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November 1, 2025

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Her Excellency, Governor Kelly A. Ayotte
And the Honorable Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

The University System of New Hampshire is submitting its fiscal year 2025 Annual Report for acceptance as required pursuant to RSA 187-A:22 and RSA 187-A:25-a.

EXPLANATION

Pursuant to RSA 187-A:22, enclosed please find the Annual Report for the University System of New Hampshire for Fiscal Year ended June 30, 2025. On page 4 of the report, you will find the Independent Auditor's Report reflecting the unmodified or "clean opinion" issued by CliftonLarsonAllen, our external independent auditors. The report was presented to and accepted by the University System's Board of Trustees on October 24, 2025.

In addition, also attached pursuant to RSA 187-A, 25-a is information provided to the USNH Audit Committee by CliftonLarsonAllen, the University System's external auditors.

Please feel free to contact me with any questions on the report.

Respectfully Submitted,

Karen L. Benincasa
Vice Chancellor for Financial Affairs and Treasurer

Enclosures

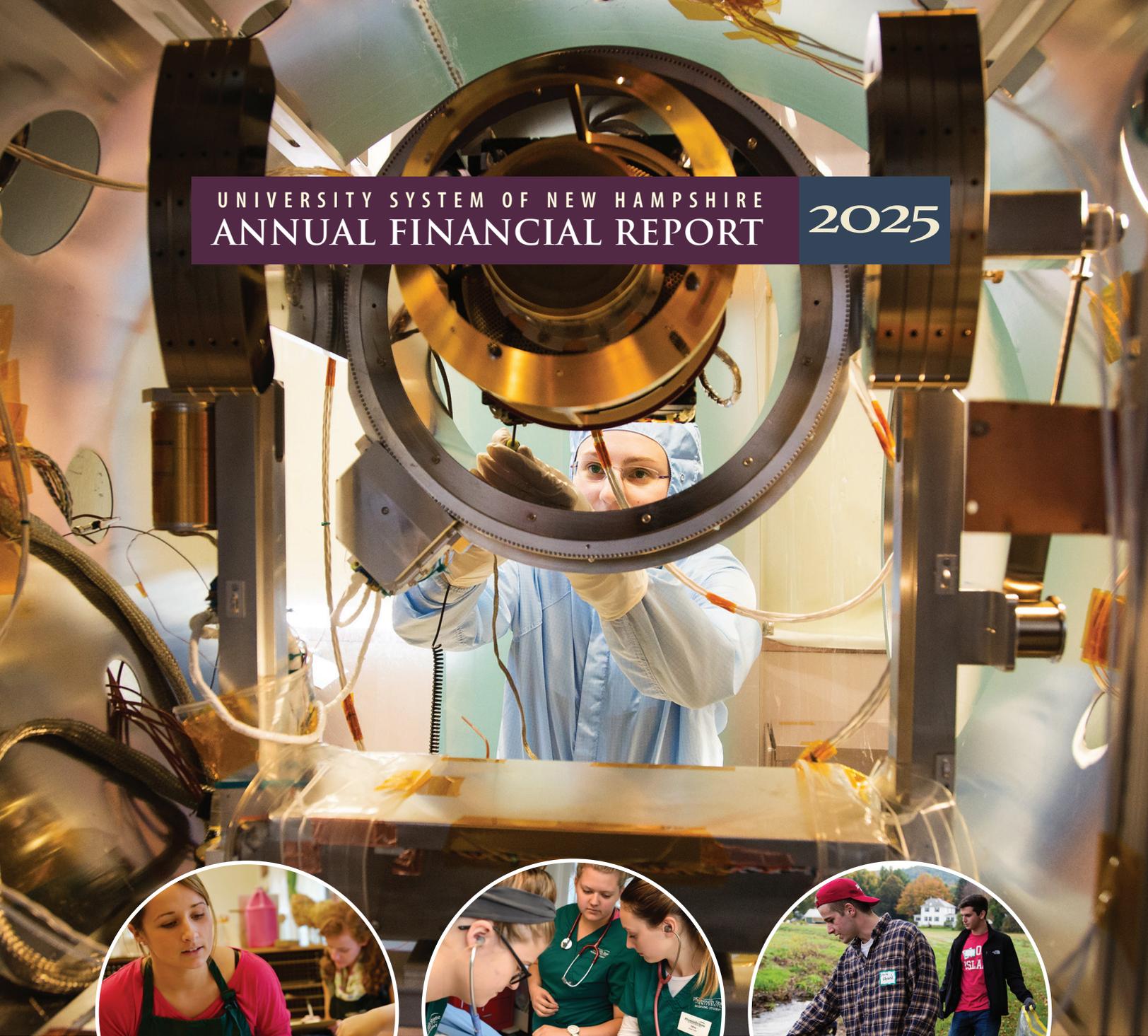
USNH System Office

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28 College Drive
Concord, NH 03301

