

Annual Comprehensive **FINANCIAL REPORT**

Year Ended June 30, 2025

Included as an Enterprise Fund of the State of Arizona



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Annual Comprehensive Financial Report

For the Year Ended June 30, 2025

Flagstaff, Arizona

Prepared by the Comptroller's Office

Included as an Enterprise Fund of the State of Arizona



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INTRODUCTORY SECTION





Founded in 1899, Northern Arizona University (NAU) has grown alongside the State of Arizona and stands today among the nation's preeminent engines of opportunity in higher education—providing every student the chance to realize their full potential and derive lifelong value from their college experience.

Today, NAU serves as an anchor institution for northern Arizona and the entire state, celebrating tremendous accomplishments that underscore the distinctive role our university plays in Arizona's educational ecosystem. Through a steadfast commitment to broadening access, propelling success, and ensuring post-graduation achievement, NAU serves as a student-first institution that meets statewide workforce needs across diverse sectors.

NAU's work is guided by our 2030 goals, which sharpen our focus on increasing access, promoting student achievement, and growing impact in Arizona and beyond.

Goal #1: Advanced educational attainment and career preparedness: NAU expands access to higher education, promotes student success, and prepares all students for post-graduation achievements.

- Over 12,500 first generation and lower-income students enrolled at NAU
- Over 85% of students continue their studies at or graduate from NAU
- More than 50,000 people earn an NAU credential

Goal #2: Enhance economic mobility and community impact: NAU fosters economic mobility for graduates and contributes positively to communities across Arizona and beyond.

- A majority of graduates are employed in Arizona three years after graduation.
- Over 8,600 graduated in Health and Behavioral healthcare fields to address Arizona's workforce needs.
- A sustained, strong reputation for strategic research and public service addressing key challenges in Arizona and beyond.

At a time when Arizona faces a shortfall of thousands of highly trained workers each year in a rapidly evolving knowledge economy, NAU is meeting this challenge head-on—determined to be the university for all Arizonans. We remain focused on serving the people of our state, strengthening the vitality of our workforce, and developing solutions to the most pressing issues of our time.

Ensuring that our students' education aligns with the needs of Arizona's workforce is a hallmark of NAU's success. We take pride in our commitment to producing 100% career-ready graduates, prepared to contribute meaningfully from day one.

In recent years, NAU has achieved record retention and graduation rates, earned the prestigious Carnegie R1 research designation in recognition of our scholarly and teaching excellence, and experienced exceptional growth in high-impact disciplines—particularly in the health professions essential to Arizona's future.

These achievements are sustained by a strong financial and operational foundation. Guided by a strategic finance philosophy, we prioritize investment in talented, mission-driven faculty and staff; maintain disciplined oversight; and pursue mission-aligned investment strategies that drive progress toward our 2030 goals and deliver measurable impact for Arizona's people, communities, and economy.

This foundation is bolstered by record levels of philanthropic support. Last fiscal year, NAU raised \$68.8 million, surpassing our previous high by \$15 million, and we are on track to record the five highest giving totals in our history over the last five years. This momentum reflects confidence in NAU's vision, leadership, and impact.

The successes highlighted here demonstrate a durable foundation rooted in our strategic priorities—one that positions us to continue advancing our mission and strengthening the institution for generations to come. Looking ahead, we remain focused on securing a resilient financial position that sustains our mission and expands our reach. In the year ahead, we will advance our work through intentional focus on elevating our core mission and tackling several signature initiatives, including building a new College of Nursing supported by the state's SPEED Bonding authority, pursuing other campus revitalization efforts, and leading the way in applied solutions for artificial intelligence as this transformative technology reshapes teaching, learning, and scholarship.

The future is bright for NAU. I look forward to all that we will achieve in 2025–26 and beyond as we continue to deepen our service to Arizona.

In partnership,

A handwritten signature in black ink, reading "José Luis Cruz Rivera".

José Luis Cruz Rivera
President



To President Cruz Rivera, Members of the Arizona Board of Regents, and friends of Northern Arizona University:

I respectfully submit the Northern Arizona University Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2025. This report includes the financial statements as well as other useful information that helps ensure the University's accountability to the public. Responsibility for the accuracy of the information and for the completeness and fairness of its presentation, including all disclosures, rests with the University's management. We believe the information is accurate in all material respects and fairly presents the University's financial position, revenues, expenses, and other changes in net position.

We believe our system of internal controls is sound and sufficient to disclose material deficiencies in controls to the auditors and the audit committee and to provide management with reasonable, although not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition. Because the cost of a control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The University's ACFR is intended to fulfill the State of Arizona Transparency Law, Arizona Revised Statutes §41-725. Additionally, federal guidelines and certain bond covenants require the University's accounting and financial records be audited each year. The University's annual audit is performed by the Arizona Auditor General. The University's internal auditors perform fiscal, compliance, and performance audits. The reports resulting from these audits are shared with University management, the Arizona Board of Regents (ABOR), ABOR Audit Committee and the ABOR Finance, Capital and Resources Committee.

The ACFR is prepared in accordance with generally accepted accounting principles (GAAP) and in conformance with standards of financial reporting as established by the Governmental Accounting Standards Board (GASB) using the guidelines as recommended by the Government Finance Officers Association of the United States and Canada (GFOA). The ACFR includes Management's Discussion and Analysis (MD&A), along with other required supplementary information and all disclosures necessary for the reader to gain a broad understanding of the University's financial position and results of operations for the year ended June 30, 2025. This letter of transmittal is designed to complement the MD&A.



LETTER OF TRANSMITTAL

October 31, 2025

The University is classified as a state instrumentality per Internal Revenue Code Section 115. Fiscal responsibility for the University remains with the State of Arizona. The University is considered a part of the reporting entity for the State's financial reporting purposes and is included in the State's ACFR. The accompanying financial statements present all funds belonging to the University and its component units.

The component units include the Northern Arizona University Foundation and Northern Arizona Capital Facilities Finance Corporation, LLC (NACFFC). The component units are non-profit, tax-exempt organizations. The Foundation is a discretely presented component unit. More information relating to the Foundation can be found in Notes 2 and 12 to the financial statements. NACFFC is a blended component unit, based on the nature and significance of its relationship to the University.

The University is responsible for planning, developing, and controlling its budget and expenses within authorized allocations in accordance with University, ABOR, state, and federal laws and regulations. ABOR approves the University's annual operating budget in accordance with ABOR policy 3-403. The budget includes the general purpose (state general funds and tuition and fees) budget and the local funds budget which consists of the designated, restricted, and auxiliary funds. The State Legislature reviews the University's local funds budget and adopts and appropriates the general-purpose budget through legislation. The University maintains budgetary controls to ensure compliance with provisions embodied in the annual appropriated budget. Project-length financial plans are adopted for capital projects.

Profile of the University

Founded in 1899, Northern Arizona University is a vibrant, active, supportive, and inclusive community. Our academic programs, research, public service, and creative endeavors enrich lives and create opportunities in Arizona and beyond. NAU is a fully accredited, four-year degree-granting institution of higher learning offering more than 150 combined undergraduate and graduate degree programs, all distinguished by an ongoing commitment to close student-faculty relationships. The University's fiscal year 2025 fall semester (Fall 2024) total enrollment was 28,468 students. Enrollment was comprised of 22,991 undergraduate and 5,477 graduate students. The University emphasizes undergraduate education while offering graduate programs leading to master's and doctorate degrees in selected fields. The University's 1,160 full-time faculty educate a diverse student population. Over 63% of the student body population identified themselves as female, and 46% of the student population represent ethnically diverse groups.

NAU is a high research university with its main campus located on a 480.5-acre site in Flagstaff, Arizona. NAU statewide sites are located throughout the state and online. Approximately 74% attend classes at Flagstaff campus; the remainder participate in NAU distance learning initiatives at statewide and worldwide campuses. Flagstaff is a culturally diverse city rich with natural beauty and history. Located on the Colorado Plateau in the heart of the largest contingent Ponderosa pine forest in the world, Flagstaff has an estimated 77,539 residents. Nestled at the base of the San Francisco Peaks at an elevation of 7,000 feet, Flagstaff welcomes nearly 6 million visitors every year who find a favorable climate with four-seasons, many outdoor recreation opportunities, and easy access to the Grand Canyon.

NAU's educational and economic impacts in the region and across the state are profound. NAU's Flagstaff Mountain Campus thrives year-round and is the largest employer in the Flagstaff area. The Flagstaff Mountain Campus is a prestigious high elevation sports training site. Flagstaff is located at a "perfect" training elevation suggested by sport science research, at which desired physiological adaptations and increases in aerobic and anaerobic performance are most likely to occur. NAU Athletics enjoyed a highly successful 2024-2025 athletic season, dominating the Big Sky Conference by sweeping both the Men's and Women's All-Sports Trophies. The Lumberjacks earned a remarkable eight Big Sky championships across track and field, cross country, and tennis, with several teams achieving multiple consecutive titles. Women's swimming and diving also secured their 12th consecutive Western Athletic Conference (WAC) championship. Beyond athletic achievements, NAU student-athletes excelled academically, with an average GPA of 3.45 in Spring 2025.

NAU aims to be the nation's preeminent engine of opportunity, vehicle of economic mobility, and driver of social impact in Arizona and beyond. NAU's high-quality academic programs, general studies curriculum, and teaching excellence of our faculty fosters students' knowledge and competencies necessary for professional success, informed civic engagement, lifelong learning, and the promotion of a more just and sustainable future. NAU's areas of distinctive and emerging excellence in research continue to advance knowledge and innovation to help solve issues of regional, national, and global relevance. NAU has achieved national prominence as a leader in several areas, including allied health professional education, environmental sustainability and Native American educational partnerships. The University is committed to student success, offering a myriad of student services and academic planning tools to help students graduate in four years.

Economic Outlook

The U.S. Census Bureau reports the 2024 population of Arizona was 7,582,384, continuing to rank 14th nationally. Up from 7,431,344 the prior year, Arizona experienced a population growth rate of 2.0%, an increase of 151,040 residents. Continued population growth, while moderating from previous years, remains a fundamental driver of the state's economic stability and creates sustained demand for higher education services.

Lower inward migration, softer labor demand, and a step down in income growth are collectively forecasted to slow real GDP growth into 2025. Despite this deceleration, Arizona's economy demonstrates resilience with Arizona seasonally adjusted unemployment rate remaining at 4.1% in July 2025, which continues to outperform the national average of 4.2%.

Arizona's demographic composition continues to present both opportunities and challenges for higher education. 21.3% of residents are under 18, while 19.3% are over 65 – highlighting a dual challenge of youth support and eldercare demand. The substantial youth population (over 1.6 million individuals under 18) represents a strong pipeline for higher education, though birth rates have fallen significantly since 2007, highlighting long-term enrollment pressures.

Arizona is projected to add 2.6 million residents during the 2025-2055 period. That translates into an average annual growth rate of 1.0% per year, which far outpaces the national projection of 0.2% per year. This sustained population growth provides a foundation for continued demand for higher education services, though at a more moderate pace than historically experienced.

Several risk factors cloud the economic outlook. Near-term recession risks remain elevated, driven by heightened economic uncertainty originating from changes in federal policy. Despite national and state-level economic headwinds, Arizona's fundamentals remain solid. The state's diversified economy, continued population growth, and strategic location position it well for long-term prosperity. NAU's role in developing human capital through education and research continues to be critical to the state's economic competitiveness and innovation capacity.

