

UNIVERSITY SYSTEM OF NEW HAMPSHIRE
ANNUAL FINANCIAL REPORT | 2024



Keene
STATE COLLEGE

Plymouth State
UNIVERSITY

NH University of
New Hampshire

University System
of New Hampshire



5
Institutions in
New Hampshire



27,000
Enrolled students
annually



Plymouth State University



Keene State College

University of New Hampshire



90,000
Alumni living
in state

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BOARD OF TRUSTEES

UNH Franklin Pierce
School of Law



UNH Manchester
UNH College of Professional Studies



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, 2024 and 2023, 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, 2024 and 2023, 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 24, 2024

Management's Discussion and Analysis

June 30, 2024 and 2023 (Unaudited)

I. Introduction

The following Management's Discussion and Analysis summarizes the financial condition and results of activities of the University System of New Hampshire (USNH) for the fiscal years ended June 30, 2024 and 2023. This analysis provides a comparison of significant amounts and measures to prior periods and, where appropriate, presents management's outlook for the future.

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

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

II. Economic Outlook

USNH enrollment continues to be negatively impacted by declining birth rates and demographic changes in New Hampshire and greater New England. New Hampshire's population has one of the highest median age in the country, which has and will continue to translate to lower high school enrollment levels and declining in-state enrollment. As a response to demographic and enrollment challenges, the State of New Hampshire created a task force to study the strategic alignment of public higher education. The task force is working to ensure that New Hampshire's public education institutions are equipped to handle the changing higher education landscape and to continue to provide a quality education for students. As part of this work, the task force has identified short and long-term initiatives including but not limited to transfer credit and curricular alignment between USNH and Community College System of New Hampshire (CCSNH), streamlining of the admissions process, utilizing consistent admissions and financial aid processes, expansion of online offerings, and recruitment of employers to assist graduates with student loan debt upon employment.

Annually, USNH also attracts young talent to the State of New Hampshire. Each year, approximately 11,000 young people from around the country, primarily the New England area, come to New Hampshire to attend a USNH institution (non-resident population). In collaboration with the business community, these students are exposed to work and life opportunities through internships and other experiential learning opportunities. As a result, more than 18,000 graduates from the classes of 2013 to 2023 are currently working in New Hampshire.

USNH will need to continue to manage the risks related to declining enrollment trends, high operating costs associated with wages and inflation, increasing and changing student needs and the State's ability to increase funding for public higher education.

To address these risks, USNH continues to focus on leveraging opportunities related to online learning and business partnerships, and leveraging the power of a System via increasing shared services, as well as rightsizing and restructuring opportunities to support the projected lower enrollment in the future. Investments are needed to bring down the cost of education, to develop and sustain innovative programs, and ensure the viability of the USNH institutions that serve as integral components to regional and statewide economies. Keeping tuition as low as possible is essential to attracting New Hampshire high school students to pursue postsecondary educational opportunities in New Hampshire.

USNH remains committed to providing exceptional, affordable, and accessible educational and research programs to the citizens of New Hampshire by being student oriented, committed to excellence in selected programs and activities, being efficient and effective in the use of our resources through partnerships, and being widely recognized as a valued partner to the people and communities in New Hampshire. The remainder of this report describes the results of financial operations for the year ended June 30, 2024, with comparisons to prior years.

III. Financial Highlights

A. Revenues

Chart 1 below shows USNH's revenue streams, including those classified as non-operating revenues per GASB standards, totaling over \$1 billion for FY24 which is also consistent with 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 2023 to fiscal year 2024. The largest individual revenue stream increases were in resident tuition, continuing education, and state appropriation revenue which increased by 4.0% (\$10 million), an increase in sales of auxiliary services revenue by 3.8% (\$8 million), and an increase in nonresident tuition by 1.6% (\$5 million). Grants and contracts revenue decreased by 11.5% (\$32 million) which was due to a reduction of \$46 million in one-time federal and state grant revenue associated with the pandemic, which was offset by an increase in \$12 million in operating grant and contract revenues.

Chart 1: 2024 Gross Revenues by Source
Total = \$1+ Billion

(\$ in millions)

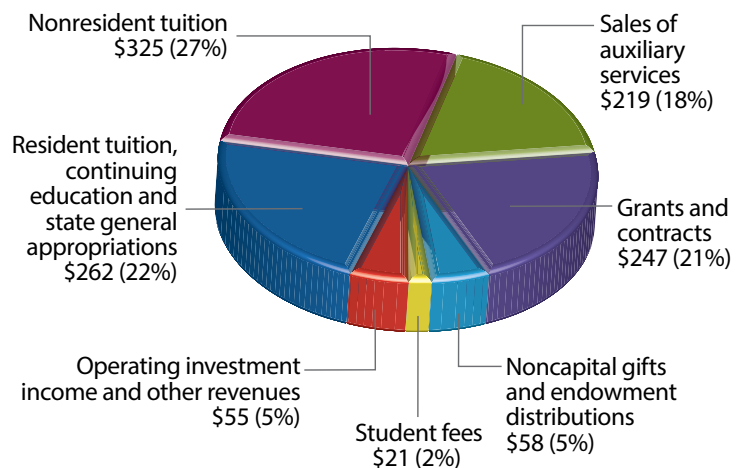
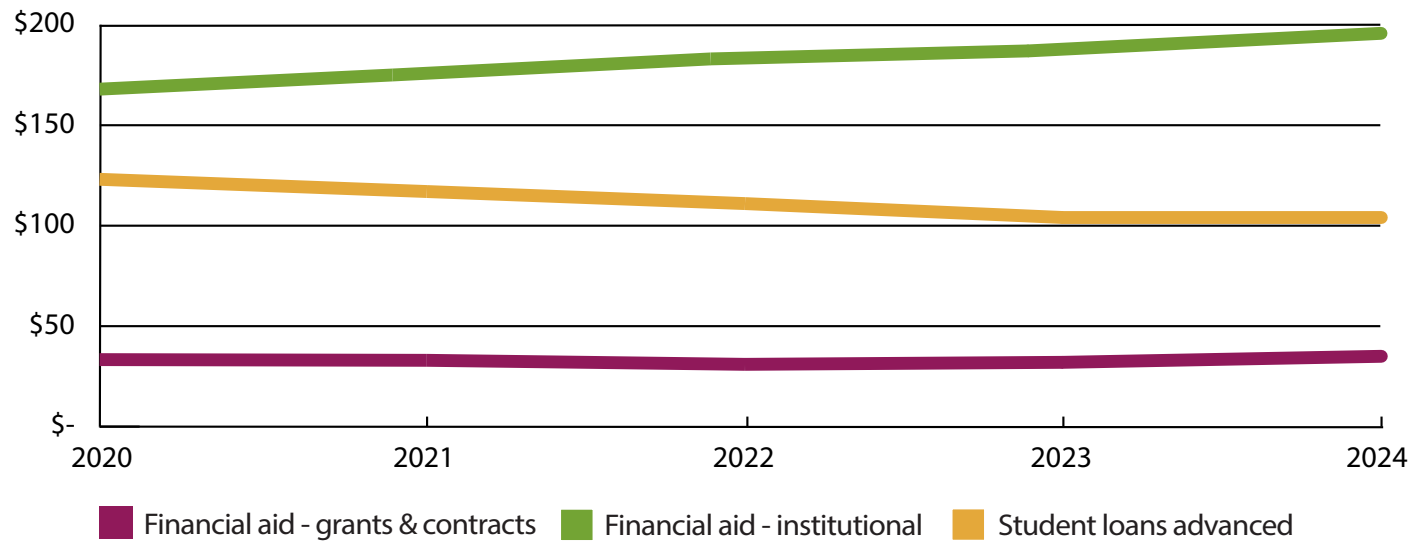


Chart 2: Student Aid Trends

(\$ in millions)



As shown in Chart 2 above, 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 \$911 million (85%) of the direct institutional aid was provided by campus general funds, gifts, and athletic programs and the remaining \$163 million (15%) was from grants. USNH continues to focus on affordability of its offerings which includes limiting student and family loan debt.

As seen in Table 1 below, full-time equivalent (FTE) student enrollment has steadily declined 11.1% since fiscal year 2020 for all institutions combined mainly due to New England demographics and overall market changes. 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 was recognized as the number one best value public university in New England for the third consecutive year and a top ten best value public university in the country by U.S. News & World Report. In 2024, UNH welcomed its highest-achieving undergraduate class in UNH history and provided students with the highest percentage of merit scholarships. PSU's strategic priorities are to focus on developing an agile and financially sustainable public university that ignites student's curiosity, promotes student success holistically, and fosters an all-inclusive community. In 2024, PSU welcomed close to 1,000 first-year students to campus, a 13% increase over prior year. KSC is focused on unleashing the passion and igniting potential in students and preparing highly employable talent as the State's only public liberal arts college. In 2024, KSC was recognized as a top ten for best value for regional colleges north by U.S. News & 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

	2020	2021	2022	2023	2024
UNH (all campuses)	15,141	14,750	14,514	14,390	15,234
PSU	4,409	4,260	4,086	3,717	3,712
KSC	3,434	3,111	3,003	2,777	2,773
GSC	1,444	1,452	1,221	1,032	—
Total USNH FTEs	24,428	23,573	22,824	21,916	21,719
NH Resident	12,413	12,067	11,469	10,683	10,570
Nonresident	12,015	11,506	11,355	11,233	11,149
Total USNH FTEs	24,428	23,573	22,824	21,916	21,719

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

For the Fall of Each Fiscal Year

	2020	2021	2022	2023	2024
Freshmen applications received	18,040	18,797	20,150	21,016	20,887
Acceptances as % of applications	84%	85%	87%	87%	87%
Enrolled as % of acceptances	18%	16%	16%	16%	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 2024 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 declines in in-state enrollment. Over the past five years, USNH in-state applications at the USNH residential campuses has remained flat, whereas out-of-state applications increased 8.9% over this same time period. 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.

USNH is working to ensure New Hampshire students are prepared to meet the needs of the State's workforce. Institutional financial aid grew 5.5% (\$9.4 million) in fiscal year 2024 after a 1.7% (\$2.9 million) increase in fiscal year 2023. USNH has also made significant changes in the way it awards financial aid. New Hampshire's school population data by age grouping suggests that our enrollment challenges will increase in future years. USNH continues to focus on multi-year planning to address the demographic and market changes ahead.