www.usnh.edu

UNIVERSITY SYSTEM OF NEW HAMPSHIRE
ANNUAL FINANCIAL REPORT

2025



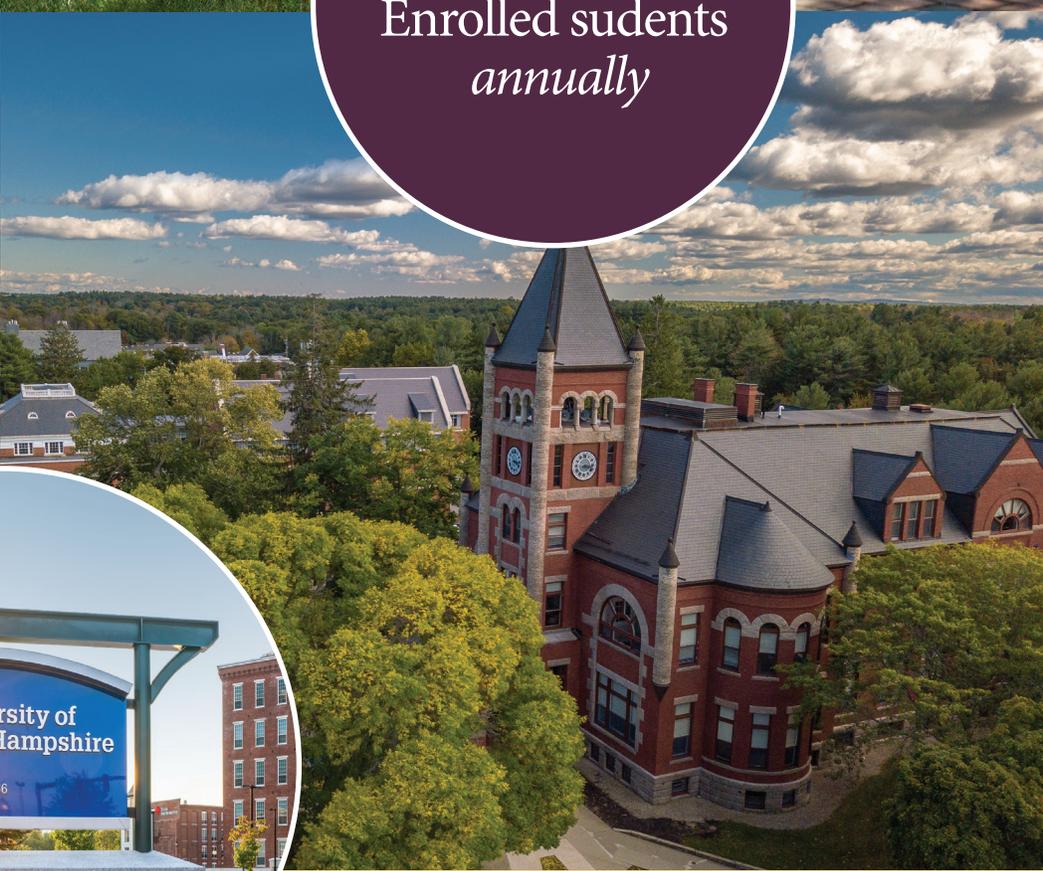
University of
New Hampshire

University System
of New Hampshire



5
Campuses in
New Hampshire

25,000
Enrolled students
annually





90,000
Alumni living
in state

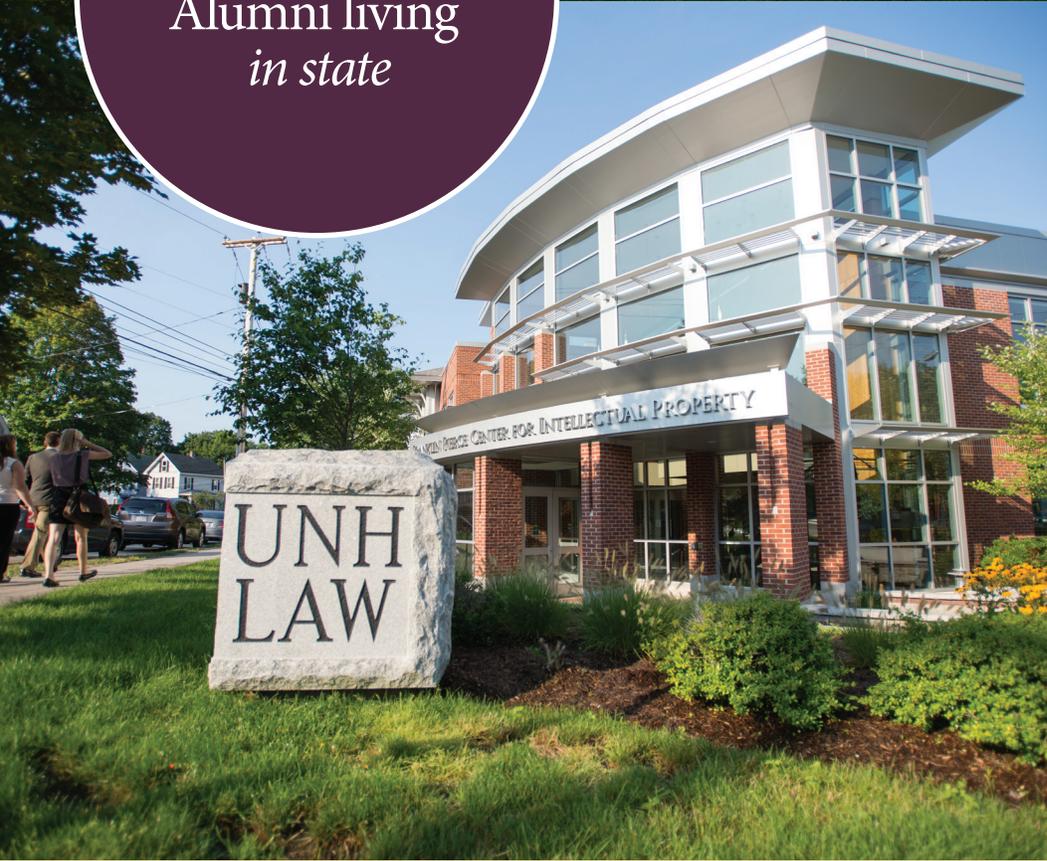


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BOARD OF TRUSTEES



University System
of New Hampshire



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the University System of New Hampshire (the System), a component unit of the state of New Hampshire, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University System of New Hampshire as of June 30, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

The Board of Trustees
University System of New Hampshire

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

The Board of Trustees
University System of New Hampshire

Required Supplementary Information

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

Other Information

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

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



CliftonLarsonAllen LLP

Quincy, Massachusetts
October 23, 2025

Management's Discussion and Analysis

June 30, 2025 and 2024 (Unaudited)

I. Introduction and Overview

The following Management's Discussion and Analysis summarizes the financial condition and results of activities of the University System of New Hampshire (USNH) for the fiscal years ended June 30, 2025 and 2024. This analysis provides a comparison of significant amounts and measures to prior periods and presents currently known material facts, decisions or conditions that will impact the future.

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

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

II. Financial Highlights

A. Revenues

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

Chart 1: 2025 Gross Revenues by Source
Total = \$1+ Billion

(\$ in millions)

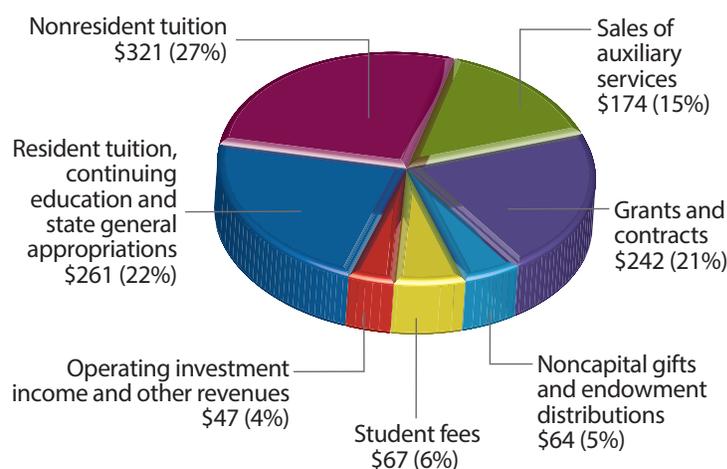
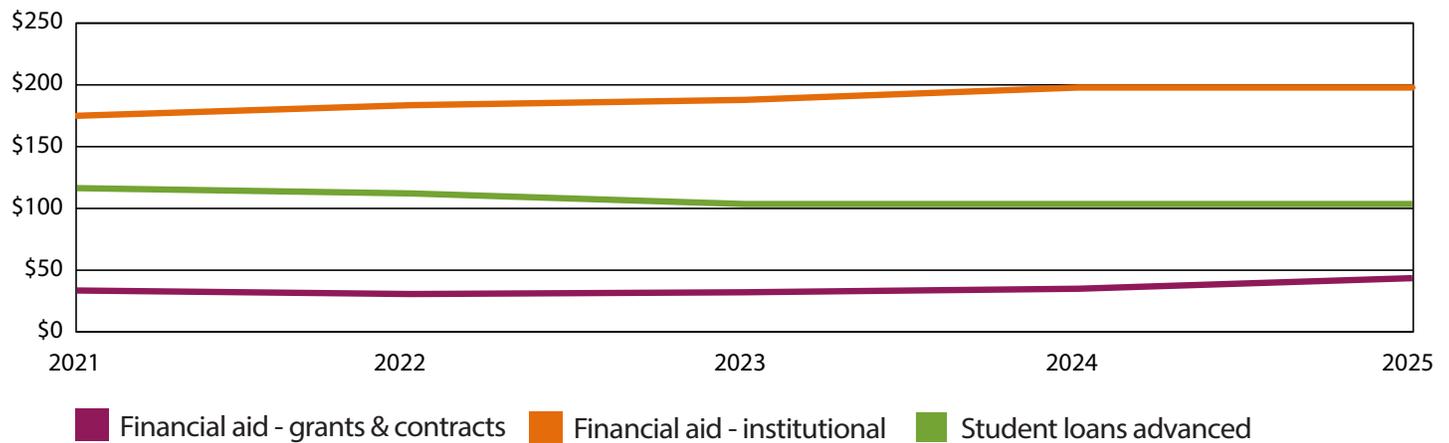


Chart 2: Student Aid Trends

(\$ in millions)



As shown in Chart 2, institutional financial aid expenditures continue to surpass aid provided by student loans issued. USNH has provided \$1.1 billion in direct institutional financial aid to students over the past five years. Approximately \$941 million (84%) of the direct institutional aid was provided by campus general funds, gifts, and athletic programs, and the remaining \$174 million (16%) was from grants. USNH continues to focus on the affordability of its offerings.

As seen in Table 1, full-time equivalent (FTE) student enrollment has declined by 8.1% since fiscal year 2021 for all institutions combined primarily due to the competitive and declining market in New England where approximately 90% of USNH students reside. UNH's strategic priorities are to be among the nation's top public universities in the measures of academic performance with a focus on enhancing student success and wellbeing and

expanding academic and research excellence. UNH is entering year 2 of its 5-year Strategic Enrollment Management plan, designed to supplement existing pipelines with new opportunities. Efforts were undertaken in several areas, including transfer enrollment and reenrolling students who left UNH without a degree.

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

As evidenced by the financial aid growth shown in Chart 2, USNH is committed to ensuring that New Hampshire's students have access to quality education at an affordable price.

Table 1: Full-Time Equivalent Credit Enrollment

For the Fall of Each Fiscal Year

	2021	2022	2023	2024	2025
UNH (all campuses)	16,202	15,735	15,422	15,234	15,291
PSU	4,260	4,086	3,717	3,712	3,577
KSC	<u>3,111</u>	<u>3,003</u>	<u>2,777</u>	<u>2,773</u>	<u>2,786</u>
Total USNH FTEs	<u>23,573</u>	<u>22,824</u>	<u>21,916</u>	<u>21,719</u>	<u>21,654</u>
NH Resident	12,067	11,469	10,683	10,570	10,849
Nonresident	<u>11,506</u>	<u>11,355</u>	<u>11,233</u>	<u>11,149</u>	<u>10,805</u>
Total USNH FTEs	<u>23,573</u>	<u>22,824</u>	<u>21,916</u>	<u>21,719</u>	<u>21,654</u>

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

For the Fall of Each Fiscal Year

	2021	2022	2023	2024	2025
Freshmen applications received	18,797	20,150	21,016	20,887	21,175
Acceptances as % of applications	85%	87%	87%	87%	88%
Enrolled as % of acceptances	16%	16%	16%	14%	14%

* Comparable data for other campuses is available upon request.

The USNH Board of Trustees approved a tuition freeze for undergraduate resident tuition in fiscal years 2021 through 2025, holding rates flat at the fiscal year 2020 level for NH students. As high school enrollment levels in the State of New Hampshire have declined over the past decade and a half, USNH has seen a corresponding decline in in-state enrollment of 10% over the past five years. Regional school-age populations are expected to decrease over time, resulting in more competition for the smaller number of New Hampshire and New England students.

Chart 3 shows USNH's major revenue stream trends for the past five years. As shown in the graph, USNH experienced a reduction in total resident tuition from fiscal year 2021 through 2025 as a result of declining enrollment, while undergraduate tuition rates were held flat during this period. Nonresident tuition increased slightly during this period, despite declining enrollment, as a result of tuition rate increases for this population. During fiscal year 2025, state general appropriations increased 6.7% from fiscal year 2021 to 2025. Additionally, in fiscal year 2024, USNH received a \$6 million State appropriation for the renovation of the Whittemore Center, a project anticipated to be completed in the next couple of years.

B. Expenses

USNH's expenses (including expenses classified as nonoperating under GASB standards) remained relatively flat from fiscal year 2024 to fiscal year 2025, decreasing by \$2.5 million, or 0.3%, compared to fiscal year 2024. Grant and contract related employee compensation and supplies and services decreased \$12.2 million (7.3%) as a result of a reduction in grant-related activities in fiscal year 2025. Excluding grant and contract expenses, all other expenses increased by \$9.8 million (1.3%). Although USNH has been focused on containing costs through increased shared services, academic restructuring, facilities restructuring, and downsizing operations, employee compensation increased primarily related to an increase in medical claims in fiscal year 2025.

