



**UNIVERSITY SYSTEM OF NEW HAMPSHIRE**

Independent Auditors' Reports as Required by Office of  
Management and Budget (OMB) Circular A-133 and  
*Government Auditing Standards* and Related Information

Year ended June 30, 2014

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and Budget (OMB) Circular A-133 and  
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Year ended June 30, 2014

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## Independent Auditors' Report

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

### Report on the Financial Statements

We have audited the accompanying statements of net position of the University System of New Hampshire (the System), a component unit of the State of New Hampshire, as of June 30, 2014 and 2013, the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the System's basic financial statements.

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

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

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the University System of New Hampshire as of June 30, 2014 and 2013, and the changes in its



net position and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

***Other Matters***

***Required Supplementary Information***

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 through 9 and the schedules of funding progress on page 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit 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 Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedule of expenditures of federal awards is presented for purposes of additional analysis, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2014 on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

**KPMG LLP**

October 30, 2014, except as to the  
supplementary schedule of expenditures  
of federal awards, which is as of March 11, 2015

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## JUNE 30, 2014 AND 2013 (Unaudited)

### I. Introduction

The following Management's Discussion and Analysis includes an analysis of the financial condition and results of activities of the University System of New Hampshire (USNH) for the fiscal year ended June 30, 2014. This analysis provides a comparison of significant amounts and measures to prior periods and, where appropriate, presents management's outlook for the future.

USNH is a Section 501(c)(3) corporation organized under the laws of the State of New Hampshire to serve the people of the state as the key provider of public higher education for bachelor's and advanced degree students. USNH accomplishes its mission by operating four educational institutions that collectively offer a broad array of education, research and public service options for the state. These institutions include the University of New Hampshire, with campuses in Durham (UNH), Manchester (UNHM) and beginning in 2013, the UNH School of Law (UNHL) in Concord; Plymouth State University (PSU); Keene State College (KSC); and Granite State College (GSC). While select programs are active in other regions as well as abroad, most of USNH's activities take place at the three residential campuses (UNH, PSU and KSC), the ten regional sites of GSC, UNH's urban campuses (UNHM and 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. The condensed five-year financial statements included also reflect the activities and balances of New Hampshire Public Broadcasting (NHPB) prior to its disaffiliation from USNH on July 1, 2012. (See Note 1 for additional information on affiliated entities.)

### II. Economic Outlook and Financial Highlights

For fiscal year 2014, the general appropriation from the state was increased from \$54 million to \$69 million. This allowed USNH to freeze tuition rates for resident undergraduate students, directly impacting costs for our 21,000 New Hampshire students and their families. The USNH Board of Trustees also voted to extend the resident tuition freeze for 2015. Supporting the freeze, our general appropriation will increase to \$84 million in 2015 as we begin to recover from the drastic cuts of the prior biennium. UNH is expected to enroll its largest freshman class to date this fall which will expand the impact of the tuition freeze to even more NH families.

During 2014 USNH also set aside \$10 million for the campuses to invest in Science, Technology, Engineering and Math (STEM) programs and infrastructure. These investments, combined with increases in student financial aid, are being made with NH students and businesses in mind. STEM competencies are an area of high

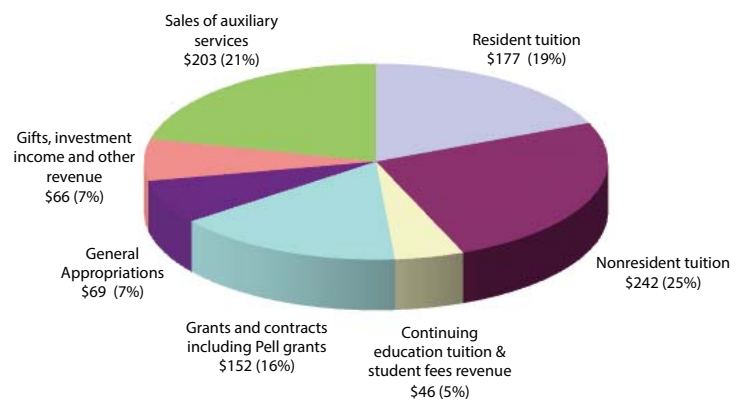
demand for NH employers, and such skills will position our students to fill these roles, thus extending USNH's impact in the state.

The remainder of this report describes the results of financial operations for the year ended June 30, 2014 with comparisons to prior years. With this strong foundation and the commitment of USNH management and trustees, New Hampshire students will have continued access to affordable, high-quality, higher education.

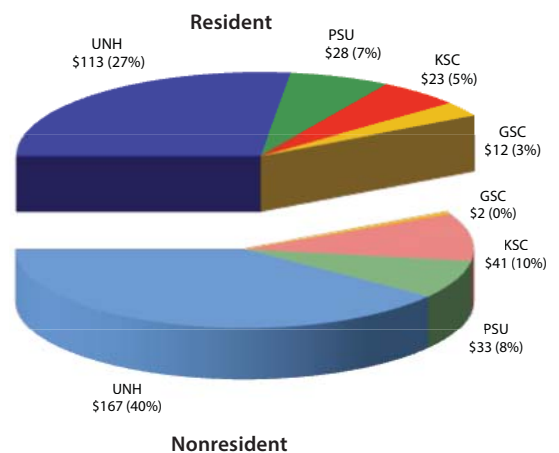
### A. Revenues

The charts below show the diversification of USNH's revenue streams in 2014 which totaled nearly \$1 billion. Note that these amounts are not reduced by student financial aid expenditures. In addition, capital additions and deductions are excluded from the charts.

**Chart 1: 2014 Revenues by Source**  
Total = \$955 Million  
(\$ in millions)



**Chart 2: 2014 Tuition by Campus**  
Total = \$419 Million  
(\$ in millions)



Tuition and student fees accounted for \$465 million or 49% of USNH revenue in both 2014 and 2013. The mix of enrollees was slightly different, however. As shown in Table 1 below, credit-generating programs lost the equivalent of 846 full-time resident students from 2013 to 2014. This is offset by an increase in full-time equivalent (FTE) nonresident students of 254, resulting in a net enrollment reduction of 592 FTE students or 2.1%.

**Table 1: Twelve Month Full-Time Equivalent (FTE) Credit-Bearing Enrollment**

	2013	2014
UNH*	15,268	14,974
PSU	4,839	4,675
KSC	5,097	4,901
GSC	1,786	1,856
UNHM	921	913
<b>Total USNH FTEs</b>	<b>27,911</b>	<b>27,319</b>
NH Resident	16,537	15,691
Nonresident	11,374	11,628
<b>Total USNH FTEs</b>	<b>27,911</b>	<b>27,319</b>

\*excludes UNH School of Law with 2014 enrollment of 326 students

Increases in tuition and fee rates and changes in demographics have resulted in pressure on enrollments. As shown above, most campuses experienced enrollment reductions in 2014. The 2014 twelve month system-wide credit-bearing headcount was 33,607 students in 2014; down 419 from the 34,026 students served in 2013.

As seen in Table 2 below, UNH had a reduction in applications for the fall of 2012 followed by a large increase in applicants for the fall of 2013. While the selectivity ratio was the same as 2013, fewer students matriculated, consistent with the enrollment figures above. Approximately 50% of new UNH students in the fall of 2013 ranked in the top 25% of their high school class reflecting the continued quality of the population.

**Table 2: Freshman Applications, Acceptances and Enrollees at UNH at Durham\* for the Fall of Each Year**

	2009	2010	2011	2012	2013
Freshman applications received	16,132	16,545	17,344	17,234	17,938
Freshman acceptances as % of applications (selectivity ratio)	72%	73%	74%	78%	78%
Freshman enrolled as % of acceptances (matriculation yield)	26%	24%	23%	22%	16%

\*Data for the flagship campus is included herein as part of the annual continuing disclosure requirements related to USNH's outstanding bond obligations. Comparable data for other campuses is available upon request.

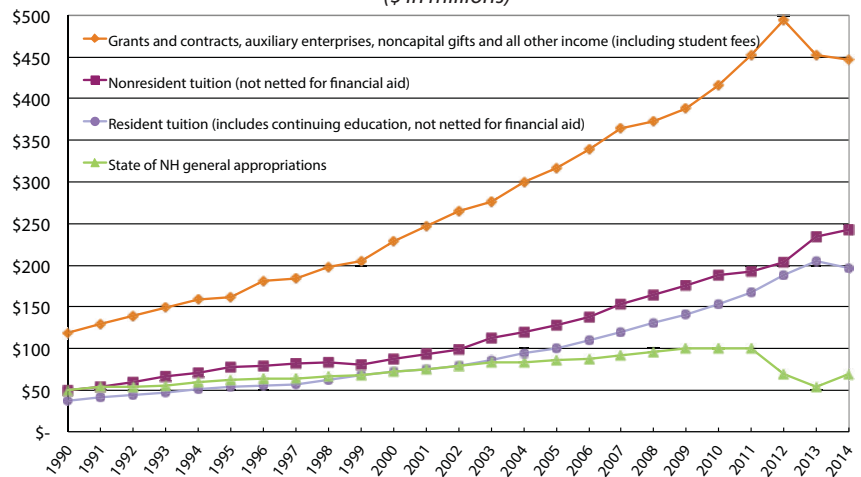
All campuses are implementing multiple strategies to address enrollment declines and generate revenues from facilities usage

over the full year rather than just during the traditional semesters. Along with successful short semesters during the winter break, the USNH campuses are expanding online as well as summer session courses to increase capacity for additional enrollments without adding significant costs. Summer housing opportunities are also being added to complement these programs. The residential campuses are also recruiting more international students to boost revenues and enhance student experiences for the global economy.

Financial aid expenditures in 2014 also increased over 2013 for both resident and nonresident students. Resident student aid increases resulted from the state's replacement of the UNIQUE annual grant awards (\$1 million). UNH also increased need-based institutional financial aid for undergraduate resident and non-resident students by \$1 million and \$4 million over the 2013 levels, respectively.

State general appropriations increased to \$69 million for fiscal year 2014, but remain well below the \$100 million provided from 2009 through 2011. As shown in Chart 3 below, the only revenue stream not keeping pace with inflation over the past 2.5 decades is the general appropriation. The 2015 appropriation is budgeted at \$84 million as USNH continues to partner with the state by freezing resident tuition and increasing student financial aid.

**Chart 3: Twenty-five Year Revenue Comparison (not including capital additions/deductions)**  
(\$ in millions)



Auxiliary revenues grew \$5 million from 2013 to 2014. The majority of the increase related to UNH operations. UNH Housing and Dining revenues increased approximately \$2 million over the prior year. In addition, UNH's electricity and renewable energy tax credit sales totaled \$4 million in 2014, \$2 million over the 2013 levels. The energy cost savings and third-party sales generated by the EcoLine project are earmarked to support UNH programs and strategic initiatives, plant renewal and adaption, and an unrestricted quasi-endowment fund also targeted for future plant needs.

Grant revenues were down \$15 million in 2014 or 12% from 2013. The large decrease in 2014 was primarily due to completion of the Broadband Technology Opportunities Program (BTOP) grant at

UNH (\$13 million). This high-impact project involved running 756 miles of 'dark' fiber thereby providing access to high-speed internet capability for the vast majority of the state. Much of the cost of this project represents subcontracts included in supplies and services expenses. These costs totaled \$3 million in 2014 compared to \$15 million in 2013.

The 2014 increase in other operating revenues was primarily due to \$1 million in additional fees for the Navitas program at UNH. This program recruits international students and brings them to campus each summer to ease their transition into undergraduate programs while also generating housing, dining, and English-as-Second-Language program fees.

The decrease in noncapital gifts of \$3 million from 2013 to 2014 was due to one-time pledges to the UNH Foundation made in the prior year. The endowment and investment income total for 2014 is made up of \$4 million in short-term investment earnings and \$22 million in endowment, trust and annuity distributions for the year. This compares to \$2 million in short-term investment income and \$19 million in endowment, trust and annuity distributions in 2013. The payout from the USNH endowment pool totaled \$13 million in 2014, compared to \$11 million in 2013. After being held constant since 2010, the payout rate for the USNH endowment pool increased by 5% in 2014. The UNH Foundation endowment payout totaled \$8 million and \$7 million in 2014 and 2013, respectively. The UNHF endowment pool payout rate has remained constant since 2009. The endowment administration fee is capped at 1% of the prior calendar year end value per unit for both pools.

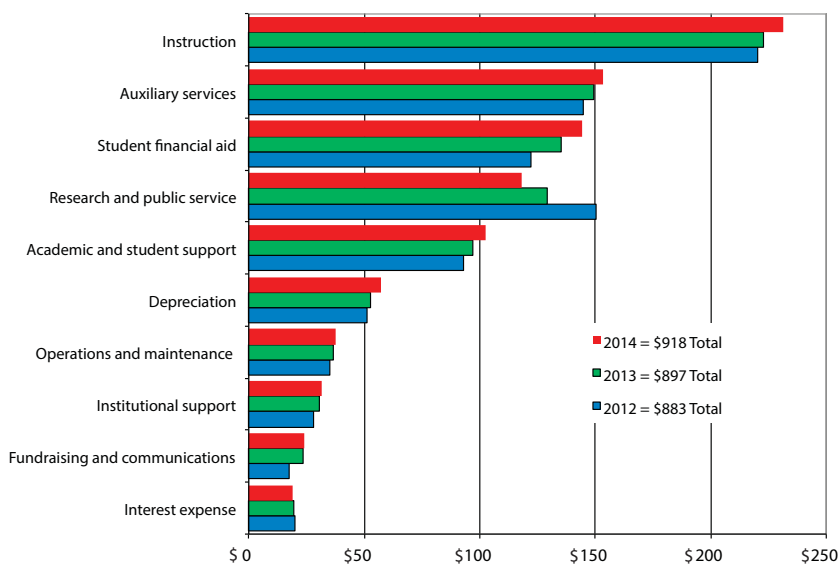
### B. Cost Containment

USNH overall expenses increased by \$13 million, or 1.6%, from 2013 to 2014. The majority of the increase relates to the change in nongrant employee compensation of \$17 million or 4.0%. The compensation increase includes separation incentive expenses of \$5 million in 2014 compared to \$1 million in 2013. The three residential campuses are using separation incentives as one part of their strategies to address recent enrollment declines. The remainder of the compensation increase (\$13 million or 3.1% over 2013) represents performance-based salary and benefit cost increases for faculty and staff.

Chart 4 displays USNH's operating expenses for the past three years by functional, rather than natural, classification. As the chart shows, increases in expenses associated with financial aid have far outpaced increases in general overhead expenses in the last several years. The decrease in research and public service costs from 2012 represents the disaffiliation of NHPB from USNH, as well as reductions in the BTOP grant. Utility costs, a component of operations and maintenance, increased \$2 million in 2014 due to the harsh winter. To address these increases, representatives from all campuses worked together during the year to combine our fuel

purchasing power and generate utility cost savings for future years. PSU also recently converted its cogeneration plant from biodiesel to compressed natural gas fuel. The conversion costs had a one year payback. Accordingly, PSU expects to generate additional energy cost savings in the near term, while also reducing its carbon footprint. General administrative overhead, shown as institutional support, is one of the smallest components of USNH expenses and is also well-controlled.

**Chart 4: Expenses By Functional Classification**  
(\$ in millions)



### C. Investing Activities

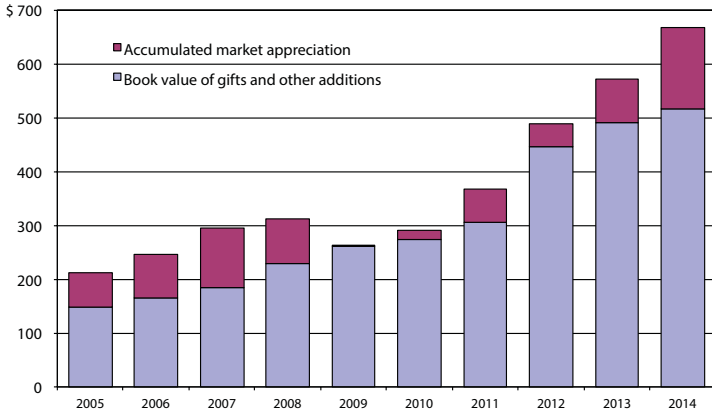
Endowment gifts are invested in one of three venues depending on whether the donor contributed to a campus, the UNH Foundation (UNHF), or the Keene Endowment Association (KEA). Most endowment funds are invested in one of two investment pools: the USNH Consolidated Endowment Pool (CEP) for the benefit of several campuses or the UNHF endowment pool for the benefit of UNH only. 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 Board of Trustees has fiduciary responsibility for the CEP, whereas the separate boards of UNHF and KEA have their own investment policies and are responsible for those investments.

The UNH School of Law maintained its own endowment pool through December, 2013. All investments in the UNHL endowment pool were liquidated in the fall of 2013. Per the terms of the integration agreement, a portion of the proceeds was used to redeem the outstanding UNHL bonds in December, 2013 (\$12 million). The remaining proceeds (\$14 million) were transferred to the UNH Foundation, and invested in the UNHF endowment pool in January, 2014.

The two primary pools (USNH and UNHF) returned 17.2% and 16.2% in 2014, respectively. The average returns for the past five

years for each pool were 10.8% and 12.5%, respectively. Chart 5 below presents the historic book value and market appreciation of USNH's endowment funds for the past ten years. USNH is continuing to build the endowment by investing assets to generate improved total returns while managing risk, and working to foster philanthropic interest to support the endowment with new giving. (See Notes 4 and 11 for further information on endowment and similar investments.)

**Chart 5: Total USNH Endowment & Similar Funds (includes UNHF & KEA) Ten-Year Growth (\$ in millions)**



**D. Capital Spending**

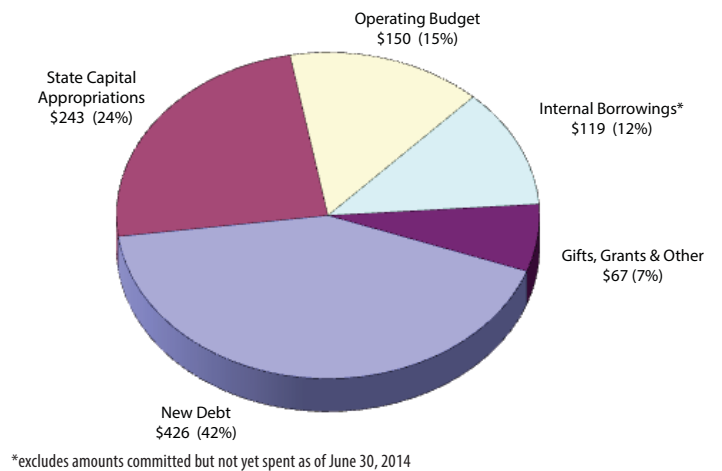
As shown in Chart 6, USNH spent over \$1 billion during the past fourteen years to construct and renovate buildings and infrastructure at all campuses. The largest source of funding for the related projects was debt issuances of \$426 million for student housing, dining and recreation facilities as well as the UNH EcoLine project discussed previously.

Capital appropriations from the state were the second largest source of funding for capital needs during this period. USNH's capital appropriation for the current biennium was reduced to \$8 million from the previous \$35 million level as the state struggled to balance needs of priority projects. However, over the past six biennia USNH was the beneficiary of \$235 million in capital appropriations through a program known as the Knowledge Economy Education Plan for New Hampshire (KEEP-NH). Those appropriations were primarily used to renovate and upgrade key science and technology buildings on all campuses and address infrastructure needs. The projects included ground-up renovations to the Demerritt, James, Kingsbury, Murkland, and Parsons Halls at UNH; Boyd Hall at PSU; Mason Library and the Putnam Science Center at KSC. A portion of the funds also supported the purchase of the Conway Technology Center at GSC.

Many additional projects were funded with institutional resources, including amounts budgeted annually for renovation and adaption of facilities, and funds borrowed from internal reserves.