Chart 3 below shows USNH's major revenue stream trends for the past five years. As seen in the graph, USNH held resident tuition rates flat from fiscal years 2020

through 2024 while undergraduate enrollment declined. During fiscal year 2024, auxiliary revenue increased by \$9.3 million (4.4%) compared to fiscal year 2023 due to an increase in the number of students living on campus. State general appropriations increased 14.0% from fiscal year 2020 to 2024. In fiscal year 2024, USNH received \$3 million in one-time surplus support appropriations for KSC and PSU. Also, USNH received a \$6 million State appropriation for the renovation for the Whittemore Center which is a project anticipated to be completed in the next couple of years.

B. Expenses

USNH's expenses (including expenses classified as nonoperating per GASB standards) were relatively flat from fiscal year 2023 to fiscal year 2024, increasing only \$2.4 million or 0.3% over fiscal year 2023. USNH has been focused on containing costs through increased shared services, facilities restructure, and downsizing of operations. Non-grant employee compensation increased \$10.9 million (2.3%) due to planned salary raises and an increase in fringe benefit expenses. This increase was offset by a decrease in supplies and services of \$4.1 million (2.1%) due to lower travel and supplies spending and a decrease in utilities of \$1.8 million (7.2%) primarily due to a mild winter and efforts to leverage system-wide procurement of energy.

Chart 3: Five Year Revenue History

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

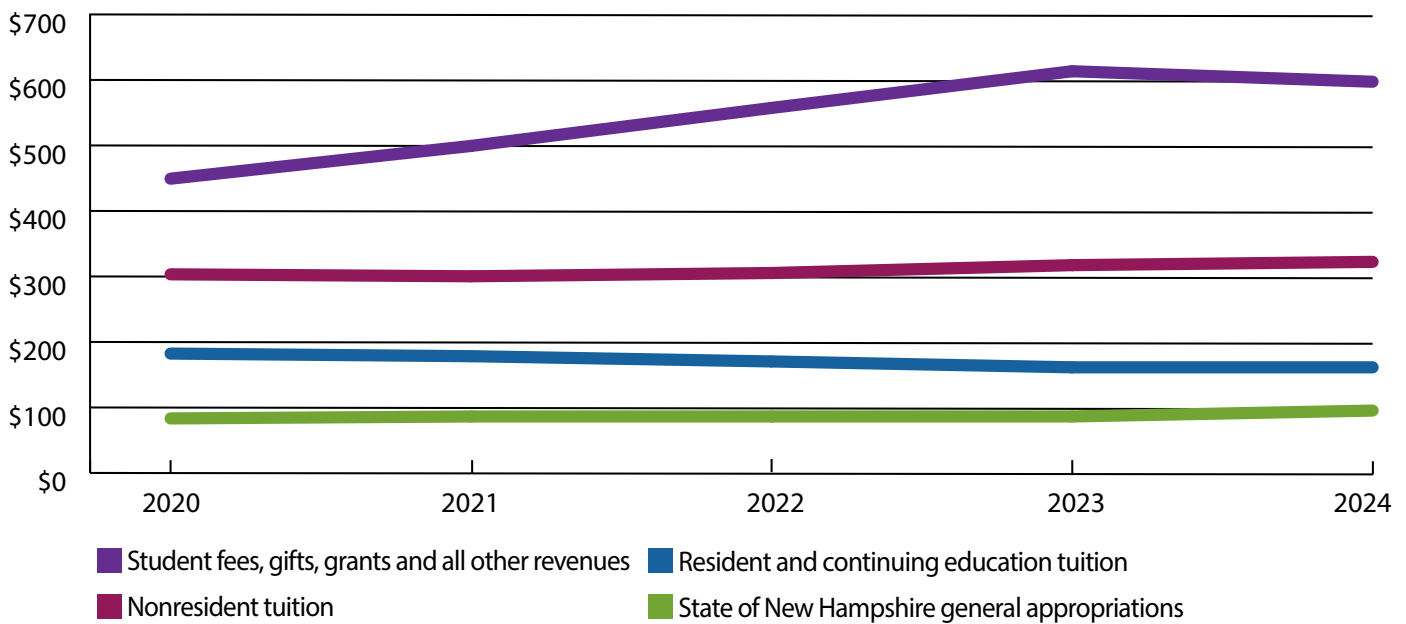


Chart 4: Expenses by Functional Classifications

(\$ in millions)

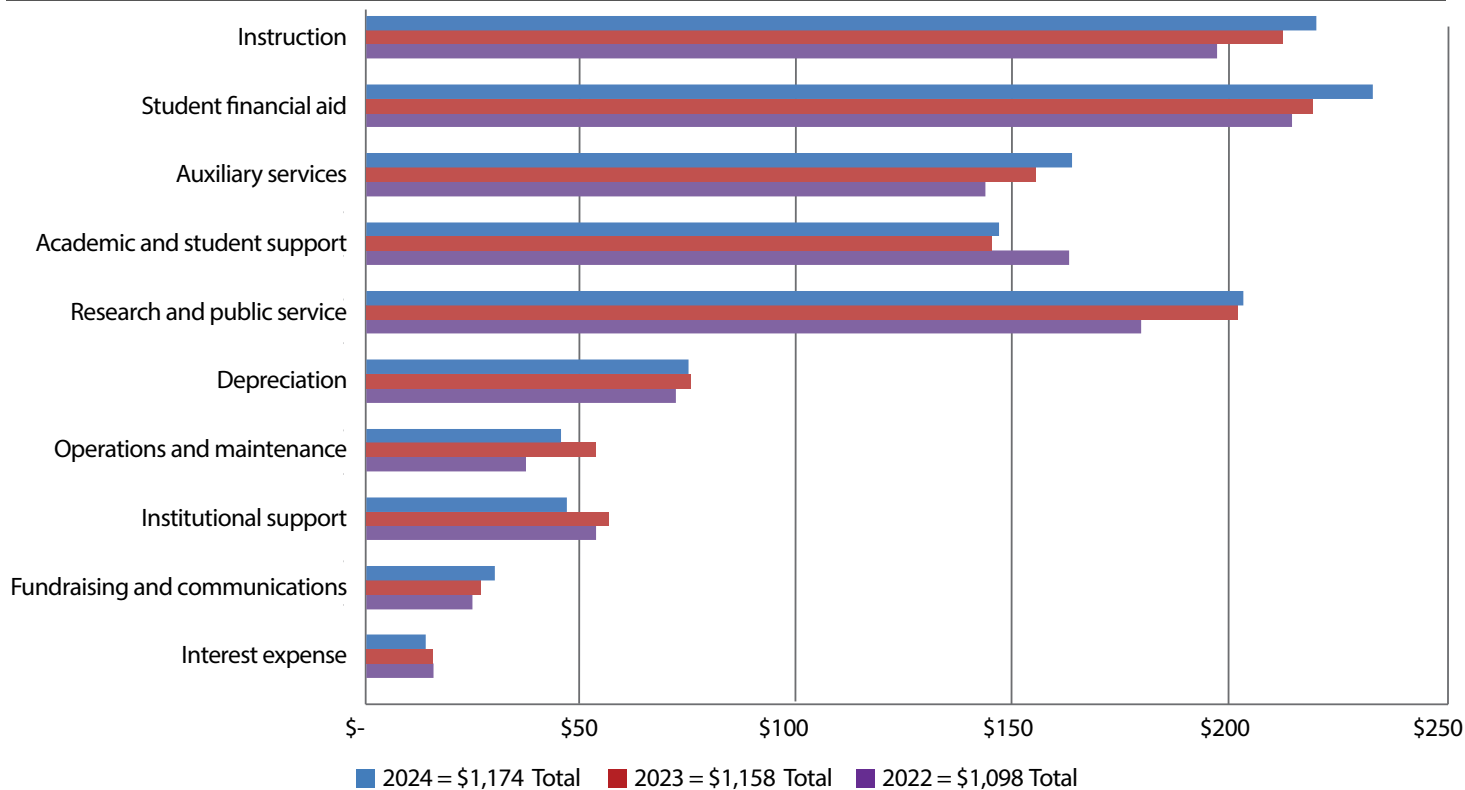


Chart 4 displays USNH's expenses for the past three fiscal years by functional rather than natural classification. Instructional expenses increased due to faculty compensation and fringe benefit costs. Student financial aid continued to increase as noted above. Auxiliary services expenses increased \$8.4 million over the prior year due to an increase in students living on campus resulting in higher dining and residential operating activities. UNH reduced the support provided to certain auxiliary activities which resulted in a decrease in institutional support of \$4 million from 2023 to 2024. (Additional detail on operating expenses by function can be found in Note 13 to the Financial Statements).

C. Capital spending

The campuses had several major capital projects under construction in fiscal year 2024. These projects included the Biological Sciences Project (\$42.8M), Honors College (\$21.1M), Residence Hall Renovation (\$17.4M) all at UNH and a PSU Business School Renovation Project (\$13.7M).

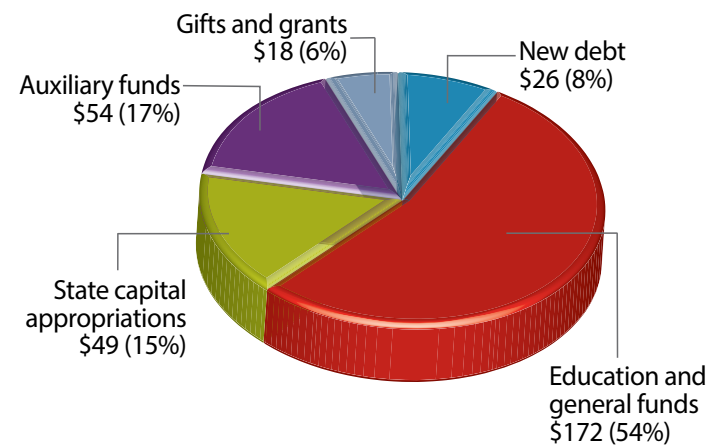
Capital funding decreased by \$16.8 million (24.0%) in fiscal year 2024 compared to 2023 since USNH did not issue any new debt. Due to limited resources, there are still many buildings in need of improvement at each campus. USNH campuses continue to strategically prioritize the available limited funding 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. The related debt service is then funded by student fees for each type of auxiliary service (housing, dining, or recreation).