NAU's economic impact on Arizona remains substantial, generating an estimated \$2.06 billion annually. More than 24,500 jobs throughout Arizona are supported by NAU's operations, research activities, and the spending of students, faculty, and staff. This represents approximately 0.8% of total statewide employment and underscores the University's role as a significant economic driver for the region.

Compared to prior fiscal year 2024, NAU's auxiliary revenues continued to increase with increased student demand for on campus university housing and parking. Increased campus activities, including Road Scholar program activities, along with increased investment income associated with continued high interest rates drove increases in other revenues categories. NAU expects these revenue categories to continue to trend favorably into the upcoming fiscal year 2026 offsetting potential reductions in state appropriations, grants and contracts and tuition and fee revenue. Operating costs for the University will continue to increase with current inflation expectations. Inflationary pressures are reflected in higher operating costs, including supplies, utilities, and labor, and result in reduced spending power. Ongoing review of resource allocations conducted throughout the University identify efficiencies enabling NAU's pursuit of strategic investment in NAU faculty, staff and students through salary base adjustments and managing medical insurance premium costs. Management has been able to manage inflationary pressures and invest in personnel through continued, proactive cost containment measures and an elevated level of scrutiny on expenses to preserve budgetary flexibility.

The University outlook for 2026 is positive with continuing growth in auxiliary and other revenues. The University prioritizes on-campus housing resources to promote students' immersion in campus life and foster a strong and mutually beneficial relationship with NAU's home community in Flagstaff. Through a strategic finance lens, NAU will focus efforts investing in impact, increasing revenue, and containing costs. NAU will continue to effectively utilize our physical, technological, and financial resources in support of our vision and mission.

NAU's commitment to the responsible use of environmental resources, innovative use of technology, and mission-driven financial investments and philanthropic activity are keys to NAU's ongoing stable financial performance. NAU is subject to similar potentially challenging economic variables affecting other financial entities and institutions, but we approach the coming year with optimism and resolve. With expectations for stable near-term statewide growth and prioritizing strategic initiatives that position us for long-term success, we anticipate the University's financial operations will continue trending favorably. Maintaining a strategic financial focus will position us with the fiscal health needed and operational structure required to remain a viable institution over the long term that extends beyond 2026.

Progress and Major Initiatives

The University continued its trajectory of transformational growth and recognition during fiscal year 2025, marked by historic achievements that position NAU for sustained excellence and impact. Our strategic initiatives have focused on building anti-fragile systems that not only withstand challenges but grow stronger through adversity. In February 2025, NAU achieved the prestigious Carnegie Research 1 (R1) designation—the highest classification for research institutions in the United States. This historic milestone recognizes the transformative impact NAU faculty and researchers have in their fields, as well as the quality and scope of our graduate programs that contribute to growing the next generation of researchers and practitioners. The R1 designation reinforces our dedication to a student-centered approach and the teacher-scholar model that is at the heart of our institutional identity.

This achievement represents the ongoing targeted and strategic investment in research infrastructure, faculty development, and graduate program expansion. Our research expenditures reached record levels in FY25, with particular strength in our distinctive areas of excellence including wildfire science, health and allied health programs, climate adaptation, and environmental sustainability. Despite federal policy uncertainties affecting higher education, NAU maintained strong research expenditure performance while strategically adapting to changing funding landscapes. The university's approach emphasized building distinctive clusters of excellence aligned with state needs and emerging opportunities.

Building on President Cruz Rivera's "antifragility" framework for fiscal year 2026, NAU has adopted a comprehensive Strategic Finance 2.0 approach designed to create sustainable financial foundations while protecting our core mission. The University's antifragile approach—building systems that become stronger through challenge—positions the institution to thrive in an increasingly complex higher education environment. The initiative emphasizes disciplined, redesign-first approaches that prioritize eliminating non-mission-critical work rather than reducing personnel.

Key focus areas include:

- Strategic position management: Rather than implementing across-the-board hiring freezes, the University evaluates each vacancy against strategic priorities, reducing overall expenditures while maintaining investment in critical areas
- Controlled spending: Proactive cost containment measures preserve budgetary flexibility while maintaining operational excellence
- Revenue diversification: Implementation of innovative revenue-generating projects, including facility optimization initiatives and enhanced external partnerships

The University continues to adapt operations, revisit program offerings where appropriate, and further expand data-driven approaches. Diversification of revenue base and disciplined financial management lead to long-term financial sustainability and positions NAU to seize opportunities and tackle the many challenges facing institutions of higher education across the nation while maintaining its distinctive mission of serving Arizona and beyond.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Northern Arizona University for its annual comprehensive financial report for the fiscal year ended June 30, 2024. This was the twelfth consecutive year that NAU has achieved this prestigious award. To be awarded a Certificate of Achievement, NAU had to publish an easily readable and efficiently organized ACFR that satisfies both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe our current fiscal year ACFR continues to meet the Certificate of Achievement in Excellence in Financial Reporting Program's requirements. We are submitting it to the GFOA to determine its eligibility for another certificate.

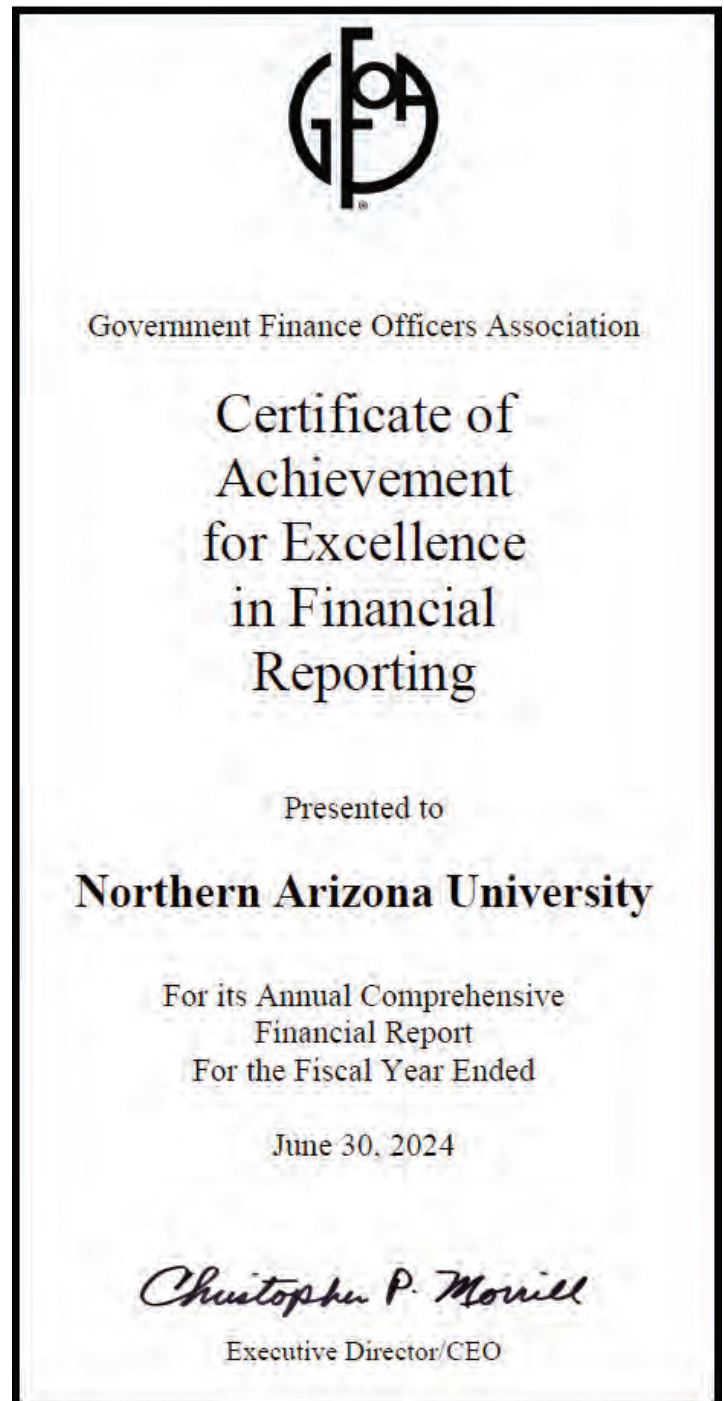
The preparation of this report in a timely manner would not have been possible without the skill, effort, and dedication of the entire staff of the Comptroller's Office, and other University administrators and staff. We wish to thank all departments for their assistance in providing the data necessary to prepare this report. In addition, the Arizona Auditor General provided invaluable assistance.

Respectfully Submitted,

Bjorn Flugstad

Chief Financial Officer

Senior Vice President – University Business Operations



ARIZONA BOARD OF REGENTS

June 30, 2025

Ex-Officio Members

Honorable Katie Hobbs

Governor of Arizona

Honorable Tom Horne

Superintendent of Public Instruction

Appointed Members

Doug Goodyear

Chair, Scottsdale

Jessica Pacheco

Chair Elect, Phoenix

Gregg Brewster

Secretary, Paradise Valley

Cecilia Mata

Treasurer, Sierra Vista

Fred DuVal

Regent, Phoenix

Liz Archuleta

Regent, Flagstaff

Larry Edward Penley

Regent, Phoenix

Felipe Garcia

Student Regent, University of Arizona

Jadyn Fisher

Student Regent, Northern Arizona University

EXECUTIVE ADMINISTRATION

June 30, 2025

José Luis Cruz Rivera

President

Brian Register

Chief of Staff

Bjorn Flugstad

Senior Vice President for University Operations

Karen Pugliesi

Executive Vice President and University Provost

Laurie Dickson

Vice President for University Strategy

Margot Saltonstall

Vice President for Student Affairs

Ann Marie Chischilly

Vice President for Native American Initiatives

Uri Farkas

Vice President for Intercollegiate Athletics

Anika Olsen

Vice President of Enrollment Management and Marketing

Jason Wilder

Vice President for Research

Nick Lobejko

Vice President of Advancement & Foundation

Justin Mallett

Vice President for Inclusive Excellence

Jonathan S. Gagliardi

Vice President of Economic Mobility and Social Impact

Julie Mueller

Chief Economic Advisor to the President

Kimberly Ott

Associate Vice President of Communications

Michelle Parker

Vice President of Legal Affairs and General Counsel

Katy Yanez

Vice President, Government Affairs



ARIZONA AUDITOR GENERAL

Lindsey A. Perry, Auditor General

Melanie M. Chesney, Deputy Auditor General

Independent auditors' report

Members of the Arizona Legislature

Arizona Board of Regents

Report on the audit of the financial statements

Opinions

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Northern Arizona University as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of the University as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

We did not audit the financial statements of the discretely presented component unit. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the other auditors' report.

Basis for opinions

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the U.S. Comptroller General. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The other auditors did not audit the discretely presented component unit's financial statements in accordance with *Government Auditing Standards*.

Emphasis of matter

As discussed in Note 1 to the financial statements, the University's financial statements are intended to present the financial position, the changes in financial position, and where applicable, cash flows of only those portions of the business-type activities, major fund, and aggregate discretely presented component units of the State of Arizona that are attributable to the transactions of the University. They do not purport to, and do not, present fairly the financial position of the State of Arizona as of June 30, 2025, the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the financial statements, for the year ended June 30, 2025, the University adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 101, Compensated Absences. Our opinion is not modified with respect to this matter.