Certain projects were also made possible through gift and grant awards. UNH completed construction of the new Peter T. Paul College of Business and Economics in 2013 with funds donated by alumnus Peter Paul, other alumni and University supporters, and supplemented by internal borrowings. The facility showcased UNH's commitment to Leadership in Energy and Environmental Design (LEED), and was designed to the LEED Gold standard. In 2013 KSC also opened a new Technology, Design and Safety Center to house its Architecture, Sustainable Product Design and Innovation, and Safety and Occupational Health Sciences programs. The building was designed to the LEED Platinum standard, and the cost (\$16 million) was also supported by donors and campus funds. PSU also converted underutilized student housing, Samuel Read Hall, into academic space supporting its new Nursing program. This innovative change will help meet a key STEM need in the state. The renovation was funded with campus resources and internal borrowings.

**Chart 6: Capital Funding Sources, 2001-2014 Total = \$1 Billion (\$ in millions)**



Because of the limited capital appropriation in the current biennium, the USNH Administrative Board and Board of Trustees approved several new borrowings from internal reserves in 2014 to fund additional campus construction and renovation projects. The related borrowings at UNH will fund renovations to McConnell Hall (\$8 million) and Hamilton-Smith Hall (\$37 million), as well as several auxiliary projects (\$16 million). At PSU new borrowings will be used to fund infrastructure improvements (\$2 million) and the ALLWell North center (\$16 million). ALLWell North is phase 2 of the Active Living Learning Wellness Complex and will provide space for PSU's Health and Human Performance program, along with a field house and 200-meter indoor track. The total cost of the project is \$32 million, with the remainder supported by donors as well as other external sources and campus funds. An additional borrowing was also approved to fund the purchase of the Gateway Center location at GSC (\$4 million).



### III. Using the Financial Statements

#### A. Statement of Net Position

The Statement of Net Position (“balance sheet”) depicts the financial position of USNH at one point in time – June 30 – and includes all assets, deferred outflows of resources, and liabilities of USNH. The total net position represents the residual interest in the University System’s assets and deferred outflows after deducting liabilities. Over time, an increase in net position is one indicator of an institution’s improving financial health. Factors contributing to future financial health as reported on the statement of net position include the value and liquidity of financial investments; depreciated values of buildings and equipment; and current balances of related debt obligations. Table 3 below shows condensed information from the Statements of Net Position at June 30 for the past five years.

**Table 3: Condensed Information from the Statements of Net Position as of June 30,**  
(*\$ in millions*)

	2010	2011	2012	2013*	2014
Cash and short term investments	\$ 262	\$ 301	\$ 200	\$ 223	\$ 235
Endowment and similar investments	291	368	489	571	667
Property and equipment, net	935	931	957	984	982
Other assets and deferred outflows of resources	101	114	112	98	96
<b>Total Assets and Deferred Outflows of Resources</b>	<b>1,589</b>	<b>1,714</b>	<b>1,758</b>	<b>1,876</b>	<b>1,980</b>
Postretirement medical benefits	47	53	52	55	51
Derivative instruments - interest rate swaps	28	25	45	31	30
Long-term debt	472	468	453	454	431
Other liabilities	148	160	159	147	150
<b>Total Liabilities</b>	<b>695</b>	<b>706</b>	<b>709</b>	<b>687</b>	<b>662</b>
Net investment in capital assets	485	491	522	550	574
Restricted financial resources	260	309	294	357	397
Unrestricted financial resources	149	208	233	282	347
<b>Total Net Position</b>	<b>\$ 894</b>	<b>\$ 1,008</b>	<b>\$ 1,049</b>	<b>\$ 1,189</b>	<b>\$ 1,318</b>

\*Beginning balances restated to include UNH School of Law. See Note 1 for more information in this regard.

Over the five year period shown, total assets and deferred outflows of resources increased by \$391 million or 25%. The major components of assets are cash and short term investments, endowment and similar investments, and property and equipment. Endowment investments were valued at \$667 million as of June 30, 2014, an increase of \$96 million from 2013 and \$376 million since 2010. The endowment asset values are reflective of prevailing economic conditions each year (see the Investing Activities discussion for additional information). Deferred outflows of resources include the fair value of USNH’s interest rate swap derivatives and the unamortized net book loss on debt refinancings. USNH entered into the swap agreements to reduce effective interest and synthetically fix rates over the term of the respective debt issues. Because the interest-rate swaps are deemed to be effective hedge instruments, the fair value of the derivatives is recorded to offset the interest rate swap liability in its entirety. (See Notes 8 and 9 for further discussion of outstanding debt and related interest rate swaps in place.) USNH’s largest liabilities are long-term debt and postretirement

medical benefits. Long-term debt includes bonds and capital leases payable. A large portion of the reduction in long-term debt from 2013 to 2014 is related to the early payoff of the UNH School of Law bonds (\$12 million) as required by the integration agreement. This payment was funded by liquidation of quasi-endowment investments. (See Notes 1 and 8 for additional information in this regard.) Other liabilities include accounts payable, accrued employee benefits, government advances refundable (amounts provided by the US Government under the Perkins Loan Program that would be refundable should USNH cease operating its revolving loan programs), and interest rate swap liabilities related to derivative instruments. The decline in the swap liabilities in 2013 and 2014 is due to the decline in prevailing interest rates.

The net position is reported in three categories. The net investment in capital assets amount represents the historical cost of property and equipment reduced by total accumulated depreciation and the balance of related debt outstanding. Restricted financial resources include balances expendable for specific purposes, such as scholarships or student loans. Restricted balances also include certain endowment and similar amounts which are required to be invested in perpetuity (\$224 million and \$213 million at June 30, 2014 and 2013, respectively).

Unrestricted financial resources represent balances that are not subject to externally imposed restrictions governing their use. This includes unrestricted current fund balances, balances in unrestricted loan funds, unrestricted funds functioning as endowment, unexpended plant funds, and unrestricted funds held by affiliated entities. Approximately \$62M of the increase in unrestricted financial resources from 2010 to 2014 represents investment earnings. USNH current fund balances include amounts held for construction and renovation of facilities of approximately \$160 million and \$76 million at June 30, 2014 and 2013, respectively. (See Note 14 for further details on the components of net position.)

#### B. Statement 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). Factors contributing to the health of the institution as shown on the statement below include the size and quality of student enrollments; quality and distinction of the faculty; growth and diversification of revenue streams; and prudence in management of costs.

There are three major components which management considers separately when analyzing USNH revenues, expenses and changes in net position: net income from recurring activities; endowment gifts and net return; and capital appropriations and other plant changes. Table 4 below shows condensed information from the Statement of Revenues, Expenses and Changes in Net Position for the five years ended June 30, 2014.

The increase in net position from recurring activities (also referred to as operating margin) is further broken down into operating revenues, operating expenses, and nonoperating revenues (expenses).

delivery of USNH programs. In other words, the regular operating expenses of USNH are funded in part by revenues not shown as operating revenues under GASB formats.

The increase in net position from recurring activities totaled \$36 million in 2014, compared to \$48 million in 2013, and \$28 million in both 2011 and 2012. Endowment gifts and net returns totaled \$83 million in 2014, compared to \$50 million in 2013. In 2014 this includes \$11 million of gifts to endowment funds and endowment gains of \$72 million, net of distributions. By comparison, endowment gifts totaled \$12 million in 2013 and endowment gains totaled \$38 million, net of distributions. Market losses impacted the endowment

returns in 2012. USNH also recorded a \$6 million loss on NHPB's disaffiliation from USNH that year which is included in state capital appropriations and other changes.

**Table 4: Condensed Information from the Statements of Revenues, Expenses and Changes in Net Position for the Years Ended June 30,**  
(*\$ in millions*)

	2010	2011	2012	2013*	2014
Tuition and fees	\$369	\$391	\$428	\$466	\$465
Less: student financial aid	(110)	(121)	(122)	(135)	(144)
Net tuition and fees	259	270	306	331	321
Sales of auxiliary services	188	192	195	198	203
Grants and contracts	144	171	182	166	152
State general appropriations	100	100	51	54	69
Noncapital gifts, investment income and other revenues	57	57	54	61	65
<b>Total Operating and Nonoperating Revenues</b>	<b>748</b>	<b>790</b>	<b>788</b>	<b>810</b>	<b>810</b>
Employee compensation	444	471	460	465	481
Supplies and services	174	202	211	204	195
Utilities, depreciation and interest	87	89	89	93	98
Other expenses	25	-	-	-	-
<b>Total Operating and Nonoperating Expenses</b>	<b>730</b>	<b>762</b>	<b>760</b>	<b>762</b>	<b>774</b>
<b>Increase in Net Position from Recurring Activities</b>	<b>18</b>	<b>28</b>	<b>28</b>	<b>48</b>	<b>36</b>
Endowment gifts and returns, net	25	56	(14)	50	83
State capital appropriations and other changes, net	30	30	27	14	10
<b>Total Other Changes in Net Position</b>	<b>55</b>	<b>86</b>	<b>13</b>	<b>64</b>	<b>93</b>
<b>Total (Decrease) Increase in Net Position</b>	<b>\$ 73</b>	<b>\$114</b>	<b>\$ 41</b>	<b>\$112</b>	<b>\$129</b>

\*Beginning balances restated to include UNH School of Law. See Note 1 for more information in this regard.

### C. Statement of Cash Flows

The Statement of Cash Flows summarizes transactions affecting cash and cash equivalents during the fiscal period. Table 5 below shows summary information from the Statements of Cash Flows for the five years ended June 30, 2014.

The primary purpose of the Statement of Cash Flows is to provide relevant information about the cash receipts and cash payments of USNH during the year. In addition, it should help readers assess the ability of USNH to generate the future cash flows necessary to meet its obligations and evaluate its potential for additional financing. Cash flows from operating activities will always be different than the operating loss on the Statements

Operating expenses are defined as costs incurred in the normal operation of USNH, including a provision for estimated depreciation on property and equipment assets (\$57 million and \$53 million in 2014 and 2013, respectively). Operating revenues are generally earned in exchange for providing goods and services. However, GASB reporting standards require certain significant recurring revenues to be shown as nonoperating, including state general appropriations, federal Pell grants, noncapital gifts, operating investment income, and endowment return used in operations. These diversified revenue streams are critically important sources of funds used to supplement tuition and fees revenue in the

**Table 5: Condensed Information from the Statements of Cash Flows for the Years Ended June 30,**  
(*\$ in millions*)

	2010	2011	2012	2013*	2014
<b>Cash flows from:</b>					
Receipts from tuition and fees, net	\$260	\$273	\$305	\$331	\$321
Receipts from sales of auxiliary services	187	191	195	197	204
Receipt of state general appropriations	100	100	51	53	69
Noncapital gifts, grants and other receipts	142	203	217	199	192
Payments to and on behalf of employees	(440)	(459)	(462)	(467)	(478)
Payments for supplies and services	(191)	(222)	(227)	(223)	(223)
<b>Net Cash Provided by Operating and Noncapital Financing Activities</b>	<b>58</b>	<b>86</b>	<b>79</b>	<b>90</b>	<b>85</b>
<b>Net Cash Used in Capital Financing Activities</b>	<b>(54)</b>	<b>(35)</b>	<b>(67)</b>	<b>(73)</b>	<b>(75)</b>
<b>Net Cash Provided by/(Used in) Investing Activities</b>	<b>6</b>	<b>(75)</b>	<b>(69)</b>	<b>(16)</b>	<b>(10)</b>
<b>Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>\$ 10</b>	<b>\$(24)</b>	<b>\$(57)</b>	<b>\$ 1</b>	<b>\$ -</b>

\*Beginning balances restated to include UNH School of Law. See Note 1 for more information in this regard.

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.

Cash flows from state general appropriations reflect the \$49 million (49%) reduction in 2012, and the partial appropriation recoveries in 2013 and 2014. This is offset by increases in cash flows from tuition and fees. The \$10 million decrease in cash from tuition and fees in 2014 is attributable to the increase in student financial aid during the year. The reductions in cash flows from noncapital gifts, grants and other revenues in 2014 and 2013 are primarily due to reduced grant activity at UNH as the broadband fiber project discussed above was completed. The net cash used in investing activities total of \$69 million in 2012 includes USNH's investment of \$125 million in the Long-term Treasury Investments quasi-endowment fund to reduce volatility of operating investment income streams, offset by the impact of the related reduction in short-term investments. Similarly, the \$75 million of net cash used in investing activities in 2011 reflects the movement of cash equivalents into short-term investment instruments to increase returns.

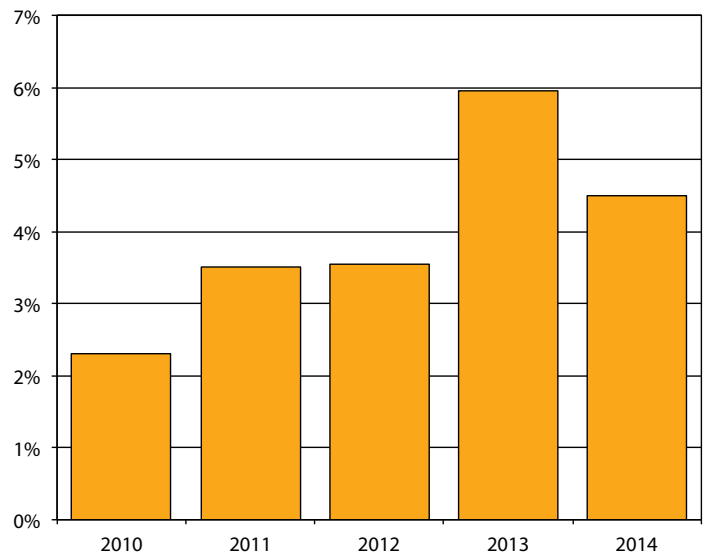
#### D. Financial Indicators

The two key performance indicators used by USNH are the operating margin and the unrestricted financial resources (net position) to total debt ratios. Management monitors these ratios often and considers them primary indicators of USNH's financial health.

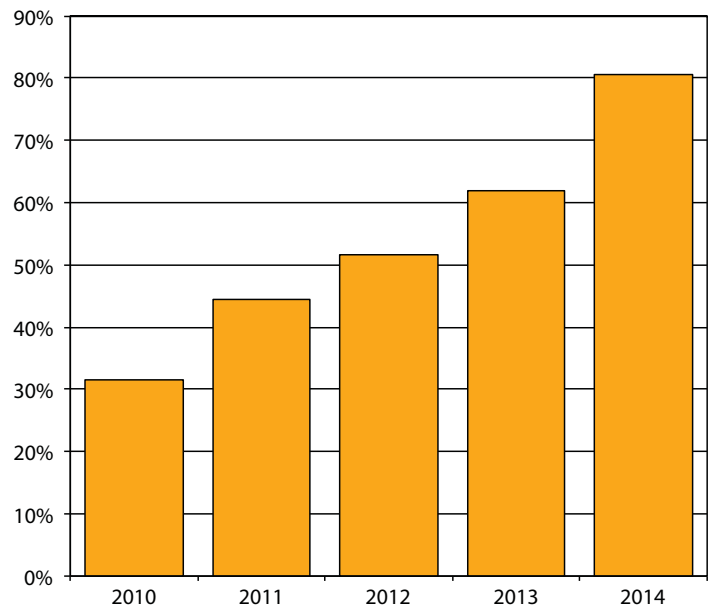
The operating margin ratio uses the increase in net position from recurring activities as the numerator and total revenue from recurring activities as the denominator. USNH's targeted annual operating margin range is 3% to 5% per year. As shown in Chart 7, actual operating margins from 2010 through 2014 ranged from 2.6% to 6.0%. USNH's operating margin was 4.5% for 2014. The average margin over the past five years was 4.0%, reflecting the targeted balance of strategic spending and investment of resources.

The unrestricted financial resources to debt ratio, shown in Chart 8 above, uses the unrestricted net position balance as the numerator and the total long-term debt balance outstanding as the denominator. USNH's targeted unrestricted financial resources to debt ratio is 40% or above. The calculated ratio at June 30, 2014 was 80%, compared to 62% as of June 30, 2013. The average of this ratio over the past five years was 54%. As discussed above, a significant portion of the unrestricted net position balance reflects accumulations in unrestricted quasi-endowment funds held for future principal payments due on certain bonds outstanding. These amounts have grown substantially over the past three years as the markets rebounded. The fair value of the related investments increased from \$38 million at June 30, 2012 to \$65 million at June 30, 2014. In addition, approximately \$160 million of the unrestricted net position balance at June 30, 2014 is expected to be spent on approved capital projects in the next few years. Accordingly, this ratio is expected to decrease toward the targeted level as the

**Chart 7: Annual Operating Margin**



**Chart 8: Unrestricted Financial Resources to Total Debt**



related cash and short-term investment balances are expended on longer-term plant assets. (See Notes 8 and 14 for additional information in this regard).

**UNIVERSITY SYSTEM OF NEW HAMPSHIRE**  
**STATEMENTS OF NET POSITION**  
(\$ in thousands)

	Balance at June 30,	
	2014	2013
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 80,339	\$ 80,120
Short-term investments	154,291	142,495
Accounts receivable, net	20,964	22,588
Pledges receivable, net - current portion	1,582	1,504
Notes receivable, net - current portion	4,797	4,907
Prepaid expenses and other current assets	8,815	8,860
<b>Total Current Assets</b>	<b>270,788</b>	<b>260,474</b>
<b>Noncurrent Assets</b>		
Endowment and similar investments - campuses	469,889	397,449
Endowment and similar investments - affiliated entities	196,966	173,066
Pledges receivable, net	5,593	4,899
Notes receivable, net	19,416	20,337
Property and equipment, net	982,276	984,265
<b>Total Noncurrent Assets</b>	<b>1,674,140</b>	<b>1,580,016</b>
<b>TOTAL ASSETS</b>	<b>1,944,928</b>	<b>1,840,490</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Accumulated decrease in fair value of hedging derivatives	29,828	30,631
Accounting loss on debt refinancings, net	5,573	5,661
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>35,401</b>	<b>36,292</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	45,989	51,626
Construction services payable	8,141	5,583
Deposits and unearned revenues	32,846	33,925
Accrued employee benefits - current portion	8,681	6,853
Postretirement medical benefits - current portion	4,871	5,425
Long-term debt - current portion	50,246	51,933
<b>Total Current Liabilities</b>	<b>150,774</b>	<b>155,345</b>
<b>Noncurrent Liabilities</b>		
Obligations under life income agreements	2,625	2,486
Refundable government advances	16,909	16,545
Accrued employee benefits	34,969	30,831
Postretirement medical benefits	46,590	49,080
Derivative instruments - interest rate swaps	29,828	30,631
Long-term debt, net of current portion	380,323	402,517
<b>Total Noncurrent Liabilities</b>	<b>511,244</b>	<b>532,090</b>
<b>TOTAL LIABILITIES</b>	<b>662,018</b>	<b>687,435</b>
<b>NET POSITION (see Note 14)</b>		
Net investment in capital assets	574,302	550,778
Restricted		
Nonexpendable	223,847	213,057
Expendable	173,590	143,951
Unrestricted	346,572	281,561
<b>TOTAL NET POSITION</b>	<b>\$1,318,311</b>	<b>\$1,189,347</b>

*See accompanying notes to the financial statements.*

**UNIVERSITY SYSTEM OF NEW HAMPSHIRE**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
*(\$ in thousands)*

	<b>For the year ended June 30,</b>	
	<b>2014</b>	<b>2013</b>
<b>OPERATING REVENUES</b>		
Resident tuition	\$ 176,872	\$ 185,758
Nonresident tuition	242,437	234,323
Continuing education tuition	19,848	19,359
Student fees revenue	26,108	26,478
Total tuition and fees	465,265	465,918
Less: student financial aid - grants and contracts	(33,654)	(31,897)
Less: student financial aid - all other	(110,561)	(103,153)
Net tuition and fees	321,050	330,868
Grants and contracts - direct revenues	106,317	120,818
Grants and contracts - facilities & administrative recovery	19,756	19,768
Sales of auxiliary services	202,804	197,814
Other operating revenues	26,984	24,976
<b>Total Operating Revenues</b>	<b>676,911</b>	<b>694,244</b>
<b>OPERATING EXPENSES</b>		
Employee compensation - grants and contracts	58,362	59,421
Employee compensation - all other	422,537	405,932
Supplies and services - grants and contracts	36,876	48,810
Supplies and services - all other	158,580	155,536
Utilities	21,836	19,721
Depreciation	57,192	52,769
Total Operating Expenses	<b>755,383</b>	<b>742,189</b>
Operating loss	(78,472)	(47,945)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State of New Hampshire general appropriations	69,000	53,647
Federal Pell grants	25,915	25,210
Noncapital gifts	11,711	14,797
Endowment and investment income	26,672	21,606
Interest expense, net	(18,786)	(19,453)
Other nonoperating revenue (expense)	363	347
Total Nonoperating Revenues (Expenses)	114,875	96,154
<b>INCREASE IN NET POSITION FROM RECURRING ACTIVITIES</b>	<b>36,403</b>	<b>48,209</b>
<b>OTHER CHANGES IN NET POSITION</b>		
State of New Hampshire capital appropriations	5,997	6,804
Plant gifts, grants and other changes, net	3,791	6,856
Endowment and similar gifts	10,887	11,999
Endowment return, net of amount used for operations	71,886	38,369
Total Other Changes in Net Position	<b>92,561</b>	<b>64,028</b>
<b>INCREASE IN NET POSITION</b>	<b>128,964</b>	<b>112,237</b>
Net position at beginning of year	1,189,347	1,077,110
<b>NET POSITION AT END OF YEAR</b>	<b>\$1,318,311</b>	<b>\$1,189,347</b>