Chart 5 shows the funding sources for USNH's capital spending over the past five years. USNH spent over \$300 million during this time to construct and renovate buildings and infrastructure at all campuses. General funds of \$172 million were the largest sources of funding of capital projects followed by auxiliary funds of \$54 million, then State appropriations of \$49 million, and new debt of \$26 million. Depreciation and amortization expenses of \$363 million were recorded during the same period which includes lease and subscription amortization totaling \$23 million. (See Notes 5 and 8 to the Financial Statements for additional information on capital assets and debt balances).

Chart 5: Capital Funding Sources, 2020-2024

Total \$319 Million

(\$ in millions)



D. Investing Activities

Cash and short-term investment balances totaled approximately \$208 million and \$227 million on June 30, 2024 and June 30, 2023, respectively. (See Note 2 to the Financial Statements for additional information on cash, cash equivalents and short-term investments). USNH's long-term investments consist of permanent endowment and quasi-endowment funds. Permanent endowments are those funds received from donors intended to be invested in perpetuity. Quasi-endowments consist of select large, current-use gifts, and unrestricted balances held centrally that have been approved by the Board to be allocated for long-term investment purposes. These amounts are invested in one of three venues depending on whether the donor contributed to a campus, the UNH Foundation (UNHF), or the Keene Endowment Association (KEA). The investment pools are managed to provide the highest rate of return over the long term given an acceptable level of risk as determined by the responsible fiduciaries. The USNH Consolidated Endowment Pool holds funds for the benefit of all campuses. The UNHF endowment pool holds funds for the benefit of UNH only, and the KEA pool holds funds for the benefit of KSC only. The USNH Board of Trustees has fiduciary responsibility for the USNH Pool, whereas the separate boards of UNHF and KEA have their own investment policies and are responsible for those investments. Below is a summary of USNH's endowment and similar investment values for the past three years.

Table 3: Endowment and Similar Investments Market Value Summary

(\$ in millions)

	As of June 30,		
	2024	2023	2022
USNH Pool	\$623	\$579	\$557
UNHF Pool	317	289	266
KEA Pool	22	20	17
Funds held in trust	20	18	17
Life Income/Annuity Funds	<u>6</u>	<u>6</u>	<u>5</u>
	<u>\$988</u>	<u>\$912</u>	<u>\$862</u>

While the two larger pools are primarily invested in funds, the KEA pool primarily holds individual stock and bond investments. As shown in Table 4 to the right, the KEA pool net gains over the past three years averaged 4.2% and the USNH and UNHF pools averaged 4.6% and 3.8%, respectively, before distributions. All three pools' returns benefited from positive investment returns and the stabilization of the market in 2023 and 2024.

Distributions from the endowment and trust funds totaled approximately \$41 million in fiscal year 2024 and 2023. Distributions of approximately \$27 million were made from the USNH pool and trusts, along with \$14 million from the UNHF pool and \$612,000 from the KEA pool. Distributions represent a smaller percentage of the USNH pool because USNH holds several quasi-endowment funds for future, rather than current use. Volatility in returns has resulted in a limited number of endowment funds having market values less than the original gift value ("underwater" funds). The net positive returns for fiscal year 2024 and 2023 resulted in a decrease in underwater funds. Of the 1,678 endowment funds maintained in the various endowment pools, 24 remained underwater at June 30, 2024. This compares to 86 underwater endowment funds at June 30, 2023. The endowment funds were underwater by \$1.9 million at June 30, 2024, compared to \$3.1 million at June 30, 2023. (See Notes 4 and 12 for further information on endowment and similar investments).

Table 4: Pooled Endowment Returns

	Year - Ended June 30,			
	2024	2023	2022	Three Year Average
USNH Pool				
Gross return	12.8%	9.0%	(6.2%)	5.2%
<i>Investment management fees</i>	<u>(0.6%)</u>	<u>(0.6%)</u>	<u>(0.7%)</u>	<u>(0.6%)</u>
Net return	12.2%	8.4%	(6.9%)	4.6%
<i>Distributions</i>	<u>(4.5%)</u>	<u>(4.5%)</u>	<u>(3.8%)</u>	<u>(4.3%)</u>
Net reinvested	<u>7.7%</u>	<u>3.9%</u>	<u>(10.7%)</u>	<u>0.3%</u>
UNHF Pool				
Gross return	13.5%	8.6%	(8.3%)	4.6%
<i>Investment management fees</i>	<u>(0.9%)</u>	<u>(0.6%)</u>	<u>(1.0%)</u>	<u>(0.8%)</u>
Net return	12.6%	8.0%	(9.3%)	3.8%
<i>Distributions</i>	<u>(4.8%)</u>	<u>(5.6%)</u>	<u>(4.7%)</u>	<u>(5.0%)</u>
Net reinvested	<u>7.8%</u>	<u>2.4%</u>	<u>(14.0%)</u>	<u>(1.2%)</u>
KEA Pool				
Gross return	12.6%	11.4%	(9.4%)	4.9%
<i>Investment management fees</i>	<u>(0.6%)</u>	<u>(0.7%)</u>	<u>(0.7%)</u>	<u>(0.7%)</u>
Net return	12.0%	10.7%	(10.1%)	4.2%
<i>Distributions</i>	<u>(3.9%)</u>	<u>(5.0%)</u>	<u>(3.6%)</u>	<u>(4.2%)</u>
Net reinvested	<u>8.1%</u>	<u>5.7%</u>	<u>(13.7%)</u>	<u>0.0%</u>

IV. Using the Financial Statements

A. Statements of Net Position

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

Table 5 below shows condensed information from the Statements of Net Position at June 30 for the past five years. Note that we have also included certain condensed information as of June 30, 2024 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)

	2020	2021 ¹	2022	2023 ²	2024
Cash and short-term investments	\$ 224	\$ 216	\$ 255	\$ 227	\$ 207
Endowment and similar investments	803	1,001	862	912	988
Capital assets, net	1,120	1,144	1,119	1,160	1,205
Other assets and deferred outflows of resources	<u>107</u>	<u>113</u>	<u>112</u>	<u>128</u>	<u>112</u>
Total Assets and Deferred Outflows of Resources	<u>2,254</u>	<u>2,474</u>	<u>2,348</u>	<u>2,427</u>	<u>2,512</u>
Derivative instruments - interest rate swaps	29	22	11	–	–
Postretirement medical benefits	91	86	78	66	65
Long-term debt	439	412	381	380	362
Other liabilities and deferred inflows of resources	<u>198</u>	<u>296</u>	<u>257</u>	<u>277</u>	<u>273</u>
Total Liabilities and Deferred Inflows of Resources	<u>757</u>	<u>816</u>	<u>727</u>	<u>723</u>	<u>700</u>
Net investment in capital assets	709	722	723	744	799
Restricted financial resources	497	606	591	623	669
Unrestricted financial resources	<u>291</u>	<u>330</u>	<u>307</u>	<u>337</u>	<u>344</u>
Total Net Position	<u>\$1,497</u>	<u>\$1,658</u>	<u>\$1,621</u>	<u>\$1,704</u>	<u>\$1,812</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 have been relatively stable over the past five years. The endowment gains were moderate in fiscal year 2020, a large increase in fiscal year 2021, a significant decrease in 2022 with returns rebounding in 2023 and 2024. However, the overall net gain was \$185 million (23.0%) since fiscal year 2020, primarily due to favorable returns in fiscal year 2021, 2023, and 2024. Capital assets, net, increased in fiscal year 2024 due to an increase in work in progress related to UNH and PSU academic and residential building construction projects and an increase in capitalized equipment.

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 2024, USNH completed a 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 \$1.3 million in deferred outflows of resources, and a decrease of \$2.9 million in deferred inflows 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 \$22 million for fiscal years 2020 through 2024. 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, interest rate swap liabilities related to derivative instruments and unearned revenue. The decrease in long-term debt is due to \$15 million in principal payments made and amortization of the bond premium in fiscal year 2024.

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 (\$352 million and \$342 million at June 30, 2024 and 2023, 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, 2024 is shown below.

**Table 5A: Condensed Information from the Statement of Net Position as of June 30, 2024
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	\$ 285	\$ 53	\$ 16	\$(147)	\$ 207
Endowment and similar investments	536	41	62	349	988
Capital assets, net	859	184	158	4	1,205
Other assets and deferred outflows of resources	<u>85</u>	<u>4</u>	<u>7</u>	<u>16</u>	<u>112</u>
Total Assets and Deferred Outflows of Resources	<u>1,765</u>	<u>282</u>	<u>243</u>	<u>222</u>	<u>2,512</u>
Postretirement medical benefits	48	8	8	1	65
Long-term debt	158	79	74	51	362
Other liabilities and deferred inflows of resources	<u>185</u>	<u>16</u>	<u>20</u>	<u>52</u>	<u>273</u>
Total Liabilities and Deferred Inflows of Resources	<u>391</u>	<u>103</u>	<u>102</u>	<u>104</u>	<u>700</u>
Net investment in capital assets	638	104	81	(24)	799
Restricted financial resources	566	38	65	–	669
Unrestricted financial resources	<u>170</u>	<u>37</u>	<u>(5)</u>	<u>142</u>	<u>344</u>
Total Net Position	<u>\$1,374</u>	<u>\$179</u>	<u>\$141</u>	<u>\$ 118</u>	<u>\$1,812</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 the related programs, and other revenue sources that are 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, 2024.

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 because of lower undergraduate enrollment and higher student financial need. Student financial aid has increased \$33 million (16.5%) over the past five years. Operating grants and contracts increased due to an increase in grants awarded to UNH from the US government, State of New Hampshire, and other entities. Sales of auxiliary services revenue increased by \$10 million (4.76%) in fiscal year 2024 primarily due to the increase in room and board revenue.

Operating expenses increased \$4 million (0.4%) in fiscal year 2024, after an increase of \$56 million (6.4%) in fiscal year 2023. The increase in expenses was related to

employee compensation (\$18 million, 3.3%). This increase was offset by a decrease in supplies and services (\$12 million, 4.3%) due to decrease in grants supplies and services and a reduction in travel and goods and services spending, and a decrease in utilities (\$2 million, 7.2%).

The State of NH appropriations increased by \$10 million (10.9%) in fiscal year 2024 which helped allow USNH to keep tuition low to attract New Hampshire high school students to pursue postsecondary education opportunities in NH public universities and colleges. Other nonoperating grant revenue decreased \$45 million (64.5%), due to the ending of one-time state and federal funding related to the pandemic. Endowment gifts totaled \$10 million in fiscal year 2024, and \$22 million in fiscal year 2023. The investment return after distributions resulted in gains of \$65 million in fiscal year 2024 and gains of \$27 million in fiscal year 2023. The volatility of endowment returns is a significant driver of the change in total net position each year.