Management's responsibilities for the financial statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' responsibilities for the audit of the financial statements

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

In performing an audit in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*, we:

- ▶ Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

Required supplementary information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 16 through 25, schedule of the University's proportionate share of the net pension liability—Arizona State Retirement System on page 59, and schedule of University's pension contributions—Arizona State Retirement System on page 59 be presented to supplement the basic financial statements. Such information is management's responsibility and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, 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 information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance on the other information.

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

Other reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we will issue our report on our consideration of the University'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 at a future date. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

October 31, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of Northern Arizona University for the fiscal year ended June 30, 2025, with comparative information for the fiscal year ended June 30, 2024. Management has prepared the discussion and analysis to be read in conjunction with the transmittal letter, the financial statements and accompanying notes to the financial statements. The financial statements encompass the University and its discretely presented component unit. The MD&A focuses only on the University. Information relating to the discretely presented component unit can be found in its separately issued financial statements.

The University's financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), which establishes standards for external financial reporting for public colleges and universities. The University's financial report includes the following financial statements: The Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. These statements are presented on a consolidated basis to focus on the University as a whole.

Condensed Statement of Net Position (dollars in thousands)

The following Condensed Statement of Net Position includes a comparison of the University's assets and deferred outflow of resources, liabilities and deferred inflow of resources, categorized into current and noncurrent components. The following table summarizes the University's Statement of Net Position (in thousands of dollars) on June 30, 2025, and on June 30, 2024.

Condensed Statement of Net Position	FY 2025	FY 2024	% Change
Assets:			
Current assets	\$ 304,541	\$ 330,559	(7.9%)
Capital assets, net	999,550	1,023,732	(2.4%)
Other non-current assets	127,391	107,490	18.5%
Total Assets	\$ 1,431,482	\$ 1,461,781	(2.1%)
Deferred Outflows of Resources	\$ 42,844	\$ 31,222	37.2%
Liabilities:			
Current liabilities	\$ 106,061	\$ 101,117	4.9%
Non-current liabilities	872,711	897,525	(2.8%)
Total Liabilities	\$ 978,772	\$ 998,642	(2.0%)
Deferred Inflows of Resources	\$ 49,916	\$ 51,730	(3.5%)
Net Position:			
Net investment in capital assets	\$ 286,463	\$ 277,524	3.2%
Restricted	138,267	129,652	6.6%
Unrestricted (deficit)	20,908	35,455	(41.0%)
Total Net Position	\$ 445,638	\$ 442,631*	0.7%

* The University implemented GASB Statement No. 101 in fiscal year 2025; this resulted in the restatement of the University's fiscal year 2024 net position. Restatement is reflected in fiscal year 2025.

Financial Statement Overview

Statement of Net Position

The Statement of Net Position (SNP) presents the financial position of the University at the end of the fiscal year. From the data presented, readers of the SNP are able to determine the assets available to continue the operations of the institution. They are also able to determine how much the University owes vendors, investors, and lending institutions. The SNP provides a picture of the net position and their availability for expenditure by the institution. The change in net position is one indicator of whether the financial condition of the University has improved or worsened during the fiscal year.



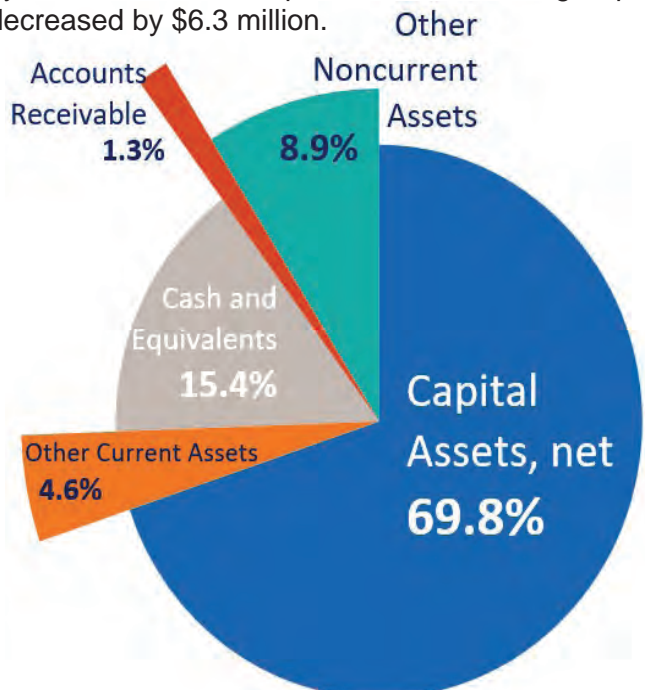
Total Assets

Assets are resources controlled by the University and are measured in current or fair value, except for capital assets, which are recorded at historical cost less accumulated depreciation and amortization. The following table and chart present total assets, in thousands of dollars and percentages.

Cash and Cash Equivalents	\$	220,811	15.4%
Accounts Receivable		18,038	1.3%
Other Current Assets		65,692	4.6%
Capital Assets, net		999,550	69.8%
Other Noncurrent Assets		127,391	8.9%
Total Assets	\$	1,431,482	100%

Total assets for the University decreased by \$30.3 million compared to fiscal year 2024. The decrease is primarily attributable to depreciable and right-to-use assets becoming fully depreciated, amortized, disposed, or retired.

Total current assets decreased by \$26 million resulting from the maturing and reinvestment of U.S. agency securities into similar noncurrent U.S. agency securities. Total Investments in U.S. Treasury and agency securities remained consistent with the prior fiscal year. Endowment investments increased \$6.2 million primarily due to market gains and value adjustments. Depreciable/amortizable capital assets, net of depreciation and amortization, decreased \$10.2 million, right-to-use assets decreased by \$7.7 million and capital assets not being depreciated decreased by \$6.3 million.

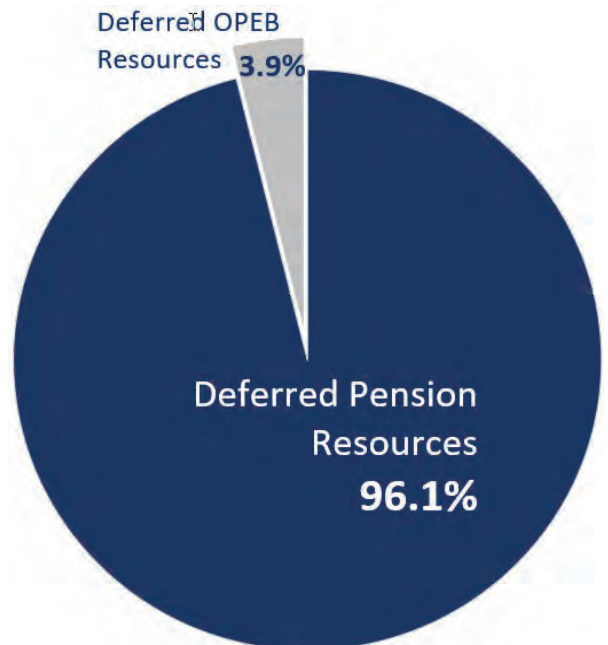


Total Deferred Outflows of Resources

Deferred outflows of resources are consumptions of the University's net position applicable to future reporting periods. The following table and chart present total deferred outflow of resources, in thousands of dollars and percent:

Deferred Pension Resources	\$	41,176	96.1%
Deferred OPEB Resources		1,668	3.9%
Total Deferred Outflows	\$	42,844	100%

Deferred outflows of resources increased by \$11.6 million compared to fiscal year 2024, driven primarily by higher pension plan contributions totaling \$16.7 million. In addition, debt refunding transactions eliminated \$4.9 million in deferred loss and generated a \$1.3 million deferred gain. Combined, these refunding activities produced a net favorable impact of \$6.2 million to be recognized over the life of the refunding bonds. See Total Deferred Inflows of Resources on next page.

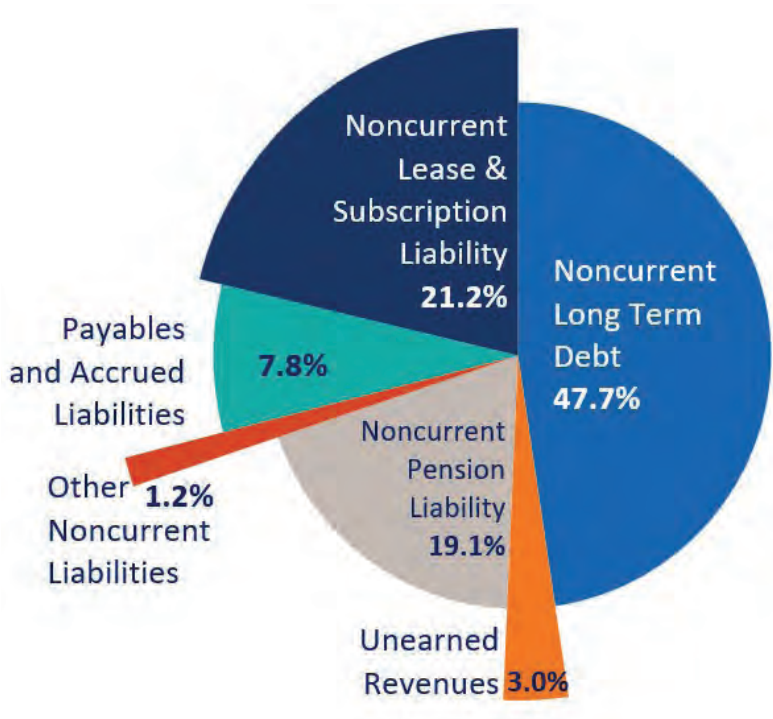


Total Liabilities

Liabilities are what the University owes to others or resources it has collected from others before it has provided services. The following table and chart indicate total liabilities, in thousands of dollars and percent:

Unearned Revenues	\$	29,709	3.0%
Payables and Accrued Liabilities		76,352	7.8%
Noncurrent Pension Liability		186,925	19.1%
Noncurrent Long-Term Debt		466,412	47.7%
Noncurrent Lease & Subscription Liability		207,942	21.2%
Other Noncurrent Liabilities		11,432	1.2%
Total Liabilities	\$	978,772	100%

Total liabilities for the University decreased by \$19.9 million from fiscal year 2024. Noncurrent long-term debt decreased \$35.7 million resulting from reductions in principal due to annual debt service payments and refundings. These decreases were partially offset by increases in other areas. Noncurrent net pension liability saw an increase of \$12.3 million due to actuarial adjustments for the ASRS. Accrued compensated absences increased by \$2.1 million due to the implementation of GASB Statement No. 101, Compensated Absences. Accounts payable increased by \$3.3 million due to operational growth and increased grant revenue.