*See accompanying notes to the financial statements.*

**UNIVERSITY SYSTEM OF NEW HAMPSHIRE**  
**STATEMENTS OF CASH FLOW**

(\$ in thousands)

	For the year ended June 30,	
	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from tuition and fees, net	\$320,968	\$330,512
Receipts from operating grants and contracts	128,411	139,936
Receipts from sales of auxiliary services	203,731	197,143
Receipts from other operating revenues	26,766	22,991
Payments to employees	(364,067)	(353,934)
Payments for employee benefits	(114,017)	(113,399)
Payments for supplies and services	(222,743)	(222,646)
<b>NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>	<b>(20,951)</b>	<b>603</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State general appropriations	69,000	53,647
Federal Pell and other nonoperating grants	26,278	25,556
Noncapital gifts	10,768	10,931
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>106,046</b>	<b>90,134</b>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
State appropriations for plant projects	5,233	8,461
Plant gifts and grants	4,148	8,245
Endowment gifts	10,908	11,863
Purchases and construction of property	(53,188)	(72,687)
Proceeds from issuance of debt	22,169	—
Retirement of debt through defeasance	(21,605)	—
Debt principal payments	(23,731)	(9,755)
Interest payments	(19,011)	(19,349)
<b>NET CASH USED IN CAPITAL FINANCING ACTIVITIES</b>	<b>(75,077)</b>	<b>(73,222)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	378,316	428,356
Purchase of investments	(394,679)	(454,069)
Endowment investment income	6,479	8,537
Operating investment income	85	212
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(9,799)</b>	<b>(16,964)</b>
<b>Increase/(Decrease) in cash and cash equivalents</b>	<b>219</b>	<b>551</b>
Beginning cash and cash equivalents	80,120	79,569
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<b>\$ 80,339</b>	<b>\$ 80,120</b>
Ending cash and cash equivalents, as above	\$ 80,339	\$ 80,120
Short-term investments	154,291	142,495
<b>TOTAL CASH, CASH EQUIVALENTS, &amp; SHORT-TERM INVESTMENTS</b>	<b>\$234,630</b>	<b>\$222,615</b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>		
Operating loss	\$ (78,472)	\$ (47,945)
Adjustments to reconcile operating loss to net cash provided by/(used in) operating activities:		
Depreciation and amortization	57,192	52,769
Changes in current assets and liabilities:		
Accounts receivable	2,387	3,087
Notes receivable	1,393	(492)
Prepaid expenses and other current assets	45	(492)
Accounts payable and accrued expenses	(5,727)	(2,928)
Deposits and unearned revenues	(576)	(6,010)
Accrued employee benefits	2,807	2,615
<b>NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>	<b>\$(20,951)</b>	<b>\$ 604</b>
<b>SIGNIFICANT NONCASH TRANSACTIONS</b>		
Endowment return, net of amount used for operations	\$ 71,886	\$ 38,369
Loss on disposal of capital assets	(587)	(1,388)

See accompanying notes to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## JUNE 30, 2014 AND 2013

### 1. Summary of significant accounting policies and presentation

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

#### Affiliated entities and related parties

Governmental accounting standards require that all potential component units be evaluated for inclusion in the financial statements of the primary government of the reporting entity. USNH’s policy on ‘Foundations Established for the Benefit of USNH or its Component Institutions’ states that the USNH Board of Trustees retains control over the activities of any affiliated foundation. The USNH policy further states that USNH has the legal authority to terminate the existence of any affiliated foundation, at which time ownership of the related assets would revert to USNH. Two legally separate affiliated foundations are impacted by this policy and, accordingly, are considered 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 outflows and net position of UNHF and KEA are fully blended with those of the campuses in the accompanying financial statements, and all associated intercompany activity has been eliminated.

The University of New Hampshire Foundation, 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. UNHF is governed by its own Board of Directors, the membership of which includes the President of the University of New Hampshire and three other members of the USNH Board of Trustees. The University of New Hampshire funds a portion of the operating expenses of UNHF. UNHF has a separate financial statement audit each year. Condensed financial information for UNHF is included in Note 15. The Keene Endowment Association 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.

On August 31, 2010, UNH and Franklin Pierce Law Center officially affiliated and the Center became known as the UNH School of Law (UNHL). UNH School of Law’s affiliation with UNH created new partnerships, particularly in research and commercialization as the only law school in the State of New Hampshire. During 2013, the USNH Board of Trustees and the UNH School of Law Board of Directors each approved a full integration agreement between the two entities with an effective date of January 1, 2014, as described more fully below.

#### 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. GASB 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. Such 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 and 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. Net realized and unrealized gains and losses on endowment and similar investments, as well as interest and dividend income, are reported as endowment return. Endowment return used for operations per application of the Board-approved endowment spending policy is reported as nonoperating revenue whereas the excess (deficiency) of endowment return over that used for operations is reported as other changes in net position.

Property and equipment are recorded at original cost for purchased assets or at fair value on the date of donation in the case of gifts. Equipment with a unit cost of \$5,000 or more is capitalized. Building improvements with a cost of \$25,000 or greater are also capitalized. Net interest costs incurred during the construction period for major, debt-funded capital projects are added to the cost of the underlying asset. The value of equipment acquired under capital leases is recorded at the present value of the minimum lease payments at the inception of the lease. Depreciation of property and equipment is calculated on a straight-line basis over the estimated useful lives of the respective assets. The cost of certain research buildings is componentized for the purpose of calculating depreciation. Buildings and improvements are depreciated over useful lives ranging from 10 to 50 years. Depreciable lives for equipment range from 3 to 30 years. (See Note 5 for additional information on depreciation.) USNH does not record donated works of art and historical treasures that are held for exhibition, education, research and public service. Library collections are recorded as an expense in the period purchased, with the exception of UNH School of Law library collections which are capitalized annually and depreciated over a ten year period on a straight-line basis.

Deposits and unearned revenue consist of amounts billed or received in advance of USNH providing goods or services. Advances from the US Government for Federal Perkins Loans to students are reported as government advances refundable. Future loans to students

are made available from repayments of outstanding principal amounts plus accumulated interest received thereon.

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

Unconditional pledges of nonendowment gifts are presented net of estimated amounts deemed uncollectible after discounting to the present value of expected future cash flows. Because of uncertainties with regard to their realization and valuation, bequest intentions and other conditional promises are not recognized as assets until the specified conditions are met. In accordance with GASB requirements, endowment pledges totaling \$9,621,000 and \$1,880,000 at June 30, 2014 and 2013, respectively, which are expected to be received over the next ten years, 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.

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

### Integration of UNH School of Law

As noted above, the UNH School of Law fully integrated with USNH as of January 1, 2014. The integration is treated as a merger in accordance with GASB Statement No. 69, *Governmental Combinations and Disposals of Government Operations*. Accordingly, the activities and balances of the UNH School of Law were merged with those of USNH, and are included in these financial statements as of July 1, 2012. As a private institution, the School of Law formerly followed guidance of the Financial Accounting Standards Board. Certain adjustments were made to balances of the School to conform to GASB requirements. The largest of these adjustments related to reclassification of fixed asset balances from Unrestricted to Net Investment in Capital Assets net position (\$2,316,000). In addition, USNH reclassified \$18,757,000 of Unrestricted net position to Restricted Expendable funds functioning as endowment net position to ensure that future spending of the funds is limited to support of the Law School. Following is a summary of the related beginning balances for the periods presented herein as restated:

	USNH Original Balances as of 7/1/2012	UNH School of Law Balances as of 7/1/2012*	USNH Restated Balances as of 7/1/2012
Current Assets	\$ 233,224	\$ 5,128	\$ 238,352
Noncurrent Assets	1,473,613	38,223	1,511,836
Total Assets	<u>\$ 1,706,837</u>	<u>\$ 43,351</u>	<u>\$ 1,750,188</u>
Total Deferred Outflows	<u>\$ 50,758</u>	<u>-</u>	<u>\$ 50,758</u>
Current Liabilities	\$ 163,612	\$ 2,708	\$ 166,320
Noncurrent Liabilities	545,058	12,458	557,516
Total Liabilities	<u>\$ 708,670</u>	<u>\$ 15,166</u>	<u>\$ 723,836</u>
Net investment in capital assets	\$ 521,736	\$ 2,316	\$ 524,052
Restricted			
Nonexpendable	200,370	3,135	203,505
Expendable	93,487	20,794	114,281
Unrestricted	233,332	1,940	235,272
Total Net Position	<u>\$ 1,048,925</u>	<u>\$ 28,185</u>	<u>\$ 1,077,110</u>

\*as restated to conform to GASB presentation

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

Cash, cash equivalents, and short-term investments are recorded at fair value. USNH's investment policy and guidelines specify permitted instruments, durations, required ratings and insurance of USNH cash, cash equivalents and short-term investments. The investment policy and guidelines are intended to mitigate credit risk on investments individually and in the aggregate through restrictions on investment type, liquidity, custodian, dollar level, maturity, and rating category. Specific provisions require that banks in which USNH holds investments must have FDIC or FSLIC insurance and be rated at least A1/P1 by Standard & Poor's and Moody's. 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. Money market funds must be rated AAA/Aaa by Standard & Poor's and Moody's Investor Service, and comply with Securities and Exchange Commission Rule 2A-7. Other mutual funds must be affiliated with the largest national fund managers. In addition, USNH investments may not exceed 5% of any institution's total deposits or 20% of any institution's net equity.

### Cash and cash equivalents:

Cash equivalents represent amounts invested for the purpose of satisfying current operating liabilities and include repurchase agreements, money market funds and other mutual funds. Repurchase agreements are limited to overnight investments only. Cash and cash equivalents at June 30 consisted of the following (*\$ in thousands*):

	<u>2014</u>		<u>2013</u>	
	Balance	Weighted Average Maturity	Balance	Weighted Average Maturity
Cash balances	\$ 1,837	Less than 1 year	\$ 4,867	Less than 1 year
Repurchase agreement	16,070	Less than 1 year	11,911	Less than 1 year
Money market funds	<u>62,432</u>	Less than 1 year	<u>63,342</u>	Less than 1 year
Total	<u>\$ 80,339</u>		<u>\$ 80,120</u>	

### Short-term investments:

Short-term investments are highly liquid amounts held to support specific current liabilities. The components of operating investments at June 30 are summarized below (*\$ in thousands*):

	<u>2014</u>		<u>2013</u>	
	Balance	Weighted Average Maturity	Balance	Weighted Average Maturity
Obligations of the US Govt.	\$ 2,940	5-10 years	\$ 2,902	5-10 years
Certificates of deposit & money market funds	17,198	Less than 1 year	17,004	Less than 1 year
Other mutual funds	133,976	1-5 years	121,690	1-5 years
Other investments	<u>177</u>	Less than 1 year	<u>899</u>	Less than 1 year
Total	<u>\$ 154,291</u>		<u>\$ 142,495</u>	

Cash, cash equivalents and short-term investments are generally uninsured and uncollateralized against custodial credit risk, and the related mutual funds are not rated.

## 3. Accounts, pledges and notes receivable

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

	<u>2014</u>	<u>2013</u>
Grants and contracts	\$ 16,017	\$ 18,672
Student and general	6,810	6,303
State of NH capital projects	763	-
Allowance for doubtful accounts	<u>(2,626)</u>	<u>(2,387)</u>
Total accounts receivable, net	<u>\$ 20,964</u>	<u>\$ 22,588</u>



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

	<b>2014</b>	<b>2013</b>
Pledges receivable	\$ 11,041	\$ 8,383
Discounted allowance for doubtful pledges	(3,866)	(1,980)
Total pledges receivable, net	7,175	6,403
Less: noncurrent portion	(5,593)	(4,899)
Current portion	<u>\$ 1,582</u>	<u>\$ 1,504</u>

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

	<b>2014</b>	<b>2013</b>
Perkins loans	\$ 24,780	\$ 25,224
Other loans, restricted and unrestricted	1,538	2,147
Allowance for doubtful loans	(2,105)	(2,127)
Total notes receivable, net	24,213	25,244
Less: noncurrent portion	(19,416)	(20,337)
Current portion	<u>\$ 4,797</u>	<u>\$ 4,907</u>

## 4. Investments

USNH's investment policy and guidelines specify permitted instruments, duration and required ratings for pooled endowment funds. The policy and guidelines are intended to mitigate risk on investments individually and in the aggregate while maximizing total returns and supporting intergenerational equity of spending levels. Illiquid investments are limited to 20% of the USNH consolidated endowment pool. Credit risk is mitigated by due diligence in the selection and continuing review of investment managers as well as diversification of both investment managers and underlying investments. No more than \$50 million may be invested in any single fund and no more than \$75 million or 10% of the pool may be invested with any single bank, fund manager, or investment group. Foreign currency risk is mitigated by limiting global equity investments in publicly traded international and emerging market funds to 25% of the endowment pool. Private global equity investments are limited to 15%, and global sovereign bonds are limited to 10% of the endowment pool, respectively. No USNH endowment investments were denominated in foreign currencies as of June 30, 2014 or June 30, 2013.

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

	<b>Campuses</b>		<b>Affiliated Entities</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Pooled endowments:				
Campuses	\$ 453,447	\$ 382,759	-	-
UNH Foundation	-	-	\$ 184,845	\$ 162,672
Keene Endowment Assoc.	-	-	7,082	6,124
Life income & annuity funds	156	156	5,039	4,270
Funds held in trust	16,286	14,534	-	-
Total	<u>\$ 469,889</u>	<u>\$ 397,449</u>	<u>\$ 196,966</u>	<u>\$ 173,066</u>

## 5. Property and equipment

Property and equipment activity for the years ended June 30, 2014 and 2013 is summarized as follows (\$ in thousands):

	<b>Balance June 30, 2012</b>	<b>2013 Additions &amp; Changes</b>	<b>2013 Retirements</b>	<b>Balance June 30, 2013</b>	<b>2014 Additions &amp; Changes</b>	<b>2014 Retirements</b>	<b>Balance June 30, 2014</b>
Land	\$ 12,926	\$ -	\$ -	\$ 12,926	\$ 461	\$ -	\$ 13,387
Buildings and improvements	1,402,925	84,271	(3,334)	1,483,862	68,617	(1,011)	1,551,468
Equipment	97,372	12,256	(2,139)	107,489	10,636	(7,670)	110,455
Construction in progress, net	90,757	35,239	(64,286)	61,710	45,142	(69,068)	37,784
Total property and equipment	1,603,980	131,766	(69,759)	1,665,987	124,856	(77,749)	1,713,094
Less: accumulated depreciation	(633,018)	(52,789)	4,085	(681,722)	(57,191)	8,095	(730,818)
Property and equipment, net	<u>\$ 970,962</u>	<u>\$ 78,977</u>	<u>\$ (65,674)</u>	<u>\$ 984,265</u>	<u>\$ 67,665</u>	<u>\$ (69,654)</u>	<u>\$ 982,276</u>

Contractual obligations for major construction projects totaled \$39,973,000 and \$1,688,000 at June 30, 2014 and 2013, respectively.

A portion of the UNHL endowment pool assets at June 30, 2013 (\$11,151,000), is included in the Campuses pooled endowments balance above since the funds were used to redeem the UNHL bonds outstanding in December, 2013. The remainder of the UNHL endowment pool assets at June 30, 2013 (\$14,729,000), is included in the UNH Foundation balance above. This presentation provides consistency as the UNHL endowment assets were invested in the UNH Foundation pool upon finalization of the integration in January, 2014.

Endowment investments held at June 30, 2014 include the following (\$ in thousands):

	<b>Campuses</b>		<b>Affiliated Entities</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Money market funds	\$ 20,947	\$ 8,279	\$ 16,747	\$ 18,355
Other mutual funds:				
Domestic equity	96,462	85,288	30,392	23,505
International equity	46,422	42,992	12,384	8,040
Domestic & foreign fixed income	25,037	22,635	9,006	18,386
Inflation hedging assets	-	-	3,941	3,082
Common/preferred stocks:				
Domestic equity	13,006	10,396	3,291	2,716
Fixed income securities:				
Domestic & foreign bonds	-	-	1,030	795
Inflation hedging assets	5,983	5,735	2,559	3,082
Commingled funds:				
Domestic equity	35,063	24,301	24,524	19,170
International equity	34,564	27,332	24,962	18,630
Flexible capital	129,710	111,446	44,787	28,391
Domestic & foreign fixed income	10,215	12,074	-	-
Inflation hedging assets	17,490	15,559	6,972	6,370
Private equity	15,068	14,577	7,521	15,017
Non-marketable real assets	3,626	2,291	3,811	3,256
Other investments	16,296	14,544	5,039	4,271
Total endowment and similar investments	<u>\$ 469,889</u>	<u>\$ 397,449</u>	<u>\$ 196,966</u>	<u>\$ 173,066</u>

The fair value of investments is based on quoted market prices when available. The estimated fair value of investments without traditional markets (e.g. private equity and non-marketable real assets) is based on valuations provided by primary fund managers and reviewed by management. 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. Flexible capital investments include various hedge funds holding long/short positions, and investing in special situations, relative value and other strategies. As of June 30, 2014 and 2013, fixed income securities have weighted average maturities up to 30 years and carried ratings ranging from AAA to A2. The mutual fund investments held in the endowment pools are not rated.

Uncalled commitments with various private equity and similar alternative investment funds totaled \$15,586,000 for USNH and \$9,376,000 for UNHF at June 30, 2014. This compares to \$12,848,000 and \$4,982,000, respectively, at June 30, 2013.

## 6. Accrued employee benefits

Accrued employee benefits at June 30 were as follows (*\$ in thousands*):

	<u>Balance June 30, 2012</u>	<u>2013 Payments to/ on behalf of participants</u>	<u>2013 Expenses &amp; Other Changes</u>	<u>Balance June 30, 2013</u>	<u>2014 Payments to/ on behalf of participants</u>	<u>2014 Expenses &amp; Other Changes</u>	<u>Balance June 30, 2014</u>	<u>Current Portion</u>
Operating staff retirement plan	\$ 6,170	\$ (691)	\$ 547	\$ 6,026	\$ (664)	\$ 450	\$ 5,812	\$ 665
Additional retirement program	2,339	(96)	1,065	3,308	(261)	330	3,377	179
Employee separation incentives	4,344	(1,058)	115	3,401	(2,655)	6,526	7,272	5,052
Long-term disability	2,908	(696)	1,220	3,432	(582)	288	3,138	582
Workers' compensation	3,502	(1,148)	376	2,730	(467)	2,237	4,500	691
Compensated absences	18,141	(1,455)	1,814	18,500	(1,484)	2,194	19,210	1,300
Other	1,017	-	(730)	287	(50)	104	341	212
Total accrued employee benefits	<u>\$ 38,421</u>	<u>\$ (5,144)</u>	<u>\$ 4,407</u>	<u>\$ 37,684</u>	<u>\$ (6,163)</u>	<u>\$ 12,129</u>	<u>\$ 43,650</u>	<u>\$ 8,681</u>

The operating staff retirement program has been closed to new participants since 1987. At June 30, 2014 there were approximately 214 current annuitants and 56 participants with deferred benefits, all fully vested. This compares to 223 current annuitants and 61 participants with deferred benefits as of June 30, 2013. USNH has accrued \$5,812,000 and \$6,026,000 for the related obligations as of June 30, 2014 and 2013, respectively. The accruals for the operating staff retirement program are based on the last biennial actuarial valuation calculation dated July 1, 2013. The investment return assumptions (discount rates) used in determining the actuarial accrued liabilities was 8.0% for both 2014 and 2013. Obligations of the program are amortized over one year. USNH had cash and unrestricted funds functioning as endowment assets of \$6,651,000 and \$6,310,000 at June 30, 2014 and 2013, respectively, designated to fund the obligations of the program.