The increase (decrease) in net position before other changes reflects USNH's operating margin each year. USNH's operating margin for fiscal year 2024 was \$12 million and \$30 million for fiscal year 2023. This is primarily due to an increase in the number of students living on campus, positive market returns on investments, and the decrease in nonoperating revenue during fiscal year 2024 as discussed above.

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

(\$ in millions)

	2020	2021	2022	2023	2024
OPERATING REVENUES					
Tuition and fees	\$517	\$508	\$505	\$503	\$509
Less: student financial aid	(200)	(207)	(214)	(219)	(233)
Net tuition and fees	317	301	291	284	276
Grants and contracts	131	144	192	210	222
Sales of auxiliary services	166	162	193	210	220
Other operating revenue	29	26	31	41	39
Total Operating Revenues	643	633	707	745	757
OPERATING EXPENSES					
Employee compensation	538	578	508	550	568
Supplies and services	191	230	270	275	263
Utilities, depreciation and amortization	87	88	90	99	97
Total Operating Expenses	816	896	868	924	928
<i>Operating loss</i>	<i>(173)</i>	<i>(263)</i>	<i>(161)</i>	<i>(179)</i>	<i>(171)</i>
NONOPERATING REVENUES (EXPENSES)					
State of New Hampshire general appropriations	86	89	89	89	98
Other nonoperating grant revenue	41	83	70	69	25
Noncapital gifts, investment income and other revenues	59	62	48	66	74
Interest expense, net	(16)	(17)	(15)	(15)	(14)
Total Nonoperating Revenues (Expenses)	170	217	192	209	183
Increase (Decrease) in Net Position Before Other Changes	(3)	(46)	31	30	12
OTHER CHANGES IN NET POSITION					
Endowment gifts and returns, net	(10)	197	(90)	49	75
State capital appropriations and other changes	12	9	22	4	21
Total Other Changes in Net Position	2	206	(68)	53	96
Total Increase (Decrease) in Net Position	\$ (1)	\$160	\$ (37)	\$ 83	\$108

Table 6A below provides condensed information from the Statements of Revenues, Expenses and Changes in Net Position presented by campus for the year ended June 30, 2024.

Table 6A: Condensed Information from the Statement of Revenues, Expenses and Changes in Net Position for the Year Ended June 30, 2024 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	\$390	\$66	\$53	\$ –	\$509
Less: student financial aid	(176)	(31)	(26)	–	(233)
Net tuition and fees	214	35	27	–	276
Grants and contracts	207	5	10	–	222
Sales of auxiliary services	155	35	30	–	220
Other operating revenue	25	2	4	8	39
Total Operating Revenues	<u>601</u>	<u>77</u>	<u>71</u>	<u>8</u>	<u>757</u>
OPERATING EXPENSES					
Employee compensation	448	50	49	21	568
Supplies and services	205	31	36	(9)	263
Utilities, depreciation and amortization	67	15	14	1	97
Total Operating Expenses	<u>720</u>	<u>96</u>	<u>99</u>	<u>13</u>	<u>928</u>
<i>Operating loss</i>	(119)	(19)	(28)	(5)	(171)
NONOPERATING REVENUES (EXPENSES)					
State of New Hampshire general appropriations	66	16	16	–	98
Other nonoperating grant revenue	15	6	4	–	25
Noncapital gifts, investment income and other revenues	49	4	5	16	74
Interest expense, net	(7)	(3)	(3)	(1)	(14)
Total Nonoperating Revenues (Expenses)	<u>123</u>	<u>23</u>	<u>22</u>	<u>15</u>	<u>183</u>
Increase in Net Position Before Other Changes	<u>4</u>	<u>4</u>	<u>(6)</u>	<u>10</u>	<u>12</u>
OTHER CHANGES IN NET POSITION					
Endowment gifts and returns, net	44	3	5	23	75
State capital appropriations and other changes	22	15	6	(22)	21
Total Other Changes in Net Position	<u>66</u>	<u>18</u>	<u>11</u>	<u>1</u>	<u>96</u>
Total Increase (Decrease) in Net Position	<u>\$ 70</u>	<u>\$22</u>	<u>\$ 5</u>	<u>\$11</u>	<u>\$108</u>

C. Statements of Cash Flows

The Statements of Cash Flows summarize transactions affecting cash and cash equivalents. Table 7 below shows summary information from the Statements of Cash Flows for the five years ended June 30, 2024.

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

(\$ in millions)

	2020	2021	2022	2023	2024
Cash flows from:					
Receipts from tuition and fees, net	\$348	\$289	\$294	\$286	\$279
Receipts from sales of auxiliary services	165	164	193	210	219
Receipt of state general appropriations	86	89	89	89	98
Noncapital gifts, grants and other receipts	212	282	300	331	309
Payments to and on behalf of employees	(532)	(533)	(552)	(580)	(570)
Payments for supplies, services and utilities	<u>(211)</u>	<u>(248)</u>	<u>(290)</u>	<u>(296)</u>	<u>(292)</u>
Net cash provided by operating and noncapital financing activities	68	43	34	40	43
Net cash used in capital financing activities	(90)	(80)	(55)	(67)	(124)
Net cash (used in)/provided by investing activities	<u>12</u>	<u>57</u>	<u>46</u>	<u>(1)</u>	<u>51</u>
Increase/(decrease) in cash and cash equivalents	<u>\$ (10)</u>	<u>\$ 20</u>	<u>\$ 25</u>	<u>\$ (28)</u>	<u>\$ (30)</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 as incurred. The increase in cash flows from operating and non-capital financing activities is primarily related to an increase in auxiliary revenue and state general appropriations. The net cash used in capital financing activities for fiscal year 2024 increased primarily due to an increase in construction spend related to the Biological Sciences and residence hall renovation projects at UNH and the Business School renovation project at PSU. The cash provided by investing activities in fiscal year 2024 increased from prior year primarily due to an increase in investment income due to positive market performance.

For further information about these financial statements, contact the University System of New Hampshire, Financial Affairs (603-862-2260), 5 Chenell Drive, Suite 301, Concord, NH 03301

University System of New Hampshire

Statements of Net Position

(\$ in thousands)

	Balance at June 30,	
	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 52,178	\$ 82,603
Short-term investments	155,353	144,089
Accounts receivable, net	40,388	43,627
Pledges receivable - current portion	6,643	3,686
Notes receivable - current portion	615	1,084
Lease receivable - current portion	230	428
Prepaid expenses and other current assets	13,218	10,981
Total Current Assets	268,625	286,498
Noncurrent Assets		
Debt proceeds held by bond trustee for construction purposes	14,296	27,916
Endowment and similar investments - campuses	642,830	597,476
Endowment and similar investments - affiliated entities	345,151	314,833
Pledges receivable, net of current portion	8,761	10,205
Notes receivable, net of current portion	3,157	4,330
Lease receivable, net of current portion	1,026	725
Pension assets, net of obligations	1,399	1,082
Capital assets, net of accumulated depreciation/amortization	1,205,437	1,160,146
Total Noncurrent Assets	2,222,057	2,116,713
TOTAL ASSETS	2,490,682	2,403,211
DEFERRED OUTFLOWS OF RESOURCES	21,816	23,923
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses	72,288	72,182
Deposits and unearned revenues	55,353	50,308
Accrued employee benefits - current portion	9,370	7,609
Postretirement medical benefits - current portion	7,039	7,148
Long-term leases and subscriptions - current portion	7,305	7,036
Long-term debt - current portion	19,692	17,298
Total Current Liabilities	171,047	161,581
Noncurrent Liabilities		
Asset retirement and other obligations	6,802	6,877
Refundable government advances	3,386	5,136
Accrued employee benefits, net of current portion	29,019	29,518
Postretirement medical benefits, net of current portion	57,707	58,512
Long-term leases and subscriptions, net of current portion	69,097	76,229
Long-term debt, net of current portion	342,819	362,510
Total Noncurrent Liabilities	508,830	538,782
TOTAL LIABILITIES	679,877	700,363
DEFERRED INFLOWS OF RESOURCES	20,134	22,755
NET POSITION (see Note 14)		
Net investment in capital assets	798,821	743,508
Restricted		
Nonexpendable	352,049	341,871
Expendable	317,703	281,621
Unrestricted	343,914	337,016
TOTAL NET POSITION	\$1,812,487	\$1,704,016

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,	
	2024	2023
OPERATING REVENUES		
Resident tuition	\$ 154,225	\$ 153,991
Nonresident tuition	324,584	319,729
Continuing education tuition	9,743	9,674
Student fees revenue	20,520	19,985
Total tuition and fees	509,072	503,379
Less: student financial aid - grants and contracts	(34,488)	(31,034)
Less: student financial aid - all other	(198,411)	(187,966)
Net tuition and fees	276,173	284,379
Grants and contracts - direct revenues	187,860	178,855
Grants and contracts - facilities & administrative recovery	34,363	31,409
Sales of auxiliary services	219,492	210,222
Other operating revenues	38,835	40,869
TOTAL OPERATING REVENUES	756,723	745,734
OPERATING EXPENSES		
Employee compensation - grants and contracts	86,434	79,556
Employee compensation - all other	481,802	470,893
Supplies and services - grants and contracts	81,278	88,994
Supplies and services - all other	181,538	185,618
Utilities	22,446	24,195
Depreciation and amortization	74,549	75,025
TOTAL OPERATING EXPENSES	928,047	924,281
Operating loss	(171,324)	(178,547)
NONOPERATING REVENUES (EXPENSES)		
State of New Hampshire general appropriations	98,118	88,500
Federal Pell grants	22,046	20,294
Other nonoperating grant revenue	2,449	48,746
Noncapital gifts	15,870	14,757
Endowment and investment income	58,113	49,026
Interest expense, net	(13,781)	(15,154)
Other nonoperating revenue	131	2,197
TOTAL NONOPERATING REVENUES (EXPENSES)	182,946	208,366
INCREASE IN NET POSITION BEFORE OTHER CHANGES	11,622	29,819
OTHER CHANGES IN NET POSITION		
State of New Hampshire capital appropriations	14,858	495
Plant gifts, grants and other changes, net	6,544	3,766
Endowment and similar gifts	10,122	22,123
Endowment return, net of amount used for operations	65,325	27,024
TOTAL OTHER CHANGES IN NET POSITION	96,849	53,408
INCREASE IN NET POSITION	108,471	83,227
NET POSITION AT BEGINNING OF YEAR	1,704,016	1,620,789
NET POSITION AT END OF YEAR	\$1,812,487	\$1,704,016

See accompanying notes to the financial statements.

