4.5% per year. Salary increases of 3% were included in the calculations for fiscal year 2018. The determination of the 2018 postemployment medical liability was based on the last biennial actuarial valuation calculation measured as of December 31, 2017. The calculation was developed using the Entry Age Normal Cost Method and the RP-2014 employee mortality tables with Scale MP-2016. As required under the new standard, a single discount rate of 3.44% was used based on the Bond Buyer 20-Bond General Obligation index rate on the measurement date. USNH accrued \$89,710,000 for obligations of the plan as of June 30, 2018 that included the following components (\$ in thousands):

	2018
Service costs	\$ 1,416
Interest	3,627
Benefit payments	(6,923)
Differences between expected and actual experience	(1,511)
Changes in assumptions	(4,857)
<b>Net Change in Postretirement Medical Plan liability</b>	<b>(8,248)</b>
<b>Total Postretirement Medical Plan liability - beginning of year</b>	<b>97,958</b>
<b>Total Postretirement Medical Plan liability - end of year</b>	<b>\$89,710</b>
<b>Current portion</b>	<b>\$ 5,837</b>

The actuarially determined postretirement medical expense for the plan for year ended June 30, 2018 included the following components (\$ in thousands):

	2018
Service costs	\$1,416
Interest	3,627
Plan changes	—
Recognized portion of difference between expected and actual experience	(160)
Recognized portion of assumption changes	(514)
<b>Total OPEB Expense</b>	<b>\$4,369</b>



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

OPEB Liability as of December 31, 2017	Sensitivity to change in discount rate			Sensitivity to change in health care costs		
	1% increase	Current rate	1% decrease	1% increase	Current rate	1% decrease
	\$82,053	\$89,710	\$98,649	\$98,193	\$89,710	\$82,302

USNH also accrued \$102,000 as of June 30, 2018 and 2017, for potential obligations related to postretirement care of certain USNH police personnel. 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 50 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, 2018 and 2017 is summarized below (\$ in thousands):

	Balance June 30, 2016	2017		Balance June 30, 2017	2018		Balance June 30, 2018	Current Portion
		Additions & Other Changes	Retirements		Additions & Other Changes	Retirements		
<b>NHHEFA bonds</b>								
Series 2005A	\$ 51,750	\$ –	\$ (1,650)	\$ 50,100	\$ –	\$ (1,900)	\$ 48,200	\$ 1,950
Series 2005B	77,700	–	(4,295)	73,405	–	(4,450)	68,955	4,595
Series 2006B-2	1,500	–	(1,500)	–	–	–	–	–
Series 2007	46,570	–	–	46,570	–	(46,570)	–	–
Series 2009A	59,045	–	–	59,045	–	(59,045)	–	–
Series 2011A	6,000	–	–	6,000	–	–	6,000	–
Series 2011B	36,030	–	(1,830)	34,200	–	(1,925)	32,275	2,015
Series 2012	15,265	–	(2,815)	12,450	–	(2,930)	9,520	3,050
Series 2014	19,805	–	(2,030)	17,775	–	(2,070)	15,705	2,110
Series 2015	116,970	–	(1,100)	115,870	–	(2,610)	113,260	2,730
Series 2016	53,890	–	–	53,890	–	(1,675)	52,215	2,390
Series 2017A	–	–	–	–	53,805	–	53,805	–
Series 2017B	–	–	–	–	49,020	–	49,020	1,100
Unamortized discounts/premiums, net	23,700	–	(1,450)	22,250	10,085	(2,016)	30,319	1,915
<b>Capital leases</b>	10,774	149	(1,013)	9,910	71	(1,068)	8,913	1,113
<b>Total bonds and leases</b>	<u>\$518,999</u>	<u>\$149</u>	<u>\$ (17,683)</u>	<u>\$501,465</u>	<u>\$112,981</u>	<u>\$ (126,259)</u>	<u>\$488,187</u>	<u>\$22,968</u>

### New Hampshire Health and Education Facilities Authority (NHHEFA) Bonds

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

USNH's bond portfolio at June 30, 2018 consisted of fixed rate and variable rate issues. The variable rate demand bonds (Series 2005A, 2005B, 2011B) are fully hedged via interest rate swap agreements (see Note 9 below), with all three issues supported by standby bond purchase agreements as of June 30, 2018 and 2017. The variable interest rates for the Series 2005A and 2005B Bonds at June 30, 2018 and 2017 were 1.56% and 0.92%, respectively. The 2011B Bonds variable interest rates at June 30, 2018 and 2017 were 1.57% and 0.92%, respectively.

USNH issued two Series 2017 Bonds during the year ended June 30, 2018. The Series 2017A Bonds were issued in the amount of \$53,805,000 to advance refund and defease the Series 2009A Bonds (\$59,045,000), while the Series 2017B Bonds were issued in the amount of \$49,020,000 as a current refund of the Series 2007 Bonds (\$46,570,000).

Construction proceeds of \$4,239,000 and \$10,718,000 were unspent as of June 30, 2018 and June 30, 2017, 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. The Series 2009A refunding proceeds of \$62,019,000 were held in escrow in the principal payment investment account on June 30, 2018.

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

NHHEFA Bonds	Maturity Date	Interest Terms and Rates
Series 2005A	7/1/2035	Variable with daily pricing
Series 2005B	7/1/2033	Variable with daily pricing
Series 2011A	7/1/2021	Fixed at 5.0%
Series 2011B	7/1/2033	Variable with daily pricing
Series 2012	7/1/2020	Fixed at 1.7%
Series 2014	7/1/2024	Fixed at 2.0%
Series 2015	7/1/2045	Fixed at 3.8%
Series 2016	7/1/2046	Fixed at 2.7%
Series 2017A	7/1/2037	Fixed at 3.2%
Series 2017B	7/1/2037	Fixed at 3.4%

### Capital leases

On April 30, 2004, USNH entered into a capital lease agreement in the amount of \$18,292,000 to finance a portion of the costs of equipment housed in UNH's utility cogeneration facility. The related lease payments are due quarterly through June 2025, including principal as well as interest at a fixed rate of 4.5%. The carrying value of the related equipment was \$8,913,000 and \$9,910,000 as of June 30, 2018 and 2017, respectively.

## State of NH general obligation bonds

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

## Maturity of Long-term Debt Obligations

USNH Long-term debt obligations are scheduled to mature as follows using the associated fixed, estimated synthetic fixed, and expected variable rates in effect as of June 30, 2018 over the remaining terms of the individual issuances (\$ in thousands):

Fiscal Year	Principal	Interest	Total
2019	\$ 21,053	\$ 16,581	\$ 37,634
2020	24,288	17,487	41,775
2021	25,400	16,772	42,172
2022	28,760	15,698	44,458
2023	23,902	14,737	38,639
2024-2028	106,690	60,144	166,834
2029-2033	100,250	40,396	140,646
2034-2038	83,695	19,640	103,335
2039-2043	24,550	7,592	32,142
2044-2047	19,280	1,816	21,096
Plus: unamortized discounts/premiums, net	30,319	—	30,319
<b>Total</b>	<b>\$488,187</b>	<b>\$210,863</b>	<b>\$699,050</b>

## 9. Derivative instruments – interest rate swaps

USNH uses hedging derivatives to artificially fix interest rates on variable rate bonds outstanding. The terms and fair market value of swap contracts in place as of June 30, 2018 and 2017 were as follows (\$ in thousands):

	Effective Date	Termination Date	Payable Fixed Swap Rate	Receivable Variable Swap Rate	Notional Amount at June 30,		Swap Fair Value at June 30,	
					2018	2017	2018	2017
Series 2005A swap	October 29, 2008	July 1, 2035	3.6%	67% LIBOR	\$ 48,200	\$ 50,100	\$ (7,165)	\$ (9,775)
Series 2005B swap	August 1, 2005	July 1, 2033	3.1%	63% LIBOR+0.29%	68,955	73,405	(5,357)	(8,256)
Series 2011B swap	April 4, 2011	July 1, 2033	4.5%	67% LIBOR	32,275	34,200	(5,772)	(7,728)
<b>Total</b>					<b>\$149,430</b>	<b>\$157,705</b>	<b>\$ (18,294)</b>	<b>\$ (25,759)</b>

USNH utilizes interest rate swap agreements with counterparties to effectively convert its variable rate debt to fixed rates. The swaps' fair values and changes therein are recognized in USNH's financial statements. Differences between the fixed and variable rates in effect at each interest due date are settled net under each swap, increasing or decreasing interest expense. The fair value of the swap instruments considers the estimated benefit or cost to the USNH to cancel the agreements as of the reporting dates, and is based on option pricing models that consider interest rates and other market factors, as well as the credit risks of the parties to the agreements. Interest rate volatility, remaining outstanding principal, and time to maturity will affect the swaps' fair values at subsequent reporting dates. The values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates

implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement payment. Because the swap fair values are based predominantly on observable inputs corroborated by market data, they are classified in Level 2 of the GASB fair value hierarchy. USNH intends to hold all swap contracts to maturity.

These derivative instruments meet the criteria established by GASB Statement No. 53 for effective hedges as of June 30, 2018 and 2017 and, therefore, their accumulated changes in fair value are reflected as deferrals on the Statements of Net Position (see Note 10). The notional amount of each swap is tied to the outstanding balance of the related bonds throughout the life of the swap. Under the terms of each swap, USNH makes fixed rate interest payments to the counterparty and receives a variable rate payment from the counterparty. USNH makes variable rate payments to bondholders on the related bonds. None of the derivatives require collateralization by USNH at any level of negative fair market value.

## Risk Disclosure

**Counterparty Risk** – This is the risk that the counterparty will fail to perform under the terms of the swap agreement. As of June 30, 2018, USNH was exposed to no counterparty credit risk relative to its swaps as all swap market values were negative. The swaps require collateralization of any positive fair value of the swap should the counterparty's credit rating fall below thresholds identified in the swap contracts. USNH mitigates counterparty risk by spreading the swap exposure among various counterparties, by monitoring bond ratings continuously, and by requiring collateralization in certain circumstances.

**Basis Risk** – This is the risk of a mismatch between the variable rate received from the swap counterparty and the variable rate paid by USNH to bondholders on the underlying variable rate debt. The effective rate on the debt will vary depending on the magnitude and duration of any basis risk shortfall or surplus. Based on current and historical experience, USNH's financial advisors expect payments received under the agreements to approximate the related bond payments over the life of the swaps. USNH manages basis risk by closely monitoring daily and monthly rates paid and received on each transaction, by diversifying bond remarketing agents, and by varying swap terms (e.g., 67% of LIBOR vs. 63% of LIBOR + 29 bps).

**Termination Risk** – This is the risk that the swaps could be terminated as a result of any of several events, which may include rating downgrades below specified levels for USNH or the swap counterparty; covenant violation; swap payment default or bankruptcy by either party; or default events under a bond resolution or trust indenture. Under the terms of each agreement, USNH has the option to terminate a swap at the fair market value at any time by providing notice to the counterparty, while the counterparty may only terminate the swap upon certain termination events. USNH manages termination risk by adhering to bond covenant requirements, employing strategic indicator targets to maintain financial strength, monitoring swap market values and counterparty credit ratings, and diversifying swap counterparties. Effective interest rates and other key terms of each derivative are described below:

	Counterparty's Most Recent Credit Rating	Variable Interest Rates Paid and Received				Inception-To-Date		
		Interest Rate Paid by USNH to Bondholders as of		Interest Rate Received by USNH from Swap Counterparties as of		Effective Interest Rate Through		All-in Synthetically Fixed Interest Rate
		6/30/2018	6/30/2017	6/30/2018	6/30/2017	6/30/2018	6/30/2017	
Series 2005A swap	Aa2/AA-	1.6%	0.9%	1.3%	0.7%	4.3%	4.2%	4.1%
Series 2005B swap	A1/A+	1.6%	0.9%	1.5%	1.0%	3.6%	3.4%	3.6%
Series 2011B swap	A3/BBB+	1.6%	0.9%	1.3%	0.7%	5.2%	5.1%	4.9%

## Swap Cash Flows

Actual interest payments on the swaps vary as market rates vary. The table below shows estimated annual future cash flows of the derivative instruments if interest rates remain unchanged from June 30, 2018 through the end of each swap contract (\$ in thousands):

Fiscal Year	Notional Bonds Amortization	Estimated Interest Received	Estimated Interest and Fees Paid	Estimated Swap Net Outflows
2019	\$ 8,560	\$ (2,009)	\$ 5,028	\$ 3,019
2020	8,720	(1,883)	4,718	2,835
2021	9,215	(1,750)	4,390	2,640
2022	9,385	(1,614)	4,056	2,442
2023	9,975	(1,471)	3,701	2,230
2024-2028	43,275	(5,374)	13,591	8,217
2029-2033	43,415	(2,449)	6,254	3,805
2034-2036	16,885	(144)	388	244
<b>Total</b>	<b>\$149,430</b>	<b>\$(16,694)</b>	<b>\$42,126</b>	<b>\$25,432</b>

## 10. Deferred inflows and outflows of resources

The components of Deferred Inflows and Outflows of Resources as of June 30, 2018 and 2017 were as follows (\$ in thousands):

	2018	2017
<b>Deferred Outflows of Resources</b>		
Accumulated decrease in fair value of hedging derivatives	\$18,294	\$25,759
Accounting loss on debt refinancing	9,770	7,308
Changes of assumptions:		
Operating Staff Retirement Plan	179	—
Additional Retirement Contribution Program	22	—
Net difference between projected and actual earnings:		
Operating Staff Retirement Plan	74	—
Benefit payments subsequent to the measurement date:		
Postretirement Medical Plan	3,097	—
<b>Total Deferred Outflows of Resources</b>	<b>\$31,436</b>	<b>\$33,067</b>
<b>Deferred Inflows of Resources</b>		
Accounting gain on debt financing	\$ 616	\$ 1,508
Annuities unconditional remainder interest	1,753	1,302
Changes of assumptions:		
Postretirement Medical Plan	4,343	—
Additional Retirement Contribution Program	4	5
Difference between expected and actual experience:		
Operating Staff Retirement Plan	4	—
Postretirement Medical Plan	1,351	—
Additional Retirement Contribution Program	629	693
<b>Total Deferred Inflows of Resources</b>	<b>\$ 8,700</b>	<b>\$ 3,508</b>

The accumulated decrease in fair value of hedging derivatives is recorded to offset the value of USNH's interest-rate swap liabilities which qualify for treatment as an effective hedge based on historic interest flows. USNH does not currently expect to terminate any of the swap agreements. The accounting gain on debt refinancing relates to the Series 2005B, 2011B, and 2015 bond issuances while the accounting loss on debt refinancing relates to the Series 2009A, 2012 and 2016 bond issuances. These costs will be amortized as a component of interest expense over the remaining terms of the new debt.