The accumulated operating staff retirement program benefit obligation and funded status at June 30 consisted of the following (*\$ in thousands*):

	<u>2014</u>	<u>2013</u>
Retired participants and beneficiaries	\$4,606	\$4,732
Active participants	646	658
Other participants	560	636
Accrued pension benefit obligation	5,812	6,026
Less: funds functioning as endowment and other assets available for benefits	(6,651)	(6,310)
Funding in excess of plan liabilities	<u>\$ (839)</u>	<u>\$ (284)</u>

USNH's additional retirement contribution program is mandatory for all newly-hired employees but was optional for employees hired before July 1, 1994. Employees participating in this program have an additional 1% of their salary contributed to their defined contribution retirement plan (see below) by USNH in lieu of postretirement medical benefits. In addition, employees meeting certain service guidelines prior to July 1, 1994 are eligible for a guaranteed minimum retirement contribution. There were 563 and 600 employees meeting these requirements as of June 30, 2014 and 2013, respectively. USNH has accrued \$3,377,000 and \$3,308,000 at June 30, 2014 and 2013, respectively, for the related obligations. 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, July 1, 2013, and were developed using the Projected Unit Credit Cost Method. The discount rate used in determining the actuarial accrued liabilities was 2.25% for both 2014 and 2013. Obligations of the program are amortized over one year. USNH had designated cash assets of \$3,377,000 and \$3,308,000 for these obligations as of June 30, 2014 and 2013, respectively, to fund the obligations of the program.

Eligible USNH employees may also elect to participate in defined contribution retirement plans administered by others. Contributions by USNH under these plans ranged from 4% to 11% of eligible salaries for enrolled participants and totaled \$24,596,000 and \$22,722,000 in 2014 and 2013, respectively. Contributions by plan members totaled \$23,507,000 and \$22,369,000 in 2014 and 2013, respectively.

Early retirement and employee separation incentive programs were provided to various faculty and staff during 2014 and 2013. Incentives include stipends, as well as medical, educational and other termination benefits. The net present value of future costs associated with these incentive options is accrued as of the date of acceptance into the program. The liability balances of \$7,272,000 at June 30, 2014, and \$3,401,000 at June 30, 2013, represent obligations for 60 and 120 participants, respectively, which will be remitted in fiscal years 2015 through 2021.

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, 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 \$51,312,000 and \$48,875,000 for fiscal year 2014 and 2013, respectively. These amounts include \$5,799,000 and \$5,618,000 for estimated claims incurred but not reported as of June 30, 2014 and 2013, 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 \$400,000 per participant in most cases. The liabilities recorded in the financial statements for all USNH self-insured programs are developed by management based on historical claims data, and in the opinion of management are expected to be sufficient to cover the actual claims incurred.

The UNH School of Law currently maintains separate medical and retirement programs for its faculty and staff which are administered by third party providers. In accordance with terms of the integration agreement, employees under these plans will be migrated to the USNH primary plans over the next few years.

The USNH Board of Trustees holds authority to change individual programs or terms of employee benefit offerings at any time.

## 7. Postretirement medical benefits

The primary defined benefit postretirement medical plan, the Medicare Complementary Plan, was optional for all full-time status employees hired before July 1, 1994 and not offered to new employees after that date. At June 30, 2014 and 2013, there were approximately 320 and 337 active employees who, along with their dependents, may eventually be eligible to receive benefits under this program. 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 service, and participated in USNH's active medical plan at the time of retirement in order to be eligible for the plan. Retirees are not required to contribute to the plan. The plan is a single-employer plan and is funded on a pay-as-you-go basis with benefits paid when due. The USNH Board of Trustees holds the authority to change these benefit plans at any time.

Third party actuaries are used to determine the postretirement benefit obligation and annual expense amounts. Actuarial calculations reflect a long-term perspective. By definition such calculations involve estimates and, accordingly, are subject to revision. The healthcare cost trend and discount rate assumptions have a significant effect on the amounts reported. For measurement purposes the 2014 initial rate of increase in the cost of healthcare services is assumed to be 6.75% for participants age 65 and over and 7.75% for all other participants. The initial increase in the cost of prescriptions is assumed to be 6.75% for participants age 65 and over for 2014. These rates are assumed to decrease gradually to 5.0% by 2021 and remain at approximately that level thereafter. The discount rate used in determining the actuarial accrued liability was 4.75% for both 2013 and 2014. Obligations of the plan are amortized over one year. The actuarial accrued liability as of July 1, 2014, was \$50,209,000. The actuarially determined postretirement benefit expense for the primary plan was \$3,442,000 for 2014 and \$5,022,000 for 2013. These calculations are based on the benefits provided by the plan at the time of the last biennial plan valuation, June 30, 2013, and were developed using the Projected Unit Credit Cost Method. USNH has accrued \$51,113,000 and \$54,158,000

as of June 30, 2014 and 2013, respectively, for obligations of the plan.

Total annual other postemployment benefit (OPEB) cost for the primary post-retirement medical plan for the years ended June 30, 2014 and 2013, and the liability as of June 30, 2014 and 2013 included the following components (*\$ in thousands*):

	<b>2014</b>	<b>2013</b>
Annual required contribution	\$ 7,530	\$ 8,055
Interest on net OPEB obligation	2,451	3,898
Adjustment to annual required contribution	(8,160)	(4,369)
Annual OPEB cost	1,821	7,584
Contributions made	(4,866)	(5,395)
Increase (decrease) in net OPEB obligation	(3,045)	2,189
Net OPEB obligation at beginning of year	54,158	51,969
Net OPEB obligation at end of year	<u>\$ 51,113</u>	<u>\$ 54,158</u>
Current Portion	<u>\$ 4,861</u>	<u>\$ 5,416</u>

The primary postretirement medical plan holds no assets. An additional postretirement medical plan is maintained by the State of New Hampshire Police which covers safety officers at UNH and PSU. These plans are separate from the primary plan. USNH has accrued \$348,000 as of June 30, 2014 and 2013 for potential obligations under the State of New Hampshire Police Plan.

## 8. Long-term debt

USNH long-term debt activity, exclusive of deferred losses on refundings, for the years ended June 30, 2014 and 2013 is summarized below (*\$ in thousands*):

	<b>Balance June 30, 2012</b>	<b>2013 Additions &amp; Other Changes</b>	<b>2013 Retirements</b>	<b>Balance June 30, 2013</b>	<b>2014 Additions &amp; Other Changes</b>	<b>2014 Retirements</b>	<b>Balance June 30, 2014</b>	<b>Current Portion</b>
<b>NHHEFA bonds</b>								
Series 2005A	\$ 58,000	\$ -	\$ (1,350)	\$ 56,650	\$ -	\$ (1,650)	\$ 55,000	\$ 1,500
Series 2005B	93,550	-	(3,765)	89,785	-	(3,890)	85,895	4,030
Series 2006B-2	55,175	-	(1,250)	53,925	-	(1,300)	52,625	1,375
Series 2007	46,570	-	-	46,570	-	-	46,570	-
Series 2009A	105,650	-	-	105,650	-	(21,605)	84,045	-
Series 2011A	6,000	-	-	6,000	-	-	6,000	-
Series 2011B	42,570	-	(1,525)	41,045	-	(1,595)	39,450	39,450
Series 2012	23,260	-	-	23,260	-	(2,605)	20,655	2,655
Series 2014	-	-	-	-	21,760	-	21,760	-
UNH School of Law Bonds	12,046	-	(238)	11,808	-	(11,808)	-	-
Unamortized discounts/premiums, net	6,570	-	(324)	6,246	-	(316)	5,930	324
Capital leases	15,147	-	(1,636)	13,511	-	(872)	12,639	912
Total bonds and leases	<u>\$ 464,538</u>	<u>\$ -</u>	<u>\$(10,088)</u>	<u>\$ 454,450</u>	<u>\$ 21,760</u>	<u>\$(45,641)</u>	<u>\$ 430,569</u>	<u>\$ 50,246</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, 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 is in compliance with all covenants specified in the NHHEFA bonds, the most restrictive of which is maintenance of a debt-service coverage ratio, as defined, of at least 1.1 to 1.0.

As noted above, the UNH School of Law integrated with USNH on January 1, 2014. The proceeds of the UNH School of Law Bonds outstanding at June 30, 2013 had been used to fund construction of academic facilities in 2008 and 2009. Because USNH is authorized to issue bonds only for self-supporting facilities, the terms of the integration agreement required that the UNH School of Law Bonds be redeemed in advance of the integration. Accordingly, the UNH School of Law Bonds (Series 2010) were fully paid off in December, 2013, using proceeds from liquidation of quasi-endowment investments.

USNH's bond portfolio at June 30, 2014 consisted of fixed rate and variable rate issues, with an overall cost of capital of approximately 4.05%. The variable rate demand bonds (Series 2005A, 2005B, 2011B) are fully hedged via interest rate swap agreements (see Note 9 below), with Series 2005A and 2005B each supported by standby bond purchase agreements. Series 2011B is supported by self-liquidity and thus categorized in total as a current liability. During the year ended June 30, 2014, USNH issued Series 2014 Bonds to defease the first bullet payment of the Series 2009A Bonds due on July 1, 2014 in the amount of \$21,605,000. Funds from Series 2014 Bonds were held in escrow in the principal payment investment account for the Series 2009A Bonds on June 30, 2014.

The associated variable interest rates for both 2005A and 2005B at June 30, 2014 and 2013 were 0.11% and 0.07% respectively. The 2011B associated variable interest rates at June 30, 2014 and 2013 were 0.10% and 0.06%, respectively. Maturity dates and interest terms of each issue are summarized below.

<b>NHHEFA bonds</b>	<b>Maturity Date</b>	<b>Interest Terms and Rates</b>
Series 2005A	7/1/2035	Variable with daily pricing
Series 2005B	7/1/2033	Variable with daily pricing
Series 2006B-2	7/1/2036	Fixed at 4.5%
Series 2007	7/1/2018	Fixed at 5.1%
Series 2009A	Periodic Maturities*	Fixed at rates of 4.0-5.5%
Series 2011A	7/1/2021	Fixed at 5.0%
Series 2011B	7/1/2033	Variable with daily pricing
Series 2012	7/1/2020	Fixed at 1.7%
Series 2014	7/1/2024	Fixed at 2.0%

\* 7/1/2016, 2020, 2023

### Capital leases

On April 30, 2004, USNH entered into a capital lease agreement in the amount of \$18,387,000 to finance a portion of the costs of equipment housed in UNH's utility cogeneration facility. The related lease payments are due quarterly through June 2025, including principal as well as interest at a fixed rate of 4.5%. The carrying value of the related equipment was \$11,428,000 and \$12,467,000 as of June 30, 2014 and 2013, respectively.

### Maturity of Long-term Obligations

Long-term debt obligations are scheduled to mature as follows using the associated fixed, estimated synthetic fixed, and expected variable rates in effect as of June 30, 2014 over the remaining terms of individual issuances (\$ in thousands):

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2015	\$ 49,922	\$ 18,315	\$ 68,237
2016	12,983	17,265	30,248
2017	38,287	16,907	55,194
2018	13,942	14,985	28,927
2019	60,989	14,585	75,574
2020-2024	134,102	46,537	180,639
2025-2029	47,429	21,966	69,395
2030-2034	49,685	11,253	60,938
2035-2037	17,300	1,470	18,770
	<u>424,639</u>	<u>163,283</u>	<u>587,922</u>
Plus: unamortized discounts/premiums, net	5,930	-	5,930
Total	<u>\$ 430,569</u>	<u>\$ 163,283</u>	<u>\$ 593,852</u>

### 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.

## 9. Derivative instruments - interest rate swaps

USNH uses hedging derivatives to artificially fix interest rates on variable rate bonds outstanding. The terms and fair market value of swap contracts in place as of June 30, 2014 and 2013 were as follows (\$ in thousands):

	<b>Effective Date</b>	<b>Termination Date</b>	<b>Payable</b>	<b>Receivable</b>	<b>Notional Amount at June 30,</b>		<b>Swap Fair Value at June 30,</b>	
			<b>Fixed Swap Rate</b>	<b>Variable Swap Rate</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Series 2005A swap	October 29, 2008	July 1, 2035	3.6%	67% LIBOR	\$ 55,000	\$ 56,650	\$(10,521)	\$(10,581)
Series 2005B swap	August 1, 2005	July 1, 2033	3.1%	63% LIBOR + 0.29%	85,895	89,785	(9,623)	(9,851)
Series 2011B swap	April 4, 2011	July 1, 2033	4.5%	67% LIBOR	39,450	41,045	(9,684)	(10,199)
				Total	<u>\$ 180,345</u>	<u>\$ 187,480</u>	<u>\$(29,828)</u>	<u>\$(30,631)</u>

The fair value balances shown above represent the estimated amounts USNH would have been required to pay to terminate the swaps as of June 30, 2014 and 2013. The valuations provided are derived from third-party, proprietary models based upon well-recognized principles and estimates about relevant future market conditions. The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of each swap. All fair values were estimated using the zero-coupon discounting method.

This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement payment on the swaps. USNH intends to hold all swap contracts to maturity.

These derivative instruments meet the criteria established by GASB Statement No. 53 for effective hedges as of June 30, 2014 and 2013 and therefore their accumulated changes in fair value are reflected as deferrals on the statements of net position. The notional amount of each swap is tied to the outstanding balance of the related bonds throughout the life of the swap. Under the terms of each swap, USNH makes fixed rate interest payments to

the counterparty and receives a variable rate payment from the counterparty; USNH makes variable rate payments to bondholders on the related bonds. None of the derivatives require collateralization by USNH at any level of negative fair market value. Effective interest rates and other key terms of each derivative are described below.

Counterparty	Counterparty Most Recent Credit Rating	Variable Interest Rates Paid and Received				Inception-To-Date			
		Interest Rate Paid to USNH Bond Holders as of		Interest Rate Received by USNH from Swap Counterparties as of		Effective Interest Rate	Effective Interest Rate	All-In Synthetically Fixed Interest Rate	
		6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013		
Series 2005A swap	Bank of New York Mellon	Aa1/AA-	0.1%	0.1%	0.1%	0.1%	3.6%	3.7%	3.9%
Series 2005B swap	Goldman Sachs Capital Markets	A2/A-	0.1%	0.1%	0.4%	0.4%	2.9%	3.0%	3.7%
Series 2011B swap	Morgan Stanley Capital Services	Ba1/A-	0.1%	0.1%	0.1%	0.1%	4.5%	4.5%	4.7%

## Risk Disclosure

**Counterparty Risk** – This is the risk that the counterparty will fail to perform under the terms of the swap agreement. As of June 30, 2014, USNH was exposed to no counterparty credit risk relative to its swaps as all swap market values were negative. The swaps require collateralization of any positive fair value of the swap should the counterparty's credit rating fall below thresholds identified in the swap contracts. USNH mitigates counterparty risk by spreading the swap exposure among various counterparties, by monitoring bond ratings continuously, and by requiring collateralization in certain circumstances.

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

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

## Swap Cash Flows

The actual interest payments on the swaps will vary as interest rates vary. The table below shows estimated annual future cash flows of the derivative instruments if interest rates remain unchanged from June 30, 2014 through the end of each swap contract (\$ in thousands):

Fiscal Year	Notional Amortization	Estimated Interest Received	Estimated Interest and Fees Paid	Estimated Swap Outflows, Net
2015	\$ 7,200	\$ (426)	\$ 6,426	\$ 6,000
2016	7,665	(408)	6,172	5,764
2017	7,775	(388)	5,900	5,512
2018	8,275	(368)	5,625	5,257
2019	8,560	(347)	5,331	4,984
2020-2024	47,465	(1,395)	21,892	20,497
2025-2029	41,110	(817)	13,592	12,775
2030-2034	45,145	(348)	6,255	5,907
2035-2036	7,150	(11)	387	376
Total	<u>\$180,345</u>	<u>\$ (4,508)</u>	<u>\$ 71,580</u>	<u>\$ 67,072</u>

## 10. Pass-through grants

USNH distributed \$194,511,000 and \$204,282,000 of student loans through the U.S. Department of Education Federal Direct Lending program during 2014 and 2013, respectively. These distributions and related funding sources are not included as expenses and revenues, or as cash disbursements and cash receipts, in the accompanying financial

statements. The statements of net position include receivables of \$184,000 and \$86,000 as of June 30, 2014 and 2013, respectively, for direct loans disbursed in excess of U.S. Department of Education receipts.

## 11. Endowment return used for operations

The majority of endowment funds are invested in one of two investment pools valued using units purchased in the applicable pool at the gift date. The endowment distribution rate as a percentage of the average market value per unit for the twelve quarters from which it was derived was 4.8% for 2014 and 2013 for the USNH endowment pool. For the UNHF endowment pool, the distribution rate was 5.4% for 2014 compared to 5.6% in 2013.

The objective for the annual spending formula for endowment return used for operations is to provide sustainable continued future support for ongoing programs at current levels

assuming moderate inflation. To the extent that endowment yield is insufficient in any one year to meet the required spending distribution; accumulated net gains are utilized to fund the distribution.

The components of endowment return used for operations for 2014 and 2013 are summarized below (*\$ in thousands*):

	<u>2014</u>	<u>2013</u>
Pooled endowment yield - campuses	\$ 3,621	\$ 5,257
Pooled endowment yield - affiliates	2,644	3,028
Trusts, life income and annuities yield	(103)	(67)
Gains utilized to fund distribution	<u>16,086</u>	<u>11,004</u>
<b>Endowment return used for operations</b>	<b><u>\$22,248</u></b>	<b><u>\$19,222</u></b>

## 12. Operating expenses by function

The following table details USNH operating expenses by functional classification (*\$ in thousands*):

<b>Campuses – current funds</b>	<u>Compensation</u>	<u>Supplies &amp; Services</u>	<u>Utilities</u>	<u>Internal Allocations</u>	<u>Depreciation</u>	<u>2014 Total</u>	<u>2013 Total</u>
Instruction	\$206,237	\$ 25,123	\$ 10	\$ 98	\$ -	\$231,468	\$222,863
Auxiliary services	50,755	51,961	5,217	45,436	-	153,369	149,475
Research and sponsored programs	69,566	40,282	131	30	-	110,009	121,927
Academic support	45,944	19,974	9	510	-	66,437	62,805
Student services	23,396	12,681	11	(6)	-	36,082	34,425
Institutional support	37,688	12,910	30	(19,173)	-	31,455	30,737
Operations & maintenance	24,325	15,171	16,399	(27,210)	-	28,685	25,031
Fundraising & communications	12,151	5,879	-	3,756	-	21,786	18,811
Public service	6,320	1,574	-	85	-	7,979	7,152
Subtotal-current funds	<u>476,382</u>	<u>185,555</u>	<u>21,807</u>	<u>3,526</u>	<u>-</u>	<u>687,270</u>	<u>673,226</u>
Campuses – other funds	280	8,458	29	-	57,192	65,959	64,287
Affiliated entities	<u>4,237</u>	<u>1,443</u>	<u>-</u>	<u>(3,526)</u>	<u>-</u>	<u>2,154</u>	<u>4,676</u>
Total	<b><u>\$480,899</u></b>	<b><u>\$195,456</u></b>	<b><u>\$ 21,836</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 57,192</u></b>	<b><u>\$755,383</u></b>	<b><u>\$742,189</u></b>

## 13. Commitments and contingencies

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

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

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

As discussed in Note 8, USNH provides self-liquidity for the 2011B Bonds (\$39,450,000 at June 30, 2014 and \$41,045,000 at June 30, 2013). This requires that USNH maintain 1.5 times coverage of the bonds outstanding in same-day liquid investments to insure payment to bondholders in the event the bonds are not successfully remarketed (\$59,175,000 at June 30, 2014 and \$61,568,000 at June 30, 2013).