University System of New Hampshire

Statements of Cash Flows

(\$ in thousands)

	For the year ended June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from tuition and fees, net of student financial aid	\$ 279,229	\$ 285,923
Receipts from sales of auxiliary services	219,204	210,493
Receipts from grants, contracts and other operating revenues	267,772	251,954
Payments to employees	(423,844)	(429,645)
Payments for employee benefits	(145,832)	(149,882)
Payments for supplies, services and utilities	(292,077)	(296,297)
NET CASH USED IN OPERATING ACTIVITIES	(95,548)	(127,454)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State general appropriations	98,118	88,500
Federal Pell and other nonoperating grants	24,561	63,743
Noncapital gifts	15,571	14,930
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	138,250	167,173
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
State appropriations for plant projects	14,859	2,112
Plant gifts and grants	6,787	4,216
Endowment gifts	9,997	22,103
Proceeds from issuance of debt, sale of capital assets	5,126	119,209
Principal payments	(21,944)	(30,575)
Interest payments	(13,549)	(16,127)
Purchases and construction of capital assets	(125,039)	(69,201)
Retirement of debt through defeasance	-	(98,982)
NET CASH USED IN CAPITAL FINANCING ACTIVITIES	(123,763)	(67,245)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	409,094	439,145
Purchases of investments	(376,309)	(447,544)
Investment income	17,851	7,696
NET CASH USED IN/PROVIDED BY INVESTING ACTIVITIES	50,636	(703)
DECREASE IN CASH AND EQUIVALENTS	(30,425)	(28,229)
BEGINNING CASH AND CASH EQUIVALENTS	82,603	110,832
ENDING CASH AND CASH EQUIVALENTS	\$ 52,178	\$ 82,603
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	\$(171,324)	\$ (178,547)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	74,549	75,025
Changes in assets and liabilities:		
Accounts receivable, net	3,182	(3,862)
Notes receivable	(108)	(415)
Lease receivable	3	(59)
Prepaid expenses and other current assets	(2,238)	(1,272)
Accounts payable and accrued expenses	(2,814)	(15,343)
Deposits and unearned revenues	5,287	4,162
Accrued employee benefits	(2,085)	(7,143)
NET CASH USED IN OPERATING ACTIVITIES	\$(95,548)	\$(127,454)
SIGNIFICANT NONCASH TRANSACTIONS		
Endowment return, net of amount used for operations	\$ 65,325	\$ 27,024
Loss on disposal of capital assets	(8,566)	(3,817)
Construction services payable balance	13,514	12,822

See accompanying notes to the financial statements.

Notes to the Financial Statements

June 30, 2024 and 2023

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."

In July 2021, building on the complementary missions of Granite State College (GSC) and the University of New Hampshire at Manchester (UNHM), the USNH Board of Trustees voted to establish a single merged college. Effective July 1, 2023, the merged entity became a college within UNH named the College of Professional Studies.

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 \$7,620,000 and \$8,227,000 at June 30, 2024 and 2023, 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.

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

New reporting standards

The System adopted Governmental Accounting Standards Board's new accounting standard, GASB Statement No.100: *Accounting Changes and Error Corrections* –

An Amendment of GASB Statement No.62. The objective of this standard is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. GASB 100 defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity. GASB 100 prescribes accounting and financial reporting for each type of accounting change and error corrections. This Statement also addresses the required note disclosures and how information that is affected by an accounting change or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). USNH has applied the accounting and financial reporting requirements under GASB 100.

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 \$52,178,000 and \$82,603,000 at June 30, 2024 and 2023, respectively, and short-term investments totaled \$155,353,000 and \$144,089,000 at June 30, 2024 and 2023, respectively. See Note 4 for additional information on fair value classifications.

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

	Balances and Terms as of June 30, 2024					Balances and Terms as of June 30, 2023				
	Cash	Cash Equivalents and Short-Term Investments Level 1	Level 2	Total	Weighted Average Maturity	Cash	Cash Equivalents and Short-Term Investments Level 1	Level 2	Total	Weighted Average Maturity
Cash balance	\$31,776	\$ –	\$ –	\$ 31,776		\$23,082	\$ –	\$ –	\$ 23,082	
Money market funds	–	20,402	–	20,402	Less than 1 year	–	59,521	–	59,521	Less than 1 year
Subtotal cash and cash equivalents	31,776	20,402	–	52,178		23,082	59,521	–	82,603	
Money market funds	–	27,129	–	27,129	Less than 1 year	–	21,774	–	21,774	Less than 1 year
Domestic equity	–	588	–	588	Less than 1 year	–	538	–	538	Less than 1 year
Mutual Funds	–	127,579	–	127,579	1-5 years	–	121,731	–	121,731	1-5 years
Convertible note	–	–	57	57	1-5 years	–	–	46	46	1-5 years
Subtotal short-term investments	–	155,296	57	155,353		–	144,043	46	144,089	
Total cash, cash equivalents and short-term investments	\$31,776	\$175,698	\$57	\$207,531		\$23,082	\$203,564	\$46	\$226,692	

3. Accounts, pledges, notes, and lease receivable

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

	2024	2023
Grants and contracts	\$34,146	\$35,883
Student and general	9,025	10,021
State of NH capital projects		–
Allowance for doubtful accounts	<u>(2,783)</u>	<u>(2,277)</u>
Total accounts receivable, net	<u>\$40,388</u>	<u>\$43,627</u>

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

	2024	2023
Pledges receivable	\$18,137	\$16,414
Discounts and allowance for doubtful pledges	<u>(2,733)</u>	<u>(2,523)</u>
Total pledges receivable, net	15,404	13,891
Less: noncurrent portion	<u>(8,761)</u>	<u>(10,205)</u>
Current portion	<u>\$ 6,643</u>	<u>\$ 3,686</u>

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

	2024	2023
Perkins loans	\$3,017	\$4,939
Other loans, restricted and unrestricted	1,632	1,633
Allowance for doubtful loans	<u>(877)</u>	<u>(1,158)</u>
Total notes receivable, net	3,772	5,414
Less: noncurrent portion	<u>(3,157)</u>	<u>(4,330)</u>
Current portion	<u>\$ 615</u>	<u>\$1,084</u>

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

	2024	2023
Long-term lease receivable	\$1,254	\$1,150
Accrued interest receivable	<u>2</u>	<u>3</u>
Total lease receivable, net	1,256	1,153
Less: noncurrent portion	<u>(1,026)</u>	<u>(725)</u>
Current portion	<u>\$ 230</u>	<u>\$ 428</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, 2024 or June 30, 2023.

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, 2024 and 2023, 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, 2024 and 2023, respectively, are summarized below (*\$ in thousands*):

	Campuses		Affiliated Entities	
	2024	2023	2024	2023
Pooled endowments:				
Campuses	\$623,124	\$579,293	\$ –	\$ –
UNH Foundation	–	–	316,767	288,892
Keene Endowment Association	–	–	21,968	19,678
Life income and annuity funds	83	78	6,416	6,263
Funds held in trust	<u>19,623</u>	<u>18,105</u>	<u>–</u>	<u>–</u>
Total	<u>\$642,830</u>	<u>\$597,476</u>	<u>\$345,151</u>	<u>\$314,833</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 15 years at both June 30, 2024 and 2023 and carried ratings ranging from AAA to Baa3 as of June 30, 2024 and 2023. 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, 2024					Balances as of June 30, 2023				
	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	\$ 76,261	\$ –	\$ –	\$ 108,404	\$ 184,665	\$ 90,024	\$ –	\$ –	\$ 95,676	\$ 185,700
Global equity	–	–	–	41,289	41,289	–	–	–	34,054	34,054
Global fixed income	51,688	–	–	–	51,688	49,805	–	–	–	49,805
Hedge funds:										
Distressed/Restructuring	–	–	–	14,967	14,967	–	–	–	13,595	13,595
Equity Hedge	–	–	–	34,337	34,337	–	–	–	19,958	19,958
Event-Driven	–	–	–	68,393	68,393	–	–	–	70,432	70,432
Fund of Funds	–	–	–	47	47	–	–	–	48	48
Inflation hedging assets	9,409	–	–	11,226	20,635	9,157	–	–	10,623	19,780
International equity	38,612	–	–	47,167	85,779	19,450	–	–	55,677	75,127
Money market	18,398	–	–	–	18,398	10,096	–	–	–	10,096
Private equity & non-marketable real assets	–	–	–	103,009	103,009	–	–	–	100,776	100,776
Trust funds	–	19,623	–	–	19,623	–	18,105	–	–	18,105
Total endowment and similar investments – campuses	<u>\$194,368</u>	<u>\$19,623</u>	<u>\$ –</u>	<u>\$428,839</u>	<u>\$642,830</u>	<u>\$178,532</u>	<u>\$18,105</u>	<u>\$ –</u>	<u>\$400,839</u>	<u>\$597,476</u>
Endowment and similar investments – affiliated entities										
Domestic equity	\$ 25,940	\$ –	\$ –	\$ 73,756	\$ 99,696	\$ 19,352	\$ –	\$ –	\$ 62,115	\$ 81,467
Global equity	390	–	–	69,729	70,119	397	–	–	55,441	55,838
Global fixed income	16,574	10,039	1,649	–	28,262	15,601	6,927	4,344	–	26,872
Hedge funds:										
Distressed/Restructuring	–	–	–	9,462	9,462	–	–	–	9,002	9,002
Equity Hedge	–	–	–	13,509	13,509	–	–	–	12,341	12,341
Event-Driven	–	–	–	19,519	19,519	–	–	–	23,619	23,619
Inflation hedging assets	16,675	–	–	–	16,675	13,307	–	–	–	13,307
International equity	25,536	–	–	12,842	38,378	16,547	–	–	17,339	33,886
Money market	5,682	–	–	–	5,682	18,596	–	–	–	18,596
Private equity & non-marketable real assets	–	–	–	43,849	43,849	–	–	–	39,905	39,905
Total endowment and similar investments – affiliated entities	<u>\$ 90,797</u>	<u>\$10,039</u>	<u>\$1,649</u>	<u>\$242,666</u>	<u>\$345,151</u>	<u>\$ 83,800</u>	<u>\$ 6,927</u>	<u>\$4,344</u>	<u>\$219,762</u>	<u>\$314,833</u>
Total endowment and similar investments	<u>\$285,165</u>	<u>\$29,662</u>	<u>\$1,649</u>	<u>\$671,505</u>	<u>\$987,981</u>	<u>\$262,332</u>	<u>\$25,032</u>	<u>\$4,344</u>	<u>\$620,601</u>	<u>\$912,309</u>

As of June 30, 2024, USNH and UNHF had no funds in lock-up. Fixed income, private equity and real estate funds classified as illiquid have no ability to be redeemed at this time. For USNH, of the 35 funds classified as illiquid, four are currently in liquidation; three are expected to start liquidation within the next year; 21 are expected to start liquidation in 2 to 12 years, and seven currently have no expected liquidation dates. For UNHF, 29 funds are classified as illiquid and 27 are expected to be liquidated over the next one to 12 years and two funds have no expected liquidation dates.