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 nine years as summarized below (\$ in thousands):

Fiscal Year	Operating Staff Retirement Plan	Additional Retirement Contribution Program	Post- retirement Medical Plan
2019	\$ 78	\$ (150)	\$ (674)
2020	78	(150)	(674)
2021	76	(150)	(674)
2022	17	(150)	(674)
2023	—	(11)	(674)
2024	—	—	(674)
2025	—	—	(674)
2026	—	—	(674)
2027	—	—	(302)
<b>Total</b>	<b>\$ 249</b>	<b>\$ (611)</b>	<b>\$ (5,694)</b>

## 11. Pass-through grants

USNH distributed \$173,918,000 and \$176,765,000 of student loans through the US Department of Education Federal Direct Lending program during 2018 and 2017, 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 \$260,000 and \$192,000 as of June 30, 2018 and 2017, respectively, for direct loans disbursed in excess of US Department of Education receipts.

## 12. Endowment return used for operations

The objective of the annual spending formula for endowment return used for operations is to provide sustainable continued future support for ongoing programs at current levels assuming moderate inflation. To the extent that endowment yield is insufficient in any one year to meet the required spending distribution, accumulated net gains are utilized to fund the distribution. For the USNH pool, the distribution rate is established annually by the USNH Board of Trustees. The rate was 4.7% for 2018 and 2017 calculated as a percentage of the pool market value per unit as of December 31, 2016 and December 31, 2015. For the UNHF primary pool, the distribution rate was 5.2% for 2018 and 2017 calculated as a percentage of the average market value per unit for the previous twelve quarters. Starting in fiscal year 2019, the USNH pool will also calculate distribution as a percentage of the average market value per unit for the previous twelve quarters.

The components of endowment return used for operations for 2018 and 2017 are summarized below (\$ in thousands):

	2018	2017
Pooled endowment yield - campuses	\$ 6,598	\$ 6,252
Pooled endowment yield - affiliates	1,861	983
Trusts, life income and annuities yield, net of gains utilized	1,148	625
Gains utilized to fund distribution - pooled campuses	9,070	9,182
Gains utilized to fund distribution - pooled affiliates	<u>9,315</u>	<u>9,779</u>
<b>Endowment return used for operations</b>	<b><u>\$27,992</u></b>	<b><u>\$26,821</u></b>

## 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	2018 Total
<b>Campuses – current funds</b>						
Instruction	\$203,210	\$ 23,500	\$ 17	\$ –	\$ –	\$ 226,727
Auxiliary services	53,940	53,695	3,406	45,921	–	156,962
Research and sponsored programs	74,705	35,432	18	–	–	110,155
Academic support	69,334	21,075	40	245	–	90,694
Student services	34,337	14,634	10	(95)	–	48,886
Institutional support	47,826	17,221	76	(22,217)	–	42,906
Operations and maintenance	23,175	16,602	15,482	(24,148)	–	31,111
Fundraising and communications	12,285	6,925	–	2,257	–	21,467
Public service	<u>8,730</u>	<u>1,854</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>10,584</u>
Subtotal – current funds	527,542	190,938	19,049	1,963	–	739,492
<b>Campuses - other funds</b>	155	16,494	16	–	65,096	81,761
<b>Affiliated entities</b>	<u>5,021</u>	<u>867</u>	<u>–</u>	<u>(1,963)</u>	<u>–</u>	<u>3,925</u>
<b>Total</b>	<b><u>\$532,718</u></b>	<b><u>\$208,299</u></b>	<b><u>\$19,065</u></b>	<b><u>\$ –</u></b>	<b><u>\$65,096</u></b>	<b><u>\$825,178</u></b>

	Compensation	Supplies & Services	Utilities	Internal Allocations	Depreciation	2017 Total
<b>Campuses – current funds</b>						
Instruction	\$199,519	\$ 24,157	\$ 7	\$ –	\$ –	\$ 223,683
Auxiliary services	53,716	54,499	3,029	47,234	–	158,478
Research and sponsored programs	71,605	34,865	137	–	–	106,607
Academic support	68,313	21,108	37	247	–	89,705
Student services	31,692	14,503	11	(74)	–	46,132
Institutional support	47,153	17,482	68	(21,114)	–	43,589
Operations and maintenance	23,939	17,664	14,499	(26,247)	–	29,855
Fundraising and communications	12,813	7,258	–	3,247	–	23,318
Public service	<u>7,487</u>	<u>1,821</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>9,308</u>
Subtotal – current funds	516,237	193,357	17,788	3,293	–	730,675
<b>Campuses - other funds</b>	(484)	15,567	161	(450)	62,942	77,736
<b>Affiliated entities</b>	<u>4,943</u>	<u>929</u>	<u>–</u>	<u>(2,843)</u>	<u>–</u>	<u>3,029</u>
<b>Total</b>	<b><u>\$520,696</u></b>	<b><u>\$209,853</u></b>	<b><u>\$17,949</u></b>	<b><u>\$ –</u></b>	<b><u>\$62,942</u></b>	<b><u>\$811,440</u></b>

## 14. Net position

The table below details USNH's net position as of June 30, 2018 and 2017 (\$ in thousands):

	2018	2017
<b>Net investment in capital assets</b>	\$ 665,194	\$ 650,968
<b>Restricted financial resources</b>		
<b>Nonexpendable</b>		
Historic gift value of endowment - campuses	118,298	114,876
Historic gift value of endowment - affiliated entities <sup>(1)</sup>	145,671	155,213
<b>Total restricted nonexpendable resources</b>	263,969	270,089
<b>Expendable</b>		
Held by campuses:		
Accumulated net gains on endowment	54,375	50,919
Fair value of restricted funds functioning as endowment	14,761	14,060
Gifts, grants and contracts	44,467	43,213
Life income and annuity funds	12	8
Loan funds	5,158	6,868
Held by affiliated entities:		
Accumulated net gains on endowment	42,424	35,507
Fair value of restricted funds functioning as endowment <sup>(1)</sup>	44,108	20,288
Other	11,034	12,677
<b>Total restricted expendable resources</b>	216,339	183,540
<b>Unrestricted financial resources</b>		
Held by campuses:		
Education and general reserves	20,998	35,913
Auxiliary enterprises	42,838	42,320
Internally designated reserves	13,003	10,841
Unrestricted loan funds	1,513	1,495
Unexpended plant funds	127,776	127,057
Fair value of unrestricted funds functioning as endowment	184,148	163,253
Other	971	993
Less: postretirement medical liability <sup>(2)</sup>	(92,307)	(56,166)
Held by affiliated entities:		
Fair value of unrestricted funds functioning as endowment	1,314	1,280
Other	1,900	1,933
<b>Total unrestricted financial resources</b>	302,154	328,919
<b>Total Net Position</b>	\$1,447,656	\$1,433,516

<sup>(1)</sup> During 2018 a prominent donor requested that the UNH Foundation remove the restriction on funds previously endowed which totaled \$16,797,000, and move them into a new restricted quasi-endowment fund held by UNHF.

<sup>(2)</sup> As discussed in Note 7, the 2018 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 amount 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 final 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):

	2018	2017
<b>Condensed information from the Statements of Net Position as of June 30,</b>		
Endowment investments	\$229	\$208
Other assets	14	17
<b>Total Assets</b>	243	225
Annuities payable	2	2
Other liabilities and deferred inflows of resources	3	4
<b>Total Liabilities and Deferred Inflows of Resources</b>	5	6
<b>Total Net Position</b>	\$238	\$219
	2018	2017
<b>Condensed information from the Statements of Revenues, Expenses and Changes in Net Position for the years ended June 30,</b>		
Gifts and other support	\$ 35	\$ 23
Investment income	16	25
<b>Total Revenues</b>	51	48
Distributions to UNH	25	22
Administrative and other expenses	7	8
<b>Total Expenses</b>	32	30
<b>Increase in Net Position</b>	\$ 19	\$ 18
	2018	2017
<b>Condensed information from the Statements of Cash Flows for the years ended June 30,</b>		
Receipts from gifts and other sources	\$ 21	\$ 20
Payments to UNH and suppliers	(34)	(27)
<b>Net Cash Used in Operating Activities</b>	(13)	(7)
Net Cash (Used in) Provided by Investing Activities	(4)	5
Net Cash Provided by Noncapital Financing Activities	15	5
<b>Change in Cash and Equivalents</b>	\$ (2)	\$ 3

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

## 17. Subsequent events

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

# Required Supplemental Information

(Unaudited)

## Additional Retirement Contribution (ARC) Program

Schedule of Changes in Total Liability for the year ended June 30,  
(\$ in thousands):

	2018	2017
Service costs	\$ 41	\$ 103
Interest	88	118
Benefit payments <sup>(1)</sup>	(95)	(518)
Differences between expected and actual experience	(89)	(328)
Changes in assumptions	26	(5)
<b>Net Change in ARC liability</b>	<b>(29)</b>	<b>(630)</b>
Total ARC liability at beginning of year	2,323	2,953
<b>Total ARC liability at end of year</b>	<b>\$ 2,294</b>	<b>\$ 2,323</b>
Current portion	\$ 95	\$ 455
Covered payroll	\$26,646	\$29,409
Total Liability as percentage of covered payroll	8.6%	7.9%

## Postretirement Medical Plan

Schedule of Changes in Total Liability for the year ended June 30,  
(\$ in thousands):

	2018 <sup>(2)</sup>
Service costs	\$ 1,416
Interest	3,627
Benefit payments	(6,923)
Differences between expected and actual experience	(1,511)
Change in assumptions	(4,857)
<b>Net Change in Postretirement Medical Plan liability</b>	<b>(8,248)</b>
Total Postretirement Medical Plan liability-beginning of year	97,958
<b>Total Postretirement Medical Plan liability-end of year</b>	<b>\$ 89,710</b>
Current portion	\$ 5,837
Covered payroll	\$290,107
Total liability as a percentage of covered payroll	30.9%

## Operating Staff Retirement Plan

Schedules of Changes in Total Pension Liability for the year ended June 30,  
(\$ in thousands):

	2018	2017 <sup>(3)</sup>
<b>Plan Fiduciary Net Position</b>		
<b>Beginning balance</b>	\$6,700	\$ –
Employer contributions	–	6,700
Plan administrative costs	(13)	–
Net investment income	274	–
Benefit payments	(585)	–
Fiduciary net position	\$ 6,376	\$ 6,700
<b>Total Pension Liability</b>	<b>(5,652)</b>	<b>(5,707)</b>
<b>Net Pension Asset</b>	<b>\$ 724</b>	<b>\$ 993</b>
Plan Net Position as percentage of total pension liability	112.8%	117.4%
<b>Total Pension Liability</b>		
Service costs	\$ –	\$ 20
Interest, net of actuarial gain/loss	292	298
Benefit payments <sup>(1)</sup>	(585)	(956)
Changes in assumptions	238	–
<b>Net Change in Total Pension Liability</b>	<b>\$ (55)</b>	<b>\$ (638)</b>
<b>Total Pension Liability at beginning of year</b>	<b>5,707</b>	<b>6,345</b>
<b>Total Pension Liability at end of year</b>	<b>\$5,652</b>	<b>\$5,707</b>
Covered payroll	\$ 961	\$1,007
Net Pension Asset as a percentage of covered payroll	75.3%	98.6%

<sup>(1)</sup> Prior year benefit payments included separation costs resulting in larger amounts.

<sup>(2)</sup> Restated in accordance with GASB 75 - detail information regarding the change in total OPEB liability for FY17 is not available.