## 14. Net position

The table below details USNH's net position as of June 30, 2014 and 2013 (\$ in thousands):

	<b>2014</b>	<b>2013</b>
<b>Net investment in capital assets</b>	\$ 574,302	\$ 550,778
<b>Restricted financial resources</b>		
<b>Nonexpendable</b>		
Historic gift value of endowment-campus	93,071	87,811
Historic gift value of endowment-affiliated entities	130,776	125,246
<b>Total restricted nonexpendable resources</b>	<u>223,847</u>	<u>213,057</u>
<b>Expendable</b>		
Held by campuses:		
Accumulated net gains on endowment	51,771	36,028
Fair value of restricted funds functioning as endowment	14,198	23,708
Gifts, grants and contracts	29,033	25,313
Life income and annuity funds	45	39
Loan funds	6,851	7,392
Held by affiliated entities:		
Accumulated net gains on endowment	40,052	23,488
Other	31,640	27,983
<b>Total restricted expendable resources</b>	<u>173,590</u>	<u>143,951</u>
<b>Unrestricted financial resources</b>		
Held by campuses:		
Educational and general reserves	50,789	52,140
Auxiliary enterprises	36,157	33,950
Internally designated reserves	85,358	80,331
Unrestricted loan funds	1,566	1,486
Unexpended plant funds	87,288	75,594
Fair value of unrestricted funds functioning as endowment	133,206	88,968
Subtotal	<u>394,364</u>	<u>332,469</u>
Unfunded postretirement medical liability	(51,113)	(54,158)
Total unrestricted net assets held by campuses	<u>343,251</u>	<u>278,311</u>
Held by affiliated entities:		
Fair value of unrestricted funds functioning as endowment	557	496
Other	2,764	2,754
<b>Total unrestricted financial resources</b>	<u>346,572</u>	<u>281,561</u>
<b>TOTAL NET POSITION</b>	<u>\$1,318,311</u>	<u>\$1,189,347</u>

The fair value of unrestricted funds functioning as endowment includes quasi-endowment funds totaling \$64,192,000 as of June 30, 2014 and \$47,058,000 as of June 30, 2013, which are invested to support debt principal payments for bond issues with specific future maturities. A portion of the internally designated reserves balance at June 30, 2014 (\$8,938,000) reflects the balance of board-approved funding for STEM related initiatives, and is expected to be spent in 2015. In addition to the June 30, 2014 unexpended plant balances shown above, \$72,870,000 of internally designated reserves was also approved for funding of campus capital projects. The largest of these projects are the Hamilton-Smith building at UNH (\$37,000,000) and the ALLWell North facility at PSU (\$16,000,000).

## 15. Component units

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

<b>Condensed Information from the Statements of Net Position as of June 30,</b>	<b>2014</b>		<b>2013</b>		<b>Condensed Information from the Statements of Revenues, Expenses, and Changes in Net Position for the years ended June 30,</b>	<b>2014</b>		<b>2013</b>		<b>Condensed Information from the Statements of Cash Flows for the years ended June 30,</b>	<b>2014</b>		<b>2013</b>	
Endowment investments	\$ 190	\$ 153	Gifts and other support	\$ 38	\$ 35	Receipts from gifts and other sources	\$ 15	\$ 24						
Other assets	12	9	Investment income	25	17	Payments to UNH and suppliers	(22)	(16)						
Total assets	<u>202</u>	<u>162</u>	Total revenues	<u>63</u>	<u>52</u>	Net cash provided by/(used in) operating activities	<u>(7)</u>	<u>8</u>						
Annuities payable	3	2	Distributions to UNH	17	16	Net cash provided by (used in) investing/noncapital financing activities	8	(7)						
Other liabilities	-	1	Administrative and other expenses	6	8	<b>Change in Cash and Equivalents</b>	<u>\$ 1</u>	<u>\$ 1</u>						
Total liabilities	<u>3</u>	<u>3</u>	Total expenses	<u>23</u>	<u>24</u>									
<b>Total Net Position</b>	<u>\$ 199</u>	<u>\$ 159</u>	<b>Operating Income &amp; Other Changes in Net Position*</b>	<u>\$ 40</u>	<u>\$ 28</u>									

\*Includes the addition of \$14,946,000 of endowment and other gift funds transferred to UNHF in conjunction with the integration of the UNH School of Law. A copy of the complete financial statements for UNHF can be obtained by contacting their Accounting Office at (603) 862-4171.

## 16. Subsequent events

Management has evaluated the impact of subsequent events through October 30, 2014, which is the date that the financial statements were available for issuance, and concluded that no material events have occurred which would require recognition or disclosure.

### Required Supplemental Information

#### Schedule of funding progress For the year ended June 30, 2014

(Unaudited)

(\$ in thousands)

Actuarial Variation Date (July 1,)	Actuarial Value of Assets* (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (c)=(b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (d)	UAAL as a % of Covered Payroll (c)/(d)
<b><u>Postretirement Medical Plan</u></b>						
2013	\$ -	\$ 52,231	\$ 52,231	-	\$ 224,139	23%
2011	-	50,876	50,876	-	219,357	23%
2009	-	46,852	46,852	-	204,670	23%

\*Third party actuaries are used to determine these amounts on a biennial basis. The most recent plan valuation was as of July 1, 2013. The next valuation date will be July 1, 2015.

See accompanying independent auditor's report



**UNIVERSITY SYSTEM OF NEW HAMPSHIRE**  
 Supplementary Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2014

Federal grantor/cluster title	Pass through grantor	Pass through identity identifying number	CFDA No.	Program title	Federal expenditures
Research and Development Cluster:					
Department of Agriculture:					
Direct Awards			10.Contract	Other Department of Agriculture Programs	\$ 42,330
			10.Unknown	Other Department of Agriculture Programs	495,636
			10.206	Grants for Agricultural Research Competitive Research	1,827,027
			10.303	Integrated Programs	141,605
			10.307	Organic Agriculture Research and Extension Initiative	638,353
			10.309	Specialty Crop Research Initiative	4,343
			10.310	Agriculture and Food Research Initiative (AFRI)	332,178
			10.600	Foreign Agricultural Market Development and Promotion	53,328
			10.652	Forestry Research	493,257
			10.902	Soil and Water Conservation	59,443
			10.912	Environmental Quality Incentives Program	30,224
			10.960	Technical Agricultural Assistance	6,921
					<u>4,124,645</u>
Department of Agriculture Direct Awards Total					4,124,645
Pass through Awards					
	University of Maine	UMS887	10.Contract	Other Department of Agriculture Programs	30,064
	University of Vermont	GNEI2049	10.Unknown	Other Department of Agriculture Programs	10,267
	Great Bay Aquaculture LLC	20083361019424	10.Contract	Other Department of Agriculture Programs	(1,184)
	University of Maryland	Z555104	10.200	Grants for Agricultural Research Special Research Grants	43,901
	Pemaquid Mussel Farms	NONE	10.212	Small Business Innovation Research	18,341
	University of Massachusetts	13007193B00	10.215	Sustainable Agriculture Research and Education	7,604
	University of Massachusetts	11006210B00	10.215	Sustainable Agriculture Research and Education	4,421
	University of Vermont	GNEI2031	10.215	Sustainable Agriculture Research and Education	1,998
	University of Vermont	GNEI3051	10.215	Sustainable Agriculture Research and Education	3,124
	University of Vermont	LNEI1313	10.215	Sustainable Agriculture Research and Education	96,562
	University of Vermont	LNEI3323	10.215	Sustainable Agriculture Research and Education	8,227
	Salish Kootenai College	24319	10.227	1994 Institutions Research Program	7,358
	Michigan State University	RC064288UNH	10.310	Agriculture and Food Research Initiative (AFRI)	70,396
	Pennsylvania State University	4662UNHUM7204	10.310	Agriculture and Food Research Initiative (AFRI)	53,248
	Princeton University	00001962	10.310	Agriculture and Food Research Initiative (AFRI)	39,628
	University of Massachusetts	100005875A00	10.310	Agriculture and Food Research Initiative (AFRI)	7,058
	University of Minnesota	H001897205	10.310	Agriculture and Food Research Initiative (AFRI)	96,800
	Northeast Cr for Risk Mgmt Education	NONE	10.500	Cooperative Extension Service	1,014
	University of Maine	UMS809	10.500	Cooperative Extension Service	2,467
	Innovative Natural Resource Solutions	INRSUNH01	10.652	Forestry Research	6,418
	University of Vermont	23281CHANDLER	10.652	Forestry Research	7,861
					<u>515,573</u>
Department of Agriculture Pass through Awards Total					515,573
Department of Agriculture Total					<u>4,640,218</u>
Department of commerce:					
Direct Awards			11.Contract	Other Department of Commerce Programs	80,786
			11.400	Geodetic Surveys and Services (Geodesy and Applications of the National Geodetic Reference System)	5,234,269
			11.417	Sea Grant Support	(544)
			11.419	Coastal Zone Management Administration Awards	7,016,860
			11.455	Cooperative Science and Education Program	104,459
			11.459	Climate and Air Quality Research	59,103
			11.463	Habitat Conservation	829,742
			11.468	Applied Meteorological Research	32,303
			11.472	Unallied Science Program	103,589
			11.483	NOAA Programs for Disaster Relief Appropriations Act – Nonconstruction and Construction	215,266
			11.609	Measurement and Engineering Research and Standards	22,954
					<u>13,698,787</u>
Department of Commerce Direct Awards Total					13,698,787
Pass through Awards					
	Consolidated Safety Services Inc	PSP1020	11.Unknown	Other Department of Commerce Programs	365
	University of Massachusetts at Boston	S20120000016493	11.Contract	Other Department of Commerce Programs	37,541
	Virginia Polytechnic Institute and State University	54460319119	11.417	Sea Grant Support	53,145
	NH Department of Environmental Services	04031358	11.419	Coastal Zone Management Administration Awards	6,087
	NH Department of Environmental Services	08141360	11.419	Coastal Zone Management Administration Awards	15,000
	NH Department of Environmental Services	12201382	11.419	Coastal Zone Management Administration Awards	4,754
	Univ Of Massachusetts Amherst	13007139A00	11.472	Unallied Science Program	4,563
					<u>121,455</u>
Department of Commerce Pass through Awards Total					121,455
Department of Commerce Total					<u>13,820,242</u>

**UNIVERSITY SYSTEM OF NEW HAMPSHIRE**  
 Supplementary Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2014

Federal grantor/cluster title	Pass through grantor	Pass through identity identifying number	CFDA No.	Program title	Federal expenditures
Research and Development Cluster:					
Department of Defense:					
Direct Awards					
			12.Unknown	Other Department of Defense Programs	\$ 152,092
			12.Contract	Other Department of Defense Programs	824,096
			12.300	Basic and Applied Scientific Research	233,416
			12.431	Basic Scientific Research	12,862
			12.800	Air Force Defense Research Sciences Program	166,715
			12.901	Mathematical Sciences Grants Program	30,649
			12.910	Research and Technology Development	(2,074)
Department of Defense Direct Awards Total					<u>1,417,756</u>
Pass through Awards					
	Academy of Applied Science	SG1326	12.Contract	Other Department of Defense Programs	2,599
	Academy of Applied Science	SG1328	12.Contract	Other Department of Defense Programs	2,496
	Harvard University	1317085057511	12.Contract	Other Department of Defense Programs	130,276
	Mathematical Systems - Solutions Inc	NONE	12.Contract	Other Department of Defense Programs	32,285
	University of Massachusetts	NONE	12.Contract	Other Department of Defense Programs	41,280
	University of Michigan	3003014397	12.Contract	Other Department of Defense Programs	37,606
	Michigan Aerospace Corporation	C20088111	12.Contract	Other Department of Defense Programs	93,999
	Michigan Aerospace Corporation	C3230312013	12.Contract	Other Department of Defense Programs	37,325
	University of Delaware	28671	12.300	Basic and Applied Scientific Research	20,484
	Woods Hole Oceanographic Institution	A101084	12.300	Basic and Applied Scientific Research	22,588
	Systems & Technology Research	20131034	12.910	Research and Technology Development	41,535
	AMI Research & Development	UNH201301	12.910	Research and Technology Development	23,827
	SRI International	19000202	12.910	Research and Technology Development	21,448
Department of Defense Pass through Awards Total					<u>507,748</u>
Department of Defense Total					<u>1,925,504</u>
Department of the Interior:					
Direct Awards					
			15.Unknown	Other Department of Interior Programs	904
			15.650	Research Grants (Generic)	1,135
			15.654	Visitor Facility Enhancements - Vehicle Pullouts, Interpretive Trails, and Kiosks	63,472
			15.677	Hurricane Sandy Disaster Relief Activities-FWS	4,266
			15.805	Assistance to State Water Resources Research Institutes	262,609
			15.807	Earthquake Hazards Reduction Program	9,031
			15.808	Geological Survey Research and Data Acquisition	134,622
Department of the Interior Direct Awards Total					<u>476,039</u>
Pass through Awards					
	AmericaView Inc	AV08NH03	15.Contract	Other Department of Interior Programs	11,117
	Woods Hole Group Inc	NONE	15.Contract	Other Department of Interior Programs	18,626
	NH Department of Fish & Game	060612-100	15.611	Wildlife Restoration	31,812
	NH Department of Fish & Game	111710-103	15.611	Wildlife Restoration	7,941
	NH Department of Fish & Game	111710-104	15.611	Wildlife Restoration	5,967
	NH Department of Fish & Game	11190887	15.611	Wildlife Restoration	15,491
	NH Department of Fish & Game	03261444	15.611	Wildlife Restoration	12,057
	NH Department of Fish & Game	020-075-21590-097	15.611	Wildlife Restoration	(310)
	NH Department of Fish & Game	05151364	15.634	State Wildlife Grants	15,642
	NH Department of Fish & Game	092210-117	15.634	State Wildlife Grants	431
	NH Department of Fish & Game	01291440	15.634	State Wildlife Grants	5,710
	University of Maine	UMS956	15.677	Hurricane Sandy Disaster Relief Activities-FWS	2,376
	AmericaView Inc	AV13NH01	15.815	Natl Land Remote Sensing - Education Outreach & Research	9,018
	AmericaView Inc	AV08NH03	15.815	Natl Land Remote Sensing - Education Outreach & Research	499
Department of the Interior Pass through Awards Total					<u>136,377</u>
Department of the Interior Awards Total					<u>612,416</u>
Department of Justice:					
Direct Awards					
			16.560	Justice Research Development and Evaluation Project	691,831
			16.730	Reduction and Prevention of Children's Exposure to Violence	1,269,589
Department of Justice Direct Awards Total					<u>1,961,420</u>
Pass through Awards					
	University of Massachusetts	12006951A00	16.543	Missing Children's Assistance	61,803
	Westat	8845S001	16.543	Missing Children's Assistance	96,694
	National Center for Victims of Crime	001	16.582	Crime Victim Assistance/Discretionary Grants	53,747
	NH Department of Justice (Attorney General)	2014W052	16.588	Violence Against Women Formula Grants	12,640
Department of Justice Pass through Awards Total					<u>224,884</u>
Department of Justice Awards Total					<u>2,186,304</u>
Department of State:					
Direct Awards					
			19.012	Professional and Cultural Exchange Programs - Special Professional and Cultural Programs	(1,120)
			19.415	Professional Exchanges-Annual Open Grant	185,939
Department of State Direct Awards Total					<u>184,819</u>

**UNIVERSITY SYSTEM OF NEW HAMPSHIRE**  
 Supplementary Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2014

Federal grantor/cluster title	Pass through grantor	Pass through identity identifying number	CFDA No.	Program title	Federal expenditures
Research and Development Cluster:					
Department of Transportation:					
Direct Awards			20.Contract	Other Department of Transportation Programs	\$ 31,134
Department of Transportation Direct Awards Total					<u>31,134</u>
Pass through Awards	Alvin J Coleman & Son Inc	NONE	20.Contract	Other Department of Transportation Programs	9,083
	Tufts University	SU0044	20.Unknown	Other Department of Transportation Programs	295
Department of Transportation Pass through Awards Total					<u>9,378</u>
Department of Transportation Awards Total					<u>40,512</u>
National Aeronautics and Space Administration:					
Direct Awards			43.Contract	Other National Aeronautics and Space Administration Programs	1,203,820
			43.Unknown	Other National Aeronautics and Space Administration Programs	7,251,304
			43.001	Aerospace Education Services Program	499,740
National Aeronautics and Space Administration Direct Awards Total					<u>8,954,864</u>
Pass through Awards	Assurance Technology Corp	900731	43.Contract	Other National Aeronautics and Space Administration Programs	699,517
	Applied GeoSolutions LLC	NONE	43.Contract	Other National Aeronautics and Space Administration Programs	18,372
	California Institute of Technology	44A1093999	43.Contract	Other National Aeronautics and Space Administration Programs	153,034
	Dartmouth College	670	43.Unknown	Other National Aeronautics and Space Administration Programs	13,616
	Johns Hopkins University	499879Q	43.Contract	Other National Aeronautics and Space Administration Programs	52,425
	Johns Hopkins University	967399	43.Contract	Other National Aeronautics and Space Administration Programs	2,383,514
	Millennium Engineering & Integration Co	NNA10DF16B	43.Contract	Other National Aeronautics and Space Administration Programs	198,832
	Rutgers University	00003534	43.Contract	Other National Aeronautics and Space Administration Programs	15,046
	Rutgers University	4941	43.Contract	Other National Aeronautics and Space Administration Programs	91,304
	Solana Scientific Inc	NAS12AB29G	43.Contract	Other National Aeronautics and Space Administration Programs	27,888
	Southwest Research Institute (SwRI)	499878Q	43.Contract	Other National Aeronautics and Space Administration Programs	4,195,990
	Southwest Research Institute (SwRI)	599770Q	43.Contract	Other National Aeronautics and Space Administration Programs	633,514
	Southwest Research Institute (SwRI)	A99178JD	43.Contract	Other National Aeronautics and Space Administration Programs	53,610
	Southwest Research Institute (SwRI)	A99200MO	43.Contract	Other National Aeronautics and Space Administration Programs	1,539,313
	Southwest Research Institute (SwRI)	D99032L	43.Contract	Other National Aeronautics and Space Administration Programs	38,134
	Southwest Research Institute (SwRI)	F99054DRC	43.Contract	Other National Aeronautics and Space Administration Programs	29,411
	Southwest Research Institute (SwRI)	1415FC0025	43.Contract	Other National Aeronautics and Space Administration Programs	247,861
	University of Alaska	UAF120032	43.Contract	Other National Aeronautics and Space Administration Programs	153,616
	University of Alaska	UAF140105	43.Contract	Other National Aeronautics and Space Administration Programs	8,438
	University of Alaska	UAF130031	43.Contract	Other National Aeronautics and Space Administration Programs	2,717
	University of California at Berkeley (UCB)	00007549	43.Contract	Other National Aeronautics and Space Administration Programs	28,175
	University of California at Berkeley (UCB)	SA405826326	43.Contract	Other National Aeronautics and Space Administration Programs	93,906
	University of California at Los Angeles (UCLA)	2090GMB405	43.Unknown	Other National Aeronautics and Space Administration Programs	143
	University of California at Los Angeles (UCLA)	2090GQA144	43.Contract	Other National Aeronautics and Space Administration Programs	32,622
	University of California at Santa Barbara	KK1400	43.Contract	Other National Aeronautics and Space Administration Programs	26,935
	University of Colorado	1547930	43.Unknown	Other National Aeronautics and Space Administration Programs	(1,536)
	University of Colorado	1545541	43.Unknown	Other National Aeronautics and Space Administration Programs	46,596
	University of Iowa	1000556126	43.Contract	Other National Aeronautics and Space Administration Programs	513,606
	University of Maryland	Z657801	43.Unknown	Other National Aeronautics and Space Administration Programs	9,335
	University of Maryland	Z658001	43.Unknown	Other National Aeronautics and Space Administration Programs	873
	Woods Hole Oceanographic Institution	A100804	43.Contract	Other National Aeronautics and Space Administration Programs	50,634
National Aeronautics and Space Administration Pass through Awards Total					<u>11,357,441</u>
National Aeronautics and Space Administration Awards Total					<u>20,312,305</u>
National Science Foundation:					
Direct Awards			47.Unknown	Other National Science Foundation Programs	194,377
			47.041	Engineering Grants	2,255,030
			47.049	Mathematical and Physical Sciences	1,220,021
			47.050	Geosciences	4,931,515
			47.070	Computer and Information Science and Engineering	180,570
			47.074	Biological Sciences	2,132,376
			47.075	Social Behavioral and Economic Sciences	601,825
			47.076	Education and Human Resources	1,903,072
			47.078	Polar Programs	1,111,414
			47.079	International Science and Engineering (OISE) (B)	491,041
			47.080	Office of Cyberinfrastructure	226,552
			47.081	Office of Experimental Program to Stimulate Competitive Research	3,582,418
National Science Foundation Direct Awards Total					<u>18,830,211</u>