As of June 30, 2024 and 2023, USNH had one outstanding investment liquidation request which has been limited by the respective fund managers. USNH's estimated fair values of these investments at June 30, 2024 and 2023 were \$48,000. It is uncertain when, or if, the funds will be fully collected at the NAV recorded.

Unfunded commitments with various private equity and similar alternative investment funds totaled \$49,316,000 for USNH and \$37,632,000 for UNHF at June 30, 2024. This compares to \$46,761,000 and \$38,922,000, respectively, at June 30, 2023.

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

Liquidity Terms as of June 30, 2024								
	Daily	Monthly	Quarterly	Semi-Annual	Annual	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	<u>\$238,753</u>	<u>\$ 66,651</u>	<u>\$156,329</u>	<u>\$43,216</u>	<u>\$14,967</u>	<u>\$122,914</u>	<u>\$642,830</u>	
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	<u>\$140,264</u>	<u>\$ 38,013</u>	<u>\$ 98,195</u>	<u>\$13,367</u>	<u>\$ 9,814</u>	<u>\$ 45,498</u>	<u>\$345,151</u>	
Total endowment and similar investments	\$379,017	\$104,664	\$254,524	\$56,583	\$24,781	\$168,412	\$ 987,981	
Liquidity Terms as of June 30, 2023								
	Daily	Monthly	Quarterly	Semi-Annual	Annual	illiquid	Total	Redemption Notice Period
Endowment and similar investments – campuses								
Money market	\$ 10,096	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 10,096	Daily
Global fixed income	49,805	–	–	–	–	–	49,805	Daily
International equity	39,109	36,018	–	–	–	–	75,127	1-10 days
Inflation hedging assets	9,157	10,623	–	–	–	–	19,780	1-15 days
Domestic equity	90,024	–	95,676	–	–	–	185,700	1-60 days
Global equity	–	24,706	9,348	–	–	–	34,054	30 days
Hedge funds:								
Equity Hedge	–	–	19,543	–	–	415	19,958	30-60 days
Event-Driven	4,969	–	24,747	40,716	–	–	70,432	60-90 days
Distressed/Restructuring	–	–	–	–	13,595	–	13,595	90 days
Fund of Funds	–	–	–	–	–	48	48	illiquid
Private equity & non-marketable real assets	–	–	–	–	–	100,776	100,776	illiquid
Funds held in trust	–	–	–	–	–	18,105	18,105	illiquid
Total endowment and similar investments – campuses	<u>\$203,160</u>	<u>\$ 71,347</u>	<u>\$149,314</u>	<u>\$40,716</u>	<u>\$13,595</u>	<u>\$119,344</u>	<u>\$597,476</u>	
Endowment and similar investments – affiliated entities								
Money market	\$ 18,596	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 18,596	Daily
Inflation hedging assets	13,307	–	–	–	–	–	13,307	Daily
Global fixed income	22,528	–	–	–	4,344	–	26,872	Daily, illiquid
Global equity	18,318	19,953	17,567	–	–	–	55,838	1-30 days
Domestic equity	26,001	7,225	48,241	–	–	–	81,467	1-60 days
International equity	31,081	–	2,805	–	–	–	33,886	1-90 days
Hedge funds:								
Equity Hedge	–	–	12,341	–	–	–	12,341	30-60 days
Event-Driven	–	–	5,346	16,091	2,182	–	23,619	60-90 days
Distressed/Restructuring	–	–	–	–	9,002	–	9,002	60-90 days
Private equity & non-marketable real assets	–	–	–	–	–	39,905	39,905	illiquid
Total endowment and similar investments - affiliated entities	<u>\$129,831</u>	<u>\$27,178</u>	<u>\$ 86,300</u>	<u>\$16,091</u>	<u>\$15,528</u>	<u>\$ 39,905</u>	<u>\$314,833</u>	
Total endowment and similar investments	\$332,991	\$98,525	\$235,614	\$56,807	\$29,123	\$159,249	\$912,309	

5. Capital assets

Capital assets activity for the years ended June 30, 2024 and 2023 is summarized as follows (\$ in thousands):

	Balance June 30, 2022	2023			2024		
		Additions	Retirements & Changes	Balance June 30, 2023	Additions	Retirements & Changes	Balance June 30, 2024
Land	\$ 15,285	\$ –	\$ (295)	\$ 14,990	\$ –	\$ (827)	\$ 14,163
Construction in progress, net	<u>93,283</u>	<u>58,737</u>	<u>(73,872)</u>	<u>78,148</u>	<u>108,531</u>	<u>(13,260)</u>	<u>173,419</u>
Total nondepreciable assets	108,568	58,737	(74,167)	93,138	108,531	(14,087)	187,582
Buildings and improvements	1,899,214	73,872	(11,147)	1,961,939	12,809	(8,366)	1,966,382
Equipment	<u>161,468</u>	<u>10,860</u>	<u>(8,641)</u>	<u>163,687</u>	<u>17,030</u>	<u>(1,681)</u>	<u>179,036</u>
Total depreciable assets	2,060,682	84,732	(19,788)	2,125,626	29,839	(10,047)	2,145,418
Intangible right to use assets - real estate	44,065	155	(207)	44,013	97	(2,556)	41,554
Intangible right to use assets - equipment	1,565	598	(694)	1,469	1,798	(1,034)	2,233
Intangible right to use assets - subscription	<u>8,889</u>	<u>39,330</u>	<u>2,382</u>	<u>50,601</u>	<u>7,492</u>	<u>(8,953)</u>	<u>49,140</u>
Total amortizable intangible assets	<u>54,519</u>	<u>40,083</u>	<u>1,481</u>	<u>96,083</u>	<u>9,387</u>	<u>(12,543)</u>	<u>92,927</u>
Total capital assets	2,223,769	183,552	(92,474)	2,314,847	147,757	(36,677)	2,425,927
Less: accumulated depreciation	(1,088,442)	(67,151)	15,265	(1,140,328)	(66,927)	6,050	(1,201,205)
Less: accumulated amortization	<u>(7,322)</u>	<u>(7,781)</u>	<u>730</u>	<u>(14,373)</u>	<u>(7,562)</u>	<u>2,650</u>	<u>(19,285)</u>
Total accumulated depreciation/amortization	<u>(1,095,764)</u>	<u>(74,932)</u>	<u>15,995</u>	<u>(1,154,701)</u>	<u>(74,489)</u>	<u>8,700</u>	<u>(1,220,490)</u>
Capital assets, net	<u>\$1,128,005</u>	<u>\$108,620</u>	<u>\$(76,479)</u>	<u>\$1,160,146</u>	<u>\$73,268</u>	<u>\$(27,977)</u>	<u>\$1,205,437</u>

Contractual obligations for major construction projects totaled approximately \$65,379,000 and \$85,870,000 at June 30, 2024 and 2023, 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):

	2023			2024			Balance June 30, 2024	Current Portion
	Balance June 30, 2022	Payments to/ on Behalf of Participants	Expenses & Other Changes	Balance June 30, 2023	Payments to/ on Behalf of Participants	Expenses & Other Changes		
Additional retirement contribution	\$ 1,008	\$ (56)	\$ 5	\$ 957	\$ (105)	\$ 124	\$ 976	\$ 105
Standard employee separation incentives	1,217	(1,742)	1,631	1,106	(4,136)	6,464	3,434	2,682
Enhanced retirement and separation programs	13,331	(5,070)	29	8,290	(1,073)	–	7,217	1,573
Long-term disability	1,072	(220)	302	1,154	(177)	5	982	177
Workers' compensation	2,679	(911)	908	2,676	(999)	931	2,608	999
Compensated absences	21,170	(2,432)	3,452	22,190	(2,873)	2,873	22,190	2,852
Other benefits	656	–	98	754	–	228	982	982
Total accrued employee benefits	<u>\$41,133</u>	<u>\$(10,431)</u>	<u>\$6,425</u>	<u>\$37,127</u>	<u>\$(9,363)</u>	<u>\$10,625</u>	<u>\$38,389</u>	<u>\$9,370</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 126 and 140 active employees meeting the requirements for the guaranteed minimum employer contribution as of June 30, 2024 and 2023, 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 3.26% and 3.72% for 2024 and 2023, 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 \$976,000 and \$957,000 at June 30, 2024 and 2023, respectively, for the related obligations. If the discount rate were to increase by 1%, the total liability at June 30, 2024 and 2023 would be \$944,000 and \$921,000, respectively. Similarly, if the discount rate were to decrease by 1%, the total liability at June 30, 2024 and 2023 would be \$1,008,000 and \$993,000, respectively. The Additional Retirement Contribution program expense was (\$24,000) and (\$50,000) for fiscal years 2024 and 2023, respectively.

USNH had designated cash assets to fully fund the Additional Retirement Contribution obligations at June 30, 2024 and 2023. These assets are not administered through a trust. The Additional Retirement Contribution program is not available to employees hired after June 30, 2011. Eligible employees hired after June 30, 2011 may elect to participate in USNH's defined contribution retirement plans administered by others. Retirement contributions by USNH for employees enrolled in the defined contribution plans range from 4% to 10% of eligible salaries for enrolled participants. USNH additions to the defined contribution plans totaled \$27,838,000 and \$26,980,000 in 2024 and 2023, respectively. Retirement contributions by plan members totaled \$29,591,000 and \$28,725,000 in 2024 and 2023, respectively.

Early retirement and employee separation incentive programs were provided to various faculty and staff during 2024 and 2023. 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 \$3,434,000 and \$1,106,000 at June 30, 2024 and 2023 represent obligations for 38 and 12 participants, respectively, which will be remitted in fiscal years 2025 and 2026.