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

See accompanying independent auditor's report.



**UNIVERSITY SYSTEM OF NEW HAMPSHIRE**  
Supplementary Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018

Federal Grantor /Cluster Title	Pass through Grantor	Direct Award or Pass through entity Identifying Number	CFDA No.	Program Title	Amount Passed Through to Subrecipients	Total Federal Expenditures
Research and Development Cluster Department of Agriculture	National Fish & Wildlife Foundation	Direct	10.Contract	Other Department of Agriculture Programs	\$ —	3,344
		Direct	10.Unknown	Other Department of Agriculture Programs	20,871	405,881
		040517057704	10.Unknown	Other Department of Agriculture Programs	—	31,189
				Total Other Department of Agriculture Programs	20,871	440,414
		Direct	10.001	Agricultural Research Basic and Applied Research	—	1,806
		Direct	10.025	Plant and Animal Disease, Pest Control, and Animal Care	—	78,259
		Direct	10.028	Wildlife Services	—	9,455
	NH Dept of Agriculture Markets & Food	05181626	10.170	Specialty Crop Block Grant Program – Farm Bill	—	9,453
	NH Dept of Agriculture Markets & Food	06101544	10.170	Specialty Crop Block Grant Program – Farm Bill	—	2,987
	NH Dept of Agriculture Markets & Food	14SCBGPNH0033	10.170	Specialty Crop Block Grant Program – Farm Bill	—	4,713
				Total Specialty Crop Block Grant Program – Farm Bill	—	17,153
	Auburn University	15ACES379834UNH	10.200	Grants for Agricultural Research, Special Research Grants	55,842	80,996
	Cornell University	77454-10828	10.200	Grants for Agricultural Research, Special Research Grants	—	17
	University of Maryland	15061Z5659002	10.200	Grants for Agricultural Research, Special Research Grants	—	14,696
	University of Maryland	41948-Z5659006	10.200	Grants for Agricultural Research, Special Research Grants	—	22,662
	University of Maryland	56119Z5023206	10.200	Grants for Agricultural Research, Special Research Grants	—	12,696
				Total Grants for Agricultural Research, Special Research Grants	55,842	131,067
	Applied GeoSolutions LLC	Direct	10.202	Cooperative Forestry Research	—	72,713
		Direct	10.203	Payments to Agricultural Experiment Stations Under the Hatch Act	—	176,636
		Direct	10.206	Grants for Agricultural Research Competitive Research Grants	—	1,890,596
		Direct	10.207	Animal Health and Disease Research	—	26,361
		20163361025687UNH	10.212	Small Business Innovation Research	—	44,160
	University of Maine	UMS1146	10.215	Sustainable Agriculture Research and Education	—	4,897
	University of Massachusetts	18010456A00	10.215	Sustainable Agriculture Research and Education	—	702
	University of Vermont	LNE13323	10.215	Sustainable Agriculture Research and Education	—	26,526
	University of Vermont	LNE1534329994	10.215	Sustainable Agriculture Research and Education	17,583	46,319
	University of Vermont	LNE1534429994	10.215	Sustainable Agriculture Research and Education	—	114,101
	University of Vermont	LNE16-346-31064	10.215	Sustainable Agriculture Research and Education	—	21,127
	University of Vermont	LNE1837132231	10.215	Sustainable Agriculture Research and Education	—	17,003
	University of Vermont	ONE16284C29994	10.215	Sustainable Agriculture Research and Education	1,097	4,384
	University of Vermont	SNE160831064	10.215	Sustainable Agriculture Research and Education	—	28,476
	University of Vermont	SNE170831064	10.215	Sustainable Agriculture Research and Education	—	27,459
				Total Sustainable Agriculture Research and Education	18,680	290,994
	Cornell University	Direct	10.250	Agricultural and Rural Economic Research, Cooperative Agreements and Collaborations	—	38,321
		Direct	10.303	Integrated Programs	3,222	202,736
		80289-10774	10.304	Homeland Security Agricultural	—	21,555
	Cornell University	Direct	10.307	Organic Agriculture Research and Extension Initiative	8,196	111,743
		79536-10805	10.307	Organic Agriculture Research and Extension Initiative	—	56,109
				Total Organic Agriculture Research and Extension Initiative	8,196	167,852
	Michigan State University	RC104285J	10.309	Specialty Crop Research Initiative	—	22,231
	Michigan State University	RC104622E	10.309	Specialty Crop Research Initiative	—	8,297
	Purdue University	8000076816-AG	10.309	Specialty Crop Research Initiative	—	72,523
				Total Specialty Crop Research Initiative	—	103,051
	University of California at Berkeley (UCB)	Direct	10.310	Agriculture and Food Research Initiative (AFRI)	111,918	792,331
	University of Colorado	00009502	10.310	Agriculture and Food Research Initiative (AFRI)	—	3,375
	University Of Oklahoma	1000340959	10.310	Agriculture and Food Research Initiative (AFRI)	—	27,059
	University Of Oklahoma	2016-68002-24967	10.310	Agriculture and Food Research Initiative (AFRI)	—	97,649
	Virginia Polytechnic Institute and State University	42247519119	10.310	Agriculture and Food Research Initiative (AFRI)	—	33,329
				Total Agriculture and Food Research Initiative (AFRI)	111,918	953,743

**UNIVERSITY SYSTEM OF NEW HAMPSHIRE**  
Supplementary Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018

Federal Grantor /Cluster Title	Pass through Grantor	Direct Award or Pass through entity Identifying Number	CFDA No.	Program Title	Amount Passed Through to Subrecipients	Total Federal Expenditures
Department of Agriculture Total Department of Commerce	University of Minnesota	H005095101	10.319	Farm Business Management and Benchmarking Competitive Grants Program	\$ —	4,818
	University of Minnesota	H005728803	10.319	Farm Business Management and Benchmarking Competitive Grants Program	—	21,160
				Total Farm Business Management and Benchmarking Competitive Grants Program	—	25,978
		Direct	10.329	Crop Protection and Pest Management Competitive Grants Program	—	80,311
	Cornell University	7398410392	10.329	Crop Protection and Pest Management Competitive Grants Program	—	6,403
	Cornell University	73984-11029	10.329	Crop Protection and Pest Management Competitive Grants Program	—	2,370
				Total Crop Protection and Pest Management Competitive Grants Program	—	89,084
		Direct	10.351	Rural Business Development Grant	—	6,636
		Direct	10.652	Forestry Research	117,851	260,138
	University of Vermont	28001 SUB U OF NH	10.652	Forestry Research	6,491	30,036
				Total Forestry Research	124,342	290,174
		Direct	10.680	Forest Health Protection	—	82,178
		Direct	10.699	Partnership Agreements	—	63,176
		Direct	10.777	Norman E. Borlaug International Agricultural Science and Technology Fellowship	—	3,020
		Direct	10.902	Soil and Water Conservation	—	40,363
	National Fish & Wildlife Foundation	040517057630	10.902	Soil and Water Conservation	—	2,538
				Total Soil and Water Conservation	—	42,901
	Rutgers University	PO 576747	10.912	Environmental Quality Incentives Program	—	5,143
	Nature Conservancy	A103586	10.931	Agricultural Conservation Easement Program	—	38,830
	Nature Conservancy	TNCNHNRCSPREP11302017	10.931	Agricultural Conservation Easement Program	—	8,510
	Nature Conservancy	TNCUNHNRCSPREP11302017	10.931	Agricultural Conservation Easement Program	—	34,522
				Total Agricultural Conservation Easement Program	—	81,862
					343,071	5,357,024
	Applied Technology Council	Direct	11.Contract	Other Department of Commerce Programs	—	2,614
		1200-24-261	11.Contract	Other Department of Commerce Programs	—	31,552
		Direct	11.Unknown	Other Department of Commerce Programs	—	25,238
	University of Puerto Rico	2016-2017-005	11.Unknown	Other Department of Commerce Programs	—	14,592
				Total Other Department of Commerce Programs	—	73,996
	University of Puerto Rico	2016-2017-004	11.001	Census Bureau Data Products	—	17,473
		Direct	11.008	NOAA Mission-Related Education Awards	25,000	319,765
		Direct	11.012	Integrated Ocean Observing System (IOOS)	81,414	183,169
	NERACOOS	A00504	11.012	Integrated Ocean Observing System (IOOS)	—	78,194
	NERACOOS	A008-004	11.012	Integrated Ocean Observing System (IOOS)	9,010	271,689
	University of Puerto Rico	20172018008	11.012	Integrated Ocean Observing System (IOOS)	—	14,998
				Total Integrated Ocean Observing System (IOOS)	90,424	548,050
	University of Maine	UMS1135	11.017	Ocean Acidification Program (OAP)	—	14,255
		Direct	11.400	Geodetic Surveys and Services (Geodesy and Applications of the National Geodetic Reference System)	71,590	6,717,382
		Direct	11.417	Sea Grant Support	78,698	1,275,583
	Nature Conservancy	TNCNH-UNH-0603161	11.419	Coastal Zone Management Administration Awards	—	4,885
	NH Department of Environmental Services	02211847	11.419	Coastal Zone Management Administration Awards	—	4,333
	NH Department of Environmental Services	062117-105	11.419	Coastal Zone Management Administration Awards	—	49,378
	NH Department of Environmental Services	120617-039	11.419	Coastal Zone Management Administration Awards	—	6,032
	NH Department of Environmental Services	13V187	11.419	Coastal Zone Management Administration Awards	—	42,925
	Town Of Durham	14G268	11.419	Coastal Zone Management Administration Awards	—	26,005
	University of Florida	UFDSP00011234	11.419	Coastal Zone Management Administration Awards	—	71,819
	University of Michigan	3004636438	11.419	Coastal Zone Management Administration Awards	—	49,049
				Total Coastal Zone Management Administration Awards	—	254,426



**UNIVERSITY SYSTEM OF NEW HAMPSHIRE**  
Supplementary Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018

Federal Grantor /Cluster Title	Pass through Grantor	Direct Award or Pass through entity Identifying Number	CFDA No.	Program Title	Amount Passed Through to Subrecipients	Total Federal Expenditures
	Narragansett Bay Natl Estuarine Res Reserve	14NI48	11.420	Coastal Zone Management Estuarine Research Reserves	\$ —	462
		Direct	11.427	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	—	290,255
	Bigelow Laboratories for Ocean Studies	BLOS 18002	11.427	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	—	398
	Gulf of Maine Research Institute	10ATLCOD14UNH	11.427	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	—	6,933
	Massachusetts, State of	14G257	11.427	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	—	25,517
	Virginia Polytechnic Institute and State University	451376-19119	11.427	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	—	42,267
				Total Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	—	365,370
		Direct	11.431	Climate and Atmospheric Research	—	177,556
	University of Maryland	53897Z7813009	11.432	National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	—	65,262
	National Fish & Wildlife Foundation	030315047848	11.454	Unallied Management Projects	—	6,905
		Direct	11.463	Habitat Conservation	—	248,768
		Direct	11.472	Unallied Science Program	—	60,885
	NERACCOOS	A007-004	11.473	Office for Coastal Management	—	26,313
		Direct	11.609	Measurement and Engineering Research and Standards	—	154,903
		Direct	11.620	Science, Technology, Business and/or Education Outreach	—	3,119
Department of Commerce Total					265,712	10,330,473
Department of Defense		Direct	12.Contract	Other Department of Defense Programs	262,706	1,146,693
	Catharsis Productions	14B964	12.Contract	Other Department of Defense Programs	—	1,455
	Federal Management Systems Inc	FMSSSBCIUNH2017	12.Contract	Other Department of Defense Programs	—	19,854
	Mentis Sciences Inc	MSIN03243862	12.Contract	Other Department of Defense Programs	—	45,638
	University of Georgia	RR5515474708621	12.Contract	Other Department of Defense Programs	—	83,641
	University of Massachusetts	15008321A00	12.Contract	Other Department of Defense Programs	—	186,157
				Total Other Department of Defense Programs	262,706	1,483,438
		Direct	12.300	Basic and Applied Scientific Research	158,986	1,158,323
	University of California at San Diego	SUB# 78526300, MPPO S9001452	12.300	Basic and Applied Scientific Research	—	108,315
				Total Basic and Applied Scientific Research	158,986	1,266,638
	University of Missouri	00050555-2	12.420	Military Medical Research and Development	—	64,629
		Direct	12.431	Basic Scientific Research	—	157,980
	Northeastern University	504079-78050	12.431	Basic Scientific Research	—	9,929
				Total Basic Scientific Research	—	167,909
	Academy of Applied Science	14NH10	12.630	Basic, Applied, and Advanced Research in Science and Engineering	—	1,110
	Academy of Applied Science	14NI76	12.630	Basic, Applied, and Advanced Research in Science and Engineering	—	16,052
	Advanced Regenerative Manufacturing Inst	AS-0001	12.630	Basic, Applied, and Advanced Research in Science and Engineering	—	165,178
	Advanced Regenerative Manufacturing Inst	EWD-0003	12.630	Basic, Applied, and Advanced Research in Science and Engineering	—	7,287
				Total Basic, Applied, and Advanced Research in Science and Engineering	—	189,627
		Direct	12.800	Air Force Defense Research Sciences Program	141,979	533,116
	Boston College	5102531-1	12.800	Air Force Defense Research Sciences Program	—	5,991
				Total Air Force Defense Research Sciences Program	141,979	539,107
		Direct	12.901	Mathematical Sciences Grants Program	—	8,455
Department of Defense Total					563,671	3,719,803
Department of Housing and Urban Development						
	County of Cheshire	NFE	14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	—	53
Department of Housing and Urban Development Total					—	53