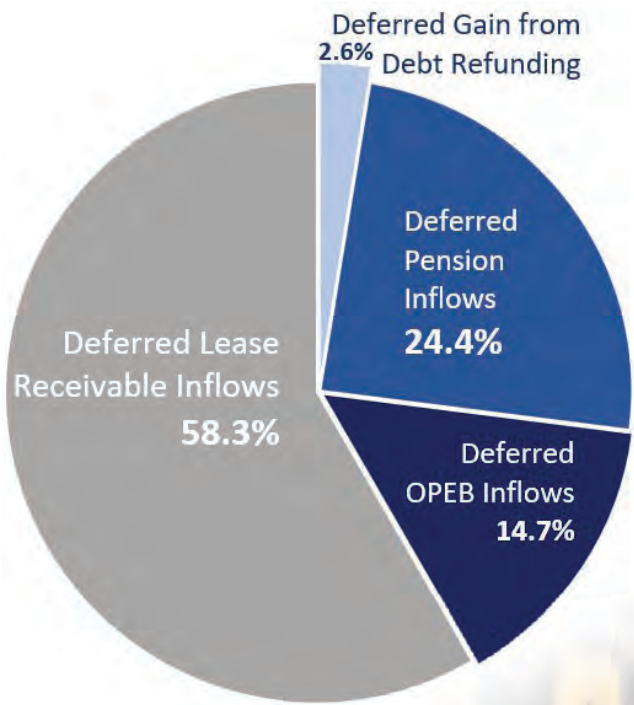


Total Deferred Inflows of Resources

Deferred inflows of resources are an acquisition of net position by the University that is applicable to future reporting periods. The following table and chart illustrate total deferred inflow of resources, in thousands of dollars:

Deferred Gain from Debt Refunding	\$	1,284	2.6%
Deferred Pension Inflows		12,198	24.4%
Deferred OPEB Inflows		7,321	14.7%
Deferred Lease Receivable Inflows		29,113	58.3%
Total Deferred Inflows	\$	49,916	100%

Deferred inflows of resources decreased \$1.8 million due to actuarial adjustments provided by the ASRS and PSPRS regarding deferred pension inflows and deferred OPEB inflows. Debt refunding transactions created a \$1.3 million deferred gain on debt refundings. See Note 10 for detailed information on deferred inflows related to pensions.

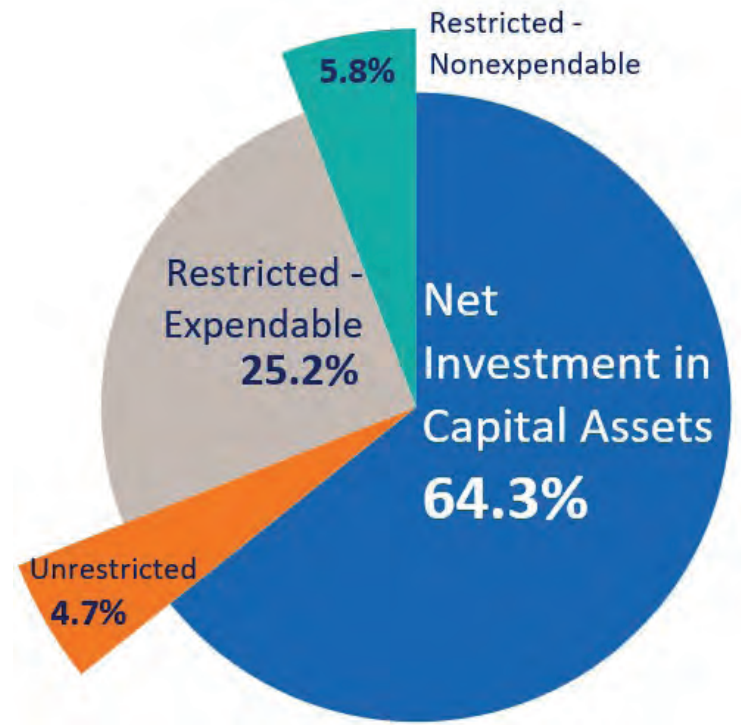


Total Net Position

Net position is divided into three major categories. The first category, net investment in capital assets, provides the institution's equity in property, plant, and equipment owned by the institution. The next category is restricted net position, which is divided into two categories, nonexpendable and expendable. Restricted nonexpendable net position primarily represents the University's permanent endowment funds received from donors for the purpose of creating permanent funding streams for specific programs or activities, including student loans. These funds are held in perpetuity and are not available for expenditure by the University. The earnings on these funds support the programs and activities as determined by donors. Expendable restricted net position is available for expenditure by the institution but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position. Unrestricted net position is available to the institution for any lawful purpose of the institution. Although unrestricted net position is not subject to externally imposed stipulations, substantially all the University's unrestricted net position has been designated for various academic and research programs and initiatives.

Net Investment in Capital Assets	\$ 286,463	64.3%
Restricted - Nonexpendable	25,725	5.8%
Restricted - Expendable	112,542	25.2%
Unrestricted	20,908	4.7%
Total Net Position	\$ 445,638	100%

Net position represents the value of the University's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. The University's net position was \$445.6 million on June 30, 2025, an increase of net assets of \$3 million over the prior year.



Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the University's revenues earned and expenses incurred during fiscal year 2025, regardless of when cash was received or paid. Activities are reported as either operating or nonoperating. Generally, operating revenues are earned in exchange for providing goods and services. Operating expenses are incurred in the normal operation of the University, including a provision for depreciation and amortization on capital assets.

Certain revenue sources that the University relies on for operations, including state appropriations, non-capital grants and gifts, and net investment income are required by GASB Statement No. 35 to be classified as nonoperating revenues. Capital financing costs incurred are reported as nonoperating expenses.

Condensed Statement of Revenues, Expenses, and Changes in Net Position

A comparison of the University's operations (in thousands of dollars) for the year ended June 30, 2025, and for the year ended June 30, 2024, is as follows:

	FY 2025	FY 2024	% Change
Operating revenues:			
Tuition and fees, net	\$ 197,033	\$ 201,626	(2.3%)
Grants and contracts	71,427	69,339	3.0%
Auxiliary enterprises, net	87,277	85,741	1.8%
Other	33,949	27,945	21.5%
Total operating revenues	\$ 389,686	\$ 384,651	1.3%
Operating expenses:			
Educational and general	\$ 585,771	\$ 562,099	4.2%
Auxiliary enterprises	63,463	59,242	7.1%
Depreciation and Amortization	58,277	56,829	2.5%
Total operating expenses	\$ 707,511	\$ 678,170	4.3%
Operating loss	\$ (317,825)	\$ (293,519)	8.3%
Nonoperating revenues (expenses):			
State appropriations	\$ 139,922	\$ 144,555	(3.2%)
Share of state sales tax revenues	32,299	46,666	(30.8%)
Grants, contracts, and gifts	136,502	129,097	5.7%
Net investment income	21,198	20,657	2.6%
Interest expense on debt	(19,924)	(21,607)	(7.8%)
Other nonoperating revenues and expenses	7,538	5,710	32.0%
Net nonoperating revenues	\$ 317,535	\$ 325,078	(2.3%)
Income(Loss) before capital and endowment additions	\$ (290)	\$ 31,560	(100.9%)
Capital appropriations	4,885	5,303	(7.9%)
Other capital and endowment additions	1,162	1,160	0.2%
Increase in net position	\$ 5,757	\$ 38,023	(84.9%)
Net position, beginning of year, as restated	*439,881	404,608	8.7%
Net position, end of year	\$ 445,638	\$ *442,631	0.7%
Adjustment to and restatement of beginning net position		(2,750)	

* The University implemented GASB Statement No. 101 in fiscal year 2025; this resulted in the restatement of the University's fiscal year 2024 net position. Restatement is reflected in fiscal year 2025.

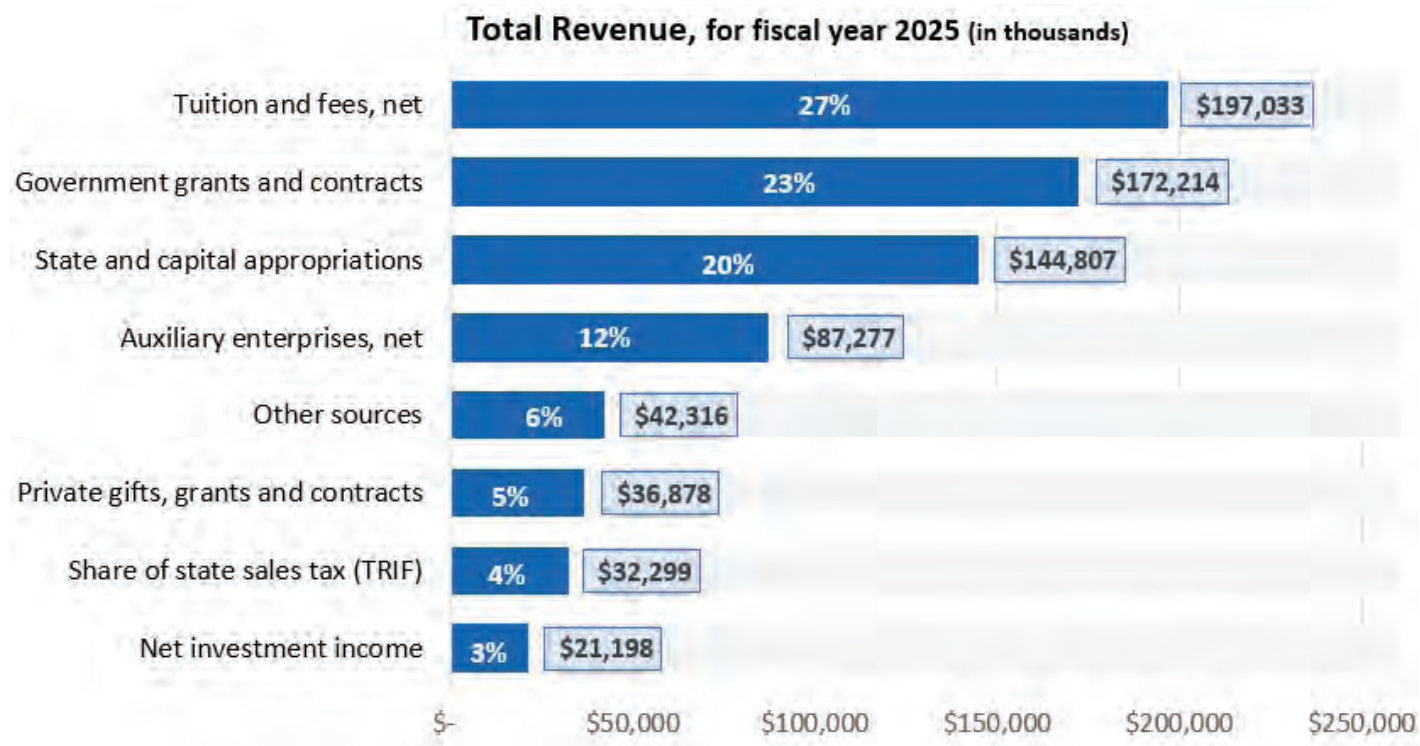
Operating Revenues

The operating revenues represent resources generated by the University in fulfilling its instruction, research, and public service missions. Student tuition and fees reported net of the scholarship allowance decreased by 2.3% due to decreases in enrollment and changes in enrollment mix. Revenues from operating government grants and contracts increased 3.0% over the prior year, primarily due to increased grant activity. The funding comes from contracts and grants awarded by federal and state agencies, foundations, non-profit organizations, corporations, and associations. Revenues vary from year to year for many reasons, including the availability of funding from sponsors and the commencement or closure of large projects.

Auxiliary enterprises include the revenues from student housing, student health services, dining operations, and parking and shuttle services. Auxiliary enterprises and other revenues increased 1.8% and 21.5% respectively, over the prior fiscal year, mainly due to increased student demand for on-campus university housing and parking, and a one-time insurance claim reimbursement.