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<u>Federal grantor/cluster title</u>	<u>Pass through grantor</u>	<u>Pass through identity identifying number</u>	<u>CFDA No.</u>	<u>Program title</u>	<u>Federal expenditures</u>
Research and Development Cluster:					
National Science Foundation:					
Pass through Awards	Harvard University	500899500 – 131680	47.Unknown	Other National Science Foundation Programs	\$ 10,072
	Marine Biological Laboratory	40621	47.Unknown	Other National Science Foundation Programs	14,316
	Mt. Holyoke College	01GD8191	47.Contract	Other National Science Foundation Programs	19,232
	Woods Hole Research Center Inc	WHRCMG091705	47.Unknown	Other National Science Foundation Programs	11,131
	netBlazr	12782	47.041	Engineering Grants	7,450
	netBlazr	14074	47.041	Engineering Grants	23,431
	Northeastern University	501826P1001896	47.041	Engineering Grants	(310)
	Northeastern University	50182678050	47.041	Engineering Grants	96,510
	Northeastern University	501826	47.041	Engineering Grants	487,377
	OctoScope	12350	47.041	Engineering Grants	(2,350)
	Stanford University	2444570046334A	47.041	Engineering Grants	191
	Marine Biological Laboratory	45244	47.050	Geosciences	83,946
	Dartmouth College	1376	47.050	Geosciences	89,628
	City College of New York	40B42A	47.074	Biological Sciences	114,731
	Cornell University	614689775	47.074	Biological Sciences	148,597
	Harvard University	1317065056664	47.074	Biological Sciences	63,563
	University of North Carolina	554962	47.074	Biological Sciences	101,076
	University Of Utah	10011817	47.074	Biological Sciences	2,655
	Univ Of Massachusetts Amherst	11006187E00	47.075	Social Behavioral and Economic Sciences	9,054
	Columbia University	1GG009026	47.076	Education and Human Resources	22,845
	Education Development Center, Inc.	NSF ESI: 0638470 – EDC:5545	47.076	Education and Human Resources	13,989
	Michigan Technological Univ	111009026 P0090858	47.079	Office of International and Integrative Activities	63,327
	University of Tennessee	A120848S002	47.080	Office of Cyberinfrastructure	43,660
					<u>1,424,121</u>
National Science Foundation Pass through Awards Total					
ARRA Awards:					
Direct Awards			47.082	Trans-NSF Recovery Act Research Support	<u>204,187</u>
National Science Foundation ARRA Direct Awards Total					<u>204,187</u>
Pass through Awards	Univ Of Pennsylvania	553418	47.082	Trans-NSF Recovery Act Research Support	<u>41,180</u>
National Science Foundation ARRA Pass through Awards Total					<u>41,180</u>
National Science Foundation ARRA Awards Total					<u>245,367</u>
National Science Foundation Awards Total					<u>20,499,699</u>
Environmental Protection Agency:					
Direct Awards			66.Contract	Other Environmental Protection Agency Programs	27,834
			66.456	National Estuary Program	476,498
			66.509	Science To Achieve Results (STAR) Research Program	18,130
			66.517	Regional Applied Research Efforts (RARE)	17,436
			66.708	Pollution Prevention Grants Program	<u>21,238</u>
Environmental Protection Agency Direct Awards Total					<u>561,136</u>
Pass through Awards	Florida International University	SUB# 80002002-01	66.436	Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements – Section 104(b)(3) of the Clean Water Act	22,968
	NH Department of Environmental Services	062012170	66.460	Nonpoint Source Implementation Grants	50,171
	NH Department of Fish & Game	072413-36	66.461	Regional Wetland Program Development Grants	37,538
	City College of New York	49229B	66.509	Science To Achieve Results (STAR) Research Program	<u>18,804</u>
Environmental Protection Agency Pass through Awards Total					<u>129,481</u>
Environmental Protection Agency Awards Total					<u>690,617</u>
Department of Energy:					
Direct Awards			81.Contract	Other Department of Energy Programs	72,924
			81.049	Basic Energy Sciences University and Science Education	1,367,605
			81.087	Renewable Energy Research and Development	7,716
			81.089	Fossil Energy Research and Development	<u>95,596</u>
Department of Energy Direct Awards Total					<u>1,543,841</u>
Pass through Awards	Argonne National Lab	3F31641	81.Contract	Other Department of Energy Programs	4,458
	Compact Membrane Systems Inc	NONE	81.Contract	Other Department of Energy Programs	61,485
	Iowa State University	4012125A	81.Contract	Other Department of Energy Programs	63,070
	Jefferson Science Associates LLC	PO12PO658	81.Contract	Other Department of Energy Programs	4,755
	Oscilla Power Inc	NONE	81.Contract	Other Department of Energy Programs	133,721
	Princeton University	S011176F	81.Contract	Other Department of Energy Programs	21,570
	Xemed LLC	DESC0006534	81.Contract	Other Department of Energy Programs	3,939
	Pennsylvania State University	4954UNHSU105B	81.049	Basic Energy Sciences University and Science Education	14,325
	University of Arizona	Y561913	81.049	Basic Energy Sciences University and Science Education	80,747
	University of Arizona	161154	81.049	Basic Energy Sciences University and Science Education	71,678
	University of Wisconsin	455K696	81.049	Basic Energy Sciences University and Science Education	132,571
	University Of Utah	10031590UNH	81.121	Nuclear Energy Research, Development and Demonstration	25,368
	Massachusetts Institute of Technology	571000	81.133	Geologic Sequestration Training and Research Grant Program	<u>26,526</u>
Department of Energy Pass through Awards Total					<u>664,213</u>
Department of Energy Total					<u>2,208,054</u>

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Federal grantor/cluster title	Pass through grantor	Pass through identity identifying number	CFDA No.	Program title	Federal expenditures
Research and Development Cluster:					
Department of Education:					
Direct Awards			84.133	National Institute on Disability and Rehabilitation	\$ 1,921,779
			84.224	State Grants for Assistive Technology	65,245
Department of Education Direct Awards Total					<u>1,987,024</u>
Pass through Awards	Univ Kansas Ctr Research Inc	FY2012044	84.133	National Institute on Disability and Rehabilitation	28,077
	Kessler Foundation	38502	84.133	National Institute on Disability and Rehabilitation	111,258
	Kessler Foundation	38602	84.133	National Institute on Disability and Rehabilitation	58,942
	NH Department of Education	H323A120003	84.323	Special Education – State Personnel Development	57,453
Department of Education Pass through Awards Total					<u>255,730</u>
Department of Education Total					<u>2,242,754</u>
Department of Health and Human Services:					
Direct Awards					
			93.048	Special Programs for the Aging Title IV Training Research	32,740
			93.110	Maternal and Child Health Federal Consolidated Programs	967,389
			93.113	Biological Response to Environmental Health Hazards	120,816
			93.125	Mental Health Planning and Demonstration Projects	82,562
			93.184	Disabilities Prevention	270,917
			93.283	Centers for Disease Control and Prevention Investigations	2,660
			93.286	Discovery and Applied Research for Technological Innovations to Improve Human Health	167,751
			93.394	Cancer Detection and Diagnosis Research	40,175
			93.396	Cancer Biology Research	126,272
			93.647	Social Services Research and Demonstration	31,752
			93.701	Trans-NIH Recovery Act Research Support	8,787
			93.859	Pharmacology Physiology and Biological Chemistry	163,419
			93.865	Child Health and Human Development Extramural Research	368,390
			93.866	Aging Research	130,530
			93.867	Vision Research	117,748
Department of Health and Human Services Direct Awards Total					<u>2,631,908</u>
Pass through Awards	Response Applications LLC	NONE	93.Contract	Other Department of Health and Human Services Programs	2,716
	NH Department of Health & Human Services	H25MC00249	93.110	Maternal and Child Health Federal Consolidated Programs	1,950
	Dartmouth College	1250	93.110	Maternal and Child Health Federal Consolidated Programs	583,269
	Dartmouth College	NONE	93.113	Biological Response to Environmental Health Hazards	22,211
	University of Delaware	35389	93.273	Alcohol Research Programs	11,594
	NH Department of Health & Human Services	NONE	93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	1,749
	Dartmouth College	763	93.389	National Center for Research Resources	98,834
	Dartmouth College	764	93.389	National Center for Research Resources	(84)
	Dartmouth College	984	93.389	National Center for Research Resources	(29)
	Dartmouth College	NONE	93.389	National Center for Research Resources	62,273
	Dartmouth College	1229 & 1513	93.389	National Center for Research Resources	69,169
	Dartmouth College	DARTMOUTH SUB#780	93.389	National Center for Research Resources	4,437
	NH Department of Health & Human Services	05151333	93.674	Chafee Foster Care Independence Program	556,092
	Xemed LLC	R44HL08755004 COPPER 2B	93.838	Lung Diseases Research	1,978
	Brigham and Women's Hospital	107278	93.839	Blood Diseases and Resources Research	249,701
	Dartmouth College	1022	93.859	Pharmacology Physiology and Biological Chemistry	(3,901)
	Dartmouth College	1,023	93.859	Pharmacology Physiology and Biological Chemistry	(1,986)
	Dartmouth College	1,025	93.859	Pharmacology Physiology and Biological Chemistry	1,779
	Dartmouth College	1,224	93.859	Pharmacology Physiology and Biological Chemistry	133,116
	Dartmouth College	1,225	93.859	Pharmacology Physiology and Biological Chemistry	65,113
	Dartmouth College	1,226	93.859	Pharmacology Physiology and Biological Chemistry	97,877
	Dartmouth College	1,227	93.859	Pharmacology Physiology and Biological Chemistry	49,392
	Dartmouth College	1271	93.859	Pharmacology Physiology and Biological Chemistry	84,176
	University of Southern California	Y88622	93.865	Child Health and Human Development Extramural Research	34,368
	Michigan Technological Univ	111011022	93.866	Aging Research	2,195
Department of Health and Human Services Pass through Awards Total					<u>2,127,989</u>
Department of Health and Human Services Total					<u>4,759,897</u>
Department of Homeland Security:					
Pass through Awards					
	Strategic Alliance for Risk Reduction	UNH0103001	97.Contract	Other Department of Homeland Security Programs	450
	NH Department of Environmental Services	092811-88	97.042	Emergency Management Performance Grants	(1,090)
Department of Homeland Security Pass through Awards Total					<u>(640)</u>
Total Research and Development Cluster					<u>74,122,701</u>

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Federal grantor/cluster title	Pass through grantor	Pass through identity identifying number	CFDA No.	Program title	Federal expenditures
<b>Other Awards:</b>					
Department of Agriculture: SNAP Cluster Pass through Awards	NH Department of Health & Human Services	02081227	10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	\$ (99)
	NH Department of Health & Human Services	01151437	10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	587,976
	NH Department of Health & Human Services	11141248	10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	190,457
Department of Agriculture SNAP Cluster Pass through Awards Total					<u>778,334</u>
Child Nutrition Cluster Pass through Awards			10.559	Summer Food Service Program for Children	14,316
Department of Agriculture Child Nutrition Cluster Pass through Awards Total					<u>14,316</u>
Department of the Interior: Fish and Wildlife Cluster: Pass through Awards	NH Department of Fish & Game	081011-056	15.605	Sport Fish Restoration Program	161,740
Fish and Wildlife Cluster Total					<u>161,740</u>
Department of Transportation: Highway Planning and Construction Cluster: Pass through Awards	NH Department of Transportation	062211-360	20.205	Highway Planning and Construction	33,230
	NH Department of Transportation	062211360	20.205	Highway Planning and Construction	2,494
	NH Department of Transportation	01151469B	20.205	Highway Planning and Construction	1,765
	NH Department of Transportation	071410-092	20.205	Highway Planning and Construction	976
	NH Department of Environmental Services	050609-073	20.205	Highway Planning and Construction	10,841
	NH Department of Transportation	011409-104	20.205	Highway Planning and Construction	(4,752)
	NH Department of Transportation	113011-105	20.205	Highway Planning and Construction	345,535
	NH Department of Transportation	12201396	20.205	Highway Planning and Construction	205,645
	NH Department of Environmental Services	042711-039	20.205	Highway Planning and Construction	14,982
	NH Department of Transportation	062211-360	20.205	Highway Planning and Construction	11,367
	NH Department of Transportation	01151469A	20.205	Highway Planning and Construction	19,795
	NH Department of Transportation	081110-065	20.205	Highway Planning and Construction	55,486
Highway Planning and Construction Cluster Total					<u>697,364</u>
Federal Transit Cluster: Direct Awards			20.507	Federal Transit Capital and Operating Assistance Formula	320,157
Federal Transit Cluster Total					<u>320,157</u>
Highway Safety Cluster: Pass through Awards	NH Department of Safety	03261407	20.600	State and Community Highway Safety	17,456
	NH Department of Safety	0403135	20.600	State and Community Highway Safety	23,190
	NH Department of Safety	30814S006	20.600	State and Community Highway Safety	34,728
	Rockingham Planning Commission	NONE	20.600	State and Community Highway Safety	9,368
	NH Department of Safety	NONE	20.600	State and Community Highway Safety	5,555
Highway Safety Cluster Total					<u>90,297</u>
Department of Education: Special Education (IDEA) Cluster: Pass through Awards	NH Department of Education	022013-63	84.027	Special Education Grants to States	14,932
	NH Department of Education	022013-65	84.027	Special Education Grants to States	46,974
	NH Department of Education	041311-088	84.027	Special Education Grants to States	21
	NH Department of Health & Human Services	071013-52	84.027	Special Education Grants to States	189,710
	NH Department of Health & Human Services	071112-35	84.027	Special Education Grants to States	(58)
Special Education (IDEA) Cluster Total					<u>251,579</u>
Student Financial Aid Cluster: Direct Awards			84.007	Federal Supplemental Educational Opportunity Grants	2,786,367
			84.033	Federal Work-Study Program	2,590,667
			84.038	Federal Perkins Loan Program – Advances	3,655,799
			84.038	Federal Perkins Loan Program – Administrative Cost Allowance	154,611
			84.063	Federal Pell Grant Program	25,915,513
			84.268	Direct Lending Programs – Loans Issued	194,174,405
			84.379	Teacher Education Assistance for College and Higher Education Grants (TEACH)	21,150
Student Financial Aid Cluster Total					<u>229,298,512</u>
TRIO Cluster: Direct Awards			84.042	TRIO Student Support Services	837,846
			84.044	TRIO Talent Search	525,233
			84.047	TRIO Upward Bound	848,662
			84.217	McNair Post-Baccalaureate Achievement	264,072
TRIO Cluster Total					<u>2,475,813</u>

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Federal grantor/cluster title	Pass through grantor	Pass through identity identifying number	CFDA No.	Program title	Federal expenditures
Department of Health and Human Services:					
Child Care Development Fund (CCDF) Cluster:					
Pass through Awards	NH Department of Health & Human Services		93.575	Child Care and Development Block Grant	\$ 192,444
CCDF Cluster Total					<u>192,444</u>
Medicaid Cluster:					
Pass through Awards	NH Department of Health & Human Services	062211-112	93.778	Medical Assistance Program	25,657
	NH Department of Health & Human Services	060513-86	93.778	Medical Assistance Program	1,399,942
	NH Department of Health & Human Services	100213-59	93.778	Medical Assistance Program	189,621
	NH Department of Health & Human Services	04171350	93.778	Medical Assistance Program	682,623
Medicaid Cluster Total					<u>2,297,843</u>
Department of Agriculture:					
Direct Awards			10.072	Wetlands Reserve Program	15,295
			10.458	Crop Insurance Education in Targeted States	212,822
			10.500	Cooperative Extension Service	2,265,200
			10.652	Forestry Research	2,405
			10.664	Cooperative Forestry Assistance	(5,674)
			10.678	Forest Stewardship Program	78,855
			10.855	Distance Learning and Medical Link Grants	120,136
			10.912	Environmental Quality Incentives Program	12,122
Department of Agriculture Direct Awards Total					<u>2,701,161</u>
Pass through Awards	University of Delaware	NONE	10.Unknown	Other Department of Agriculture Programs	1,379
	Belnap EDC	NONE	10.Unknown	Other Department of Agriculture Programs	28,870
				Subtotal CFDA Number 10.Unknown	<u>30,249</u>
	NH Department of Agriculture	09041333B	10.025	Plant and Animal Disease Pest Control and Animal Care	22,054
	NH Department of Agriculture	11141226	10.025	Plant and Animal Disease Pest Control and Animal Care	600
				Subtotal CFDA Number 10.025	<u>22,654</u>
	NH Department of Agriculture	021611-17E	10.170	Specialty Crop Block Grant Program – Farm Bill	9,045
	NH Department of Agriculture	04171334	10.170	Specialty Crop Block Grant Program – Farm Bill	10,004
	NH Department of Agriculture	04171335	10.170	Specialty Crop Block Grant Program – Farm Bill	1,219
				Subtotal CFDA Number 10.170	<u>20,268</u>
	Marine Biological Laboratory	43198	10.200	Grants for Agricultural Research Special Research Grants	3,965
	University of Massachusetts	12006874A00	10.206	Grants for Agricultural Research Competitive Research	7,326
	LIGSciences Inc	LIGUNH140219	10.212	Small Business Innovation Research	26,035
	Cornell University	6785010221	10.303	Integrated Programs	1,870
	Cornell University	678269933	10.304	Homeland Security Agricultural	11,925
	Kansas State University	S12097	10.500	Cooperative Extension Service	13,902
	Kansas State University	S13070	10.500	Cooperative Extension Service	5,903
	Kansas State University	S13138	10.500	Cooperative Extension Service	34,851
	Kansas State University	S14067	10.500	Cooperative Extension Service	6,208
	Kansas State University	S1406701	10.500	Cooperative Extension Service	8
	Purdue University	8000054925	10.500	Cooperative Extension Service	153,974
	Purdue University	8000059372	10.500	Cooperative Extension Service	439
	University Of Nebraska	2563650040140	10.500	Cooperative Extension Service	7,377
	University Of Nebraska	2563650040143	10.500	Cooperative Extension Service	7,725
	University Of Nebraska	2563650050042	10.500	Cooperative Extension Service	82,549
	University of Vermont	SNE1208	10.500	Cooperative Extension Service	22,609
	University of Vermont	SNE1308	10.500	Cooperative Extension Service	2,454
				Subtotal CFDA Number 10.500	<u>337,999</u>
	NH Department of Resources & Economic Development (DRED)	NONE	10.664	Cooperative Forestry Assistance	90,081
	NH Department of Resources & Economic Development (DRED)	NONE	10.664	Cooperative Forestry Assistance	38,331
	NH Department of Resources & Economic Development (DRED)	NONE	10.664	Cooperative Forestry Assistance	5,263
	NH Department of Resources & Economic Development (DRED)	NONE	10.664	Cooperative Forestry Assistance	837
				Subtotal CFDA Number 10.664	<u>134,512</u>
	NH Department of Resources & Economic Development (DRED)	121710	10.675	Urban and Community Forestry Program	9,279
Department of Agriculture Pass through Awards Total	Nature Conservancy	TNCNHUNHNRCS03262013	10.912	Environmental Quality Incentives Program	895
Department of Agriculture Awards Total					<u>606,977</u>
					<u>3,308,138</u>