Chart 3: Five Year Revenue History

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

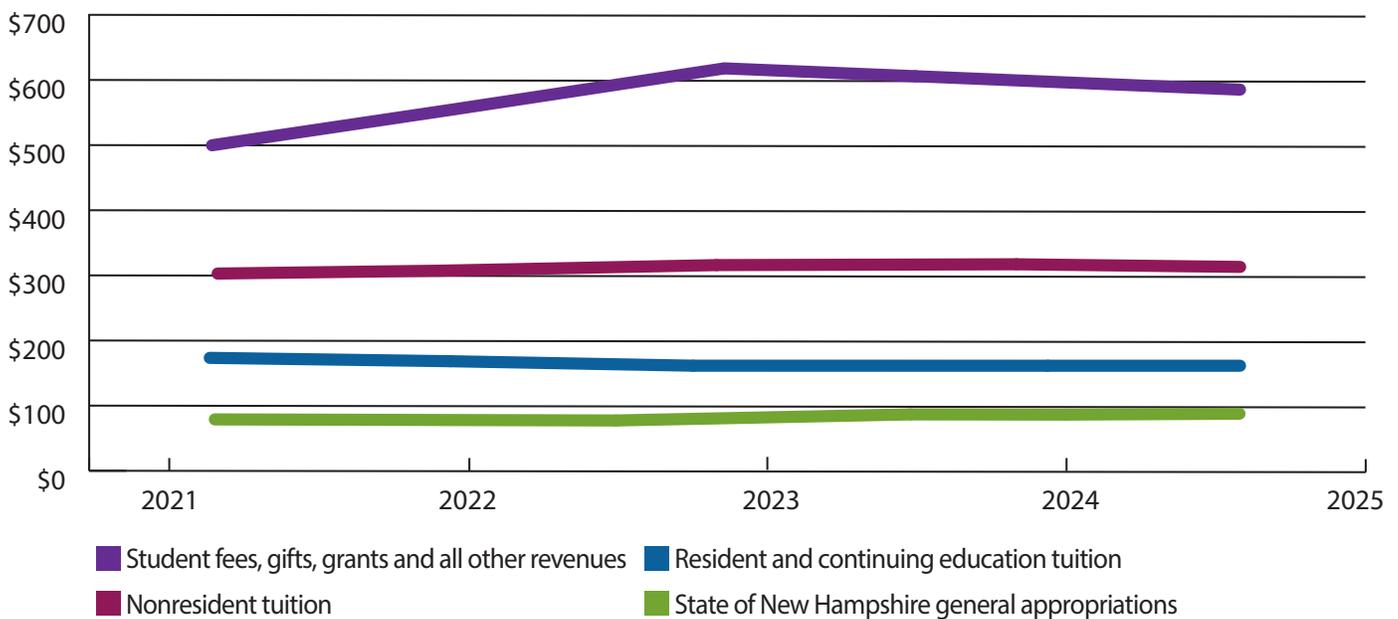


Chart 4: Expenses by Functional Classifications

(\$ in millions)

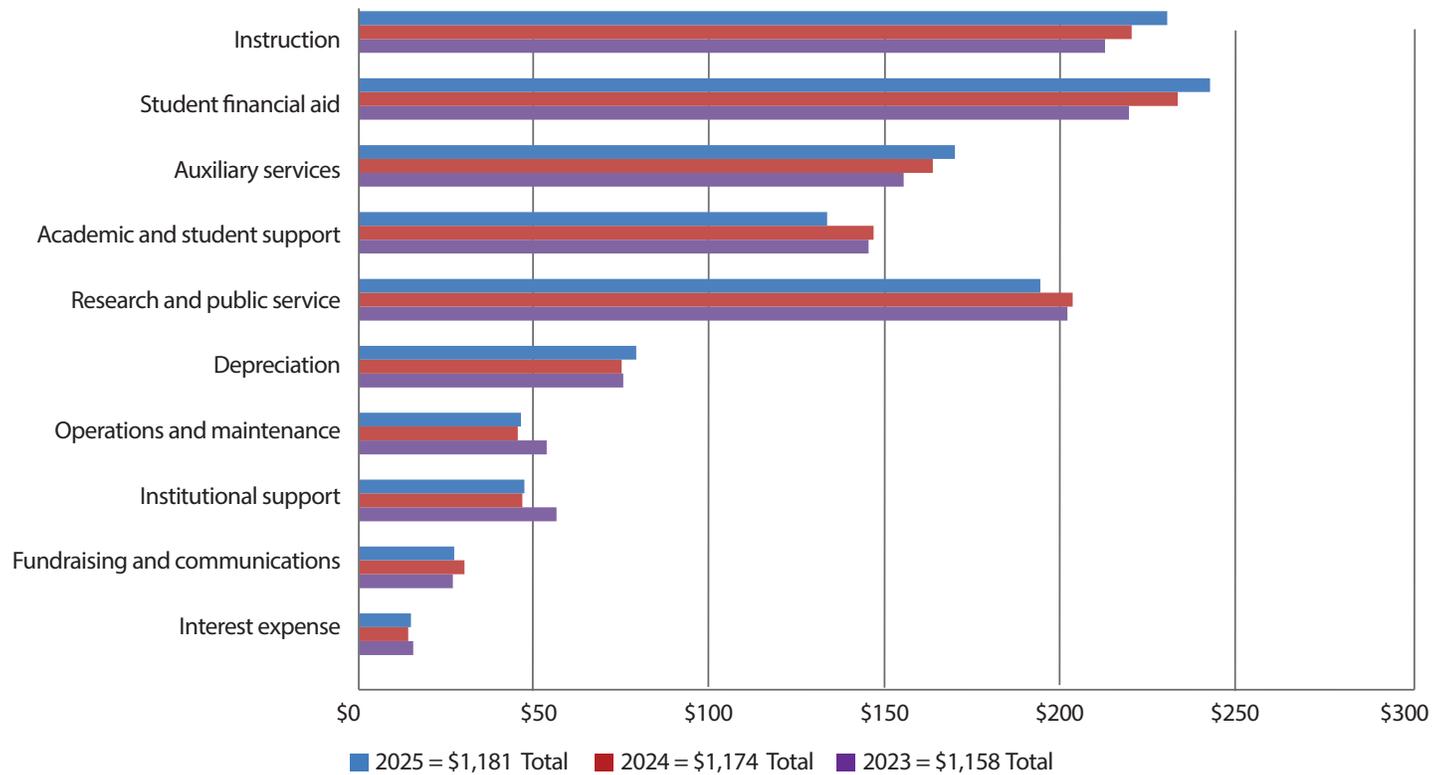


Chart 4 displays USNH's expenses for the past three fiscal years, categorized by function rather than natural classification. Instructional expenses increased due to faculty compensation and fringe benefit costs. Student financial aid continued to increase as noted above. Auxiliary services expenses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

C. Capital Spending

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

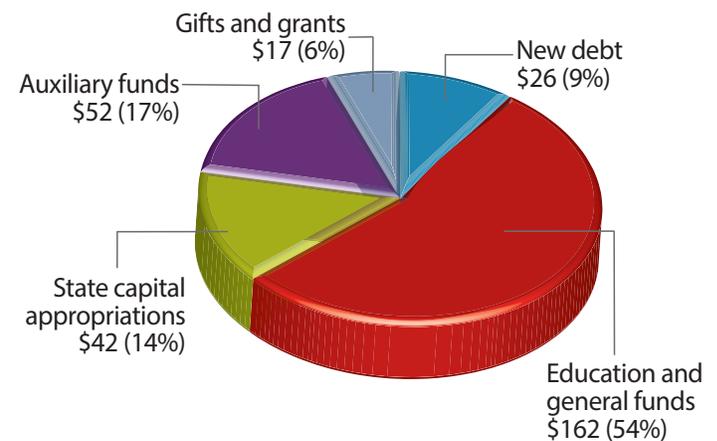
Capital funding decreased by \$5.5 million (10.3%) in fiscal year 2025 compared to fiscal year 2024, due to a strategic reduction in capital spending. Due to limited resources, many buildings on each campus still require improvement. USNH campuses continue to strategically prioritize the available limited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

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

Chart 5: Capital Funding Sources, 2021-2025

Total \$299 Million

(\$ in millions)



D. Investing Activities

Cash and short-term investment balances totaled approximately \$172 million and \$207 million on June 30, 2025 and June 30, 2024, respectively. (See Note 2 to the Financial Statements for additional information on cash, cash equivalents and short-term investments). USNH's long-term investments consist of permanent endowment and quasi-endowment funds. Permanent endowments are those funds received from donors intended to be invested in perpetuity. Quasi-endowments consist of select large, current-use gifts, and unrestricted balances held centrally that have been approved by the Board to be allocated for long-term investment purposes. These amounts are invested in one of three venues, depending on whether the donor contributed to a campus, the UNH Foundation (UNHF), or the Keene Endowment Association (KEA). The investment pools are managed to provide the highest rate of return over the long term given an acceptable level of risk as determined by the responsible fiduciaries. The USNH Consolidated Endowment Pool holds funds for the benefit of all campuses. The UNHF endowment pool holds funds for the benefit of UNH only, and the KEA pool holds funds for the benefit of KSC only. The USNH Board of Trustees has fiduciary responsibility for the USNH Pool, whereas the separate boards of UNHF and KEA have their own investment policies and are responsible for those investments. Table 3 is a summary of USNH's endowment and similar investment values for the past three years.