**UNIVERSITY SYSTEM OF NEW HAMPSHIRE**  
Supplementary Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018

Federal Grantor /Cluster Title	Pass through Grantor	Direct Award or Pass through entity Identifying Number	CFDA No.	Program Title	Amount Passed Through to Subrecipients	Total Federal Expenditures
Department of the Interior		Direct	15.Contract	Other Department of Interior Programs	\$ 898,440	1,476,245
		Direct	15.Unknown	Other Department of Interior Programs	—	2,967
	NH Dept of Natural & Cultural Resources	091317-052	15.Unknown	Other Department of Interior Programs	—	16,764
				Total Other Department of Interior Programs	898,440	1,495,976
		Direct	15.424	Marine Minerals Activities – Hurricane Sandy Safety and Environmental Enforcement Research and Data Collection for Offshore Energy and Mineral Activities	—	106,877
	University of California at Santa Barbara	KK1710	15.441		—	25,282
	NH Department of Fish & Game	041917-46	15.615	Cooperative Endangered Species Conservation Fund	—	5,271
	NH Department of Fish & Game	12161557	15.634	State Wildlife Grants	—	49,050
		Direct	15.650	Research Grants (Generic)	—	38,893
		Direct	15.654	National Wildlife Refuge System Enhancements	—	32,990
	NH Department of Fish & Game	041917-46	15.655	Migratory Bird Monitoring, Assessment and Conservation	—	3,063
		Direct	15.657	Endangered Species Conservation SPA Recovery Implementation Funds	—	144,200
	National Fish & Wildlife Foundation	040515049715	15.663	National Fish and Wildlife Foundation	—	38,318
	University of Maine	UMS986	15.677	Hurricane Sandy Disaster Relief Activities-FWS	—	2,262
		Direct	15.805	Assistance to State Water Resources Research Institutes	142,276	322,022
		Direct	15.808	U.S. Geological Survey Research and Data Collection	—	174,250
	AmericaView Inc	AV13NH01	15.815	National Land Remote Sensing Education Outreach and Research	—	11,670
Department of the Interior Total					1,040,716	2,450,144
Department of Justice		Direct	16.026	OVW Research and Evaluation Program	12,150	111,064
		Direct	16.526	OVW Technical Assistance Initiative	—	184,523
	Westat	656200S001	16.543	Missing Children's Assistance	—	45,776
		Direct	16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	140,031	481,745
	National Children's Advocacy Center	2015-R2-CX-0004	16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	—	138,553
	University Of Illinois	08766516544	16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	—	140,868
				Total National Institute of Justice Research, Evaluation, and Development Project Grants	140,031	761,166
	Westat	646600S001	16.734	Special Data Collections and Statistical Studies	—	179,977
Department of Justice Total					152,181	1,282,506
Department of Transportation		Direct	20.Contract	Other Department of Transportation Programs	24,562	71,724
	Minnesota Dept of Transportation	1003326-002	20.Contract	Other Department of Transportation Programs	—	9,987
	RS Audley Incorporated	112380	20.Contract	Other Department of Transportation Programs	—	12,888
	University of Vermont	26014 SUB UNH 15-1	20.Unknown	Other Department of Transportation Programs	9,874	112,654
	University of Vermont	26014 SUB UNH 15-3	20.Unknown	Other Department of Transportation Programs	47,954	111,359
Department of Transportation Total					82,390	318,612
National Aeronautics and Space Administration		Direct	43.Contract	Other National Aeronautics and Space Administration Programs	230,297	1,173,741
	Applied GeoSolutions LLC	14B893	43.Contract	Other National Aeronautics and Space Administration Programs	—	(220)
	Assurance Technology Corp	900731	43.Contract	Other National Aeronautics and Space Administration Programs	8,218	564,636
	California Institute of Technology	44A1093999	43.Contract	Other National Aeronautics and Space Administration Programs	—	118,414
	Johns Hopkins University	499879Q	43.Contract	Other National Aeronautics and Space Administration Programs	—	133,879
	Millennium Engineering & Integration Co	NNA10DF16B	43.Contract	Other National Aeronautics and Space Administration Programs	—	116,921
	Southwest Research Institute (SwRI)	499878Q	43.Contract	Other National Aeronautics and Space Administration Programs	2,470,192	3,965,247
	Southwest Research Institute (SwRI)	A99200MO	43.Contract	Other National Aeronautics and Space Administration Programs	—	38,706
	University of California at Berkeley (UCB)	00007549	43.Contract	Other National Aeronautics and Space Administration Programs	—	36,585
	University of California at Berkeley (UCB)	SA405826326	43.Contract	Other National Aeronautics and Space Administration Programs	—	146,893
		Direct	43.Unknown	Other National Aeronautics and Space Administration Programs	590,414	2,761,391
				Total Other National Aeronautics and Space Administration Programs	3,299,121	9,056,193

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Federal Grantor /Cluster Title	Pass through Grantor	Direct Award or Pass through entity Identifying Number	CFDA No.	Program Title	Amount Passed Through to Subrecipients	Total Federal Expenditures
		Direct	43.001	Science	\$ 632,488	4,941,676
	California Institute of Technology	44A1098582	43.001	Science	—	7,195
	Dartmouth College	1458R40	43.001	Science	—	9,527
	Dartmouth College	R974	43.001	Science	—	142,482
	Florida Atlantic University	XR-K11	43.001	Science	—	20,560
	Georgia Institute of Technology	RE513G1	43.001	Science	—	17,951
	Georgia Institute of Technology	RG213G1	43.001	Science	—	46,461
	Harvard-Smithsonian Center for Astrophysics	GO6-17046X	43.001	Science	—	8,566
	Johns Hopkins University	135260	43.001	Science	1,657,260	2,522,917
	Predictive Science Inc	UNH-16NAJL03	43.001	Science	—	102,837
	Princeton University	SUB0000036	43.001	Science	—	105,132
	Princeton University	SUB0000147	43.001	Science	—	491,886
	Princeton University	SUB0000156	43.001	Science	—	427,346
	Princeton University	SUB0000191	43.001	Science	—	84,225
	Princeton University	SUB0000211	43.001	Science	—	38,317
	Princeton University	SUB0000212	43.001	Science	—	57,606
	Rutgers University	0123	43.001	Science	—	45,946
	Rutgers University	4941	43.001	Science	—	106,308
	Southwest Research Institute (SwRI)	K99053CT	43.001	Science	—	1,764
	University Corporation for Atmospheric Research	SUBAWD000134	43.001	Science	—	92,822
	University of Alabama	2014104	43.001	Science	—	26,368
	University of Alaska	NFE	43.001	Science	—	9,637
	University of Alaska	UAF 180026	43.001	Science	—	116,724
	University of Colorado	1553781	43.001	Science	—	29,471
	University of Iowa	1001665865	43.001	Science	—	827,504
	University of Toledo	F-2017-131	43.001	Science	—	50,382
	University of Washington	UWSC9774	43.001	Science	—	33,604
				Total Science	2,289,748	10,365,214
		Direct	43.008	Education	647,478	1,158,271
National Aeronautics and Space Administration Total					6,236,347	20,579,678
National Foundation on the Arts and the Humanities						
	NH Humanities Council	14NH28	45.Unknown	Other National Foundation on the Arts and the Humanities Programs	—	6,468
National Foundation on the Arts and the Humanities Total					—	6,468
National Science Foundation						
	Mt. Holyoke College	01GD8191	47.Contract	Other National Science Foundation Programs	—	857
		Direct	47.Unknown	Other National Science Foundation Programs	—	44,293
	Hubbard Brook Research Foundation	17132044C6S01	47.Unknown	Other National Science Foundation Programs	—	14,159
	Metropolitan State University of Denver	PO V189050	47.Unknown	Other National Science Foundation Programs	—	14,383
	Northern Arizona University	100355701	47.Unknown	Other National Science Foundation Programs	—	41,091
				Total Other National Science Foundation Programs	—	114,783
		Direct	47.041	Engineering Grants	46,378	2,002,332
	City University of New York	40E48D	47.041	Engineering Grants	—	49,452
	Syracuse University	2825004301S01	47.041	Engineering Grants	—	5,000
	Tufts University	NSF693	47.041	Engineering Grants	—	8,367
	University of California at Riverside	S000803	47.041	Engineering Grants	—	6,476
	University of Wyoming	1002444UNH	47.041	Engineering Grants	—	20,585
				Total Engineering Grants	46,378	2,092,212
		Direct	47.049	Mathematical and Physical Sciences	—	492,308
	Northeastern University	502421-78050 P1704452	47.049	Mathematical and Physical Sciences	—	6,726
				Total Mathematical and Physical Sciences	—	499,034

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Federal Grantor /Cluster Title	Pass through Grantor	Direct Award or Pass through entity Identifying Number	CFDA No.	Program Title	Amount Passed Through to Subrecipients	Total Federal Expenditures
	Dartmouth College	Direct 1376	47.050 47.050	Geosciences Geosciences	\$ 943,031 —	4,850,969 146,855
	Marine Biological Laboratory	45244	47.050	Geosciences	—	144
	Marine Biological Laboratory	52681	47.050	Geosciences	—	71,300
	Purdue University	410177604	47.050	Geosciences	—	30,180
				Total Geosciences	943,031	5,099,448
	MA Green High Performance Computing Ctr	Direct	47.070	Computer and Information Science and Engineering	—	372,464
	Semiconductor Research Corporation	1659377-UNH	47.070	Computer and Information Science and Engineering	—	33,100
	St Anselm College	2017TS2768	47.070	Computer and Information Science and Engineering	—	9,949
	University Of Illinois	20151	47.070	Computer and Information Science and Engineering	—	6,522
	University System of Georgia	02001616526	47.070	Computer and Information Science and Engineering	—	37,110
		RD199G13	47.070	Computer and Information Science and Engineering	—	7,270
				Total Computer and Information Science and Engineering	—	466,415
	Bowdoin College	Direct	47.074	Biological Sciences	187,598	2,282,762
	Cary Institute of Ecosystem Studies	2017001	47.074	Biological Sciences	—	30,755
	Cary Institute of Ecosystem Studies	3298200201811	47.074	Biological Sciences	—	91,301
	Cary Institute of Ecosystem Studies	3340/200201862/1637685	47.074	Biological Sciences	—	24,683
	Cary Institute of Ecosystem Studies	3340-200201866	47.074	Biological Sciences	—	37,045
	Harvard University	1317065056664	47.074	Biological Sciences	—	109,812
	Northern Arizona University	100334601	47.074	Biological Sciences	—	8,023
	University of California, Santa Cruz	A000338S003P0584989	47.074	Biological Sciences	—	13,154
	University of Puerto Rico	2016005	47.074	Biological Sciences	—	59,193
				Total Biological Sciences	187,598	2,656,728
	Georgia State University	Direct	47.075	Social, Behavioral, and Economic Sciences	—	176,442
	Univ Of Massachusetts Amherst	SP0001300602	47.075	Social, Behavioral, and Economic Sciences	—	12,164
	University of Idaho	17009298A	47.075	Social, Behavioral, and Economic Sciences	—	44,641
		JDK061-SB-001	47.075	Social, Behavioral, and Economic Sciences	—	239,453
				Total Social, Behavioral, and Economic Sciences	—	472,700
	Columbia University	Direct	47.076	Education and Human Resources	1,797	1,860,038
		1GG009026	47.076	Education and Human Resources	—	11,560
				Total Education and Human Resources	1,797	1,871,598
	Michigan Technological Univ	Direct	47.078	Polar Programs	—	89,355
		Direct	47.079	Office of International Science and Engineering	965,594	1,951,342
		111009026 P0090858	47.079	Office of International Science and Engineering	—	89,223
				Total Office of International Science and Engineering	965,594	2,040,565
		Direct	47.081	Office of Experimental Program to Stimulate Competitive Research	41,535	941,946
National Science Foundation Total					2,185,933	16,344,784
Environmental Protection Agency						
	University of Colorado	Direct	66.Contract	Other Environmental Protection Agency Programs	—	50,843
		1552029	66.Contract	Other Environmental Protection Agency Programs	—	117,598
		Direct	66.Unknown	Other Environmental Protection Agency Programs	—	6,087
				Total Other Environmental Protection Agency Programs	—	174,528
	University of Southern Maine	00A00060	66.203	Environmental Finance Center Grants	—	4,338
		Direct	66.456	National Estuary Program	16,614	645,895
	University of Southern Maine	6100345419	66.456	National Estuary Program	—	28,139
	University of Southern Maine	UNH2018CB	66.456	National Estuary Program	—	6,208
				Total National Estuary Program	16,614	680,242