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Federal grantor/cluster title	Pass through grantor	Pass through identity identifying number	CFDA No.	Program title	Federal expenditures
Department of Commerce:					
Direct Awards			11.417	Sea Grant Support	\$ 1,338,807
			11.420	Coastal Zone Management Estuarine Research Reserves	101,185
			11.483	NOAA Programs for Disaster Relief Appropriations Act – Nonconstruction and Construction	49,475
Department of Commerce Direct Awards Total					<u>1,489,467</u>
Pass through Awards	Gulf of Maine Research Institute	EA133F10CN032204	11.Unknown	Other Department of Commerce Programs	31,326
	Hudson River Foundation	00212R	11.Unknown	Other Department of Commerce Programs	19,161
				Subtotal CFDA Number 11.Unknown	<u>50,487</u>
	NERACOOS	A002004	11.012	Integrated Ocean Observing System (IOOS)	255,410
	NH Department of Environmental Services	05231276	11.419	Coastal Zone Management Administration Awards	(241)
	NH Department of Environmental Services	061913166	11.419	Coastal Zone Management Administration Awards	8,953
	NH Department of Environmental Services	12041361	11.419	Coastal Zone Management Administration Awards	31,665
	NH Department of Environmental Services	12201383	11.419	Coastal Zone Management Administration Awards	6,995
	NH Department of Environmental Services	032614-51	11.419	Coastal Zone Management Administration Awards	1,998
				Subtotal CFDA Number 11.419	<u>49,370</u>
Department of Commerce Pass through Awards Total					<u>355,267</u>
ARRA Awards:					
Direct Awards			11.557	Broadband Technology Opportunities Pgm (BTOP)	3,549,389
			11.558	State Broadband Data and Development Grant Porgam (ARRA)	1,601,909
Department of Commerce ARRA Direct Awards Total					<u>5,151,298</u>
Department of Commerce Awards Total					<u>6,996,032</u>
Department of Defense:					
Direct Awards			12.Contract	Other Department of Defense Programs	95,874
			12.900	Language Grant Program	90,079
Department of Defense Direct Awards Total					<u>185,953</u>
Pass through Awards	Physical Sciences, Inc.	SC61047-1767	12.Contract	Other Department of Defense Programs	7,000
	University of Texas at San Antonio	2602011559	12.300	Basic and Applied Scientific Research	16,000
	Academy of Applied Science	NONE	12.630	Basic, Applied, and Advanced Research in Science and Engineering	1,912
	Academy of Applied Science	NONE	12.630	Basic, Applied, and Advanced Research in Science and Engineering	3,203
	Academy of Applied Science	NONE	12.630	Basic, Applied, and Advanced Research in Science and Engineering	13,210
	Academy of Applied Science	NONE	12.630	Basic, Applied, and Advanced Research in Science and Engineering	13,481
	Virginia Polytechnic Institute and State University	54300519119	12.630	Basic, Applied, and Advanced Research in Science and Engineering	38,847
Department of Defense Pass through Awards Total				Subtotal CFDA Number 12.630	<u>93,653</u>
Department of Defense Awards Total					<u>279,606</u>
Department of Housing and Urban Development:					
Pass through Awards	Rochester, NH (City of)	NONE	14.Contract	Other Housing and Urban Development Department Programs	11,998
	Nashua Regional Planning Commission	NONE	14.703	Sustainable Communities Regional Planning Grant Program	23,853
	New Hampshire Housing Finance Authority	NONE	14.703	Sustainable Communities Regional Planning Grant Program	17,527
				Subtotal CFDA Number 14.703	<u>41,380</u>
Department of Housing and Urban Development Pass through Awards Total					<u>53,378</u>
Department of Housing and Urban Development Awards Total					<u>53,378</u>
Department of the Interior:					
Pass through Awards	NH Department of Environmental Services	101712-63	15.810	National Cooperative Geologic Mapping Program	2,581
Department of the Interior Awards Total					<u>2,581</u>
Department of Justice:					
Direct Awards			16.Unknown	Other Department of Justice Programs	30,803
			16.525	Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	21,227
Department of Justice Direct Awards Total					<u>52,030</u>
Pass through Awards	New Hampshire Coalition Against Domestic Violence	NONE	16.Unknown	Other Department of Justice Programs	207
	National 4-H Council	NONE	16.726	Juvenile Mentoring Program	16,677
	National 4-H Council	NONE	16.726	Juvenile Mentoring Program	8,898
				Subtotal CFDA Number 16.726	<u>25,575</u>
Department of Justice Pass through Awards Total					<u>25,782</u>
Department of Justice Awards Total					<u>77,812</u>



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Federal grantor/cluster title	Pass through grantor	Pass through identity identifying number	CFDA No.	Program title	Federal expenditures
Department of Labor:					
Direct Awards			17.504	Consultation Agreements	\$ 392,915
Department of Labor Direct Awards Total					<u>392,915</u>
Pass through Awards	Manchester Community College	HT3TACT25	17.282	Trade Adjustment Assistance Community College and Career Training (TAACCTT) Grants	3,165
ARRA Awards:					
Direct Awards			17.275	Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors – Recovery	6,753
Department of Labor ARRA Direct Awards Total					<u>6,753</u>
Pass through Awards	LIUNA Training & Education Fund	NONE	17.275	Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors – Recovery	2,670
Department of Labor ARRA Pass through Awards Total					<u>2,670</u>
Department of Labor ARRA Awards Total					<u>9,423</u>
Department of Labor Awards Total					<u>405,503</u>
Department of State:					
Pass Through Awards	IREX	S-ECAGD – I3-CA – 128 (CD)	19.009	Academic Exchange Programs – Undergraduate Programs	11,092
Department of State Total					<u>11,092</u>
Department of Transportation:					
Direct Awards			20.Unknown 20.500	Other Department of Transportation Programs Federal Transit Capital Improvement Grants	181,929 <u>10,944</u>
Department of Transportation Direct Awards Total					<u>192,873</u>
Department of Transportation Awards Total					<u>192,873</u>
Department of the Treasury:					
Pass through Awards	Reznick Government	126814	21.020	Community Development Financial Institutions Program	229,580
Department of the Treasury Total					<u>229,580</u>
National Aeronautics and Space Administration:					
Direct Awards			43.Unknown 43.002	Other National Aeronautics and Space Administration Programs Aeronautics	181,414 <u>168,037</u>
National Aeronautics and Space Administration Direct Awards Total					349,451
Pass through Awards	Elizabeth City State University	NONE	43.008	Education	67,880
National Aeronautics and Space Administration Pass through Awards Total					<u>67,880</u>
National Aeronautics and Space Administration Awards Total					<u>417,331</u>
National Foundation on the Arts and the Humanities:					
Direct Awards			45.163 45.312	Promotion of the Humanities Professional Development National Leadership Grants	4,532 <u>27,165</u>
National Foundation on the Arts and the Humanities Direct Awards Total					<u>31,697</u>
Pass through Awards	New England Foundation for the Arts New England Foundation for the Arts New England Foundation for the Arts New England Foundation for the Arts New England Foundation for the Arts New England Foundation for the Arts	13-26316 13-26313 13-27216 13-27189 13-27186 13-27179	45.025 45.025 45.025 45.025 45.025 45.025	Promotion of the Arts Partnership Agreements Promotion of the Arts Partnership Agreements Promotion of the Arts Partnership Agreements Promotion of the Arts Partnership Agreements Promotion of the Arts Partnership Agreements Promotion of the Arts Partnership Agreements	5,400 5,400 (25) 3,200 1,200 1,000
National Foundation on the Arts and the Humanities Pass through Awards Total					<u>16,175</u>
National Foundation on the Arts and the Humanities Awards Total					<u>47,872</u>
National Science Foundation:					
Direct Awards			47.Unknown 47.041 47.070 47.074 47.076 47.078	Other National Science Foundation Programs Engineering Grants Computer and Information Science and Engineering Biological Sciences Education and Human Resources Polar Programs	362,702 46,078 8,221 3,174 140,582 4,651
National Science Foundation Direct Awards Total					<u>565,408</u>

**UNIVERSITY SYSTEM OF NEW HAMPSHIRE**  
 Supplementary Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2014

Federal grantor/cluster title	Pass through grantor	Pass through identity identifying number	CFDA No.	Program title	Federal expenditures
National Science Foundation: Pass through Awards	University of Massachusetts	05-003146J00 GAID#3146	47.050	Geosciences	\$ 30,049
National Science Foundation Pass through Awards Total					<u>30,049</u>
National Science Foundation Awards Total					<u>595,457</u>
Small Business Administration: Direct Awards			59.037	Small Business Development Centers	766,269
Small Business Administration Total					<u>766,269</u>
Department of Veterans Affairs: Pass through Awards	US Olympic Committee	NONE	64.Unknown	Other Department of Veterans Affairs	124,919
Department of Veterans Affairs Total					<u>124,919</u>
Environmental Protection Agency: Direct Awards			66.514	Science To Achieve Results (STAR) Fellowship Program	1,305
Environmental Protection Agency Direct Awards Total					<u>1,305</u>
Pass through Awards	Campus Compact of New Hampshire	MOA SIGNED 5.1.13	66.Unknown	Other Environmental Protection Agency Programs	2,668
	NH Department of Environmental Services	11201355	66.Unknown	Other Environmental Protection Agency Programs	11,233
	NH Department of Environmental Services	05091278	66.Unknown	Other Environmental Protection Agency Programs	3,972
				Subtotal CFDA Number 66.Unknown	<u>17,873</u>
	NH Department of Environmental Services	061814-127	66.460	Nonpoint Source Implementation Grants	338
	NH Department of Environmental Services	091411-76	66.605	Performance Partnership Grants	18,293
	NH Department of Environmental Services	032013-16	66.605	Performance Partnership Grants	25,732
	NH Department of Environmental Services	04231460	66.605	Performance Partnership Grants	1,105
				Subtotal CFDA Number 66.605	<u>45,130</u>
	Campus Compact of New Hampshire	NONE	66.951	Environmental Education Grants	2,406
Environmental Protection Agency Pass through Awards Total					<u>65,747</u>
Environmental Protection Agency Awards Total					<u>67,052</u>
Department of Energy: Direct Awards			81.Unknown	Other Department of Energy Programs	12,708
Department of Energy Direct Awards Total					<u>12,708</u>
Pass through Awards	NH Governor, Office of Energy and Planning	0417133	81.041	State Energy Conservation	2,763
	NH Department of Environmental Services	08141358	81.041	State Energy Conservation	3,999
Department of Energy Pass through Awards Total					<u>6,762</u>
Department of Energy Awards Total					<u>19,470</u>
Department of Education: Direct Awards			84.133	National Institute on Disability and Rehabilitation	214,957
			84.224	State Grants for Assistive Technology	444,707
			84.325	Special Education Personnel Preparation to Improve Services and Results for Children with Disabilities	260,821
			84.365	English Language Acquisition State Grants	339,122
Department of Education Direct Awards Total					<u>1,259,607</u>
Pass through Awards	CCSNH	NONE	84.048	Career and Technical Education – Basic Grants to States	15,621
	University of Alabama	000500057004	84.133	National Institute on Disability and Rehabilitation	15,123
	NH Department of Education	050113-85B	84.323	Special Education – State Personnel Development	39,528
	Univ Kansas Ctr Research Inc	FY2013047	84.326	Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	335,525
	NH Department of Education	G&C #122 11/14/12	84.367	Improving Teacher Quality State Grants	321,318
	NH Department of Education	G&C ITEM 107 9/28/11	84.367	Improving Teacher Quality State Grants	(2,424)
	University of California at Berkeley (UCB)	02-NH01-SEED2012	84.367	Improving Teacher Quality State Grants	35,028
				Subtotal CFDA Number 84.367	<u>353,922</u>
	University of California at Berkeley (UCB)	AMENDMENT 7.02-NH01	84.928	National Writing Project	3,048
Department of Education Pass through Awards Total					<u>762,567</u>
Department of Education Awards Total					<u>2,022,174</u>
United States Institute of Peace: Direct Awards			91.004	Public Education for Peacebuilding Awards Program	1,750
United States Institute of Peace Awards Total					<u>1,750</u>
Department of Health and Human Services: Direct Awards			93.048	Special Programs for the Aging Title IV Training Research	48,768
			93.110	Maternal and Child Health Federal Consolidated Programs	44,339
			93.184	Disabilities Prevention	293,853
			93.632	Developmental Disabilities University Affiliated Programs	533,989
Department of Health and Human Service Direct Awards Total					<u>920,949</u>

**UNIVERSITY SYSTEM OF NEW HAMPSHIRE**  
 Supplementary Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2014

Federal grantor/cluster title	Pass through grantor	Pass through identity identifying number	CFDA No.	Program title	Federal expenditures
Department of Health and Human Services: Pass through Awards	Assn of Maternal & Child Health Programs AMCHP Dartmouth College TASH Inc	201304041902 816 NFE	93.Unknown 93.Unknown 93.Unknown	Other Department of Health and Human Services Programs Other Department of Health and Human Services Programs Other Department of Health and Human Services Programs	\$ 3,246 7,715 8,900
				Subtotal CFDA Number 93.Unknown	<u>19,861</u>
	NH Department of Information Technology Urban Institute North Country Health Consortium	100709-019 34889 NONE	93.Contract 93.Contract 93.Contract	Other Department of Health and Human Services Programs Other Department of Health and Human Services Programs Other Department of Health and Human Services Programs	73,800 46 33,609
				Subtotal CFDA Number 93.Contract	<u>107,455</u>
	NH Department of Health & Human Services Dartmouth College University of South Carolina	060513-91 910 14265111520FB34	93.070 93.110 93.184	Environmental Public Health and Emergency Response Maternal and Child Health Federal Consolidated Programs Disabilities Prevention	47,927 151 33,672
	Harbor Homes Inc	NONE	93.243	Substance Abuse and Mental Health Services – Projects of Regional & National Significance	99,369
	NH Department of Health & Human Services	071013-37	93.243	Substance Abuse and Mental Health Services – Projects of Regional & National Significance	212,832
	County of Cheshire	NONE	93.243	Substance Abuse and Mental Health Services – Projects of Regional & National Significance	31,012
				Subtotal CFDA Number 93.243	<u>343,213</u>
	Assoc of State and Territorial Chronic Disease Directors	8312301	93.283	Centers for Disease Control and Prevention, Investigations and Technical Assistance	90,884
	Dartmouth College	1021	93.389	National Center for Research Resources	130,657
	NH Department of Health & Human Services	02061339	93.505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	191,063
	New Hampshire Department of Insurance	11613-51	93.511	Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review	39,007
	NH Department of Health & Human Services	071013-56	93.517	Affordable Care Act – Aging and Disability Resource Center	181,178
	NH Department of Health & Human Services	90019020	93.548	Health through National, NonProfit Organizations – financed in part by 2013 Prevention and Public Health Funds (PPHF-2013)	46,770
	NH Developmental Disabilities Council	05151325	93.630	Developmental Disabilities Basic Support and Advocacy	14,588
	State University of New York	11137081066158	93.648	Child Welfare Services Training Grants	7,364
	NH Department of Health & Human Services	NONE	93.658	Foster Care Title IV-E	855,109
	NH Department of Health & Human Services	081308-117	93.658	Foster Care Title IV-E	98,439
	NH Department of Health & Human Services	G&C # 35, 5/1/13	93.658	Foster Care Title IV-E	87,539
				Subtotal CFDA Number 93.658	<u>1,041,087</u>
	New Hampshire Coalition Against Domestic Violence	NONE	93.671	Family Violence Prevention and Services/Battered Women's Shelters Grants to States and Indian Tribes	1,679
	NH Department of Health & Human Services	01111270	93.674	Chafee Foster Care Independence Program	(2,374)
	NH Department of Health & Human Services	060513-86	93.791	Money Follows the Person Rebalancing Demonstration	390,369
	NH Department of Health & Human Services	060612-074	93.994	Maternal and Child Health Services Block Grant to the	144,272
				Subtotal CFDA Number 93.994	<u>2,828,823</u>
Department of Health and Human Services Pass through Awards Total					<u>2,828,823</u>
ARRA Awards: Pass through Awards	NH Department of Health & Human Services	NONE	93.714	ARRA – Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	4,020
Department of Health and Human Services ARRA Pass through Awards Total					<u>4,020</u>
Department of Health and Human Services Awards Total					<u>3,753,792</u>
Department of Homeland Security: Direct Awards			97.045	Cooperating Technical Partners	225,579
Department of Homeland Security Direct Awards Total					<u>225,579</u>
Pass through Awards	SRA International Inc	SRAS000415-RELEASE1	97.Contract	Other Department of Homeland Security Programs	47,400
	NH Department of Safety	NFE	97.Unknown	Other Department of Homeland Security Programs	65,000
	NH Department of Safety	HMGP-40260NH-4R	97.Unknown	Other Department of Homeland Security Programs	256,355
				Subtotal CFDA Number 97.Unknown	<u>321,355</u>
	NH Governor, Office of Energy and Planning	111412-7	97.045	Cooperating Technical Partners	20,806
	NH Governor, Office of Energy and Planning	12201308	97.045	Cooperating Technical Partners	16,343
				Subtotal CFDA Number 97.045	<u>37,149</u>
	NH Department of Safety	NONE	97.067	State Homeland Security Program	32,301
Department of Homeland Security Pass through Awards Total					<u>438,205</u>
Department of Homeland Security Awards Total					<u>663,784</u>
Total Other Awards					<u>256,614,864</u>
Total Expenditures of Federal Awards					<u>\$ 330,737,565</u>

See accompanying notes to supplementary schedule of expenditures of federal awards.

## UNIVERSITY SYSTEM OF NEW HAMPSHIRE

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

Year ended June 30, 2014

#### (1) Basis of Presentation

The accompanying Supplementary Schedule of Expenditures of Federal Awards (the "Schedule") summarizes the expenditures of federal awards of the University System of New Hampshire (USNH), which includes the University of New Hampshire (UNH), Plymouth State University (PSU), Keene State College (KSC), and Granite State College (GSC) for the year ended June 30, 2014. Because the Schedule presents only a selected portion of the operations of the USNH, it is not intended to and does not present the full financial position, revenues and expenses, and changes in net position or cash flows of USNH. Full CFDA numbers are included, to the extent available. Negative amounts represent adjustments to amounts reported in a previous year in the normal course of business.

#### *Subrecipients*

USNH is the subrecipient of certain federal grants that are included as expenditures and listed on the Schedule as pass-through funds. Pass-through numbers are included, to the extent available.

#### (2) Summary of Significant Accounting Policies

Expenditures for federal award programs are recognized as incurred using the accrual method of accounting and the cost accounting principles contained in the OMB Circular A-21, *Cost Principles for Educational Institutions*, and OMB Circular A-110, *Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement and, accordingly, are not reflected as expenditures in the accompanying Schedule. Expenditures also include a portion of costs associated with general operating activities of the respective institutions, which are allocated to awards under negotiated formulas commonly referred to as facilities and administrative cost rates (note 3).

#### (3) Facilities and Administrative Costs

UNH negotiated facilities and administrative cost rates in fiscal year 2010 with its cognizant agency, the U.S. Department of Health and Human Services (DHHS). The predetermined rate applied to modified total direct costs for on-campus research at UNH is 47.5%, effective July 1, 2013 through June 30, 2014. Other rates for UNH facilities and administrative cost recovery range from 26.0% to 53.5% of modified total direct costs.

The on-campus facilities and administrative cost rate in place for PSU is 60.0% of direct salaries and wages from July 1, 2011 through June 30, 2014.

The on-campus facilities and administrative cost rate in place for KSC is 60.0% of direct salaries and wages from July 1, 2011 through June 30, 2014.

The on-campus facilities and administrative cost rate in place for GSC is 58.0% of direct salaries and wages from July 1, 2011 through June 30, 2014.