Table 3: Endowment and Similar Investments Market Value Summary

(\$ in millions)

	As of June 30,		
	2025	2024	2023
USNH Pool	\$ 669	\$623	\$579
UNHF Pool	347	317	289
KEA Pool	26	22	20
Funds held in trust	21	20	18
Life Income/Annuity Funds	<u>7</u>	<u>6</u>	<u>6</u>
	<u>\$1,070</u>	<u>\$988</u>	<u>\$912</u>

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

Distributions from the endowment and trust funds totaled approximately \$44 million in fiscal year 2025 and \$41 million in 2024. Distributions of approximately \$28 million were made from the USNH pool and trusts, along with \$15 million from the UNHF pool and \$873,000 from the KEA pool. Distributions represent a smaller percentage of the USNH pool because USNH holds several quasi-endowment funds held for the future that do not all payout at the approved rates. The net positive returns for fiscal year 2025 and 2024 resulted in a decrease in endowment funds having market values less than the original gift value ("underwater funds"). Of the 1,711 endowment funds maintained in the various endowment pools, three remained underwater at June 30, 2025. This compares to 24 underwater endowment funds at June 30, 2024. The \$1.9 million underwater balance is primarily due to one quasi-endowment that is \$1.7 million underwater due to a donor's wish to increase payout to fund an initiative significantly. (See Notes 4 and 12 for further information on endowment and similar investments).

Table 4: Pooled Endowment Returns

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

III. Using the Financial Statements

A. Statements of Net Position

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

Table 5 shows condensed information from the Statements of Net Position at June 30 for the past five years. Note that we have also included certain condensed information as of June 30, 2025 by campus herein as required by regional accreditation agencies.

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

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

¹ Certain balances restated to reflect the adoption of GASB 87 related to leases.

² Beginning balances were restated to reflect adoption of GASB 96 related to subscriptions.

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

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

In fiscal year 2025, USNH completed a roll forward of the 2024 biennial actuarial valuation according to the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, for our postretirement medical obligations. The result was a decrease of \$2.4 million in deferred outflows of resources, due to a change of assumptions such as discount rate used and updates to mortality assumption tables, offset by amortization.

USNH has large liabilities related to long-term debt, postretirement medical benefits, one-time separation incentives programs, and lease liabilities. Bond and lease principal payments ranged from \$24 million to \$13 million for fiscal years 2021 through 2025. The postretirement obligations represent the actuarially determined value of medical benefits provided to certain current and former employees for various periods, including the remaining life of the participants in some cases. (See Notes 6 and 7 to the Financial Statements for additional information in this regard). The other liabilities balance above includes accounts payable, accrued employee benefits, government advances refundable under the Perkins Loan Program, Long-term leases and unearned revenue. The decrease in long-term debt is due to \$19 million in principal payments made and amortization of the bond premium in fiscal year 2025.

Net position is reported in three categories. The net invested in capital assets amount represents the historical cost of property and equipment reduced by total accumulated depreciation and the balance of related debt outstanding for certain auxiliary buildings. Restricted financial resources include balances of current and prior year gifts for specified purposes such as scholarships or academic programs, as well as campus endowment balances which were required to be invested in perpetuity by the original donors (\$369 million and \$352 million at June 30, 2025 and 2024, respectively). Unrestricted financial resources represent net assets that are available for any future use without legal restriction. (See Note 14 to the Financial Statements for further details on the components of net position). A breakdown of asset, liability, and net position balances by campus as of June 30, 2025 is shown in Table 5A.

**Table 5A: Condensed Information from the Statement of Net Position as of June 30, 2025
Presented by Campus**

(\$ in millions)

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

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

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

Table 6 shows condensed information from the Statements of Revenues, Expenses and Changes in Net Position for the five years ended June 30, 2025.

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

Net tuition and fees decreased primarily because of lower undergraduate enrollment and higher student financial need. Student financial aid has increased

\$35 million (16.8%) over the past five years. Operating grants and contracts decreased due to a decrease in grants awarded to UNH from the US government, the State of New Hampshire, and other entities.

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

Endowment gifts totaled \$16 million in fiscal year 2025 and \$10 million in fiscal year 2024. The investment return after distributions resulted in gains of \$65 million in fiscal years 2025 and 2024. The increase (decrease) in net position before other changes reflect USNH's operating margin each year. USNH's operating margin for fiscal year 2025 was (\$7 million) and \$12 million for fiscal year 2024. This is due to student financial aid increase of \$9 million while tuition stayed flat compared to fiscal year 2024 as well as increase in medical claims (\$12 million) during fiscal year 2025.

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

(\$ in millions)

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

Table 6A provides condensed information from the Statements of Revenues, Expenses and Changes in Net Position presented by campus for the year ended June 30, 2025.

Table 6A: Condensed Information from the Statement of Revenues, Expenses and Changes in Net Position for the Year Ended June 30, 2025 Presented by Campus

(\$ in millions)

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

C. Statements of Cash Flows

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

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

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

These statements provide information about cash collections and cash payments made by USNH each year. The statements are designed to help readers assess our ability to generate the cash flows necessary to meet current and future obligations. Cash flows from operating activities will always be different than the operating results on the Statements of Revenues, Expenses and Changes in Net Position because of the inclusion of noncash items, such as depreciation expense, and because the latter statement is prepared on the accrual basis of accounting, meaning that it shows revenues when earned and expenses incurred. The decrease in cash flows from operating and non-capital financing activities is primarily related to a reduction in grant receipts primary due to related increase in grants receivable at June 30, 2025, as well as an increase in employee compensation costs. The net cash used in capital financing activities for fiscal year 2025 decreased primarily due to a decrease in state capital funding as the biennium came to a close and the majority of the two year appropriation was received in fiscal year 2024. The cash provided by investing activities in fiscal year 2025 increased from the prior year, primarily due to net investment proceeds attributable to an increase in realized gains.

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

USNH faces demographic challenges with declining birth rates and an aging population in New Hampshire. Additionally, the higher education market in New England is highly competitive due to a shrinking market and limited ability to increase prices or decrease student financial aid.

Pursuant to State of NH Chapter 140 Laws of 2025, the state operating appropriations authorized for USNH for the fiscal year 2026/2027 biennium are \$87 million for fiscal year 2026 and \$77 million for fiscal year 2027, which is a reduction of approximately 15% over the biennium and FY27 is a reduction of 19% from fiscal year 2025 appropriations of \$95 million.

USNH continues to evaluate and update the future systemwide and institutional vision and related strategies, which include plans to restructure academic and administrative activities to align costs with lower revenue expectations in the coming years. This includes investing in strategic initiatives in the areas of technology, enrollment, and facilities/infrastructure investments. As stated earlier, USNH has implemented the Workday Finance and Human Resources modules as of January 1, 2025, and plans to implement the Workday Student modules in 2027. USNH remains committed to affordability and student success through financial aid and academic restructuring. USNH continues to focus on multi-year planning to address the demographic and market changes ahead.

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

University System of New Hampshire

Statements of Net Position

(\$ in thousands)

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

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

See accompanying notes to the financial statements.

University System of New Hampshire

Statements of Cash Flows

(\$ in thousands)

	For the year ended June 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from tuition and fees, net of student financial aid	\$317,485	\$ 324,984
Receipts from sales of auxiliary services	173,987	173,446
Receipts from grants, contracts and other operating revenues	243,953	267,792
Payments to employees	(430,598)	(423,843)
Payments for employee benefits	(159,186)	(145,832)
Payments for supplies, services and utilities	(268,183)	(292,075)
NET CASH USED IN OPERATING ACTIVITIES	(122,542)	(95,528)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State general appropriations	95,000	98,118
Federal Pell and other nonoperating grants	28,880	24,561
Noncapital gifts	21,205	15,571
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	145,085	138,250
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
State appropriations for plant projects	3,064	14,859
Plant gifts and grants	4,828	6,767
Endowment gifts	16,174	9,997
Proceeds from issuance of debt, sale of capital assets	624	5,126
Principal payments	(25,416)	(21,944)
Interest payments	(16,305)	(13,549)
Purchases and construction of capital assets	(96,107)	(125,039)
Retirement of debt through defeasance	-	-
NET CASH USED IN CAPITAL FINANCING ACTIVITIES	(113,138)	(123,783)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	550,922	409,094
Purchases of investments	(501,645)	(376,309)
Investment income	18,688	17,851
NET PROVIDED BY INVESTING ACTIVITIES	67,965	50,636
DECREASE IN CASH AND EQUIVALENTS	(22,630)	(30,425)
BEGINNING CASH AND CASH EQUIVALENTS	52,178	82,603
ENDING CASH AND CASH EQUIVALENTS	\$ 29,548	\$ 52,178
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	\$(192,963)	\$ (171,304)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	78,671	74,549
Changes in assets and liabilities:		
Accounts receivable, net	(2,443)	3,182
Notes receivable	(323)	(108)
Lease receivable	(55)	3
Prepaid expenses and other current assets	1,456	(2,238)
Accounts payable and accrued expenses	(1,533)	(2,814)
Deposits and unearned revenues	4,826	5,287
Accrued employee benefits	(10,178)	(2,085)
NET CASH USED IN OPERATING ACTIVITIES	\$(122,542)	\$(95,528)
SIGNIFICANT NONCASH TRANSACTIONS		
Endowment return, net of amount used for operations	\$ 65,023	\$ 65,325
Loss on disposal of capital assets	(729)	(8,566)
Construction services payable balance	11,145	13,514

See accompanying notes to the financial statements.