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Federal Grantor /Cluster Title	Pass through Grantor	Direct Award or Pass through entity Identifying Number	CFDA No.	Program Title	Amount Passed Through to Subrecipients	Total Federal Expenditures
		Direct	66.509	Science To Achieve Results (STAR) Research Program	\$ —	205,897
	Clark University	2E049-SNH	66.509	Science To Achieve Results (STAR) Research Program	—	106,228
	Dartmouth College	R898	66.509	Science To Achieve Results (STAR) Research Program	—	23,920
	Dartmouth College	R899/83616901	66.509	Science To Achieve Results (STAR) Research Program	—	40,571
	Dartmouth College	R994	66.509	Science To Achieve Results (STAR) Research Program	—	8,448
				Total Science To Achieve Results (STAR) Research Program	—	385,064
	NH Department of Environmental Services	030718-042	66.608	Environmental Information Exchange Network Grant Program and Related Assistance	—	6,052
	Extension Foundation	SA201739	66.716	Research, Development, Monitoring, Public Education, Outreach, Training, Demonstrations, and Studies	—	9,794
Environmental Protection Agency Total					16,614	1,260,018
Department of Energy						
		Direct	81.Contract	Other Department of Energy Programs	—	55,107
	Iowa State University	4012125A	81.Contract	Other Department of Energy Programs	—	13,125
	University of Southern Mississippi	NFE	81.Unknown	Other Department of Energy Programs	—	59,707
				Total Other Department of Energy Programs	—	127,939
		Direct	81.049	Office of Science Financial Assistance Program	—	1,175,744
	Ground Energy Support	14B980	81.049	Office of Science Financial Assistance Program	—	47,585
	Ohio State University	60055729	81.049	Office of Science Financial Assistance Program	—	190,481
	Stanford University	61351720-124215	81.049	Office of Science Financial Assistance Program	—	343,910
	Univ Of Massachusetts Amherst	17009594B00	81.049	Office of Science Financial Assistance Program	—	338,173
	Univ Of Massachusetts Amherst	17009619A00	81.049	Office of Science Financial Assistance Program	—	32,633
	University of Arizona	161154	81.049	Office of Science Financial Assistance Program	—	43,461
	University of Maryland	Z7197001	81.049	Office of Science Financial Assistance Program	—	9,270
	University of Wisconsin	455K696	81.049	Office of Science Financial Assistance Program	—	96,872
				Total Office of Science Financial Assistance Program	—	2,278,129
		Direct	81.087	Renewable Energy Research and Development	—	242,454
	Oregon State University	J2196AA	81.087	Renewable Energy Research and Development	—	12,117
				Total Renewable Energy Research and Development	—	254,571
	University of Texas at Austin	UTA15-001120	81.089	Fossil Energy Research and Development	—	80,083
		Direct	81.121	Nuclear Energy Research, Development and Demonstration	15,119	43,164
	University Of Utah	10031590UNH	81.121	Nuclear Energy Research, Development and Demonstration	—	28,405
				Total Nuclear Energy Research, Development and Demonstration	15,119	71,569
	Massachusetts Institute of Technology	571000	81.133	Geologic Sequestration Training and Research Grant Program	—	16,363
	Trophics Inc	14B995	81.135	Advanced Research Projects Agency – Energy	—	57,179
Department of Energy Total					15,119	2,885,833
Department of Education						
	Kessler Foundation Inc	38502	84.133	National Institute on Disability and Rehabilitation	—	8,034
	University of Vermont	29338SUB51804	84.305	Education Research, Development and Dissemination	195,734	459,466
	NH Department of Education	APPROVED BY G&C 11/21/15	84.323	Special Education – State Personnel Development	—	122,530
	Univ Kansas Ctr Research Inc	FY2013047	84.326	Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	—	180,082
Department of Education Total					195,734	770,112
Northern Border Regional Commission						
		Direct	90.601	Northern Border Regional Development	—	4,784
Northern Border Regional Commission Total					—	4,784

**UNIVERSITY SYSTEM OF NEW HAMPSHIRE**  
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Year Ended June 30, 2018

Federal Grantor /Cluster Title	Pass through Grantor	Direct Award or Pass through entity Identifying Number	CFDA No.	Program Title	Amount Passed Through to Subrecipients	Total Federal Expenditures
Department of Health & Human Services						
	Dartmouth-Hitchcock Medical Center	14NI56	93.Contract	Other Department of Health and Human Services Programs	\$ —	58,915
	Health Research Inc	5292.01	93.Contract	Other Department of Health and Human Services Programs	—	32,083
	Reeve (Christopher) Paralysis Foundation	14NH71	93.Unknown	Other Department of Health and Human Services Programs	—	64,388
				Total Other Department of Health and Human Services Programs	—	155,386
		Direct	93.088	Advancing System Improvements for Key Issues in Women's Health	—	253,861
	Dartmouth College	R877	93.110	Maternal and Child Health Federal Consolidated Programs	—	489,085
		Direct	93.136	Injury Prevention and Control Research and State and Community Based Programs	49,076	473,453
	New Hampshire Coalition Against Domestic Violence	14NI02	93.136	Injury Prevention and Control Research and State and Community Based Programs	—	70,559
				Total Injury Prevention and Control Research and State and Community Based Programs	49,076	544,022
		Direct	93.184	Disabilities Prevention	—	422,645
	University of Wisconsin	808K275	93.239	Policy Research and Evaluation Grants	—	2,060
			93.242	Mental Health Research Grants	—	510,295
			93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	—	116,598
	Dartmouth College	R931	93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	—	6,340
	NH Department of Education	13D086	93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	—	9,534
	NH Department of Health & Human Services	04191712	93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	—	10,757
	NH Department of Health & Human Services	04191713	93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	—	63,558
				Total Substance Abuse and Mental Health Services Projects of Regional and National Significance	—	206,787
		Direct	93.262	Occupational Safety and Health Program	—	147,263
		Direct	93.273	Alcohol Research Programs	17,280	74,561
		Direct	93.310	Trans-NIH Research Support	—	163,475
	Emory University	T663436	93.310	Trans-NIH Research Support	—	91,477
				Total Trans-NIH Research Support	—	254,952
		Direct	93.396	Cancer Biology Research	—	10,972
		Direct	93.398	Cancer Research Manpower	—	152,727
		Direct	93.433	ACL National Institute on Disability, Independent Living, and Rehabilitation Research	263,153	1,509,161
	Univ Kansas Ctr Research Inc	FY2012044	93.433	ACL National Institute on Disability, Independent Living, and Rehabilitation Research	—	7,838
				Total ACL National Institute on Disability, Independent Living, and Rehabilitation Research	263,153	1,516,999
		Direct	93.464	ACL Assistive Technology	—	420,740
	NH Department of Health & Human Services	060717-008	93.563	Child Support Enforcement	—	120,234
		Direct	93.631	Developmental Disabilities Projects of National Significance	23,334	192,905
		Direct	93.632	University Centers for Excellence in Developmental Disabilities Education, Research, and Service	1,895	27,161
		Direct	93.647	Social Services Research and Demonstration	—	129,759
	State University of New York	16-41	93.648	Child Welfare Research Training or Demonstration	—	88,110
	State University of New York	18-7	93.648	Child Welfare Research Training or Demonstration	—	75,296
				Total Child Welfare Research Training or Demonstration	—	163,406
		Direct	93.732	Mental and Behavioral Health Education and Training Grants	—	215,387
	Xemed LLC	2R44HL117337-03-UNH	93.838	Lung Diseases Research	—	31,514
		Direct	93.839	Blood Diseases and Resources Research	57,846	375,331
	Brigham and Women's Hospital	114149	93.839	Blood Diseases and Resources Research	—	103,357
				Total Blood Diseases and Resources Research	57,846	478,688

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Federal Grantor /Cluster Title	Pass through Grantor	Direct Award or Pass through entity Identifying Number	CFDA No.	Program Title	Amount Passed Through to Subrecipients	Total Federal Expenditures
		Direct	93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research	\$ —	300,570
		Direct	93.859	Biomedical Research and Research Training	—	2,532,253
	Dartmouth College	R762	93.859	Biomedical Research and Research Training	—	74,521
	Dartmouth College	R763	93.859	Biomedical Research and Research Training	—	348,767
	Dartmouth College	R764	93.859	Biomedical Research and Research Training	—	67,823
	Dartmouth College	R765	93.859	Biomedical Research and Research Training	—	67,318
	Dartmouth College	R768 AMEND #2	93.859	Biomedical Research and Research Training	—	71,239
	Dartmouth College	R774	93.859	Biomedical Research and Research Training	—	224,721
	Dartmouth College	R775	93.859	Biomedical Research and Research Training	—	78,920
	Dartmouth College	R919	93.859	Biomedical Research and Research Training	—	90,497
	Dartmouth College	SUB R770/5P20GM103506-07	93.859	Biomedical Research and Research Training	—	(155)
	Dartmouth College	SUB# R770 AMEND#2	93.859	Biomedical Research and Research Training	—	110,987
	Dartmouth College	SUB#R769 P20GM103506	93.859	Biomedical Research and Research Training	—	(1,219)
	Dartmouth College	SUBAWARD R769	93.859	Biomedical Research and Research Training	—	152,851
	Indiana University	1569204	93.859	Biomedical Research and Research Training	—	115,382
	University of Wyoming	1003267A-UNH	93.859	Biomedical Research and Research Training	—	80,318
				Total Biomedical Research and Research Training	—	4,014,223
		Direct	93.865	Child Health and Human Development Extramural Research	61,067	237,166
	Center for Innovative Public Health Research	1R01HD083072	93.865	Child Health and Human Development Extramural Research	—	17,630
	University of Massachusetts	OSP2018052	93.865	Child Health and Human Development Extramural Research	—	42,222
				Total Child Health and Human Development Extramural Research	61,067	297,018
		Direct	93.866	Aging Research	18,560	186,486
	University of Michigan	3004158143	93.866	Aging Research	—	28,626
				Total Aging Research	18,560	215,112
		Direct	93.867	Vision Research	—	298,755
	University of Massachusetts	14UC65	93.879	Medical Library Assistance	—	3,090
				Rural Health Care Services Outreach, Rural Health Network Development and Small Health	—	—
	Maine Quality Counts	IC762	93.912	Care Provider Quality Improvement Program	—	20,881
		Direct	93.991	Preventive Health and Health Services Block Grant	34,061	544,623
Department of Health & Human Services Total					526,272	12,215,681
Total Research and Development Cluster					11,623,760	77,525,973
Other awards:						
Department of Agriculture						
SNAP Cluster						
	NH Department of Health & Human Services	11041511	10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	—	1,035,444
SNAP Cluster Total					—	1,035,444
Child Nutrition Cluster						
	NH Department of Education	13D084	10.559	Summer Food Service Program for Children	—	19,156
Child Nutrition Cluster Total					—	19,156
Department of the Interior						
Fish and Wildlife Cluster						
	NH Department of Fish & Game	04191745	15.605	Sport Fish Restoration	—	27,699
	NH Department of Fish & Game	070615	15.611	Wildlife Restoration and Basic Hunter Education	910	4,377
	NH Department of Fish & Game	071917-083	15.611	Wildlife Restoration and Basic Hunter Education	3,975	200,229
	NH Department of Fish & Game	07241338	15.611	Wildlife Restoration and Basic Hunter Education	—	168,675
				Total Wildlife Restoration and Basic Hunter Education	4,885	373,281
	NH Department of Fish & Game	041917-46	15.634	State Wildlife Grants	—	55,959
	Oklahoma Department of Wildlife Conservation	3209006270	15.634	State Wildlife Grants	—	4,017
				Total State Wildlife Grants	—	59,976