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, 2023, the liability balance for these programs was \$8,290,000. The liability balance of \$7,217,000 at June 30, 2024, represents obligations for 126 participants, which will be remitted in fiscal years 2025 through 2027.

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

USNH is self-insured for a portion of certain risks, including workers' compensation, employee long-term disability, and certain student health insurance claims. Most employee and retiree medical and dental coverage provided by USNH is also self-insured. The costs of self-insured medical and dental claims and administrative fees totaled \$76,984,000 and \$70,207,000 for fiscal year 2024 and 2023, respectively. These amounts include \$3,890,000 and \$3,768,000 for estimated claims incurred but not reported as of June 30, 2024 and 2023, 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, 2024 and 2023 are summarized below (\$ in thousands):

Trust Investment Components	2024	2023
Cash and equivalents	\$ 92	\$ 242
Fixed income	497	331
Equities	<u>4,868</u>	<u>4,836</u>
Total including accrued income	<u>\$5,457</u>	<u>\$5,409</u>

The plan has been closed to new participants since 1987. At June 30, 2024 there were approximately 138 current annuitants and 3 participants with deferred benefits, all fully vested. This compares to 147 current annuitants and 8 participants with deferred benefits as of June 30, 2023. The determination of total pension liabilities for this program was based on actuarial calculations completed by the plan trustee as of June 30, 2024 and 2023. 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 \$5,457,000 as of June 30, 2024 and \$5,409,000 as of June 30, 2023 which resulted in the recording of a net pension asset of \$1,399,000 and \$1,082,000 for fiscal years 2024 and 2023, respectively. The actuarially determined liability for the program was \$4,058,000 as of June 30, 2024 and \$4,328,000 as of June 30, 2023. If the discount rate were to increase by 1%, the net pension asset at June 30, 2024 would be \$1,685,000. Similarly, if the discount rate were to decrease by 1%, the net pension asset at June 30, 2024 would be \$1,069,000. The plan expense was (\$17,000) and (\$113,000) for fiscal years 2024 and 2023, respectively.

7. Postretirement medical benefits

The primary defined benefit postretirement medical plan has two components. The first offering known as the Medicare Complementary Plan (MCP), was optional for full-time status employees hired before July 1, 1994 and not offered to new employees after that date. At December 31, 2023 and 2022, respectively, there were 844 and 865 former employees receiving benefits under this program along with their eligible dependents. As of December 31, 2023 and 2022, there were 48 and 57 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, 2023 and 2022, respectively, there were 141 and 225 retirees receiving benefits under this program along with their

dependents. As of December 31, 2023 and 2022, respectively, there were also 4,143 and 4,041 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, 2024 and 2023 were as follows (\$ in thousands):

Postretirement Medical Plan Liability	2024	2023
Service costs	\$ 869	\$ 1,103
Interest	2,390	1,580
Benefit payments	(4,585)	(4,577)
Differences between expected and actual experience	(677)	–
Changes in assumptions	<u>1,089</u>	<u>(10,306)</u>
Net change	(914)	(12,200)
Liability at beginning of year	65,660	<u>77,860</u>
Liability at end of year	<u>\$64,746</u>	<u>\$65,660</u>
Current portion	<u>\$ 7,039</u>	<u>\$ 7,148</u>

The total postretirement benefit obligation is measured at December 31, 2023 for the June 30, 2024 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, 2022 measurement date based on the biennial actuarial valuation to calculate postretirement benefit obligation for the June 30, 2023 financial statements using the Entry Age Normal Actuarial Cost Method and the PubT.H-2010 mortality tables with Scale MP-2021. For measurement purposes the 2024 and 2023 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 2024 and 9.0% for 2023, 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 2024 and 2023. A single discount rate of 3.26% and 3.72% was used based on the Bond Buyer 20-Bond General Obligation index rate as of December 31, 2023 and 2022, respectively. The actuarially determined postretirement medical expense for the plan for the years ended June 30, 2024 and 2023 were \$2,023,000 and \$1,393,000, 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):

OPEB liability as of December 31, 2023	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
	\$59,716	\$64,746	\$70,514	\$70,223	\$64,746	\$59,969
OPEB liability as of December 31, 2022	\$60,510	\$65,660	\$71,572	\$71,873	\$65,660	\$60,254

The benefit payments subsequent to the measurement date for the years ended June 30, 2024 and 2023 were \$4,007,000 and \$3,756,000, 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, 2024 and 2023 is summarized below (*\$ in thousands*):

	Balance June 30, 2022	2023		Balance June 30, 2023	2024		Balance June 30, 2024	Current Portion
		Additions & Other Changes	Retirements		Additions & Other Changes	Retirements		
NHHEFA bonds								
Series 2005A	\$ 40,300	\$ –	\$ (40,300)	\$ –	\$ –	\$ –	\$ –	\$ –
Series 2005B	49,620	–	(49,620)	–	–	–	–	–
Series 2011B	23,630	–	(23,630)	–	–	–	–	–
Series 2014	7,000	–	(2,285)	4,715	–	(2,335)	2,380	2,380
Series 2015	101,570	–	(3,280)	98,290	–	(3,385)	94,905	3,540
Series 2016	41,890	–	(2,920)	38,970	–	(3,070)	35,900	3,225
Series 2017A	48,255	–	(2,040)	46,215	–	(2,140)	44,075	2,250
Series 2017B	41,950	–	(2,075)	39,875	–	(2,125)	37,750	2,180
Series 2023	–	115,430	–	115,430	–	–	115,430	1,810
Unamortized discounts/premiums, net	22,266	12,923	(1,781)	33,408	–	(2,845)	30,563	2,844
Financed purchases payable	<u>4,152</u>	<u>105</u>	<u>(1,352)</u>	<u>2,905</u>	<u>–</u>	<u>(1,397)</u>	<u>1,508</u>	<u>1,463</u>
Total bonds and financed purchases	<u>\$380,633</u>	<u>\$128,458</u>	<u>\$(129,283)</u>	<u>\$379,808</u>	<u>\$–</u>	<u>\$(17,297)</u>	<u>\$362,511</u>	<u>\$19,692</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). Construction proceeds of \$14,296,000 were unspent as of June 30, 2024, and \$27,916,000, which includes \$2,393,000 in premiums, were unspent as of June 30, 2023, 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 2014	7/1/2024	Fixed at 2.1%
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 in the amount of \$18,292,000 to finance a portion of the costs of equipment housed in UNH's utility cogeneration facility. The related payments are due quarterly through June 2025, including principal as well as interest at a fixed rate of 4.5%. The carrying value of the related assets was \$1,391,000 and \$2,261,000 as of June 30, 2024 and 2023, respectively.

State of NH general obligation bonds

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

Maturity of long-term debt obligations

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

Fiscal Year	Principal	Interest	Total
2025	\$ 16,845	\$ 15,003	\$ 31,848
2026	14,367	14,303	28,670
2027	14,949	13,635	28,584
2028	19,605	12,848	32,453
2029	20,490	11,920	32,410
2030-2034	118,820	43,814	162,634
2035-2039	69,850	19,787	89,637
2040-2044	30,130	10,006	40,136
2045-2049	19,445	3,419	22,864
2050-2054	7,446	1,017	8,463
Plus: unamortized discounts/premiums, net	<u>30,564</u>	<u>—</u>	<u>30,564</u>
Total	<u>\$362,511</u>	<u>\$145,752</u>	<u>\$508,263</u>

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*):

	2023			2024			Balance June 30, 2024	Current Portion
	Balance June 30, 2022	Additions & Other Changes	Retirements	Balance June 30, 2023	Additions & Other Changes	Retirements		
Asset retirement and other obligations*	\$ 14,695	\$ 964	\$ (8,401)	\$ 7,258	\$ 339	\$ (428)	\$ 7,169	\$ 367
Refundable government advances	7,674	(63)	(2,475)	5,136	(87)	(1,663)	3,386	—
Long-term leases - real estate	40,202	(52)	(2,123)	38,027	(1,880)	(2,352)	33,795	2,126
Long-term leases - equipment	521	599	(476)	644	1,900	(547)	1,997	430
Long-term leases - subscriptions**	<u>8,889</u>	<u>39,884</u>	<u>(4,179)</u>	<u>44,594</u>	<u>7,720</u>	<u>(11,704)</u>	<u>40,610</u>	<u>4,749</u>
Total other long-term obligations	<u>\$71,981</u>	<u>\$41,332</u>	<u>\$(17,654)</u>	<u>\$95,659</u>	<u>\$7,992</u>	<u>\$(16,694)</u>	<u>\$86,957</u>	<u>\$7,672</u>

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

**Fiscal year 2023 beginning balances were restarted.

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 3.51% and 3.56% as of June 30, 2024 and 2023, 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, 2024, and recognized \$61,000 in expense as of June 30, 2023. USNH recognized \$72,000 and \$75,000 in variable payment revenue as of June 30, 2024 and 2023, respectively.

The tables below represent the schedule of maturity for current Lessee and Lessor arrangements as of June 30, 2024 (*in thousands*):

Lessee Maturity Schedule

Fiscal Year	Principal	Interest	Total
2025	\$ 2,546	\$ 1,224	\$ 3,770
2026	2,397	1,137	3,534
2027	2,260	1,055	3,315
2028	2,365	974	3,339
2029	2,386	889	3,275
2030-2034	12,854	3,161	16,015
2035-2039	10,932	846	11,778
2040-2044	42	4	46
Total lessee	<u>\$35,782</u>	<u>\$9,290</u>	<u>\$45,072</u>

Lessor Maturity Schedule

Fiscal Year	Principal	Interest	Total
2025	\$ 209	\$ 39	\$ 248
2026	215	34	249
2027	176	26	202
2028	164	21	185
2029	124	15	139
2030-2034	145	44	189
2035-2039	19	38	57
2040-2044	23	34	57
2045-2049	28	29	57
2050-2054	33	24	57
2055-2059	40	17	57
2060-2064	47	10	57
2065-2067	32	2	34
Total lessor	<u>\$1,255</u>	<u>\$333</u>	<u>\$1,588</u>

Subscriptions

USNH adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the period ended June 30, 2023 financial statements. Fiscal year 2023 beginning balances were restated to reflect this adoption. 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 3.51% and 3.56% as of June 30, 2024 and 2023, respectively.