Notes to the Financial Statements

June 30, 2025 and 2024

1. Summary of significant accounting policies and presentation

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

Affiliated entities and related parties

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

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

Basis of accounting

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

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

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

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

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

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

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

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

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

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

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

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

Unconditional pledges of non-endowment gifts are presented net of estimated amounts deemed uncollectible after discounting to the present value of expected future cash flows. Because of uncertainties regarding their realization and valuation, bequest intentions and other conditional promises are not recognized as assets until the specified conditions are met. In accordance with GASB requirements, endowment pledges expected to be received over the next ten years, totaling \$14,942,000 and \$7,620,000 at June 30, 2025 and 2024, respectively, have not been reported in the accompanying financial statements. USNH generally uses restricted funds first when an expense is incurred where both restricted and unrestricted funds are available.

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

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

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

	Balances and Terms as of June 30, 2025					Balances and Terms as of June 30, 2024				
	Cash	Cash Equivalents and Short-Term Investments		Total	Weighted Average Maturity	Cash	Cash Equivalents and Short-Term Investments		Total	Weighted Average Maturity
		Level 1	Level 2				Level 1	Level 2		
Cash balance	\$24,306	\$ –	\$ –	\$ 24,306		\$31,776	\$ –	\$ –	\$ 31,776	
Money market funds	–	5,242	–	5,242	Less than 1 year	–	20,402	–	20,402	Less than 1 year
Subtotal cash and cash equivalents	24,306	5,242	–	29,548		31,776	20,402	–	52,178	
Money market funds	–	25,625	–	25,625	Less than 1 year	–	27,129	–	27,129	Less than 1 year
Domestic equity	–	679	–	679	Less than 1 year	–	588	–	588	Less than 1 year
Mutual Funds	–	116,348	–	116,348	1-5 years	–	127,579	–	127,579	1-5 years
Convertible note	–	–	57	57	1-5 years	–	–	57	57	1-5 years
Subtotal short-term investments	–	142,652	57	142,709		–	155,296	57	155,353	
Total cash, cash equivalents and short-term investments	\$24,306	\$147,894	\$57	\$172,257		\$31,776	\$175,698	\$57	\$207,531	

New reporting standards

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

2. Cash, cash equivalents and short-term investments

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

Cash equivalents represent amounts invested to satisfy current operating liabilities and include repurchase agreements, money market funds and other mutual funds. Repurchase agreements are limited to overnight investments only. Short-term investments are highly liquid amounts held to support specific current liabilities. Short-term investments are generally uninsured and uncollateralized against custodial credit risk, and the related mutual funds are not rated. Cash and cash equivalents totaled \$29,548,000 and \$52,178,000 at June 30, 2025 and 2024, respectively, and short-term investments totaled \$142,709,000 and \$155,353,000 at June 30, 2025 and 2024, respectively. See Note 4 for additional information on fair value classifications.

3. Accounts, pledges, notes, and lease receivable

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

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

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

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

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

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

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

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

See Note 9 for additional information on leases.

4. Investments

USNH's investment policy and guidelines specify permitted instruments, duration and required ratings for pooled endowment funds. The policy and guidelines are intended to mitigate risk on investments individually and in the aggregate while maximizing total returns and supporting intergenerational equity of spending levels. Illiquid investments are limited to 25% of the USNH consolidated endowment pool. Credit risk is mitigated by due diligence in the selection and continuing review of investment managers as well as diversification of both investment managers and underlying investments. Except in unusual circumstances, no more than 15% of total portfolio assets may be invested in any one actively managed strategy. If an investment manager is retained to manage more than one strategy, that manager will be limited to 20% of total portfolio assets. Passively managed investment strategies will not be limited within the portfolio, however, any one manager of passive strategies will be limited to 20% of total portfolio assets. Any manager positions exceeding these limits will be reviewed by the Advisor who will take the appropriate course of action to bring active manager exposures back in line with the concentration limit. Private global equity investments are limited to 25% of the endowment pool with a policy range of 0% - 25%. No USNH endowment investments were denominated in foreign currencies as of June 30, 2025 or June 30, 2024.

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

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

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

Level 3 — Value based on unobservable inputs for an asset

In determining fair value of investment assets, USNH utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. As a practical expedient to estimate the fair value of USNH's interests, certain investments in commingled funds and limited partnerships are reported at the net asset value (NAV) determined by the respective fund managers, without adjustment when assessed as reasonable by USNH, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. Because these investments are not readily marketable, their estimated fair values may differ from the values that would have been assigned had a ready market for such investments existed, and such differences could be material. As of June 30, 2025 and 2024, USNH had no plans or intentions to sell such investments at amounts different from NAV. Investments reported at NAV as a practical expedient are not categorized in the fair value hierarchy.

The endowment and similar investment holdings of the campuses and affiliated entities as of June 30, 2025 and 2024, respectively, are summarized below (\$ in thousands):

	Campuses		Affiliated Entities	
	2025	2024	2025	2024
Pooled endowments:				
Campuses	\$668,159	\$623,124	\$ —	\$ —
UNH Foundation	—	—	347,140	316,767
Keene Endowment Association	—	—	26,325	21,968
Life income and annuity funds	86	83	6,694	6,416
Funds held in trust	21,328	19,623	—	—
Total	<u>\$689,573</u>	<u>\$642,830</u>	<u>\$380,159</u>	<u>\$345,151</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, venture capital, and distressed security strategies. Real asset funds generally hold interests in private real estate. Fixed income securities had maturities up to 12 years at both June 30, 2025 and 2024 and carried ratings ranging from Aaa to Baa3 as of June 30, 2025 and 2024. The mutual fund investments held in the endowment pools are not rated.

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

	Balances as of June 30, 2025					Balances as of June 30, 2024				
	Investments Classified in Fair Value Hierarchy			Investments Measured at NAV	Total	Investments Classified in Fair Value Hierarchy			Investments Measured at NAV	Total
	Level 1	Level 2	Level 3			Level 1	Level 2	Level 3		
Endowment and similar investments – campuses										
Domestic equity	\$ 80,142	\$ –	\$ –	\$ 104,923	\$ 185,065	\$ 76,261	\$ –	\$ –	\$ 108,404	\$ 184,665
Global equity	–	–	–	47,615	47,615	–	–	–	41,289	41,289
Global fixed income	65,351	–	–	–	65,351	51,688	–	–	–	51,688
Hedge funds:										
Distressed/Restructuring	–	–	–	34,187	34,187	–	–	–	14,967	14,967
Equity Hedge	–	–	–	43,804	43,804	–	–	–	34,337	34,337
Event-Driven	–	–	–	69,753	69,753	–	–	–	68,393	68,393
Fund of Funds	–	–	–	38	38	–	–	–	47	47
Inflation hedging assets	11,773	–	–	–	11,773	9,409	–	–	11,226	20,635
International equity	62,673	–	–	29,906	92,579	38,612	–	–	47,167	85,779
Money market	10,405	–	–	–	10,405	18,398	–	–	–	18,398
Private equity & non-marketable real assets	–	–	–	107,674	107,674	–	–	–	103,009	103,009
Trust funds	–	21,329	–	–	21,329	–	19,623	–	–	19,623
Total endowment and similar investments – campuses	<u>\$230,344</u>	<u>\$21,329</u>	<u>\$ –</u>	<u>\$437,900</u>	<u>\$689,573</u>	<u>\$194,368</u>	<u>\$19,623</u>	<u>\$ –</u>	<u>\$428,839</u>	<u>\$642,830</u>
Endowment and similar investments – affiliated entities										
Domestic equity	\$ 27,347	\$ –	\$ –	\$ 61,738	\$ 89,085	\$ 25,940	\$ –	\$ –	\$ 73,756	\$ 99,696
Global equity	624	–	–	92,359	92,983	390	–	–	69,729	70,119
Global fixed income	9,614	17,381	1,718	–	28,713	10,521	16,092	1,649	–	28,262
Hedge funds:										
Distressed/Restructuring	–	–	–	14,585	14,585	–	–	–	9,462	9,462
Equity Hedge	–	–	–	18,027	18,027	–	–	–	13,509	13,509
Event-Driven	–	–	–	16,699	16,699	–	–	–	19,519	19,519
Inflation hedging assets	17,871	–	–	–	17,871	16,675	–	–	–	16,675
International equity	29,676	–	–	11,299	40,975	25,536	–	–	12,842	38,378
Money market	9,891	–	–	–	9,891	5,682	–	–	–	5,682
Private equity & non-marketable real assets	–	–	–	51,330	51,330	–	–	–	43,849	43,849
Total endowment and similar investments – affiliated entities	<u>\$ 95,023</u>	<u>\$17,381</u>	<u>\$1,718</u>	<u>\$266,037</u>	<u>\$ 380,159</u>	<u>\$ 84,744</u>	<u>\$16,092</u>	<u>\$1,649</u>	<u>\$242,666</u>	<u>\$345,151</u>
Total endowment and similar investments	<u>\$325,367</u>	<u>\$38,710</u>	<u>\$1,718</u>	<u>\$703,937</u>	<u>\$1,069,732</u>	<u>\$279,112</u>	<u>\$ 35,715</u>	<u>\$1,649</u>	<u>\$671,505</u>	<u>\$987,981</u>