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Federal Grantor /Cluster Title	Pass through Grantor	Direct Award or Pass through entity Identifying Number	CFDA No.	Program Title	Amount Passed Through to Subrecipients	Total Federal Expenditures
	Merrimack River Watershed Council	040515049716	15.663	National Fish and Wildlife Foundation	\$ —	1,993
	Natl Wildlife Federation	1504012	15.663	National Fish and Wildlife Foundation	—	154,473
				Total National Fish and Wildlife Foundation	—	156,466
Fish and Wildlife Cluster Total					4,885	617,422
Department of Transportation						
Highway Planning and Construction Cluster						
	Maine Department of Transportation	022078.00	20.205	Highway Planning and Construction	—	44,672
	NH Department of Environmental Services	050609-073	20.205	Highway Planning and Construction	—	2,384
	NH Department of Transportation	02252015-22	20.205	Highway Planning and Construction	—	103,262
	NH Department of Transportation	062117-068	20.205	Highway Planning and Construction	—	20,000
	NH Department of Transportation	102616-35	20.205	Highway Planning and Construction	—	201,849
	NH Department of Transportation	111815-16	20.205	Highway Planning and Construction	—	86,790
	NH Department of Transportation	122017-030	20.205	Highway Planning and Construction	—	170,666
	NH Department of Transportation	G&C	20.205	Highway Planning and Construction	—	175,923
	NH Department of Transportation	G&C 10.26.16	20.205	Highway Planning and Construction	—	15,276
	Texas A&M Transportation Institute	12S141239	20.205	Highway Planning and Construction	—	21,962
Highway Planning and Construction Cluster Total					—	842,784
Federal Transit Cluster						
	Direct		20.507	Federal Transit Formula Grants	—	51,781
	Direct		20.514	Public Transportation Research, Technical Assistance, and Training	—	66,969
	Direct		20.526	Bus and Bus Facilities Formula Program	—	152,105
Federal Transit Cluster Total					—	270,855
Highway Safety Cluster						
	NH Department of Safety	020117-061	20.600	State and Community Highway Safety	—	12,426
	NH Department of Safety	05151866	20.600	State and Community Highway Safety	—	27,254
	NH Department of Safety	13S048	20.600	State and Community Highway Safety	—	5,700
				Total State and Community Highway Safety	—	45,380
	NH Department of Safety	011817-50	20.616	National Priority Safety Programs	—	12,600
	NH Department of Safety	022118-057	20.616	National Priority Safety Programs	—	50,400
				Total National Priority Safety Programs	—	63,000
Highway Safety Cluster Total					—	108,380
Environmental Protection Agency						
Drinking Water State Revolving Fund Cluster						
	NH Department of Environmental Services	062117-119	66.468	Capitalization Grants for Drinking Water State Revolving Funds	—	6,000
Drinking Water State Revolving Fund Cluster Total					—	6,000
Department of Education						
Student Financial Assistance Cluster						
	Direct		84.038	Federal Perkins Loan Program	—	26,050,122
	Direct		84.007	Federal Supplemental Educational Opportunity Grants	—	2,526,138
	Direct		84.033	Federal Work-Study Program	—	8,707,037
	Direct		84.063	Federal Pell Grant Program	—	20,709,649
	Direct		84.268	Direct Lending Programs – Loans Issued	—	173,092,004
Student Financial Assistance Cluster Total					—	231,084,950
TRIO Cluster						
	Direct		84.042	TRIO Student Support Services	—	966,511
	Direct		84.044	TRIO Talent Search	—	560,684
	Direct		84.047	TRIO Upward Bound	—	1,019,024
	Direct		84.217	TRIO McNair Post-Baccalaureate Achievement	—	295,833
TRIO Cluster Total					—	2,842,052

**UNIVERSITY SYSTEM OF NEW HAMPSHIRE**  
Supplementary Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018

Federal Grantor /Cluster Title	Pass through Grantor	Direct Award or Pass through entity Identifying Number	CFDA No.	Program Title	Amount Passed Through to Subrecipients	Total Federal Expenditures
Department of Health & Human Services						
Maternal, Infant, and Early Childhood Home Visiting Cluster						
	NH Department of Health & Human Services	02061339	93.505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	\$ —	168,679
Maternal, Infant, and Early Childhood Home Visiting Cluster Total					—	168,679
CCDF Cluster						
	NH Department of Health & Human Services	GSC 05/17/17 #15	93.575	Child Care and Development Block Grant	—	298,556
	NH Department of Health & Human Services	GSC 12/03/13 #058	93.575	Child Care and Development Block Grant	—	(1,600)
CCDF Cluster Total					—	296,956
Medicaid Cluster						
	NH Department of Health & Human Services	060513-86	93.778	Medical Assistance Program	—	171
	NH Department of Health & Human Services	062117-011	93.778	Medical Assistance Program	—	860,197
Medicaid Cluster Total					—	860,368
Department of Agriculture						
		Direct	10.025	Plant and Animal Disease, Pest Control, and Animal Care	—	80,444
		Direct	10.303	Integrated Programs	32,397	142,926
		Direct	10.458	Crop Insurance Education in Targeted States	—	182,422
		Direct	10.500	Cooperative Extension Service	—	2,051,793
	Clemson University	18222072009684	10.500	Cooperative Extension Service	—	9,910
	Kansas State University	S17098	10.500	Cooperative Extension Service	—	6,834
	Kansas State University	S18090	10.500	Cooperative Extension Service	—	6,252
	University of Delaware	42668	10.500	Cooperative Extension Service	—	7,671
	University of Delaware	46315	10.500	Cooperative Extension Service	—	19,450
	University of Delaware	46532	10.500	Cooperative Extension Service	—	37,041
	University of Delaware	49375	10.500	Cooperative Extension Service	334	1,522
				Total Cooperative Extension Service	334	2,140,473
			10.664	Cooperative Forestry Assistance	4,232	64,704
	NH Department of Resources & Economic	090916	10.664	Cooperative Forestry Assistance	—	7,468
	NH Department of Resources & Economic	100116	10.664	Cooperative Forestry Assistance	—	5,176
	NH Department of Resources & Economic	13R259	10.664	Cooperative Forestry Assistance	—	89
	NH Department of Resources & Economic	13R260	10.664	Cooperative Forestry Assistance	—	(302)
	NH Department of Resources & Economic	13R262	10.664	Cooperative Forestry Assistance	—	2,667
	NH Dept of Natural & Cultural Resources	082217	10.664	Cooperative Forestry Assistance	—	139,844
				Total Cooperative Forestry Assistance	4,232	219,646
Department of Agriculture Total					36,963	2,765,911
Department of Commerce						
		Direct	11.Contract	Other Department of Commerce Programs	—	55,625
	NH Department of Environmental Services	011817-35	11.419	Coastal Zone Management Administration Awards	—	75,761
	NH Department of Environmental Services	021016-048	11.419	Coastal Zone Management Administration Awards	—	(257)
	NH Department of Environmental Services	032515-42	11.419	Coastal Zone Management Administration Awards	—	5,847
	NH Department of Environmental Services	062117-103	11.419	Coastal Zone Management Administration Awards	—	20,001
	NH Department of Environmental Services	062117-104	11.419	Coastal Zone Management Administration Awards	—	8,195
	NH Department of Environmental Services	07131623	11.419	Coastal Zone Management Administration Awards	—	4,080
	NH Department of Environmental Services	091317-063	11.419	Coastal Zone Management Administration Awards	—	69,687
	NH Department of Environmental Services	10261667	11.419	Coastal Zone Management Administration Awards	—	14,787
				Total Coastal Zone Management Administration Awards	—	198,101
		Direct	11.420	Coastal Zone Management Estuarine Research Reserves	—	103,297
Department of Commerce Total					—	357,023

**UNIVERSITY SYSTEM OF NEW HAMPSHIRE**  
Supplementary Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018

Federal Grantor /Cluster Title	Pass through Grantor	Direct Award or Pass through entity Identifying Number	CFDA No.	Program Title	Amount Passed Through to Subrecipients	Total Federal Expenditures
Department of Defense	Academy of Applied Science	14NH92	12.Unknown	Other Department of Defense Programs	\$ —	1,001
Department of Defense Total					—	1,001
Department of the Interior	University of Rhode Island	0412140004205	15.153	Hurricane Sandy Disaster Relief SPA Coastal Resiliency Grants.	—	8,001
Department of the Interior Total					—	8,001
Department of Justice	Manchester, NH (City of)	AGREEMENT #1016088	16.320	Services for Trafficking Victims	—	10,240
	New Hampshire Coalition Against Domestic Violence	14NI19	16.575	Crime Victim Assistance	—	85,317
	New Hampshire Coalition Against Domestic Violence	14NI20	16.575	Crime Victim Assistance	—	1,172
				Total Crime Victim Assistance	—	86,489
	NH Department of Justice (Attorney General)	2017W052/2016-WF-AX-0045	16.588	Violence Against Women Formula Grants	—	18,782
	NH Department of Justice (Attorney General)	2018W052/2017-WF-AX-0007	16.588	Violence Against Women Formula Grants	—	11,299
				Total Violence Against Women Formula Grants	—	30,081
	New Hampshire Coalition Against Domestic Violence	14NG23	16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	—	528
	National 4-H Council	14NI65	16.726	Juvenile Mentoring Program	—	1,481
Department of Justice Total					—	128,819
Department of Labor		Direct	17.504	Consultation Agreements	—	460,670
Department of Labor Total					—	460,670
Department of the State	IREX	AWARD 6/8/17	19.009	Academic Exchange Programs – Undergraduate Programs	—	25,940
	World Learning	AWARD 7/26/17	19.009	Academic Exchange Programs – Undergraduate Programs	—	26,476
Department of the State Total					—	52,416
National Aeronautics and Space Administration	Manufacturing Technical Solutions Inc	MTSUNH06012014	43.Unknown	Other National Aeronautics and Space Administration Programs	—	12,121
National Aeronautics and Space Administration Total					—	12,121
National Foundation on the Arts and the Humanities		Direct	45.024	Promotion of the Arts Grants to Organizations and Individuals	—	25,000
	New England Foundation for the Arts	17-32762	45.025	Promotion of the Arts Partnership Agreements	—	4,400
	New England Foundation for the Arts	17-32874	45.025	Promotion of the Arts Partnership Agreements	—	6,400
	New England Foundation for the Arts	17-33450	45.025	Promotion of the Arts Partnership Agreements	—	800
	New England Foundation for the Arts	17-34013	45.025	Promotion of the Arts Partnership Agreements	—	700
				Total Promotion of the Arts Partnership Agreements	—	12,300
		Direct	45.163	Promotion of the Humanities Professional Development	—	1,925
		Direct	45.312	National Leadership Grants	—	33,024
National Foundation on the Arts and the Humanities Total					—	72,249
Small Business Administration		Direct	59.037	Small Business Development Centers	—	706,027
Small Business Administration Total					—	706,027
Department of Veterans Affairs		Direct	64.034	VA Grants for Adaptive Sports Programs for Disabled Veterans and Disabled Members of the Armed Forces	—	203,173
Department of Veterans Affairs Total					—	203,173

**UNIVERSITY SYSTEM OF NEW HAMPSHIRE**  
Supplementary Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018

Federal Grantor /Cluster Title	Pass through Grantor	Direct Award or Pass through entity Identifying Number	CFDA No.	Program Title	Amount Passed Through to Subrecipients	Total Federal Expenditures
Environmental Protection Agency	NH Department of Environmental Services	082416-47	66.460	Nonpoint Source Implementation Grants	\$ —	24,100
	Direct	66.514	66.514	Science To Achieve Results (STAR) Fellowship Program	—	8,347
	Manomet, Inc.	14NH54	66.951	Environmental Education Grants	—	2,502
Environmental Protection Agency Total					—	34,949
Department of Education	University of Massachusetts at Boston	97351001	84.Contract	Other Department of Education Programs	—	634
	CCSNH	14UB99	84.048	Career and Technical Education -- Basic Grants to States	—	78
	CCSNH	14UD14	84.048	Career and Technical Education -- Basic Grants to States	—	11,802
				Total Career and Technical Education -- Basic Grants to States	—	11,880
	NH Department of Education	021016-051	84.323	Special Education -- State Personnel Development	—	54,353
	NH Department of Education	13D080	84.323	Special Education -- State Personnel Development	—	(50)
	NH Department of Education	APPROVED G&C 6.24.15	84.323	Special Education -- State Personnel Development	—	14,082
				Total Special Education -- State Personnel Development	—	68,385
		Direct	84.325	Special Education -- Personnel Development to Improve Services and Results for Children with Disabilities	—	134,967
		Direct	84.336	Teacher Quality Partnership Grants	—	560,418
		Direct	84.365	English Language Acquisition State Grants	—	81,093
	Hopkinton School District	AWARD DATED 7/1/14	84.366	Mathematics and Science Partnerships	—	8,988
	NH Department of Education	AWARD STARTING 1/18/17	84.367	Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	—	217,236
	University of California at Berkeley (UCB)	02-NH01-SEED2016 FED GRNT 161784.367	84.367	Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	—	1,746
	University of California at Berkeley (UCB)	02-NH01-SEED2017-CRWPPD	84.367	Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	—	7,793
	University of California at Berkeley (UCB)	02-NH01-SEED2017-ILI	84.367	Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	—	11,189
				Total Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	—	237,964
Department of Education Total					—	1,104,329
Northern Border Regional Commission	Direct		90.601	Northern Border Regional Development	—	88,239
Northern Border Regional Commission Total					—	88,239
Department of Health & Human Services	Direct		93.Unknown	Other Department of Health and Human Services Programs	—	10,543
	NH Department of Environmental Services	091317-067	93.070	Environmental Public Health and Emergency Response	—	12,630
	NH Department of Health & Human Services	050317-11	93.070	Environmental Public Health and Emergency Response	—	18,945
				Total Environmental Public Health and Emergency Response	—	31,575
	NH Department of Health & Human Services	011817-13	93.103	Food and Drug Administration Research	—	112,398
	Direct		93.110	Maternal and Child Health Federal Consolidated Programs	99,903	502,790
	Assn of Maternal & Child Health Programs AMCHP	U45MC27709	93.110	Maternal and Child Health Federal Consolidated Programs	—	13,191
				Total Maternal and Child Health Federal Consolidated Programs	99,903	515,981
	New Hampshire Coalition Against Domestic Violence	14NG15	93.136	Injury Prevention and Control Research and State and Community Based Programs	—	(4,229)
	New Hampshire Coalition Against Domestic Violence	14NI17	93.136	Injury Prevention and Control Research and State and Community Based Programs	—	20,288
				Total Injury Prevention and Control Research and State and Community Based Programs	—	16,059