Nonoperating Revenues

State appropriations, non-capital grants and gifts, and investment income are considered nonoperating because they were not generated by the University's principal, ongoing operations. State and capital appropriations were not generated by the University and are provided to aid in funding operating expenses. State and capital appropriations revenue totaled \$144.8 million for fiscal year 2025, a decrease of 3.4% from the \$149.9 million received during fiscal year 2024. The decrease was due to a \$4.6 million reduction in state appropriation in fiscal year 2025. One-time Technology Resource Infrastructure Funding (TRIF) awards received in the prior year and not in current fiscal year resulted in a 30.8% decrease in Share of state sales tax revenue. TRIF funding, exclusive of one-time awards, is expected to maintain levels comparable with the last three fiscal years. Nonoperating government grants and contracts increased \$2.8 million, reflective of growth in sponsored project activity, while nonoperating private grants and gifts, including expendable gifts, increased by \$4.6 million from the prior fiscal year, demonstrating stronger donor support for the institution. Net investment income increased slightly by \$0.5 million due to increased unrealized market gains and endowment market appreciation.



Operating Expenses

Operating expenses are reported by programmatic (functional) classification in the Statement of Revenues, Expenses, and Changes in Net Position and by natural classification in Note 9.

The University’s operating expenses were \$707.5 million for the fiscal year ended June 30, 2025. Overall, operating expenses increased 4.3% from the prior year. Salary and employee-related expenses, including compensated absences under GASB Statement No. 101, increased \$25.0 million (6.0%) from fiscal year 2024, reflecting strategic investments in faculty, staff, and students through salary adjustments and management of medical insurance premium costs.

Operating Expenses by Natural Classification
(dollars in thousands)

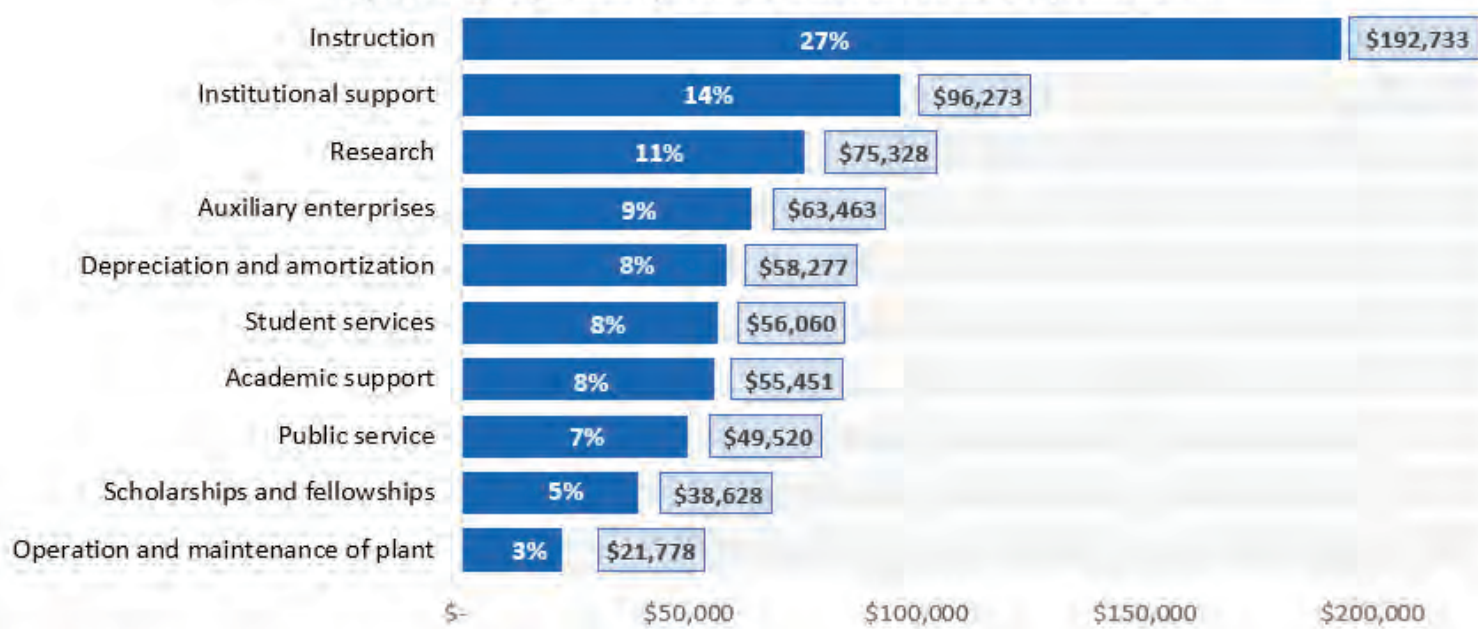
	FY 2025	FY 2024	%
Operating:			
Personal services and benefits	\$ 441,452	\$ 416,419	6.0%
Operations	169,154	169,949	(0.5%)
Scholarships	38,628	34,974	10.4%
Depreciation and amortization	58,277	56,828	2.5%
Total operating expenses	\$ 707,511	\$ 678,170	4.3%

The above and below tables illustrate the University’s operating expenses by natural and functional classification:

Operating Expenses by Functional Classification (dollars in thousands)

	FY 2025	FY 2024	% Change
Operating:			
Instruction	\$ 192,733	\$ 187,785	2.6%
Research	75,328	70,167	7.4%
Public service	49,520	44,392	11.6%
Academic support	55,451	48,536	14.2%
Student services	56,060	57,697	(2.8%)
Institutional support	96,273	93,802	2.6%
Operation and maintenance of plant	21,778	24,746	(12.0%)
Scholarships and fellowships	38,628	34,974	10.4%
Auxiliary enterprises	63,463	59,242	7.1%
Depreciation and amortization	58,277	56,829	2.5%
Total operating expenses	\$ 707,511	\$ 678,170	4.3%

Operating Expense by Functional Classification (in thousands)



Combined Sources and Uses (dollars in millions)

	FY 2025			FY 2024			% Change
Sources							
Tuition and fees, net	\$	197.0	26.8%	\$	201.6	27.3%	(2.3%)
Government grants and contracts		172.2	23.5%		163.8	22.2%	5.1%
State and capital appropriations		144.8	19.7%		149.9	20.3%	(3.4%)
Auxiliary enterprises, net		87.3	11.9%		85.7	11.6%	1.9%
Share of state sales tax (TRIF)		32.3	4.4%		46.7	6.3%	(30.8%)
Private gifts, grants and contracts		36.9	5.0%		35.8	4.9%	3.1%
Other sources		42.3	5.8%		33.9	4.6%	24.8%
Net investment income		21.2	2.9%		20.6	2.8%	2.9%
Total sources	\$	734.0	100.0%	\$	738.0	100.0%	(0.5%)
Uses							
Instruction and academic support	\$	248.2	34.1%	\$	236.3	33.8%	5.0%
Student services and institutional support		152.3	20.9%		151.5	21.6%	0.5%
Research and public service		124.8	17.1%		114.6	16.4%	8.9%
Auxiliary enterprises		63.5	8.7%		59.2	8.5%	7.3%
Depreciation and amortization		58.2	8.0%		56.8	8.1%	2.5%
Scholarships and fellowships		38.6	5.3%		35.0	5.0%	10.3%
Operation and maintenance of plant		21.8	3.0%		24.7	3.5%	(11.7%)
Other uses		20.8	2.9%		21.9	3.1%	(5.0%)
Total uses	\$	728.2	100.0%	\$	700.0	100.0%	4.0%

Statement of Cash Flows

The Statement of Cash Flows provides additional information about the University's financial results by reporting the major sources and uses of cash and cash equivalents. Cash flows from operating activities present the net cash generated or used by the operating activities of the University. Due to the categorization of operating and nonoperating revenues and expenses by GASB, cash flows from operating expenses are typically a net cash use. Major operating funding sources include student tuition and fees, governmental grants and contracts, and auxiliary enterprise revenues. Operating expenses include employee salaries and benefits and vendor payments to suppliers. Net cash flows from non-capital financing activities are a major funding source for operating expenses and includes cash from state appropriations, financial aid grants, and private gifts. Cash flows from capital financing activities include all capital assets and related long-term debt activities, including proceeds from the issuance of debt, capital asset purchases, and principal and interest paid on long-term debt. Cash flows from investing activities show the net sources and uses of cash related to purchasing or selling investments and income earned on those investments. The following summarizes cash flows for fiscal years 2025 and 2024:

Cash Provided By (Used For), (dollars in thousands)	FY2025	FY2024
Operating activities	\$ (265,838)	\$ (238,373)
Non-capital financing activities	310,479	325,815
Capital financing activities	(74,804)	(74,996)
Investing activities	35,102	(3,108)
Net increase in cash and cash equivalents	\$ 4,939	\$ 9,338
Cash and cash equivalents, beginning of year	224,352	215,014
Cash and cash equivalents, end of year	\$ 229,291	\$ 224,352

Capital and Debt Analysis

The University is required by Arizona Revised Statutes §41-793 and Arizona Board of Regents (ABOR) policy 7-102 to prepare an annual Capital Improvement Plan (CIP). The CIP details the University's strategic plan on space and capital acquisition to meet short and long-term requirements. The projects included in the CIP concentrate on capital improvements that provide students, faculty, and staff with high quality, safe environments dedicated to academic and research endeavors. It outlines the current capital funding allocation for the University, specifically for building renewal, deferred maintenance, facility leases, and other critical construction projects. The CIP covers a three-year period and focuses on addressing space deficiencies in academic, research, student housing, and support service facilities. The CIP also outlines any plans to issue debt to finance capital acquisitions or construction to address space deficiencies. The CIP provides a summary of debt information including the debt ratio projection to comply with ABOR policy and state statutes. If a project requires debt financing, the University must submit a financing plan to ABOR for approval and submit the project and financing plan to the State Joint Committee on Capital Review (JCCR) for review. There were no significant capital projects during the current fiscal year. The University issued System Revenue bonds (SRBs), and Lease Revenue Bonds (LRBs) to advance-refund older, higher cost issues.

The University generally finances capital improvements and acquisitions through the issuance of System Revenue Bonds (SRBs) and Certificates of Participation (COPs). The amount of debt the University is able to issue is limited by a debt ratio of 8.0 percent as defined by State law Arizona Revised Statutes §15-1683, and ABOR policy 3-411. The debt ratio is determined by annual debt service on bonds and COPs as a percentage of total operating expenses and debt service. At June 30, 2025, the University's debt ratio was 3.73%. The University's credit ratings on its outstanding system revenue bonds are A1 by Moody's and A+ by Standard and Poor's.

In accordance with Arizona Revised Statutes §15-1670, NAU received \$4.9 million in state appropriations for capital financing for research infrastructure projects. For more detailed information on capital asset activity and long-term debt activity please review the relevant disclosures in the Notes to the Financial Statements (Note 4 and Note 5).

Economic Outlook

The University maintains a solid enterprise profile characterized by its established institutional brand, ongoing annual fundraising activities, and strategic positioning as a comprehensive research university. Fall 2025 enrollment as of the 21-day census indicates a 4.5% decrease from 28,468 total students enrolled Fall 2024 to 27,184 total students enrolled Fall 2025. The University's state and capital appropriations budget for fiscal year 2026 is \$125.3 million, a 4.7% decrease of \$6.2 million from the \$131.5 million received during fiscal year 2025. It is anticipated that the State will continue to take a conservative approach to State spending and budgeting in the fiscal periods to come. The University continuously evaluates strategic plans to identify programmatic and institutional adjustments necessary to serve as an engine of opportunity and driver of postsecondary value in Arizona and beyond. The Arizona Board of Regents and the three State universities are actively evaluating creative solutions to generate new revenues and contain costs in order to continue providing quality and affordable education.