**UNIVERSITY SYSTEM OF NEW HAMPSHIRE**

Notes to Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2014

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

Under the Federal Perkins Loan Program, USNH advanced loans of \$3,655,799 for the year ended June 30, 2014. As of June 30, 2014, the USNH had total Federal Perkins Loan balances outstanding of \$24,780,320. Under the Federal Perkins Loan Cancellations (CFDA 84.037), the USNH canceled loans of \$95,282 for the year ended June 30, 2014. USNH also received an administrative cost allowance from the Federal Perkins Loan Program of \$154,611 for the year ended June 30, 2014.

**(5) Federal Direct Loan Program (CFDA 84.268)**

Federal loans issued to USNH students for the year ended June 30, 2014 are summarized as follows:

Stafford Loans:	
UNH	\$ 79,554,915
PSU	31,777,693
KSC	23,951,188
GSC	<u>9,745,359</u>
Total Stafford Loans	<u>145,029,155</u>
Plus Loans:	
UNH	30,198,519
PSU	8,839,710
KSC	10,076,910
GSC	<u>30,111</u>
Total Plus Loans	<u>49,145,250</u>
Total Federal Direct Loans	<u><u>\$ 194,174,405</u></u>

**UNIVERSITY SYSTEM OF NEW HAMPSHIRE**

Notes to Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2014

**(6) Subrecipients**

During fiscal year 2014, USNH provided \$20,583,933 to subrecipients under the programs detailed below:

<u>Program or cluster</u>	<u>CFDA</u>	<u>Amount</u>
Research and Development Cluster	various	\$ 17,419,881
Other:		
Cooperative Extension Service	10.500	44,440
Sea Grant Support	11.417	106,833
Coastal Zone Management Administration Awards	11.419	11,834
Broadband Technology Opportunities Program (BTOP)	11.557	1,948,202
State Broadband Data and Development Grant Program (ARRA)	11.558	651,068
Basic, Applied, and Advanced Research in Science and Engineering	12.630	21,836
Worker Training and Placement in High Growth and Emerging Industry (ARRA)	17.275	1,036
Highway Planning and Construction (ARRA)	20.205	38,693
Other National Science Foundation Programs	47.000	60,518
Computer and Information Science and Engineering	47.070	8,221
National Institute on Disability and Rehabilitation	84.133	58,714
Substance Abuse and Mental Health Services	93.243	25,000
Affordable Care Act: Aging and Disability resource Center	93.517	16,629
Developmental Disabilities University Affiliated Programs	93.632	3,327
Medical Assistance Program	94.000	28,265
Cooperating Technical Partners	97.045	139,436
Subtotal other		<u>3,164,052</u>
Total		<u>\$ 20,583,933</u>



**KPMG LLP**  
Two Financial Center  
60 South Street  
Boston, MA 02111

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the University System of New Hampshire (the System), a component unit of the State of New Hampshire, which comprise the statement of net position as of June 30, 2014, the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 30, 2014.

**Internal Control Over Financial Reporting**

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

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

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



### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

**KPMG LLP**

October 30, 2014





**KPMG LLP**  
Two Financial Center  
60 South Street  
Boston, MA 02111

## **Independent Auditors' Reports on Compliance for Each Major Program and on Internal Control over Compliance Required by Circular A-133**

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

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

We have audited the University System of New Hampshire's (the System) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the System's major federal program for the year ended June 30, 2014. The System's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

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

Our responsibility is to express an opinion on compliance for the System's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the System's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the System complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2014.

#### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2014-001 through 2014-005. Our opinion on the System's major federal program is not modified with respect to these matters.



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

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

Management of the System is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the System's internal control over compliance with the types of requirements that could have a direct and material effect on the System's major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the System's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2014-003 and 2014-004 that we consider to be significant deficiencies.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**KPMG LLP**

March 11, 2015

**UNIVERSITY SYSTEM OF NEW HAMPSHIRE**

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

**(1) Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  yes  none reported

Noncompliance material to the financial statements noted?  yes  no

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  yes  none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?  yes  no

<b>Identification of major programs</b>	<b>CFDA numbers</b>
Student financial assistance cluster	Various

Dollar threshold used to distinguish between type A and type B programs: \$3,000,000

Auditee qualified as low-risk auditee?  yes  no

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

None.

**UNIVERSITY SYSTEM OF NEW HAMPSHIRE**

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

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

**Reference Number:** 2014-001

**Federal Agency:** U.S. Department of Education

**Program:** Student Financial Assistance Cluster—Federal Perkins Loan

**Awards:**

**CFDA Number:** 84.038

**Award Years:** July 1, 2013 to June 30, 2014

***Specific Criteria***

34 CFR Section 674.19(2) requires an institution to submit a Fiscal Operations Report. The institution shall ensure that the information reported is accurate and shall submit it on the form and at the time specified by the Secretary. ED Form 646-1, Fiscal Operations Report and Application to Participate (FISAP) is submitted annually to receive funds for the campus-based programs. The school uses the Fiscal Operations Report portion to report its expenditures in the previous award year and the Application to Participate portion to apply for the following year. FISAPs are required to be submitted by October 1 following the end of the award year.

***Finding and Perspective***

We performed procedures over FISAP reporting at four campuses. At UNH School of Law (UNHL), we noted there were differences between the amounts recorded in eight lines of the FISAP and amounts recorded by the University's loan servicer for Federal Perkins Loan cumulative information. The differences ranged from \$1,516 to \$330,451. The differences represent historical adjustments, however the University was not able to provide documentation supporting these adjustments.

***Questioned Costs***

None.

***Possible Asserted Cause and Effect***

UNHL experienced significant turnover in key personnel within both the financial aid office and the business office related to the merger with UNH. As a result, management indicated that documentation could not be located or reconciled.

***Recommendation***

We recommend UNHL investigate and document the reasons for the adjustments and retain the documentation in a file for future use.

## UNIVERSITY SYSTEM OF NEW HAMPSHIRE

### Schedule of Findings and Questioned Costs

Year ended June 30, 2014

#### *Views of Responsible Officials*

UNH School of Law (UNHL) has investigated the adjustments as recommended and provides the following documentation for future reference:

Pre-2006, when UNHL was the independent Franklin Pierce Law Center, it transitioned from GreenTree software to a third party vendor (ACS) to manage and service its Perkins Loan program. According to notes on working papers supporting the 2006-07 FISAP, a previous financial aid director was notified by a previous vice president of finance that there were historical numbers that needed to be added in overall Perkins totals (+246 Funds Advanced to Students and +\$307,918 Loan Principal Collected) after the transition. No other written documentation of these directions could be located. The 2012-13 Fiscal Operations Report and Application to Participate (FISAP) submitted to the U.S. Department of Education by a later, interim official at UNHL – still then independent from UNH – omitted the manual adjustments. The erroneous explanation provided for error codes generated by the 2012-13 FISAP was that back-up information was not available. When the 2013-14 FISAP was completed for the School of Law, the historical numbers were added with a comment regarding why amounts were so different from the previous year.

Now that the merger of UNHL with UNH is complete, UNH has the historical numbers recorded properly, and they will be included when UNH completes its FISAP in upcoming years.

Responsible Official: Suzy Allen, Director of Financial Aid, University of New Hampshire.

## UNIVERSITY SYSTEM OF NEW HAMPSHIRE

### Schedule of Findings and Questioned Costs

Year ended June 30, 2014

**Reference Number:** 2014-002

**Federal Agency:** U.S. Department of Education

**Program:** Student Financial Assistance Cluster—Federal Pell Grant Program

**Award:** P063P131800

**CFDA Number:** 84.063

**Award Years:** July 1, 2013 to June 30, 2014

#### *Specific Criteria*

34 CFR Section 690.83(b) requires an institution to report to the Secretary any change in the amount of a grant for which a student qualifies including any related Payment Data changes by submitting to the Secretary the student's Payment Data that discloses the basis and result of the change in award for each student. The institution shall submit the student's Payment Data reporting any change to the Secretary within 30 days.

#### *Finding and Perspective*

KPMG selected 174 disbursements and 75 common records across three campuses.

At Granite State College (GSC), KPMG selected 79 disbursements related to Pell grants. Of these 79 disbursements, 7 were not reported within the reporting deadlines, ranging from 3 to 74 days late. 3 of the disbursements were reported less than 5 days late, 3 of the disbursements were reported less than 35 days late and 1 disbursement was reported 74 days late.

At University of New Hampshire (UNH), KPMG selected 25 student common records. For 1 of the 25, although the correct award amount was awarded and reported, the transaction number and expected family contribution was reported inaccurately.

#### *Questioned Costs*

None.

#### *Possible Asserted Cause and Effect*

At GSC, 5 of the exceptions identified were not reported to Common Origination and Disbursement (COD) timely as a result of a parameter in the extract process not being set correctly. The issues were corrected by management at a later date, but were outside of the required timeframe. 2 of the submissions were delayed because the award status was entered incorrectly in the IT system, which resulted in the record not being accepted.

At UNH, the information was not flagged in the IT system to send to COD for updated reporting since there were no changes in award amounts.

#### *Recommendation*

We recommend management strengthen the process and controls surrounding Pell Reporting to ensure that timely submission occurs and to investigate any exceptions.

**UNIVERSITY SYSTEM OF NEW HAMPSHIRE**

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

***Views of Responsible Officials***

GSC management, recognizing the increase in the number of records, has moved from a monthly to a weekly reconciliation process and implemented a way to identify any origination records that are stalled in a sent status. The increased reconciliations and enhanced processes will ensure that any records in need of reporting to COD will happen on a timely manner.

Responsible Official: Barbara Layne, Assistant Vice President, Enrollment Management, Granite State College

The UNH student in question was paid the correct Pell Grant amount. The situation was a result of a timing issue. The student's record was corrected in the Banner student information system at the same time reporting was being done to COD but the corrected data had not yet been transmitted to the U.S. Department of Education's Central Processing System (CPS). Therefore at the time of the report, the transaction number reported to COD matched that system. Had it not, an edit message would have been returned from COD. An internal report has been created to identify this type of timing scenario and will be run prior to each Pell reporting in the future.

Responsible Official: Suzy Allen, Director of Financial Aid, University of New Hampshire.

## UNIVERSITY SYSTEM OF NEW HAMPSHIRE

### Schedule of Findings and Questioned Costs

Year ended June 30, 2014

**Reference Number:** 2014-003

**Federal Agency:** U.S. Department of Education

**Program:** Student Financial Assistance Cluster—Federal Direct Loan, Federal Perkins Loan, TEACH Grant

**Awards:** P268K141800, P268K146593, P379T141800

**CFDA Numbers:** 84.268, 84.038, 84.379

**Award Years:** July 1, 2013 to June 30, 2014

#### *Specific Criteria*

34 CFR 668.165(2) requires that if an institution credits a student's account at the institution with Direct Loan, Federal Perkins Loan, or TEACH Grant Program funds, the institution must notify the student or parent of:

- (i) The anticipated date and amount of the disbursement;
  - (ii) The student's right or parent's right to cancel all or a portion of that loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement and have the loan proceeds returned to the holder of that loan, the TEACH Grant proceeds returned to the Secretary; and
  - (iii) The procedures and time by which the student or parent must notify the institution that he or she wishes to cancel the loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement.
- (3) The institution must provide the notice described in paragraph (a)(2) of this section in writing
- (i) No earlier than 30 days before, and no later than 30 days after, crediting the student's account at the institution, if the institution obtains affirmative confirmation from the student under paragraph (a)(6)(i) of this section; or
  - (ii) No earlier than 30 days before, and no later than seven days after, crediting the student account at the institution, if the institution does not obtain affirmative confirmation from the student under paragraph (a)(6)(i) of this section.
- (6) For purposes of this section
- (i) Affirmative confirmation is a process under which an institution obtains written confirmation of the types and amounts of title IV, HEA program loans that a student wants for an award year before the institution credits the student's account with those loan funds.

#### *Finding and Perspective*

At UNHL, there were no notifications sent upon disbursement. During the fiscal year, UNHL disbursed \$9,196,013 in Direct Loans and \$241,000 in Federal Perkins Loans.



## UNIVERSITY SYSTEM OF NEW HAMPSHIRE

### Schedule of Findings and Questioned Costs

Year ended June 30, 2014

At UNH, email notification for disbursements was provided to students and mail correspondence was sent to parents; however, management indicated copies or records of the notifications were not maintained and, accordingly, we were unable to test compliance with this requirement. UNH disbursed \$100,557,421 in Direct Loans and \$2,548,246 in Federal Perkins Loans.

#### *Questioned Costs*

None.

#### *Possible Asserted Cause and Effect*

UNHL experienced significant turnover in key personnel within both the financial aid office and the business office in conjunction with the merger with UNH in January 2014. As a result, the staff at UNHL during 2014 may not have been aware of these requirements.

UNH management indicated that the school communicates with students via email; however, neither paper nor electronic copies of such correspondence were maintained in the records.

#### *Recommendation*

We recommend that UNHL implement procedures to send disbursement notifications timely to students, and maintain copies of the notifications sent. We also recommend that UNH maintain copies of notifications sent.

#### *Views of Responsible Officials*

Historically, the UNHL Business Office notified students of loans posted to their accounts. This was done via notice on mailed paper statements and the electronic student portal. For academic year 2013-14, when there was significant turnover in the UNHL Business Office, this did not occur. Now that the merger of UNHL with UNH is complete, UNH Business Services posts the tuition, fees, scholarships, and loans for UNHL students and provides the required notifications.

UNH Business Services sends disbursement notifications twice a week via email. These are sent using Directed Communication, which is the University's mass email system for sending official notices to groups of individuals within the University community. Screen shots from this system showing evidence of the outgoing emails and dates were provided to the auditors. Excel files containing the distribution lists were also provided. These files are the ones used as input to Directed Communications. Distribution lists from within the Directed Communication system could not be provided because the same list name was reused for each group email, which resulted in the previous list being overwritten each time a new notification was sent.

UNH Business Services will change the process going forward so that individual distribution lists will have unique file names. Each file will be maintained to show the text, date and distribution list for each emailed disbursement notification.

Responsible Official: Suzy Allen, Director of Financial Aid, University of New Hampshire.

## UNIVERSITY SYSTEM OF NEW HAMPSHIRE

### Schedule of Findings and Questioned Costs

Year ended June 30, 2014

**Reference Number:** 2014-004

**Federal Agency:** Department of Education

**Program:** Student Financial Assistance Cluster—Federal Direct Loan

**Awards:** P268K141800, P268K146593

**CFDA Numbers:** 84.268

**Award Years:** July 1, 2013 to June 30, 2014

#### *Specific Criteria*

34 CFR 685.309 (b) requires a school to (1) Upon receipt of a student status confirmation report from the Secretary, complete and return that report to the Secretary within 30 days of receipt; and (2) Unless it expects to submit its next student status confirmation report to the Secretary within the next 60 days, notify the Secretary within 30 days if it discovers that a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who:

- (i) Enrolled at that school but has ceased to be enrolled on at least a half-time basis;
- (ii) Has been accepted for enrollment at that school but failed to enroll on at least a half-time basis for the period for which the loan was intended; or
- (iii) Has changed his or her permanent address.

#### *Finding and Perspective*

KPMG selected a total of 100 student enrollment changes for testing across four campuses. Of the 25 students selected at UNH, 1 student's status change was not reported to NSLDS. Additionally, 1 student status change was reported to NSLDS 86 days after the school became aware of the change, a total of 26 days over the requirement of 60 days.

In addition, UNHL had 330 students enrolled during the year ended June 30, 2014. In January 2014, UNHL was merged into UNH. At that time, NSLDS withdrew all students from the existing Department of Education Office of Postsecondary Education ID (OPE ID) number for UNHL. However, UNHL did not update its contract with the National Student Clearinghouse (NSC) to reflect UNH's OPE ID number, which replaced the UNHL ID number. As a result, although UNHL continued reporting changes in student status to the NSC after the merger, none of those changes were captured by NSLDS because the NSC was still coding these students to the previous UNHL OPE ID number.

#### *Questioned Costs*

None.

#### *Possible Asserted Cause and Effect*

UNH does not have a process in place to investigate whether all student status changes are reflected in submission files to the clearinghouse, as a result, the data submitted to NSLDS did not reflect all records.

## UNIVERSITY SYSTEM OF NEW HAMPSHIRE

### Schedule of Findings and Questioned Costs

Year ended June 30, 2014

UNHL experienced significant turnover in key personnel within both the financial aid office and the business office in conjunction with the merger with UNH. Additionally, UNHL did not have a process in place to compare NSLDS records to the records it sent to NSC.

#### ***Recommendation***

We recommend that UNH establish a review of all student status changes and compare to the records received from NSLDS to ensure completeness and timeliness of submissions.

While the UNHL situation was unique, we recommend UNH review its procedures for enrollment reporting to ensure timely reporting of any and all students in the future.

#### ***Views of Responsible Officials***

The University of New Hampshire's Registrar's Office staff members involved with Banner status updates and responsible for Clearinghouse reporting have discussed ways to strengthen communication about student status changes on days prior to and of Clearinghouse report submission. To help reduce the chance of a timing issue impacting student status, on the day following a Clearinghouse submission, the Registrar's Office will generate a report that shows any students whose status was changed on the report submission day from active to inactive (for any reason) or in the opposite direction. The names will be checked against the Clearinghouse report to insure accuracy. Any discrepancy will be corrected.

The problem of UNHL's OPE ID number's termination in April 2014 was corrected as soon as possible after its discovery. It took several months' work among liaisons at the U.S. Department of Education, National Student Loan Data System, UNH Registrar's Office and the UNHL Registrar and Financial Aid Offices. The UNH Registrar's Office now handles all Clearinghouse reporting and monitoring of NSLDS information for UNHL students.

Responsible Official: Suzy Allen, Director of Financial Aid, University of New Hampshire.

**UNIVERSITY SYSTEM OF NEW HAMPSHIRE**

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

**Reference Number:** 2014-005

**Federal Agency:** U.S. Department of Education

**Program:** Student Financial Assistance Cluster—Federal Direct Loan Program

**Awards:** P268K146593, P268K136593

**CFDA Numbers:** 84.268

**Award Years:** July 1, 2012 to June 30, 2013; July 1, 2013 to June 30, 2014

***Specific Criteria***

Each month, the COD provides institutions with a School Account Statement (SAS) data file which consists of a Cash Summary, Cash Detail, and (optional at the request of the school) Loan Detail records. The school is required to reconcile these files to the institution's financial records. Since up to three Direct Loan program years may be open at any given time, schools may receive three SAS data files each month (34 CFR 685.102).

Institutions must report all loan disbursements and submit required records to the Direct Loan Servicing System (DLSS) via the COD within 30 days of disbursement (OMB No. 1845-0021).

***Finding and Perspective***

A total of 8 monthly reconciliations were selected for testing across 4 campuses. For 2 out of 2 months selected at UNHL, the University was not able to provide adequate documentation to support that reconciliations had been performed.

A total of 442 direct loan disbursements were selected for testing across four USNH campuses. For 34 of 96 direct loan disbursements selected at UNHL, disbursement dates reported to the DLSS did not reflect the disbursement dates per the University records.

***Questioned Costs***

None.

***Possible Asserted Cause and Effect***

UNHL experienced significant turnover in key personnel within both the financial aid office and the business office in conjunction with the merger with UNH. The University did not maintain documentation of its performance of the monthly reconciliations nor did they maintain supporting source documents. In addition, communication between the third party processing the financial aid and the bursar was limited during this time.

## UNIVERSITY SYSTEM OF NEW HAMPSHIRE

### Schedule of Findings and Questioned Costs

Year ended June 30, 2014

#### ***Recommendation***

We recommend that the University formalize the monthly SAS reconciliations, including reconciling to the Department of Education's grant management system, G5. Maintaining an audit trail of this documentation, including the supporting source documents used to create the reconciliations, is a key part of the formalization of these procedures. We also recommend that UNH ensure individual disbursement records for UNHL students are reconciled.

#### ***Views of Responsible Officials***

Although UNHL's third party processor for the 2013-14 year did reconcile direct loans monthly under its contract with UNHL, the process of monthly reconciliation was not explained or documented clearly for the auditors by UNHL personnel. Beginning with the 2014-15 academic year, the central UNH Financial Aid Office in Durham is now reconciling UNHL's Federal Direct Loans monthly in the same process that applies to other Federal Direct Loans for UNH students.

Responsible Official: Suzy Allen, Director of Financial Aid, University of New Hampshire.