**UNIVERSITY SYSTEM OF NEW HAMPSHIRE**  
Supplementary Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018

Federal Grantor /Cluster Title	Pass through Grantor	Direct Award or Pass through entity Identifying Number	CFDA No.	Program Title	Amount Passed Through to Subrecipients	Total Federal Expenditures
	Dept of Health and Human Services, State of New York	G02HP28005	93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	\$ 5,000	47,032
	Dept of Health and Human Services, State of New	G02HP28006	93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	—	38,475
				Total Substance Abuse and Mental Health Services Projects of Regional and National Significance	5,000	85,507
	NH Department of Education	061516-067	93.500	Pregnancy Assistance Fund Program	—	19,261
	New Hampshire Department of Insurance	03121418A	93.511	Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review	—	39,724
	New Hampshire Department of Insurance	092717-034	93.511	Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review	—	26,990
				Total Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review	—	66,714
	NH Department of Health & Human Services	06291612	93.517	Affordable Care Act Aging and Disability Resource Center	32,953	151,057
	New Hampshire Coalition Against Domestic	14NI18	93.556	Promoting Safe and Stable Families	—	8,019
		Direct	93.632	University Centers for Excellence in Developmental Disabilities Education, Research, and Service	2,832	545,979
	Maine Quality Counts	IC674-A	93.638	ACA-Transforming Clinical Practice Initiative: Practice Transformation Networks (PTNs)	647,623	1,731,786
	NH Department of Health & Human Services	G&C #78, 6/14/14, YR3 FUNDING	93.645	Stephanie Tubbs Jones Child Welfare Services Program	—	72,286
	NH Department of Health & Human Services	050814-42	93.658	Foster Care Title IV-E	—	311,396
	NH Department of Health & Human Services	061814-77	93.658	Foster Care Title IV-E	—	156,679
	NH Department of Health & Human Services	GSC 02/7/18 #11	93.658	Foster Care Title IV-E	—	281,268
	NH Department of Health & Human Services	GSC 06/15/16 #9A	93.658	Foster Care Title IV-E	—	911,366
				Total Foster Care Title IV-E	—	1,660,709
		Direct	93.732	Mental and Behavioral Health Education and Training Grants	20,000	254,877
	NH Department of Health & Human Services	U58DP004821	93.757	State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	—	119,235
	NH Department of Health & Human Services	NB01OT009141	93.758	Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	—	49,649
	NH Department of Health & Human Services	NU58DP004821	93.945	Assistance Programs for Chronic Disease Prevention and Control	—	182
	NH Department of Health & Human Services	052715-27	93.994	Maternal and Child Health Services Block Grant to the States	—	148,735
Department of Health & Human Services Total					808,311	5,600,552
Department of Homeland Security						
		Direct	97.045	Cooperating Technical Partners	345,618	467,247
	NH Department of Safety	13S039	97.067	Homeland Security Grant Program	—	(530)
	NH Department of Safety	13S040	97.067	Homeland Security Grant Program	—	79
	NH Department of Safety	13S043	97.067	Homeland Security Grant Program	—	128,369
	NH Department of Safety	13S050	97.067	Homeland Security Grant Program	—	30,013
	NH Department of Safety	13S051	97.067	Homeland Security Grant Program	—	29,970
	NH Department of Safety	13S052	97.067	Homeland Security Grant Program	—	13,540
	NH Department of Safety	13S053	97.067	Homeland Security Grant Program	—	1,500
				Total Homeland Security Grant Program	—	202,941
Department of Homeland Security Total					345,618	670,188
Total Other Awards					1,195,777	250,418,714
Total Expenditures of Federal Awards					\$ 12,819,537	327,944,687

## UNIVERSITY SYSTEM OF NEW HAMPSHIRE

### Notes to Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2018

#### (1) Basis of Presentation

The accompanying supplementary schedule of expenditures of federal awards (the Schedule) summarizes the expenditures of the University System of New Hampshire (USNH), which includes the University of New Hampshire (UNH), Plymouth State University (PSU), Keene State College (KSC), and Granite State College (GSC) under programs funded by the federal government for the year ended June 30, 2018. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of USNH, it is not intended to and does not present the net position, changes in net position or cash flows of USNH.

For purposes of the Schedule, federal awards include all grants, contracts and similar agreements entered into directly between USNH and agencies and departments of the federal government pursuant to federal grants, contracts and similar agreements. The Schedule also denotes awards passed through to USNH to other non-federal organizations.

#### (2) Significant Accounting Policies

Expenditures under federal award programs are recognized as incurred using the accrual method of accounting and the cost accounting principles promulgated under applicable federal circulars. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement and, accordingly, are not reflected as expenditures in the accompanying Schedule. Expenditures also include a portion of costs associated with general operating activities of the respective institutions which are allocated to awards under negotiated formulas commonly referred to as facilities and administrative cost rates (note 3).

#### (3) Facilities and Administrative Costs

The System elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

UNH negotiated facilities and administrative cost rates in fiscal year 2016 with its cognizant agency, the U.S. Department of Health and Human Services (DHHS). The predetermined base rate applied to modified total direct costs for on-campus research at UNH is as follows:

- 50.0%, effective July 1, 2017 through June 30, 2018;
- 50.5%, effective July 1, 2018 until amended.

Other rates for UNH facilities and administrative cost recovery range from 26.0% to 57.5% of modified total direct costs.

The on-campus facilities and administrative cost rate in place for PSU is 56.7% of direct salaries and wages from July 1, 2016 until amended.

The on-campus facilities and administrative cost rate in place for KSC and GSC is 60.0% of direct salaries and wages from July 1, 2016 until amended.

# UNIVERSITY SYSTEM OF NEW HAMPSHIRE

## Notes to Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2018

### (4) Federal Perkins Loan Program (CFDA 84.038)

The Perkins Loan Program listed below is administered directly by USNH, and balances and transactions relating to this program are included in USNH's financial statements. Loan activities and balances consist of the following:

	<b>Balance as of July 1, 2017</b>	<b>Loans issued</b>	<b>Payments and adjustments</b>	<b>Balance as of June 30, 2018</b>
\$	22,480,767	3,569,355	3,915,912	22,134,210

### (5) Federal Direct Student Loans (CFDA 84.268)

Federally guaranteed loans issued to USNH students through the Federal Direct Loan Program (FDL), includes Direct Subsidized and Unsubsidized Stafford Loans, and Direct Parent Loans for Undergraduate Students (PLUS Loans). These distributions and the related funding sources are not included in the System's financial statements. Amounts distributed for the FDL program during the year ended June 30, 2018 are summarized as follows:

Stafford Loans:		
UNH		\$ 74,076,827
PSU		26,499,487
KSC		17,784,212
GSC		<u>7,395,660</u>
Total Stafford Loans		<u>125,756,186</u>
PLUS Loans:		
UNH		29,349,426
PSU		10,021,289
KSC		7,919,714
GSC		<u>45,389</u>
Total PLUS Loans		<u>47,335,818</u>
Total Federal Direct Student Loans		<u>\$ 173,092,004</u>





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**Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the University System of New Hampshire (the System), a component unit of the State of New Hampshire, which comprise the statement of net position as of June 30, 2018, the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 26, 2018. Our report includes an emphasis of matter paragraph regarding the System's adoption of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in 2018. Our opinion is not modified with respect to this matter.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

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

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



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

October 26, 2018



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## **Independent Auditors' Report on Compliance for Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

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

### **Report on Compliance for Major Federal Program**

We have audited the University System of New Hampshire's (the System's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the System's major federal program for the year ended June 30, 2018. The System's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for the System's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the System's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the System's major federal program. However, our audit does not provide a legal determination of the System's compliance.

### ***Opinion on Major Federal Program***

In our opinion, the System complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of



findings and questioned costs as items 2018-001, 2018-002, 2018-003 and 2018-004. Our opinion on the System's major federal program is not modified with respect to these matters.

The System's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The System's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **Report on Internal Control Over Compliance**

Management of the System is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the System's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the System's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2018-001, 2018-002, 2018-003 and 2018-004, that we consider to be significant deficiencies.

The System's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The System's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**KPMG LLP**

January 23, 2019

# UNIVERSITY SYSTEM OF NEW HAMPSHIRE

## Schedule of Findings and Questioned Costs

Year ended June 30, 2018

### (1) Summary of Auditors' Results

#### *Financial Statements*

Type of auditors' report issued on whether the financial statements were prepared in accordance with U.S. generally accepted accounting principles:

Unmodified

Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:

- Material weaknesses: \_\_\_\_\_ yes   X   no
- Significant deficiencies: \_\_\_\_\_ yes   X   none reported

Noncompliance material to the financial statements noted?

\_\_\_\_\_ yes   X   no

#### *Federal Awards*

Internal control deficiencies over major program disclosed by the audit:

- Material weaknesses: \_\_\_\_\_ yes   X   no
- Significant deficiencies:   X   yes \_\_\_\_\_ none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a):

  X   yes \_\_\_\_\_ no

<b>Identification of major program</b>	<b>CFDA numbers</b>
Research and Development Cluster	Various

Dollar threshold used to distinguish between type A and type B programs:

\$3,000,000

Auditee qualified as low-risk auditee?

  x   yes \_\_\_\_\_ no

### (2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None.

## UNIVERSITY SYSTEM OF NEW HAMPSHIRE

### Schedule of Findings and Questioned Costs

Year ended June 30, 2018

#### (3) Findings and Questioned Costs Relating to Federal Awards

*Reference Number 2018-001:*

**Federal Agency:** Department of Agriculture; National Science Foundation;  
Department of Education; Department of Health and Human  
Services

**Pass-Through Agency:** University of Vermont

**Program Name:** Research and Development Cluster

**CFDA #:** 10.652; 47.074; 84.305; 93.136; 93.859

**Federal Award Numbers:** 1257476; R305A150438; P20GM113131;  
14-DG-11242307-142; U01CE002652

**Federal Award Year:** 2014-2019; 2013-2018; 2017- 2018; 2017-2018; 2017-2018

#### **Criteria**

Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy.

The University's "Cost Transfers on Externally Sponsored Programs" policy outlines the requirements for charging costs to the appropriate sponsored program when first incurred but also acknowledges circumstances when it is appropriate to record a transfer. The University's policy defines a cost transfer as a journal entry that transfers an expense onto a federally-funded sponsored award that was previously recorded elsewhere on the University's General Ledger (GL). Further, the University defines a transfer requested more than 90 days after the original posting date as a late cost transfer. The University's policy outlines the documentation requirements for making a cost transfer, which includes answering the following two questions:

- 1) Why was this expense originally charged to the current funding source from which it is now being transferred?
- 2) Why should this charge be transferred to the proposed receiving sponsored fund?

Late cost transfers require additional documentation and approvals under the University's policy.

#### **Conditions Found**

We selected a total of 40 cost transfers and cost allocations — 20 payroll initiated in under 90 days from original date; 16 non-payroll initiated in under 90 days from original date; and 4 non-payroll initiated over 90 days after original date — and noted the following:

- 1) For 1 non-payroll transfer, the original documentation indicated that the transfer was due to a cost over-run and the supporting documentation for the transfer did not address why the cost was allowable to the grant the costs were being moved to. Upon selection of this transfer for testwork,

## UNIVERSITY SYSTEM OF NEW HAMPSHIRE

### Schedule of Findings and Questioned Costs

Year ended June 30, 2018

management followed up with the principal investigator (PI) at which time the PI confirmed the original proposal served as an umbrella for both grants. This confirmation occurred after year end and was not part of the original documentation.

- 2) For 2 non-payroll transfers, we could not determine whether both the PI and the Business Service Center Director (BSC), or designee, had expressly approved the cost transfer as required by the University's policy. Although the PI and BSC individuals may be copied on emails and have the opportunity to reject an expenditure, this opportunity does not equate to approval. Additionally, for one of these transfers, there was no documentation supporting the University's policy to address why the expense was originally charged to the current funding source from which it was being transferred.
- 3) For 2 payroll transfers, the documentation provided did not agree to the selected transfer amount. Additionally, for one of these transfers, there was no documentation supporting the University's policy to address the allowability of the transfer to the new grant award.
- 4) For 1 payroll transfer, the documentation provided in support of the transferred amount did not address why the expense was originally charged to the current funding source from which it was being transferred, as required by the University's policy. Additionally, we could not determine whether both the PI and the BSC or designee had expressly approved the cost transfer as required by the University's policy. Although the PI and BSC may be copied on emails and have the opportunity to reject an expenditure, this opportunity does not equate to approval.

#### ***Cause***

The cause of the condition found appears to be due to a lack of a consistent and formal documentation process. The University's process for requesting transfers for corrections under 90 days is informal and lacks a uniform process for documenting the requirements that its policy requires.

#### ***Possible Asserted Effect***

The possible effect of the condition found is that an inappropriate cost transfer is recorded resulting in unallowable charges to a Federal award. The condition found appears to be systemic in nature and is considered a significant deficiency in internal control.

#### ***Questioned Costs***

\$2,552 relates to item 3 of the finding above.

#### ***Statistical Sampling***

The sample was not intended to be, and was not, a statistically valid sample.