Steadily increasing demand for on-campus housing has increased student housing occupancy resulting in strong, sustained revenue from auxiliary activities such as housing, dining, parking, and athletics. Respectively, housing revenue increased 1.8%, dining revenue increased 1.7%, parking revenue increased 5.3% and athletics revenue increased 10% from fiscal year 2024 to fiscal year 2025. Continued, favorable financial market performance was seen in fiscal year 2025 resulting in large investment gains and interest income.

Moody's Investors Services published its Sector In-Depth report on US Higher Education in March 2025. Moody's downgraded its outlook for the higher education sector from stable to negative due to federal policy changes creating uncertainty across the sector. Expense growth is expected to moderate as inflation cools, preventing further deterioration in operating performance for most of the higher education sector. Upgrading to a positive outlook would require revenue growth to significantly overtake expenses, supported by material strengthening across multiple sources including auxiliary revenue. A negative outlook will remain if federal policy pressures persist, revenues stagnate, and expense growth is not contained, leading to continued erosion in sector-wide operating performance.

The University continues to face pressure on its ability to manage expenses while maintaining the competitive salaries and benefits needed to attract top faculty and staff. Inflationary pressures, including the rising cost of labor, elevated commodity prices and increasing utility costs, are likely to push operating costs higher. NAU has successfully managed these increases through continued proactive cost containment measures, strategic position management through natural attrition, and ongoing operational efficiency improvements. The University maintains vigorous scrutiny of expenses while strategically investing in personnel compensation and professional development to preserve both budgetary flexibility and competitive positioning.

The University is ultimately subject to the same economic variables that affect other financial entities. Continued effective leadership and commitment to financial health will fortify the University as it continues to thrive. While it is not possible to predict future results, management believes that the University's financial position will remain stable. NAU's diversified revenue base, strategic financial planning approach, and proactive management provide a stable foundation. Near-term recession risks remain elevated due to economic and federal policy uncertainties. The University's commitment to operational flexibility and strategic resource allocation positions NAU with strength to navigate challenges while continuing to provide quality instruction, research, and public service to Arizona and beyond.



Statement of Net Position

June 30, 2025

Assets

Current assets:

Cash and cash equivalents (Note 3)	\$	220,810,618
Short term investments (Note 3)		30,038,600
Receivables (net of allowance for uncollectibles):		
Accounts receivable		18,038,066
Accrued interest		927,170
Endowment		25,154
Government grants and contracts		29,674,865
Student loans, current portion		948,794
Other assets		3,444,134
Inventories		633,247
Total Current Assets	\$	304,540,648

Noncurrent assets:

Restricted cash and cash equivalents held by trustee for capital projects (Note 3)	\$	8,480,295
Long term investments (Note 3)		35,773,476
Student loans receivable, net of allowance		315,793
Endowment investments (Note 3)		51,714,235
Other postemployment benefits asset		1,177,096
Leases receivable		29,930,409
Capital assets, not being depreciated and amortized (Note 4)		65,437,563
Depreciable capital assets, net of depreciation and amortization (Note 4)		934,111,973
Total Noncurrent Assets	\$	1,126,940,840

Total Assets	\$	1,431,481,488
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Deferred Outflows of Resources

Deferred outflows related to pensions (Note 10)	\$	41,176,475
Deferred outflows related to OPEB		1,668,066
Total Deferred Outflows of Resources	\$	42,844,541

Statement of Net Position (Continued)

Liabilities

Current liabilities:

Accounts payable	\$ 15,452,787
Accrued payroll and employee benefits	12,539,656
Interest payable	3,824,546
Unearned revenues (Note 7)	29,708,940
Accrued compensated absences, current portion (Note 8)	809,921
Pension liability, current portion (Note 10)	940,536
Deposits held in custody for others	5,748,963
Current portion of lease and subscription liability (Note 5)	5,578,224
Current portion of long-term debt funded by:	
University operating revenues (Note 5)	21,821,304
State appropriations and other State monies (Note 5)	9,635,917

Total Current Liabilities

\$ 106,060,794

Noncurrent liabilities:

Accrued compensated absences (Note 8)	\$ 11,065,755
Deposits held in custody for others	366,319
Pension liability (Note 10)	186,925,167
Lease and subscription liability (Note 5)	207,942,036
Long-term debt funded by:	
University operating revenues (Note 5)	375,496,345
State appropriations and other State monies (Note 5)	90,915,156

Total Noncurrent Liabilities

\$ 872,710,778

Total Liabilities

\$ 978,771,572

Deferred Inflows of Resources

Deferred inflows related to refunding of debt	\$ 1,284,409
Deferred inflows related to pensions (Note 10)	12,198,385
Deferred inflows related to OPEB	7,321,154
Deferred inflows related to leases	29,112,422

Total Deferred Inflows of Resources

\$ 49,916,370

Net Position

Net investment in capital assets	\$ 286,462,520
Restricted:	
Nonexpendable:	
Scholarships and fellowships	24,998,774
Student loans	726,543
Expendable:	
Scholarships and fellowships	25,941,137
Academic department uses	86,600,887
Unrestricted	20,908,226
Total Net Position	\$ 445,638,087

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2025

Operating Revenues

Tuition and fees (net of scholarship allowances of \$209,869,498)	\$	197,032,533
Government grants and contracts		65,181,436
Private grants and contracts		6,245,962
Auxiliary enterprises		
Residence life (net of scholarship allowances of \$10,582,814)		48,603,693
Other auxiliaries		38,673,603
Other		33,948,504
Total operating revenues	\$	389,685,731

Operating Expenses

Operating expenses (Note 9)		
Educational and general:		
Instruction	\$	192,732,982
Research		75,327,736
Public service		49,519,818
Academic support		55,451,633
Student services		56,060,350
Institutional support		96,273,680
Operation and maintenance of plant		21,778,074
Scholarships and fellowships		38,627,651
Auxiliary enterprises		63,462,727
Depreciation and amortization (Note 4)		58,276,583
Total operating expenses	\$	707,511,234
Operating loss	\$	(317,825,503)



Statement of Revenues, Expenses, and Changes in Net Position

(Continued)

Nonoperating Revenues (Expenses)

State appropriations	\$	139,921,748
Share of State sales tax - technology and research initiative funding		32,298,559
Government grants		107,032,421
Private grants and gifts		29,469,878
Net investment income		21,197,430
Interest expense on capital asset related debt		(19,923,748)
Net loss on disposal of capital assets		(829,290)
Other nonoperating revenues and expenses		8,367,688
Total nonoperating revenues and expenses	\$	317,534,686
Gain / (Loss) before capital and endowment additions	\$	(290,817)
Capital appropriations	\$	4,885,500
Capital grants and gifts		13,000
Additions to permanent endowments		1,149,577
Total other revenues	\$	6,048,077
Increase in net position	\$	5,757,260

Net Position

Total net position, beginning of year	\$	442,631,028
Adjustment to and restatement of beginning net position		(2,750,201)
Total net position, beginning of year, as restated	\$	439,880,827
Total net position, end of year	\$	445,638,087

See Notes to Financial Statements



Statement of Cash Flows

For the Year Ended June 30, 2025

Cash Flows from Operating Activities:

Tuition and fees	\$ 189,785,773
Grants and contracts	70,130,958
Payments to vendors and suppliers	(165,892,857)
Payments for employee wages and benefits	(440,230,952)
Payments for scholarships and fellowships	(38,627,651)
Loans issued to students	(6,591,302)
Collection on loans to students	6,729,093
Auxiliary enterprise receipts	87,983,350
Other receipts	30,572,267
Custodial receipts and disbursements:	
Private student loans and scholarships received	31,034,490
Private student loans and scholarships disbursed	(30,917,500)
Other custodial receipts	3,300,009
Other custodial disbursements	(3,113,306)
Net cash used for operating activities	<u>\$ (265,837,628)</u>

Cash Flows from Noncapital Financing Activities:

State appropriations	\$ 139,921,748
Share of state sales tax receipts	32,298,559
Gifts and grants for other than capital purposes	137,006,576
Federal direct student lending received	124,940,282
Federal direct student lending disbursed	(124,837,822)
Financial aid trust funds	1,149,577
Net cash provided by non-capital financing activities	<u>\$ 310,478,920</u>

Cash Flows from Capital Financing Activities:

Capital appropriations	\$ 4,885,500
Capital commitment - State lottery revenue	7,990,074
Purchases of capital assets	(34,910,689)
Principal paid on capital debt and obligations	(33,177,504)
Interest paid on capital debt and obligations	(19,591,420)
Net cash used for capital financing activities	<u>\$ (74,804,039)</u>

Statement of Cash Flows

(Continued)

Cash Flows from Investing Activities:

Proceeds from sales and maturities of investments	\$ 66,324,488
Interest on investments	13,786,620
Purchase of investments	(45,009,477)
Net cash used for investing activities	\$ 35,101,631
Net increase in cash and cash equivalents	\$ 4,938,884

Cash and cash equivalents - July 1, 2024	224,352,029
Cash and cash equivalents - June 30, 2025	\$ 229,290,913

Reconciliation of Operating Loss to Net Cash Used for Operating Activities:

Operating loss	\$ (317,825,503)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation and amortization	58,276,583
Other nonoperating revenue/expense	377,614
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Receivables:	
Accounts receivable	(1,940,991)
Leases receivable	846,431
Government grants and contracts	(5,074,832)
Student loans	137,791
Inventories	(86,778)
Other assets	2,806,739
Accounts payable	3,348,396
Deposits held for others	(3,223,864)
Accrued payroll and employee benefits	1,844,683
Net pension and other post-employment benefits liability	11,601,144
Deferred outflows of resources related to pensions and other post-employment benefits	(16,500,834)
Deferred inflows of resources related to pensions and other post-employment benefits	(2,051,010)
Deferred inflows of resources related to leases	(1,046,497)
Unearned revenues	3,315,466
Accrued compensated absences	(642,166)
Net cash used for operating activities	\$ (265,837,628)

Significant Noncash Transactions

Refinancing of long-term debt	\$ 55,602,366
Net intangible right-of-use lease and subscription asset changes	5,466,983

See Notes to Financial Statements

Statement of Financial Position - Component Unit

Northern Arizona University Foundation, Inc.

June 30, 2025

Assets

Cash and cash equivalents	\$	9,837,462
Promises to give, net		18,184,124
Bequests receivable		285,560
Interest and other receivables		59,312
Investments		356,926,381
Cash surrender value of life insurance		8,024,197
Assets held under split-interest agreements		3,184,425
Beneficial interest in perpetual trusts		3,983,594
Other assets and prepaids		306,517
Total assets	\$	400,791,572

Liabilities

Accounts payable and accrued liabilities	\$	5,313,991
Assets held in custody for others		53,397,139
Due to Northern Arizona University		10,085
Liabilities under split-interest agreements		2,035,902
Total liabilities	\$	60,757,117

Net Assets

Without donor restrictions		
Board designated endowment	\$	17,495,995
Undesignated		50,031,218
With donor restrictions		
Purpose restricted		272,507,242
Total net assets	\$	340,034,455

Total Liabilities and Net Assets	\$	400,791,572
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See Notes to Financial Statements

Statement of Activities - Component Unit

Northern Arizona University Foundation, Inc.