The table below represents the maturity of current subscription arrangements as of June 30, 2024 (*in thousands*):

Subscription Maturity Schedule

Fiscal Year	Principal	Interest	Total
2025	\$ 4,657	\$ 338	\$ 4,995
2026	3,765	1,479	5,244
2027	3,386	1,369	4,755
2028	3,124	1,235	4,359
2029	2,519	1,123	3,642
2030-2034	10,506	4,427	14,933
2035-2039	12,071	2,233	14,304
2040-2041	6,002	329	6,331
Total subscriptions	<u>\$46,030</u>	<u>\$12,533</u>	<u>\$58,563</u>

10. Deferred inflows and outflows of resources

The components of Deferred Inflows and Outflows of Resources as of June 30, 2024 and 2023 were as follows (\$ in thousands):

	2024	2023
Deferred outflows of resources		
Accounting loss on debt refinancing	\$ 9,125	\$ 9,952
Changes of assumptions:		
Postretirement Medical Plan	6,666	7,776
Additional Retirement Contribution Program	20	30
Net difference between projected and actual earnings:		
Operating Staff Retirement Plan	440	691
Difference between expected and actual experience:		
Postretirement Medical Plan	481	647
Additional Retirement Contribution Program	9	–
Benefit payments subsequent to the measurement date:		
Postretirement Medical Plan	4,007	3,756
Additional Retirement Contribution Program	95	38
Asset retirement obligations	<u>973</u>	<u>1,033</u>
Total deferred outflows of resources	<u>\$21,816</u>	<u>\$23,923</u>
Deferred inflows of resources		
Annuities unconditional remainder interest	\$ 2,447	\$ 2,208
Changes of assumptions:		
Postretirement Medical Plan	14,310	17,527
Additional Retirement Contribution Program	37	56
Net difference between projected and actual earnings:		
Operating Staff Retirement Plan	614	555
Difference between expected and actual experience:		
Operating Staff Retirement Plan	–	11
Postretirement Medical Plan	1,433	1,140
Additional Retirement Contribution Program	66	138
Deferred inflows - leases	<u>1,227</u>	<u>1,120</u>
Total deferred inflows of resources	<u>\$20,134</u>	<u>\$22,755</u>

The accounting loss on debt refinancing relates to the Series 2005B, 2011B, 2015, 2017A 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
2025	\$(167)	\$ (32)	\$(1,236)
2026	95	(39)	(1,236)
2027	(126)	(7)	(1,695)
2028	–	5	(2,058)
2029	–	–	(1,513)
2030	–	–	(895)
2031	–	–	<u>37</u>
Total	<u>\$(198)</u>	<u>\$(73)</u>	<u>\$(8,596)</u>

11. Pass-through grants

USNH distributed \$139,029,000 and \$140,431,000 of student loans through the US Department of Education Federal Direct Lending program during 2024 and 2023, 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 \$49,000 and \$53,000 as of June 30, 2024 and 2023, 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 5.2% and 5.25% as of December 31, 2022, respectively, and 4.3% and 5.25% as of December 31, 2021, 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 2024 and 2023 are summarized below (\$ in thousands):

Components of Endowment Payout	2024	2023
Pooled endowment yield - campuses	\$ 4,741	\$ 3,950
Pooled endowment yield - affiliates	1,361	1,552
Trusts, life income and annuities yield, net of gains utilized	590	687
Gains utilized to fund distribution - pooled campuses	21,906	20,985
Gains utilized to fund distribution - pooled affiliates	<u>13,390</u>	<u>14,247</u>
Endowment return used for operations	<u>\$41,988</u>	<u>\$41,421</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	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>

	Compensation	Supplies & Services	Utilities	Internal Allocations	Depreciation/ Amortization	2023 Total
Campuses – current funds						
Instruction	\$190,239	\$ 21,888	\$ 30	\$ –	\$ –	\$212,157
Auxiliary services	45,932	44,147	73	64,680	–	154,832
Research and sponsored programs	92,681	90,487	392	–	–	183,560
Academic support	65,190	23,985	3	–	–	89,178
Student services	34,528	21,245	14	(72)	–	55,715
Institutional support	64,987	14,587	92	(23,650)	–	56,016
Operations and maintenance	22,257	37,472	23,579	(40,958)	–	42,350
Fundraising and communications	8,310	6,837	–	6,439	–	21,586
Public service	<u>15,044</u>	<u>2,968</u>	<u>12</u>	<u>–</u>	<u>–</u>	<u>18,024</u>
Subtotal – current funds	539,168	263,616	24,195	6,439	–	833,418
Campuses - other funds	1,577	9,314	–	–	75,025	85,916
Affiliated entities	<u>9,704</u>	<u>1,682</u>	<u>–</u>	<u>(6,439)</u>	<u>–</u>	<u>4,947</u>
Total	<u>\$550,449</u>	<u>\$274,612</u>	<u>\$24,195</u>	<u>\$ –</u>	<u>\$75,025</u>	<u>\$924,281</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, 2024 and 2023 (\$ in thousands):

Components of Net Position	2024	2023
Net investment in capital assets	\$ 798,821	\$ 743,508
Restricted financial resources		
Nonexpendable		
Historic gift value of endowment - campuses	151,337	148,030
Historic gift value of endowment - affiliated entities	<u>200,712</u>	<u>193,841</u>
Total restricted nonexpendable resources	352,049	341,871
Expendable		
Held by campuses:		
Accumulated net gains on endowment	91,345	75,050
Fair value of restricted funds functioning as endowment	18,008	16,883
Gifts, grants and contracts	53,152	55,135
Life income and annuity funds	27	21
Loan funds	1,358	1,516
Held by affiliated entities:		
Accumulated net gains on endowment	74,923	56,177
Fair value of restricted funds functioning as endowment	61,565	57,115
Other	<u>17,325</u>	<u>19,724</u>
Total restricted expendable resources	317,703	281,621
Unrestricted financial resources		
Held by campuses:		
Educational and general reserves	(69,843)	(50,701)
Auxiliary enterprises	138,498	118,511
Internally designated reserves	183,357	206,606
Unrestricted loan funds	1,085	1,201
Unexpended plant funds	26,530	28,997
Fair value of unrestricted funds functioning as endowment	128,433	100,559
Other	1,225	1,208
Less: postretirement medical liability ⁽¹⁾	(69,335)	(72,148)
Held by affiliated entities:		
Fair value of unrestricted funds functioning as endowment	1,538	1,437
Other	<u>2,426</u>	<u>1,346</u>
Total unrestricted financial resources	343,914	337,016
Total net position	<u>\$1,812,487</u>	<u>\$1,704,016</u>

⁽¹⁾As discussed in Note 7, the 2024 and 2023 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,	2024	2023
Endowment investments	\$ 323	\$ 295
Other assets	<u>20</u>	<u>24</u>
Total assets	<u>343</u>	<u>319</u>
Annuities payable	4	4
Other liabilities and deferred inflows of resources	<u>3</u>	<u>5</u>
Total liabilities and deferred inflows of resources	<u>7</u>	<u>9</u>
Total net position	<u>\$336</u>	<u>\$310</u>
Condensed information from the Statements of Revenues, Expenses and Changes in Net Position for the years ended June 30,	2024	2023
Gifts and other support	\$ 31	\$ 44
Investment income	<u>36</u>	<u>21</u>
Total revenues	<u>67</u>	<u>65</u>
Distributions to UNH	30	30
Administrative and other expenses	<u>11</u>	<u>12</u>
Total expenses	<u>41</u>	<u>42</u>
Increase in net position	<u>\$ 26</u>	<u>\$ 23</u>
Condensed information from the Statements of Cash Flows for the years ended June 30,	2024	2023
Receipts from gifts and other sources	\$ 24	\$ 34
Payments to UNH and suppliers	<u>(43)</u>	<u>(41)</u>
Net cash used in operating activities	(19)	(7)
Net cash (used in)/provided by investing activities	8	(3)
Net cash provided by noncapital financing activities	<u>6</u>	<u>9</u>
Change in cash and equivalents	<u>\$ (5)</u>	<u>\$ (1)</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 24, 2024, 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 Pension Liability and Related Ratios for the years ended June 30, (\$ in thousands):

	2024	2023	2022	2021	2020	2019	2018
Service costs	\$ 869	\$ 1,103	\$ 1,132	\$ 1,143	\$ 1,247	\$ 1,359	\$ 1,416
Interest	2,390	1,579	1,792	2,444	3,339	3,024	3,627
Benefit payments	(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⁾	1,089	(10,306)	(6,126)	7,336	7,664	(4,968)	(4,857)
Net change in postretirement medical liability	(914)	(12,201)	(8,176)	(4,404)	7,697	(6,966)	(8,248)
Total Postretirement Medical Plan liability-beginning of year	65,660	77,861	86,037	90,441	82,744	89,710	97,958
Total Postretirement Medical Plan liability-end of year	\$ 64,746	\$ 65,660	\$ 77,861	\$ 86,037	\$ 90,441	\$ 82,744	\$ 89,710
Current portion	\$ 7,039	\$ 7,148	\$ 7,201	\$ 5,342	\$ 4,412	\$ 5,331	\$ 5,837
Covered payroll	\$324,201	\$314,822	\$289,072	\$303,529	\$298,040	\$290,287	\$290,107
Total liability as a percentage of covered payroll	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):

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

	2024	2023	2022	2021	2020	2019	2018	2017 ⁽³⁾
Plan Fiduciary Net Position								
Beginning balance	\$ 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	637	554	(754)	1,143	173	407	274	-
Benefit payments	(589)	(451)	(488)	(457)	(496)	(584)	(585)	-
Fiduciary net position	\$5,458	\$ 5,410	\$ 5,307	\$ 6,549	\$ 5,863	\$ 6,186	\$ 6,376	\$ 6,700
Total pension liability at end of year	(4,058)	(4,328)	(4,593)	(4,992)	(5,431)	(5,875)	(5,652)	(5,707)
Net pension asset	\$ 1,400	\$ 1,082	\$ 714	\$ 1,557	\$ 432	\$ 311	\$ 724	\$ 993
Plan net position as a percentage of total pension liability	134.5%	125.0%	115.5%	131.2%	108.0%	105.3%	112.8%	117.4%
Plan Pension Liability								
Beginning balance	\$ (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	(319)	(185)	(79)	(41)	(65)	(290)	(292)	(298)
Benefit payments	589	451	488	457	496	584	585	956
Changes in assumptions	-	-	(9)	29	20	(514)	(238)	-
Total pension liability at end of year	\$ (4,059)	\$ (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%	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 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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