#### ***Repeat Finding***

This was not a finding in the prior year.



## **UNIVERSITY SYSTEM OF NEW HAMPSHIRE**

### **Schedule of Findings and Questioned Costs**

**Year ended June 30, 2018**

#### ***Recommendation***

We recommend that the University review its procedures over cost transfer requests and implement a more formal process for documenting the requirements within its current policy. Specifically, we recommend that the University implement a procedure to ensure the following are explicitly documented: cost transfer is approved by the appropriate reviewer(s) with knowledge that the cost is appropriate and allowable; why the amount being transferred is specifically related to and allowable under the grant; and confirmation that the charge is within the grant's period of performance.

#### ***View of University Officials***

All cost transfers are now being reviewed by UNH Sponsored Programs Administration staff and must be accompanied by appropriate documentation and justification. During FY19 UNH will also work with USNH staff to develop an automated workflow for all cost-transfer entries to ensure they are properly documented and reviewed before being posted into the financial system.

## UNIVERSITY SYSTEM OF NEW HAMPSHIRE

### Schedule of Findings and Questioned Costs

Year ended June 30, 2018

*Reference Number 2018-002:*

<b>Federal Agency:</b>	Various agencies
<b>Program Name:</b>	Research and Development Cluster
<b>CFDA #:</b>	Various CFDA numbers
<b>Federal Award Numbers:</b>	Various award numbers
<b>Federal Award Year:</b>	2017-2018

#### **Criteria**

Non-Federal entities other than States must follow 2 CFR sections 200.313(c) through (e), which require that a physical inventory of the property must be taken and the results reconciled with the property records at least once every two years (2 CFR section 200.313(d)(2)).

#### **Conditions Found**

The University was required to complete its biennial physical inventory count during fiscal year 2018. In lieu of the Finance and Administration Office for the University of New Hampshire (UNH) campus (the VPFA or the Office) conducting an actual physical observation, the VPFA adopted a modified approach and utilized the equipment custodians across the University to verify the location and condition of the equipment. VPFA generated the current property listing from the system-wide equipment management system and then sorted the listing by custodian. Under the modified approach, equipment custodians across the University were emailed and asked for their assistance in completing the biennial inventory. Specifically, they were asked to review the accuracy of the provided equipment listing and provide updates as to each piece's location and condition. A positive response was required from each custodian and VPFA updated the equipment records based on information received and followed up on non-responses. The initial requests were emailed to equipment custodians between March and May in 2018 and responses were due no later than June 30, 2018.

During our testwork over the equipment inventory, we noted the following:

- 1) The design and execution of the modified inventory approach to the physical observation did not encompass a centralized, independent observation (on a full or sample basis) by VPFA, but rather relied upon over 600 equipment custodians for verification. This approach does not allow for proper segregation between the custodians and VPFA.
- 2) The inventory was not completed in a timely manner or within the required two-year period. We selected a sample of 25 pieces of equipment from the year-end inventory list generated by VPFA from the system-wide equipment management system and noted the following: in 9 instances, the requests to the equipment custodians had not been emailed until after June 30, 2018 (between 41 and 71 days after June 30, 2018) and in 5 instances, we noted that the equipment custodian responses were not received until after year-end (between 44 and 78 days after June 30, 2018). As of November 15, 2018, VPFA continued to follow-up on outstanding requests and the inventory was still in progress.

## **UNIVERSITY SYSTEM OF NEW HAMPSHIRE**

### **Schedule of Findings and Questioned Costs**

Year ended June 30, 2018

#### ***Cause***

According to management, the use of the modified inventory approach was due to the temporary reduction in staffing resources in the VPFA office during fiscal year 2018. This resulted in the University utilizing the equipment custodians to verify the equipment in lieu of VPFA conducting a direct count and observation.

#### ***Possible Asserted Effect***

The effect of the condition found is that Federal equipment may not be properly safeguarded, utilized or accounted for. The condition found appears to be systemic in nature and is considered a significant deficiency in internal control.

#### ***Questioned Costs***

None.

#### ***Statistical Sampling***

The sample was not intended to be, and was not, a statistically valid sample.

#### ***Repeat Finding***

This was not a finding in the prior year.

#### ***Recommendation***

We recommend that the University implement control procedures necessary to properly conduct inventory observations in accordance with Federal regulations. These procedures should allow for a more centralized role by VPFA in the process and ensure the inventory is completed within the required two-year period. The University may want to consider implementing a cycle count approach that would make the process more manageable and assist with timeliness of completion.

#### ***View of University Officials***

CFR §200.313 (Equipment) and §200.439 (Equipment and Other Capital Expenditures) require that a physical inventory of the property be taken, and the results reconciled with the property records, at least once every two years. There are no specific requirements regarding how that inventory must be conducted, and no reference requiring that the inventory be completed within a fiscal year.

Due to year-end processing, and the fact that the fixed asset system is unavailable for update until the financial statements are issued, our physical inventory will never be completed until late summer or early fall. Our last physical inventory was completed on August 31, 2016. Approximately 90% of the FY18 inventory confirmations were sent in early June or prior, with the remaining confirmations sent after our vacant Senior Accountant position was filled later in June. The inventory was completed in December 2018. In addition, the FY18 physical inventory for federally-titled equipment (58 items are owned by the federal government but housed on the UNH campus) was conducted by the staff from the VPFA Office rather than departmental custodians.

**UNIVERSITY SYSTEM OF NEW HAMPSHIRE**

Schedule of Findings and Questioned Costs

Year ended June 30, 2018

As of December 2018, vacancies have been filled and UNH will return to our standard process having UNH Finance & Planning staff centrally conduct most of the physical inventories going forward. UNH also uses a cycle approach for some physical inventories and will consider expanding that going forward to create a more regular flow for the inventory work.

## UNIVERSITY SYSTEM OF NEW HAMPSHIRE

### Schedule of Findings and Questioned Costs

Year ended June 30, 2018

*Reference Number 2018-003:*

<b>Federal Agency:</b>	Department of the Interior
<b>Program Name:</b>	Research and Development Cluster
<b>CFDA #:</b>	15.654
<b>Federal Award Numbers:</b>	F15AC01162
<b>Federal Award Year:</b>	2015-2020

#### **Criteria**

##### **Financial Reporting**

2 CFR Section 200.302, *Financial Management*, requires that accurate, current, and complete disclosure of the financial results of each Federal award or program be made in accordance with the reporting requirements set forth in Section 200.327, Financial Reporting.

2 CFR Section 200.303, Internal Controls, requires that nonfederal entities receiving federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal statutes, regulations, and the terms and conditions of the Federal award. The objectives of internal control over the compliance requirements for federal awards are found in 2 CFR Section 200.62 and include ensuring the entity has a process designed to provide reasonable assurance that reliable Federal reports are prepared.

##### **Conditions Found**

The Accounting and Financial Compliance group within the Sponsored Program Administration (SPA) are responsible for preparing and submitting financial reports required by the various grant agreements. Financial staff are responsible for extracting the financial information from the general ledger system, entering it into the report and reviewing their own work prior to submitting the report.

As part of our testwork, we selected a sample of 25 federal financial reports (FFR) and in one instance noted an error in the data that had been submitted. The error was a result of transposing the amounts input into lines 10a and 10b of the federal financial report, resulting in the University reporting that it had \$1,057 cash-on-hand when in fact actual cash disbursements exceeded the amount of federal cash received.

In May 2018, SPA instituted a sampling method for reviewing reports after submission, but this practice was only in place for the last two months of the fiscal year, does not cover all reports and is a detective versus preventive control.

##### **Cause**

The cause of the condition found was a result of human error in inputting data into the Federal report where two numbers were transposed. Additionally, the University does not conduct an independent review, separate from the preparer of Federal reports, prior to submission.

**UNIVERSITY SYSTEM OF NEW HAMPSHIRE**

Schedule of Findings and Questioned Costs

Year ended June 30, 2018

***Possible Asserted Effect***

The effect of the condition found is that Federal reports may be filed that contain inaccurate data. The condition found appears to be systemic in nature and is considered a significant deficiency in internal control.

***Questioned Costs***

None.

***Statistical Sampling***

The sample was not intended to be, and was not, a statistically valid sample.

***Repeat Finding***

This was not a finding in the prior year.

***Recommendation***

We recommend that management implement a preventive control that encompasses a process to review the completeness and accuracy of all filed reports prior to submission and that the reviewer be separate from the preparer of the report.

***View of University Officials***

In accordance with KPMG's recommendation, management has implemented a preventive control that requires the preparer's supervisor to review the federal financial report prior to submission.

## UNIVERSITY SYSTEM OF NEW HAMPSHIRE

### Schedule of Findings and Questioned Costs

Year ended June 30, 2018

*Reference Number 2018-004:*

**Federal Agency:** National Aeronautics and Space Administration (NASA);  
National Science Foundation (NSF)

**Pass-Through Agency:** Southwest Research Institute (SwRI); Johns Hopkins  
University

**Program Name:** Research and Development Cluster

**CFDA # and Program Expenditures:** 43.000; 43.001; 47.050

**Federal Award Numbers:** NNG04EB99C; NNN06AA01C; EAR1331841; NNG11PA03C

**Federal Award Year:** 2011-2019; 2008-2018; 2016-2018; 2013-2019

#### **Criteria**

A pass-through entity (PTE) is responsible for:

- Ensuring that subrecipients expending \$750,000 or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of 2 CFR part 200, subpart F and that the required audits are completed within 9 months of the end of the subrecipient's audit period; (2) issuing a management decision on audit findings within 6 months after receipt of the subrecipient's audit report; and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.
- Evaluating the impact of subrecipient activities on the pass-through entity's ability to comply with applicable Federal regulations.

#### **Conditions Found**

During our testwork over subrecipient monitoring, we selected 25 subrecipients and reviewed the University's procedures for reviewing subrecipient audit reports and issuing management decisions if required. In our sample of 25 subrecipients, 20 were required to have Single Audits, and our testwork results noted the following:

- a) Three of the subrecipients had findings related to the Research and Development Cluster. The University confirmed the subrecipient's audit report contained the required management corrective action plan; however, the University did not 1) issue a management decision within 6 months of receiving the subrecipient audit report; 2) ensure the subrecipient took timely, appropriate, and corrective action; and 3) evaluate the impact of these findings on the University's program.
  - i) For one subrecipient, there was a finding that related to the funding source that was awarded by the University and there were two additional findings that related to compliance areas such as IT access and cash management. Although these two additional findings were not directly associated with the University's funding source, the nature of these findings could extend to other research and development awards and, therefore, have an impact to the University and its Federal awards.

## UNIVERSITY SYSTEM OF NEW HAMPSHIRE

### Schedule of Findings and Questioned Costs

Year ended June 30, 2018

- ii) For one subrecipient, there were two findings that related to cash management and procurement and although not directly associated with the University's funding source, the nature of these findings could extend to other research and development awards and therefore have an impact to the University and its Federal award.
  - iii) For one subrecipient, the details of the findings were not provided in the report due to State confidentiality laws. There was no evidence in the University's monitoring log that the University had obtained additional information to assess whether the findings had an impact to the University and its Federal award.
- b) One of the subrecipients had not had an audit since September 30, 2015. In the last submitted audit the subrecipient had findings related to the funding provided by the University and it was unclear if the University had followed up these findings. It was also unclear if the University has evaluated the impact of these prior findings and the continued funding of this subrecipient and why the subrecipient has been unable to complete a current audit. The University only noted that the subrecipient was working on the fiscal year 2017 audit report and that the report was expected to be available sometime in fiscal year 2019.

#### **Cause**

The cause of the condition found is that management's procedures entail reviewing the subrecipient's corrective action plan that is included in their Single Audit report and not considering it necessary to take further action if the finding(s) are not directly related to their Federal award.

#### **Possible Asserted Effect**

The effect of the condition found is that subrecipient audit findings may impact the University's Federal programs and the University will not have taken appropriate corrective action. The condition found is considered a significant deficiency in internal control.

#### **Questioned Costs**

None.

#### **Statistical Sampling**

The sample was not intended to be, and was not, a statistically valid sample.

#### **Repeat Finding**

This was not a finding in the prior year.



## **UNIVERSITY SYSTEM OF NEW HAMPSHIRE**

### **Schedule of Findings and Questioned Costs**

**Year ended June 30, 2018**

#### ***Recommendation***

We recommend that the University review its policies and procedures and ensure documented subrecipient monitoring procedures are in place for reviewing subrecipient audit reports and taking timely and appropriate follow up actions in accordance with Federal regulations. The University should issue a written management decision to all subrecipient's that have findings that relate to the University (whether directly or indirectly) and then maintain documentation in their files on how the subrecipient corrected the audit findings. Additionally, the University should maintain written documentation on its evaluation on how the subrecipient findings impacted their programs and what follow up may have been taken as a result of that impact. If the subrecipient findings have no impact to the University, the University should document its basis for making these conclusions.

#### ***View of University Officials***

During FY19 the UNH Office of Sponsored Programs Administration will review and update our policy and processes as well as clarify roles and responsibilities for subrecipient monitoring. This will include issuing a written management decision for all subrecipient findings, along with subsequent follow-up.