For the Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Public contributions	\$ -	\$ 26,448,014	\$ 26,448,014
Educational broadband service revenue	923,398	-	923,398
Change in cash surrender value of life insurance	-	100,556	100,556
Other income (loss) and support	3,597,959	678,705	4,276,664
Reclassification of donor intent	(1,592,020)	1,592,020	-
Net investment return	4,797,530	25,300,400	30,097,930
Gain on sale of broadband licenses	55,890,000	-	55,890,000
Change in beneficial interests in perpetual trusts	-	248,860	248,860
Change in value of split-interest agreements	179,768	-	179,768
Net assets released from restrictions	27,672,089	(27,672,089)	-
Total revenue, support, and gains	<u>\$ 91,468,724</u>	<u>\$ 26,696,466</u>	<u>\$ 118,165,190</u>
Expenses and Losses			
Program expenses	\$ 21,781,553	-	\$ 21,781,553
Supporting services expense			
Management and general	3,531,184	-	3,531,184
Fundraising and development	10,205,428	-	10,205,428
Total supporting services expenses	<u>\$ 13,736,612</u>	<u>\$ -</u>	<u>\$ 13,736,612</u>
Total expenses and losses	<u>\$ 35,518,165</u>	<u>\$ -</u>	<u>\$ 35,518,165</u>
Change in net assets	\$ 55,950,559	\$ 26,696,466	\$ 82,647,025
Net assets, Beginning of year	<u>\$ 11,576,654</u>	<u>\$ 245,810,776</u>	<u>\$ 257,387,430</u>
Net assets, End of year	<u>\$ 67,527,213</u>	<u>\$ 272,507,242</u>	<u>\$ 340,034,455</u>

See Notes to Financial Statements

Notes to the Financial Statements

Note 1 – Summary of Significant Accounting Policies

Financial Reporting Entity

As required by generally accepted accounting principles (GAAP), the financial reporting entity includes both the primary government and all its component units. An organization other than a primary government serves as a nucleus for a reporting entity when it issues separate financial statements. Northern Arizona University is an integral part of the State of Arizona's Tri-University system, which is an enterprise fund in the State of Arizona's Annual Financial Report.

The financial statements are presented in accordance with GAAP applicable to governmental colleges and universities engaged in business-type activities as adopted by the Governmental Accounting Standards Board (GASB).

The accompanying financial statements present all funds belonging to the University and its component units. The component units are either blended or discretely presented in the University's financial statements. The blended component unit, although legally separate, is in substance part of the University's operations. Therefore, it is reported as if it were part of the University. In addition, the financial statements include the financial position and activities of the University's discretely presented component unit as described in Notes 2 and 12. As a result, the financial statements have been modified to reflect the recognition of certain agreements.

Basis of Presentation

The accompanying financial statements are presented in accordance with GAAP as prescribed by the GASB. Pursuant to the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, the full scope of the University's activities is considered a single business-type activity and, accordingly, is reported within a single column in the basic financial statements.

The financial statements include a Statement of Net Position; a Statement of Revenues, Expenses, and Changes in Net Position; and a Statement of Cash Flows.

- The Statement of Net Position provides information about the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at the end of the year. Assets and liabilities are classified as either current or noncurrent. Current liabilities are obligations that will be paid within one year of the statement date and current assets are those resources available to satisfy current liabilities. Net position is classified according to external donor restrictions or availability of assets to satisfy the University's obligations. Net investment in capital assets represents the value of capital assets, net of accumulated depreciation and amortization, less any outstanding liabilities incurred to acquire or construct the assets. Nonexpendable restricted net position includes gifts that have been received for endowment purposes the corpus of which cannot be expended. Expendable restricted net position represents grants, contracts, gifts, and other resources that have been externally restricted for specific purposes. Unrestricted net position consists of all other resources, including those that have been designated by management to be used for other than general operating purposes.
- The Statement of Revenues, Expenses, and Changes in Net Position provides information about the University's financial activities during the year. Revenues and expenses are classified as either operating or nonoperating, and all changes in net position are reported, including capital contributions and additions to endowments. Operating revenues and expenses generally result from exchange transactions. Accordingly, revenues, such as tuition and housing charges, in which each party receives and gives up essentially equal values, are considered operating revenues. Other revenues, such as state appropriations, and government grants, result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues as defined by GASB Statement No. 35. Operating expenses include the cost of sales and services, administrative expenses, and depreciation and amortization on capital assets. Other expenses, such as interest expense, are considered nonoperating expenses.
- The Statement of Cash Flows provides information about the University's sources and uses of cash and cash equivalents during the year. Increases and decreases in cash and cash equivalents are classified as either operating, noncapital financing, capital financing, or investing activities.

Basis of Accounting

The financial statements of the University have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time liabilities are incurred, regardless of when the related cash flows take place.

Non-exchange transactions, in which the University receives (or gives) value without directly giving (or receiving) equal value in exchange, include state appropriations, certain grants, and donations. State appropriations are recognized as revenue in the year in which it is made available for use. Revenues are recorded, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met, if probable of collection. All significant transactions resulting from internal activity have been eliminated.

Accounting Changes

For the year ended June 30, 2025, the University has implemented the provisions of GASB Statement No. 101, *Compensated Absences*. This standard establishes standards of accounting and financial reporting for compensated absences and associated salary-related payments. A compensated absence is leave for which employees may receive one or more (a) cash payments when the leave is used for time off; (b) other cash payments, such as payment for unused leave upon termination of employment; or (c) noncash settlements, such as conversion to defined benefit postemployment benefits. The payment or settlement could occur during employment or upon termination of employment. The statement requires recognition of current and noncurrent liabilities for compensated absences in the financial statements for leave that has not been used and for leave that has been used but not yet paid or settled as of the date of the financial statements that management has determined is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Affected financial statement line items are as follows:

- Accrued compensated absences, current portion
- Accrued compensated absences
- Net position, beginning of year – as restated

The University applied these changes retroactively by restating beginning net position for the cumulative effect of the change on prior periods. Net position as of July 1, 2024, has been restated as follows:

Net position, as previously reported June 30, 2024	\$ 442,631,028
Restatement of beginning net position	(2,750,201)
Net position, as restated July 1, 2024	\$ 439,880,827

Revenues/Expenses

Revenues and expenses are classified as either operating or nonoperating, and all changes in net position are reported, including capital contributions and additions to endowments. Operating revenues and expenses generally result from exchange transactions. Accordingly, revenues, such as tuition and housing charges, in which each party receives and gives up essentially equal values, are considered operating revenues. Additionally, research grants and contracts are considered operating revenues. Other revenues, such as state appropriations, and non-research grants, result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues as defined by GASB Statement No. 35. Operating expenses include the cost of sales and services, administrative expenses, and depreciation and amortization on capital assets. Other expenses, such as interest expense, are considered nonoperating expenses.

Cash and Investments

For the Statement of Cash Flows, cash and cash equivalents are comprised of cash on hand, demand deposits, investments in the State Treasurer’s Investment Pools 3, 4, and 5, cash and investments held by trustee, and only those highly liquid investments with a maturity of three months or less when purchased. All restricted cash and cash equivalents, including funds held by a bond trustee, are shown as noncurrent cash and cash equivalents. The University reports all investments at fair value. Fair value typically is the quoted market price for investments. Investment income/(loss) includes realized and unrealized gains and losses.

Receivables

Receivables consist of tuition and fees charged to students, accrued interest, amounts due from the federal, state, and local governments, private sources in connection with reimbursement of allowable expenditures made pursuant to contracts and grants, and notes receivables from loans to students. Student loans, student receivables, and notes receivables are recorded net of an allowance for doubtful accounts. The other receivables are shown at book value with no provision for doubtful accounts considered necessary.

Scholarship Allowances

Student tuition and fees revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. A scholarship allowance is the difference between the stated charge for goods and services the University provides and the amount that the student or third parties making payments on the student’s behalf pays. Accordingly, some types of student financial aid such as Pell grants and scholarships awarded by the University are considered scholarship allowances.

Leases

The University leases real estate and equipment and determines the classification of the lease at commencement of the contract. Leases that have a maximum possible term of 12 months or less are expensed based on the provisions of the contract. For all leases in excess of 12 months and that do not have mutual termination provisions, do not transfer the asset to the University at the term of the lease, and are an exchange or exchange-like transaction, the University recognizes an intangible right-to-use lease asset and a corresponding lease liability. The lease liability is measured at commencement of the lease based on the present value of the payments expected to be made. The intangible right-to-use lease asset is initially measured as the lease liability, plus payments made before lease commencement, plus direct costs incurred to place the asset into service, less any incentives received prior to commencement. Right-to-use lease assets are amortized on a straight-line basis over the shorter of the lease term or useful life of the asset unless the lease contains a purchase option that the University has determined is reasonably certain of being exercised—then the lease asset is amortized over the useful life of the underlying asset.

Key estimates and judgements include the determination of the discount rate to calculate the present value of lease payments, the lease term, and the lease payments. The University utilizes the rate implicit in the lease when it is readily determinable, otherwise the University has used professional judgement to determine the best estimate, generally derived from the incremental borrowing rate based on the University's most recent taxable debt issuance.

The University's threshold for lease accounting is for all leases where the present value of minimum lease payments is \$5,000 or more for equipment and \$100,000 or more for real estate.

For leases where the University is the lessor, the University recognizes lease receivables. The lease receivable is initially recorded as the present value of the future payments using the stated rate or if not readily determined, then at our incremental borrowing rate utilizing professional judgement. Over the lease term, the University recognizes revenue from interest income and the amortization of the deferred inflows of resources using the compound interest method.

During the fiscal year ended June 30, 2025, the University had \$888,525 in current lease receivables (included in Accounts Receivable) and \$29,930,409 in non-current lease receivables and recognized total lease-related revenues of \$1,046,497.

Capital Assets and Special Collections

Capital assets are reported at actual cost (or estimated historical cost if historical records are not available). Donated assets are reported at acquisition value. The University maintains special collections for educational purposes and public exhibition. These special collections are not subject to disposal for financial gain or encumbrance. Accordingly, such collections are not capitalized for financial statement purposes but are inventoried for property control purposes. Additionally, the University maintains Art and Historical Collections which are not depreciated. These collections include the David Muench photography collection. Capital assets, other than land, construction in progress, and intangible assets with indefinite useful lives, are depreciated or amortized over their estimated useful lives using the straight-line method. Non-capital equipment and facility costs including repairs and maintenance are charged to operating expenses in the year in which the expense was incurred. The capitalization thresholds and estimated useful lives for capital assets of the University are as follows:

Asset Category	Capitalization Threshold	Estimated Useful Life (yrs)
Building improvements	\$100 thousand	20
Buildings	All	40
Infrastructure	All	20-40
Land	All	N/A
Equipment:		
Machinery, vehicles, and other equipment	\$5 thousand	5-15
Intangible assets (other than right-to-use):		
Computer software > \$10 million	\$10 million	10
Computer software < \$10 million	\$1 million	5
Other*	\$100 thousand	*
Intangible right-to-use lease assets:		
Vehicles and equipment	\$5 thousand	N/A
Buildings and Land	\$100 thousand	N/A
Intangible right-to-use subscription assets:		
Subscription software	\$1 million	N/A
Library books	All	10
Art and Historical Collections	\$1 million	N/A

*Includes websites, non-software licenses and permits, patents, copyrights and trademarks, rights-of-way and easements, natural resource extraction rights, and other intangible assets. In general, the estimated useful life is the shorter of the legal or the estimated useful life.