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

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

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

Liquidity Terms as of June 30, 2025								
	Daily	Monthly	Quarterly	Semi-Annually	Annually	illiquid	Total	Redemption Notice Period
Endowment and similar investments – campuses								
Money market	\$ 10,405	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 10,405	Daily
Global fixed income	65,351	–	–	–	–	–	65,351	Daily
Inflation hedging assets	11,773	–	–	–	–	–	11,773	Daily
International equity	62,673	29,906	–	–	–	–	92,579	1-5 days
Domestic equity	80,142	–	104,923	–	–	–	185,065	1-60 days
Global equity	–	35,243	–	–	–	12,372	47,615	10 days, illiquid
Hedge funds:								
Equity Hedge	9,129	–	16,955	–	–	17,720	43,804	1-60 days, illiquid
Event-Driven	9,624	–	15,339	44,790	–	–	69,753	1-90 days
Distressed/Restructuring	–	–	13,694	–	10,237	10,256	34,187	75 days, illiquid
Fund of Funds	–	–	–	–	–	38	38	illiquid
Private equity & non-marketable real assets	–	–	–	–	–	107,674	107,674	illiquid
Funds held in trust	–	–	–	–	–	21,329	21,329	illiquid
Total endowment and similar investments – campuses	\$249,097	\$65,149	\$150,911	\$44,790	\$10,237	\$169,389	\$ 689,573	
Endowment and similar investments – affiliated entities								
Money market	\$ 9,891	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 9,891	Daily
Inflation hedging assets	17,871	–	–	–	–	–	17,871	Daily
International equity	40,975	–	–	–	–	–	40,975	Daily
Global fixed income	26,995	–	–	–	–	1,718	28,713	Daily, illiquid
Global equity	49,060	20,657	23,266	–	–	–	92,983	1-30 days
Domestic equity	27,347	11,495	50,243	–	–	–	89,085	1-60 days
Hedge funds:								
Equity Hedge	–	–	18,027	–	–	–	18,027	30-45 days
Event-Driven	–	–	1,535	15,090	74	–	16,699	65-90 days
Distressed/Restructuring	–	–	–	–	6,385	8,200	14,585	90 days, illiquid
Private equity & non-marketable real assets	–	–	–	–	–	51,330	51,330	illiquid
Total endowment and similar investments - affiliated entities	\$172,139	\$32,152	\$93,071	\$15,090	\$6,459	\$61,248	\$380,159	
Total endowment and similar investments	\$421,236	\$97,301	\$243,982	\$59,880	\$16,696	\$230,637	\$1,069,732	
Liquidity Terms as of June 30, 2024								
	Daily	Monthly	Quarterly	Semi-Annually	Annually	illiquid	Total	Redemption Notice Period
Endowment and similar investments – campuses								
Money market	\$ 18,398	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 18,398	Daily
Global fixed income	51,688	–	–	–	–	–	51,688	Daily
International equity	60,524	25,255	–	–	–	–	85,779	1-10 days
Inflation hedging assets	9,409	11,226	–	–	–	–	20,635	1-15 days
Domestic equity	76,261	–	108,403	–	–	–	184,664	1-60 days
Global equity	–	30,170	10,885	–	–	–	41,055	30 days
Hedge funds:								
Equity Hedge	11,093	–	23,244	–	–	–	34,337	30-60 days
Event-Driven	11,380	–	13,797	43,216	–	–	68,393	60-90 days
Distressed/Restructuring	–	–	–	–	14,967	–	14,967	90 days
Fund of Funds	–	–	–	–	–	47	47	illiquid
Private equity & non-marketable real assets	–	–	–	–	–	103,244	103,244	illiquid
Funds held in trust	–	–	–	–	–	19,623	19,623	illiquid
Total endowment and similar investments – campuses	\$238,753	\$66,651	\$156,329	\$43,216	\$14,967	\$122,914	\$642,830	
Endowment and similar investments – affiliated entities								
Money market	\$ 5,682	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 5,682	Daily
Inflation hedging assets	16,675	–	–	–	–	–	16,675	Daily
Global fixed income	26,613	–	–	–	–	1,649	28,262	Daily, illiquid
Global equity	22,011	27,638	20,470	–	–	–	70,119	1-60 days
Domestic equity	33,916	10,375	55,405	–	–	–	99,696	1-60 days
International equity	35,367	–	3,011	–	–	–	38,378	1-90 days
Hedge funds:								
Equity Hedge	–	–	13,509	–	–	–	13,509	30-60 days
Event-Driven	–	–	5,800	13,367	352	–	19,519	60-90 days
Distressed/Restructuring	–	–	–	–	9,462	–	9,462	90 days
Private equity & non-marketable real assets	–	–	–	–	–	43,849	43,849	illiquid
Total endowment and similar investments - affiliated entities	\$140,264	\$38,013	\$98,195	\$13,367	\$9,814	\$45,498	\$345,151	
Total endowment and similar investments	\$379,017	\$104,664	\$254,524	\$56,583	\$24,781	\$168,412	\$987,981	

5. Capital assets

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

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

Contractual obligations for major construction projects totaled approximately \$19,674,000 and \$65,379,000 at June 30, 2025 and 2024, respectively. See Note 9 for additional information on intangible right to use assets.

6. Accrued employee benefits

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

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

The **Additional Retirement Contribution** program is a single employer plan administered by USNH and offered to eligible employees hired between July 1, 1994 and June 30, 2011. Under this plan, staff meeting certain voluntary defined benefit plan contribution levels receive an additional 1% of their salary contributed to their defined contribution retirement plan (see below) by USNH in lieu of post-retirement medical benefits. Employees meeting certain service guidelines prior to July 1, 1994 are also eligible for a guaranteed minimum employer retirement contribution of \$10,000 plus an additional \$1,000 for each year of service in excess of 20 years less 1% of the participant's salary account. There were 115 and 126 active employees meeting the requirements for the guaranteed minimum employer contribution as of June 30, 2025 and 2024, respectively.

The calculations for the Additional Retirement Contribution program are based on the benefits provided by the program at the time of the last biennial actuarial valuation, December 31, 2023, and were developed using the Entry Age Normal Actuarial Cost Method. The discount rate used in determining the accrued liabilities was 4.08% and 3.26% for 2025 and 2024, respectively, based on Bond Buyer 20-Bond General Obligation index rate as of the measurement date. Inflation rates of 2.5% and salary increase rates of 3% were used to determine the liability along with the PubG.H-2010 General Employee Headcount-weighted Mortality Table projected generationally with Scale MP-2021. USNH accrued \$887,000 and \$976,000 at June 30, 2025 and 2024, respectively, for the related obligations. If the discount rate were to increase by 1%, the total liability at June 30, 2025 and 2024 would be \$862,000 and \$944,000, respectively. Similarly, if the discount rate were to decrease by 1%, the total liability at June 30, 2025 and 2024 would be \$912,000 and \$1,008,000, respectively. The Additional Retirement Contribution program expense was \$0 and (\$24,000) for fiscal years 2025 and 2024, respectively.

USNH had designated cash assets to fully fund the Additional Retirement Contribution obligations at June 30, 2025 and 2024. These assets are not administrated through a trust. The Additional Retirement Contribution program is not available to employees hired after June 30, 2011. Eligible employees hired after June 30, 2011 may elect to participate in USNH's defined contribution retirement plans administered by others. Retirement contributions by USNH for employees enrolled in the defined contribution plans range from 4% to 10% of eligible salaries for enrolled participants. USNH additions to the defined contribution plans totaled \$27,799,000 and \$27,838,000 in 2025 and 2024, respectively. Retirement contributions by plan members totaled \$27,799,000 and \$29,591,000 in 2025 and 2024, respectively.

Early retirement and employee separation incentive programs were provided to various faculty and staff during 2025 and 2024. Such incentives include stipends, as well as medical, educational, and other termination benefits. The future cost associated with these incentive options is accrued as of the date of acceptance into the program. The liability balances of \$2,557,000 and \$3,434,000 at June 30, 2025 and 2024 represent obligations for 32 and 38 participants, respectively, which will be remitted in fiscal years 2026 and 2027.

USNH Board of Trustees approved voluntary separation incentive programs for reduction of force for 2021. Such incentives include salary continuation, year of service stipends, and medical benefits. As of June 30, 2024, the liability balance for these programs was \$7,217,000. The liability balance of \$1,306,000 at June 30, 2025, represents obligations for 126 participants, which will be remitted in fiscal years 2026 through 2027.

USNH sponsors other benefit programs for its employees, including long-term disability, workers' compensation, and compensated absences. Long-term disability payments are provided through an independent insurer. The associated medical benefits are accrued and paid by USNH until age 65, at which point the postretirement medical plan takes over, if applicable. Workers' compensation

of chronic workers' compensation cases will require stipends and regular employee medical benefits for life. Coverage for such claims is provided through an independent insurer. USNH also accrues amounts for compensated absences as earned. These accrued balances at June 30 represent vacation and earned time amounts payable to employees upon termination of employment.

USNH is self-insured for a portion of certain risks, including workers' compensation, employee long-term disability, and certain student health insurance claims. Most employee and retiree medical and dental coverage provided by USNH is also self-insured. The costs of self-insured medical and dental claims and administrative fees totaled \$94,168,000 and \$76,984,000 for fiscal year 2025 and 2024, respectively. These amounts include \$4,814,000 and \$3,890,000 for estimated claims incurred but not reported as of June 30, 2025 and 2024, respectively.

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

In addition to the benefits accruals included above, USNH created and fully funded a trust to hold assets set aside for its **Operating Staff Retirement Plan** on June 29, 2017. The related asset and liability values are not included in the financial statements. The related investment balances as of June 30, 2025 and 2024 are summarized below *\$ in thousands*:

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

The plan has been closed to new participants since 1987. At June 30, 2025, there were approximately 129 current annuitants and three participants with deferred benefits, all fully vested. This compares to 138 current annuitants and three participants with deferred benefits as of June 30, 2024. The determination of total pension liabilities for this program was based on actuarial calculations completed by the plan trustee as of June 30, 2025 and 2024. The calculations were developed using the Entry Age Normal Actuarial Cost Method and the PubG-2010 Total Dataset with MP-2021 mortality tables. The discount rate used was 5.5% in both years based on the long-term expected rate of return on the related investments. The plan fiduciary net position was \$5,608,000 as of June 30, 2025 and \$5,457,000 as of June 30, 2024 which resulted in the recording of a net pension asset of \$1,510,000 and \$1,399,000 for fiscal years 2025 and 2024, respectively. The actuarially determined liability for the program was \$4,097,000 as of June 30, 2025 and \$4,058,000 as of June 30, 2024. If the discount rate were to increase by 1%, the net pension asset at June 30, 2025 would be \$1,804,000. Similarly, if the discount rate were to decrease by 1%, the net pension asset at June 30, 2025 would be \$1,171,000. The plan expense was \$53,000 and (\$17,000) for fiscal years 2025 and 2024, respectively.

accruals include amounts for medical costs and annual stipends. A small number

7. Postretirement medical benefits

The primary defined benefit postretirement medical plan has two components. The first offering known as the Medicare Complementary Plan (MCP), was optional for full-time status employees hired before July 1, 1994 and not offered to new employees after that date. At December 31, 2024 and 2023, respectively, there were 821 and 844 former employees receiving benefits under this program along with their eligible dependents. As of December 31, 2024 and 2023, there were 38 and 48 active employees, respectively, who along with their dependents, may eventually be eligible to receive benefits under this program. The MCP provides limited medical coverage for the remaining life of the participants. There are no costs to participate in the plan, but retirees must pay a portion of the actual costs of services rendered.

Employees hired on July 1, 1994 or later are eligible for the current offering which provides bridge coverage only for retirees aged 62-65. Retired employees must have reached age 62, completed at least 10 years of benefits eligible service, participated in the active retirement plans during their last 10 years of benefits-eligible service, and participated in USNH's active medical plan at the time of retirement in order to be eligible for the plan. Retirees contribute to the plan at then-current employee medical rates during the bridge period. As of December 31, 2024 and 2023, respectively, there were 119 and 141 retirees receiving benefits under this program along with their dependents. As of December 31, 2024 and 2023, respectively, there were also 4,101 and 4,143 active employees who, along with their dependents, may eventually be eligible to receive benefits under this program. The primary postretirement medical plan holds no assets. Together, the above offerings constitute the primary postretirement medical plan. This is an Other Post-Employment Benefits (OPEB) single-employer plan and funded on a pay-as-you-go basis with benefits paid when due.

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

The components of postretirement medical liability as of June 30, 2025 and 2024 were as follows (*\$ in thousands*):

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

The total postretirement benefit obligation is measured at December 31, 2024 for the June 30, 2025 financial statements based on the last biennial actuarial valuation, December 31, 2023, developed using the Entry Age Normal Actuarial Cost Method and the PubT.H-2010 mortality tables with Scale MP-2021. A roll forward calculation was performed for the December 31, 2024 measurement date. For measurement purposes, the 2025 and 2024 initial rate of increase in the cost of healthcare services was assumed to be 7.0% and 8.0% for participants, reduced by 0.25% each year thereafter until reaching an ultimate rate of 4.5% per year. The initial increase in the cost of prescriptions was assumed to be 10.0% for 2025 and 9.0% for 2024, reduced by 0.50% each year thereafter until reaching an ultimate rate of 4.5% per year. Salary increases of 3.0% were included in the calculations for fiscal year 2025 and 2024. A single discount rate of 4.08% and 3.726% was used based on the Bond Buyer 20-Bond General Obligation index rate as of December 31, 2024 and 2023, respectively. The actuarially determined postretirement medical expense for the plan for the years ended June 30, 2025 and 2024 were \$2,901,000 and \$2,023,000, respectively.

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

	Sensitivity to change in discount rate			Sensitivity to change in health care costs		
	1% increase	Current rate	1% decrease	1% increase	Current rate	1% decrease
OPEB liability as of December 31, 2024	\$54,985	\$59,256	\$64,117	\$64,471	\$59,256	\$54,692
OPEB liability as of December 31, 2023	\$59,716	\$64,746	\$70,514	\$70,223	\$64,746	\$59,969

The benefit payments subsequent to the measurement date for the years ended June 30, 2025 and 2024 were \$4,174,000 and \$4,007,000, respectively. The USNH Board of Trustees holds the authority to change these benefit plans at any time. Further information on the Additional Retirement Contribution, Operating Staff Retirement Plan, and Postretirement Medical Plan can be found in the Required Supplemental Information on page 34 of the publication.

8. Long-term debt

USNH long-term debt activity, exclusive of deferred losses or gains on refunding, for the years ended June 30, 2025 and 2024 is summarized below (*\$ in thousands*):

	2024			2025			Balance June 30, 2025	Current Portion
	Balance June 30, 2023	Additions & Other Changes	Retirements	Balance June 30, 2024	Additions & Other Changes	Retirements		
NHHEFA bonds								
Series 2014	\$ 4,715	\$-	\$ (2,335)	\$ 2,380	\$-	\$ (2,380)	\$ -	\$ -
Series 2015	98,290	-	(3,385)	94,905	-	(3,540)	91,365	3,720
Series 2016	38,970	-	(3,070)	35,900	-	(3,225)	32,675	3,395
Series 2017A	46,215	-	(2,140)	44,075	-	(2,250)	41,825	2,360
Series 2017B	39,875	-	(2,125)	37,750	-	(2,180)	35,570	2,245
Series 2023	115,430	-	-	115,430	-	(1,810)	113,620	2,605
Unamortized discounts/premiums, net	33,408	-	(2,845)	30,563	-	(2,844)	27,719	2,844
Financed purchases payable	<u>2,905</u>	<u>-</u>	<u>(1,397)</u>	<u>1,508</u>	<u>-</u>	<u>(1,462)</u>	<u>46</u>	<u>42</u>
Total bonds and financed purchases	<u>\$379,808</u>	<u>-</u>	<u>\$(17,297)</u>	<u>\$362,511</u>	<u>\$-</u>	<u>\$(19,691)</u>	<u>\$342,820</u>	<u>\$17,211</u>

New Hampshire Health and Education Facilities Authority (NHHEFA) Bonds

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

USNH issued Series 2023 Bonds during the year ended June 30, 2023. The Series 2023 Bonds were issued in the amount of \$115,430,000 to refund the Series 2005A, 2005B and 2011B Bonds (\$103,575,000), to fund the termination of the related interest rate swap agreements (\$6,640,000), and to fund a residence hall renovation (\$25,630,000). All construction proceeds were spent as of June 30, 2025, and \$14,296,000 were unspent as of June 30, 2024, and held in reserve in accordance with the related debt agreements. The related investments are classified in Level 1 of the GASB fair value hierarchy because the underlying securities held by the bond trustee are valued based on quoted market prices.

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

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

Financed purchases

On April 30, 2004, USNH entered into a financed purchase agreement of \$18,292,000 to finance a portion of the costs of equipment housed in UNH's utility cogeneration facility. The related quarterly payments were completed in June 2025. A carrying value of \$421,000 remains and will be fully depreciated in the following year. The carrying value of all financed assets was \$520,000 and \$1,391,000 as of June 30, 2025 and 2024, respectively.

State of NH general obligation bonds

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

Maturity of long-term debt obligations

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

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

Other long-term obligations

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

	2024			2025			Balance June 30, 2025	Current Portion
	Balance June 30, 2023	Additions & Other Changes	Retirements	Balance June 30, 2024	Additions & Other Changes	Retirements		
Asset retirement and other obligations*	\$ 7,258	\$ 339	\$ (428)	\$ 7,169	\$ 339	\$ (428)	\$ 7,080	\$ 367
Refundable government advances	5,136	(87)	(1,663)	3,386	(87)	(1,663)	1,636	—
Long-term leases - real estate	38,027	(1,880)	(2,352)	33,795	3,053	(3,232)	33,616	2,506
Long-term leases - equipment	644	1,900	(547)	1,997	(4)	(403)	1,590	435
Long-term leases - subscriptions	44,594	7,720	(11,704)	40,610	10,853	(5,742)	45,721	4,578
Total other long-term obligations	\$95,659	\$7,992	\$(16,694)	\$86,957	\$14,154	\$(11,468)	\$89,643	\$7,886

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

See Note 9 for additional information on leases.

9. Leases and Subscriptions

Leases

USNH is a lessee for non-cancellable lease of equipment and real estate assets. A lease liability and an intangible right to use asset with initial, individual undiscounted payments over the term of the lease value of \$50,000 or more is recognized. At the commencement of a lease, the lease liability is measured at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is adjusted by lease amendments and the principal portion of lease payments made. The intangible right to use asset is initially measured as the amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the intangible right to use asset is amortized on a straight-line basis over its useful life. USNH uses its estimated incremental borrowing rate as the discount rate for leases which was 3.53% and 3.51% as of June 30, 2025 and 2024, respectively.

USNH entered into various leases for real estate and equipment. Of these leases, some agreements call for payments that are partially or completely variable and therefore were not included in intangible right of use assets, lease liabilities, lease receivables or deferred inflows - leases. These variable lease payments are derived from a percentage of sales or number of tickets sold. USNH had no reportable variable expense contracts as of June 30, 2025 and 2024. USNH recognized \$52,000 and \$72,000 in variable payment revenue as of June 30, 2025 and 2024, respectively.

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

Lessee Maturity Schedule

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

Lessor Maturity Schedule

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

Subscriptions

USNH is under contract for non-cancellable use of subscription assets. A subscription liability and an intangible right to use asset with initial, individual undiscounted payments over the term of the contract value of \$50,000 or more is recognized. At the commencement of a contract, the subscription liability is measured at the present value of payments expected to be made during the contract term. Subsequently, the subscription liability is adjusted by lease amendments and the principal portion of contract payments made. The intangible right to use asset is initially measured as the initial amount of the subscription liability plus any implementation costs. The asset is adjusted for contract amendments and amortized on a straight-line basis over its useful life. USNH uses its estimated incremental borrowing rate as the discount rate for leases which was 3.53% and 3.51% as of June 30, 2025 and 2024, respectively.

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

Subscription Maturity Schedule

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

10. Deferred inflows and outflows of resources

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

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

The accounting loss on debt refinancing relates to the Series 2015 and 2023 bond issuances. These costs will be amortized as a component of interest expense over the remaining terms of the new debt. See Note 9 for additional information on leases.

Amounts reported as deferred outflows of resources related to benefit payments subsequent to the measurement date will be recognized as a reduction of the respective benefit liability in the year ended June 30, 2025. Other amounts

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

Fiscal Year	Operating Staff Retirement Plan	Additional Retirement Contribution Program	Post-retirement Medical Plan
2026	\$ 35	\$ (45)	\$ (1,739)
2027	(185)	(12)	(2,197)
2028	(129)	–	(2,560)
2029	(59)	–	(2,015)
2030	–	–	(1,398)
2031	–	–	(464)
2032	–	–	(422)
Total	<u>\$(338)</u>	<u>\$(57)</u>	<u>\$(10,795)</u>

11. Pass-through grants

USNH distributed \$130,038,000 and \$139,029,000 of student loans through the US Department of Education Federal Direct Lending program during 2025 and 2024, respectively. These distributions and related funding sources are not included as expenses and revenues, or cash disbursements and cash receipts, in the accompanying financial statements. The Statements of Net Position include receivables of \$43,000 and \$49,000 as of June 30, 2025 and 2024, respectively, for direct loans disbursed in excess of US Department of Education receipts.

12. Endowment return used for operations

The objective of the annual spending formula for endowment return used for operations is to provide sustainable continued future support for ongoing programs at current levels assuming moderate inflation. To the extent that endowment yield is insufficient in any one year to meet the required spending distribution, accumulated net gains are utilized to fund the distribution. For the USNH pool, the distribution rate is established annually by the USNH Board of Trustees. For the USNH pool and the UNHF primary pool, the distribution rate was 5.4% and 5.25% as of December 31, 2023, respectively, and 5.2% and 5.25% as of December 31, 2022, respectively, calculated as a percentage of the average market value per unit for the previous twelve quarters.

The components of endowment return used for operations for 2025 and 2024 are summarized below (\$ in thousands):

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

13. Operating expenses by function

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

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

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

14. Net position

It is USNH's policy to use restricted funds before accessing unrestricted balances. The table below details USNH's net position as of June 30, 2025 and 2024 (\$ in thousands):

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

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

15. Commitments and contingencies

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

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

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

16. Component units

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

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

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

17. Subsequent events

Management has evaluated the impact of subsequent events through the date that the financial statements were available for issuance (October 23, 2025), and concluded that no material events have occurred which would require recognition or disclosure.

Required Supplemental Information

(Unaudited)

Postretirement Medical Plan

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

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

Additional Retirement Contribution (ARC) Program

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

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

Operating Staff Retirement Plan

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017 ⁽³⁾
Plan Fiduciary Net Position									
Beginning balance	\$5,458	\$ 5,410	\$ 5,307	\$ 6,549	\$ 5,863	\$ 6,186	\$ 6,376	\$ 6,700	\$ -
Employer contributions	-	-	-	-	-	-	-	-	6,700
Plan administrative costs	-	-	-	-	-	-	(13)	(13)	-
Net investment income	585	637	554	(754)	1,143	173	407	274	-
Benefit payments	(435)	(590)	(451)	(488)	(457)	(496)	(584)	(585)	-
Fiduciary net position	5,608	\$5,457	\$ 5,410	\$ 5,307	\$ 6,549	\$ 5,863	\$ 6,186	\$ 6,376	\$ 6,700
Total pension liability at end of year	(4,098)	(4,058)	(4,328)	(4,593)	(4,992)	(5,431)	(5,875)	(5,652)	(5,707)
Net pension asset	\$ 1,510	\$ 1,399	\$ 1,082	\$ 714	\$ 1,557	\$ 432	\$ 311	\$ 724	\$ 993
Plan net position as a percentage of total pension liability	136.9%	134.5%	125.0%	115.5%	131.2%	108.0%	105.3%	112.8%	117.4%
Plan Pension Liability									
Beginning balance	\$ (4,058)	\$ (4,328)	\$ (4,593)	\$ (4,992)	\$ (5,431)	\$ (5,875)	\$ (5,652)	\$ (5,707)	\$ (6,345)
Service costs	-	(1)	(1)	(1)	(6)	(7)	(3)	-	(20)
Interest, net of actuarial gain/loss	(207)	(319)	(185)	(79)	(41)	(65)	(290)	(292)	(298)
Benefit payments	434	590	451	488	457	496	584	585	956
Changes in assumptions	(266)	-	-	(9)	29	20	(514)	(238)	-
Total pension liability at end of year	\$ (4,097)	\$ (4,058)	\$ (4,328)	\$ (4,593)	\$ (4,992)	\$ (5,431)	\$ (5,875)	\$ (5,652)	\$ (5,707)
Covered payroll	-	\$ -	\$ 62	\$ 122	\$ 120	\$ 815	\$ 850	\$ 961	\$ 1,007
Net pension asset as a percentage of covered payroll	0.0%	0.0%	1745.2%	585.2%	1297.5%	53.0%	36.6%	75.3%	98.6%

See accompanying independent auditor's report.

Notes to Schedules:

⁽¹⁾ Changes in assumptions relate to discount rate changes. The rates were 4.0% for FY25, 3.3% for FY24, 3.7% for FY23, 2.1% for FY22, 2.1% for FY21, 2.7% for FY20, 4.1% for FY19, and 3.4% for FY18 based on a change in the related index. See Note 7 for additional information.

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

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

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Did you know?

USNH is the largest annual in-migrator of talent to New Hampshire – with 10,000+ out of state students enrolled each year on our campuses

USNH has a \$3.4 billion direct and indirect impact on the NH economy each year

USNH has a \$3.4 billion direct and indirect impact on the NH economy each year

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

3,000+ USNH graduates join the New Hampshire workforce each year

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**University of
New Hampshire**

University System
of New Hampshire



We'll get you there.

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Audit Results Presentation

Year ended June 30, 2025

Agenda

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



Audit Scope



Report on the
System's financial
statements



Internal control/
management letter



Required
governance
communications
letter



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

Audit Process

RISK-BASED APPROACH

Internal controls

Revenue recognition

Significant estimates

Investment valuation

Capital projects and
debt

Salary/Other post
retirement benefits





Audit Opinion

Financial Statement

Financial statement audit opinion is **unmodified**.



Audit Results

Financial statement

No material weaknesses noted.

One significant deficiency noted.



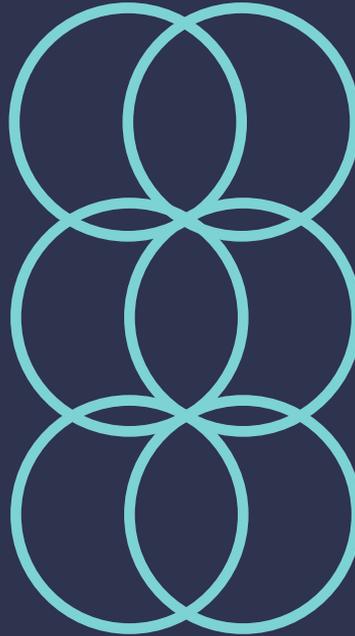
Governance Communications

Overall

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

Estimates

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



Difficulties

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

Other

- Corrected and uncorrected adjustments were noted



Single Audit

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

*Compliance supplement has not been issued yet



Approval
from audit
committee

Signed
representation
letter





Questions and Feedback

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





Industry Insights and Emerging Issues



Emerging Issues

ONE BIG BEAUTIFUL BILL ACT

Student Impact

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

Economic Impact

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

Compliance Impact

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



GASB 103 Financial Reporting Module

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



Effective date
June 30, 2026



Impacts financial statement presentation

Updated disclosure guidance for:

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



Upcoming Event
2026 Higher Education
Virtual Conference



Andy Lee

Andrew.Lee@CLACONNECT.COM

Christina Dooley

Christina.Dooley@CLACONNECT.COM



CLACONNECT.COM



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