Subscription-Based Information Technology Arrangements (SBITA)

The University recognizes subscription liabilities with an initial, individual value of \$1 million or more. The University uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate implicit in the arrangement. The University's estimated incremental borrowing rate is calculated as described below. Intangible right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying IT assets.

Restricted and Unrestricted Resources

Certain resources are reported as restricted assets because restrictions on asset use change the nature or normal understanding of the availability of the asset. Resources that are not available for current operations and are reported as restricted include resources restricted for the acquisition or construction of capital assets, resources legally segregated for the payment of principal and interest as required by debt covenants, unspent debt proceeds, sponsored research grants and contracts and gifts, and endowment and other restricted investments. The University's policy regarding whether to first apply restricted or unrestricted resources is made on a case-by-case basis. Restricted resources remain classified as such until spent.

Investment Income (Loss)

Net investment income or loss is composed of interest, dividends, and net changes in the fair value of applicable investments.

Credit Card Rebates

The University earned credit card rebates of \$834,366 from Bank of America and JP Morgan for the year ended June 30, 2025.

Pension and Other Postemployment Benefits

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences

Compensated absences are employee leave balances earned but not used at fiscal year end that University management has determined is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The University uses a last-in, first-out (LIFO) flows assumption and historical usage data to determine the compensated absences liability. Vacation leave and compensatory time benefits are accrued as a liability on the statement of net position and reported as an expense in the statement of revenues, expenses, and changes in net position.

Other employee leave including sick and sabbatical leave are not accrued as a liability due to the nature of accrual and usage rates, and conditions set forth in University policy.





Note 2 – Component Units

Component units can be defined as legally separate entities for which the University is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the University are such that exclusion would cause its financial statements to be misleading or incomplete. GASB Statement No. 14 – The Financial Reporting Entity and GASB Statement No. 61 – The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34 have set forth criteria to be considered in determining financial accountability. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion under GASB Statement No. 14, a financial benefit or burden relationship also would need to be present between the primary government and the organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them, GASB Statement No. 61 clarifies the way that determination should be made and the types of relationships that generally should be considered in making that determination. GASB Statement No. 39 – Determining Whether Certain Organizations are Component Units – an amendment of GASB Statement No. 14, provides additional criteria for determining whether certain organizations are component units.

The financial statements of the University include the operations of the Northern Arizona University Foundation, Inc. (Foundation), a discretely presented component unit. The Foundation was incorporated as a legally separate not-for-profit corporation in the State of Arizona in January 1959 and operates exclusively for the benefit of Northern Arizona University. The Foundation receives gifts and bequests, administers those resources by investing in securities and property, and disburses payments to and on behalf of the University for advancement of its mission. The University does not control the timing or amount of receipts from the Foundation. The restricted resources of the Foundation can only be used by, or for the benefit of, the University or its constituents.

Consequently, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements. In accordance with generally accepted accounting principles for public colleges and universities, only the Statement of Financial Position and the Statement of Activities of the discretely presented component unit are included in the University's financial statements.

Northern Arizona Capital Facilities Finance Corporation, LLC (NACFFC), although legally separate, is reported as if it is part of the University. NACFFC was incorporated in October 2001 as a legally separate not-for-profit corporation under the laws of the State of Arizona for the purpose of acquiring, developing, constructing, and operating student housing and other capital facilities and equipment for the use and benefit of the University's students. Because NACFFC's outstanding debt is expected to be repaid entirely with resources from the University, NACFFC's financial statements have been blended with those of the University in accordance with GASB Statement No. 61.

For financial reporting purposes, both the Foundation and NACFFC follow the Financial Accounting Standards Board (FASB) statements for not-for-profit organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information included in the University's financial report. Accordingly, those financial statements have been reported on separate pages following the University's financial statements. Since NACFFC's financial results are blended with the University's financial results, adjustments were made to present NACFFC's financial results in accordance with the GASB reporting model. In addition, the University eliminated all duplicate financial transactions for reporting purposes.

The Foundation and NACFFC have a June 30 year-end. Complete financial statements as originally presented for the Foundation and NACFFC can be obtained from Northern Arizona University Comptroller's Office, P.O. Box 4069, Flagstaff, AZ 86011.

During the year ended June 30, 2025, the Foundation recognized expenses for scholarships to Northern Arizona University of \$4,501,404 and grants and assistance to Northern Arizona University of \$15,239,270.

Note 3 - Deposits and Investments

Arizona Revised Statutes (A.R.S.) §15-1668 requires that deposits of the University not covered by federal deposit insurance be secured by government bonds or by a safekeeping receipt of the institution accepting the deposit. A.R.S. §35-1207 requires collateral for deposits at 102 percent of all deposits not covered by federal depository insurance. Further, the Arizona Board of Regents (ABOR) provides policy regarding deposits. Deposits can be made only at depository banks approved by ABOR. A.R.S. does not include any requirements for credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for the University's investments.

There is no statutory requirement that governs University investment activities. A.R.S. §15-1625 gives the ABOR jurisdiction and control over the Universities, and A.R.S. §15-1626 allows ABOR to authorize the Universities to adopt regulation, policies, rules, or measures as deemed necessary. ABOR investment policies require that the University invest its operating funds only in the State Treasurer's Local Government Investment Pool, collateralized time certificates of deposit and repurchase agreements, U.S. Treasury securities, federal agency securities, and investment grade corporate bonds. In addition, ABOR has authorized the University to establish an investment committee. The investment committee establishes investment policies and makes investment decisions. ABOR policies guide the investment committee decisions. The University's deposit and investment policies mirror that of the ABOR policies.

University policy states that restricted (gift) and endowment funds will be invested according to the conditions stipulated by the donor, but if no conditions are imposed, such funds may be invested under the direction of the investment committee in such a manner as to obtain the most favorable rate of return and income stability.

The bond indentures constitute the investment policy for University monies held with bond trustees. The bond indentures authorize the bond trustees to invest in obligations of, or guaranteed by, the federal government or any agency or instrumentality thereof, municipal obligations, collateralized certificates of deposit with federally insured banks, trust companies, savings and loan associations within the State of Arizona, or repurchase agreements.

Deposits

At June 30, 2025, the carrying amount of the University's deposits was \$3,049,672 and the bank balance was \$5,944,993. Beyond the requirements established by A.R.S. and ABOR, the University does not have a policy that specifically addresses custodial credit risk.

Investments

U.S. Treasury Notes and U.S. agency securities, include Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association securities.

Trust agreements between the University and the Northern Arizona University Foundation (Foundation), authorize the Foundation to invest certain University restricted (gift) and endowment monies. The Foundation Investment Pool invests in a variety of asset classes, including common stocks, fixed income, and international equity funds. The Foundation's Board of Directors appointed Investment Committee is responsible for oversight of the Pool in accordance with Foundation policies and procedures. The fair value of the University's position in the Pool is based on the University's proportionate share of the Pool and is not identified with specific investments. The University's ownership interest is recorded in the Foundation's records. As of June 30, 2025, the Foundation held \$52,760,270 in custody for the University, including funds for the University's Arizona Financial Aid Trust Fund (AFAT) described below.

The AFAT was established in accordance with A.R.S. §15-1642 for the purpose of providing aid to students with verifiable financial need. The Foundation holds and manages the University's share of AFAT within its pool. The University's ownership interest is recorded in the Foundation's records. The fair value of the AFAT at June 30, 2025, was \$41,882,595.

The University measures and categorizes its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines establish a three-tier hierarchy of inputs to valuation techniques used to measure fair value, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Inputs, other than quoted market prices included within Level 1, that are observable, either directly or indirectly;
- Level 3: Significant unobservable inputs.

The University's investments at June 30, 2025, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

	As of June 30, 2025	Level 1	Level 2	Level 3
Investments by fair value level				
U.S. Treasury and agency securities	\$ 65,055,629		\$ 65,055,629	
Government money market mutual funds	8,480,295	\$ 8,480,295		
Total investments by fair value level	\$ 73,535,924	\$ 8,480,295	\$ 65,055,629	

Investment pools measured at fair value

State Treasurer's investment pools 3, 4 & 5	\$ 217,456,490
NAU Foundation investment pool	52,760,270
Total investment pools measured at fair value	\$ 270,216,760
Total investments	\$ 343,752,684

Investments categorized as Level 1 of the fair value hierarchy are valued using unadjusted prices quoted for identical assets in active, exchange and brokered markets for those securities. Investments categorized as Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The nature of these securities include investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters on which can be directly observed.

Investments in the State Treasurer's investment pools are valued at the pool's share price multiplied by the number of shares the University held. The fair value of a participant's position in the pools approximates the value of that participant's pool shares. The State Board of Investment provides oversight for the State Treasurer's investment pools.

Credit Risk

For its operating funds, University policy requires negotiable certificates of deposit; corporate bonds, debentures, and notes; banker acceptances; and State of Arizona bonds to carry a minimum rating of BBB or better from Standard and Poor's Rating Service, and Baa (Investment Grade) or better rating from Moody's Investors Service. There is no formal policy with regards to gift and endowment funds. Gift and endowment funds are held in the Foundation Investment Pool, which is not rated. At June 30, 2025, credit risk for the University's investments in debt securities was as follows:

Investment Type	Rating	Rating Agency	Amount
State Treasurer's investment pools 3 and 4	Not Rated		\$ 19,681,689
State Treasurer's investment pool 5	AAAf/S1+	Standard and Poor's	197,774,801
Foundation investment pool	Not Rated		52,760,270
U.S. Agency Securities	AA+	Standard and Poor's	55,105,955
U.S. Treasury Securities	AA+	Standard and Poor's	9,949,674
Government money market mutual funds	AAAm	Standard and Poor's	8,480,295
Total			\$ 343,752,684

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The University does not have a formal policy in regard to custodial credit risk. At June 30, 2025, the University had \$65,055,629 of U.S. treasury and agency securities and \$8,480,295 in Government money market mutual funds that were uninsured. The \$65,055,629 is not registered in the University's name and held by the counterparty and the \$8,480,295 is not registered in the University's name and held by the counterparty trustee.

Concentration of Credit Risk

University policy limits investments in a single issuer to 5 percent or less of the fair value of the total portfolio. However, securities issued or expressly guaranteed by the federal government are exempt from this provision. At June 30, 2025, the University had allowable investments in Federal Home Loan Mortgage Corporation securities of \$20 million, or 5.82 percent of total investments which are current in nature.

Interest Rate Risk

University policy for its operating funds limits the maximum maturity of any fixed-rate or variable-rate security to five years from the settlement date of purchase. The endowment fund portfolio has no such limitation. The following chart presents the interest rate risk for the University's debt investments at June 30, 2025, utilizing the segmented time distribution method:

Investment Type	Fair Value	Maturity	
		< 1 Year	1 - 5 Years
State Treasurer Investment Pool 3	\$ 10,499,888		\$ 10,499,888
State Treasurer Investment Pool 4	9,181,802	\$ 9,181,802	
State Treasurer Investment Pool 5	197,774,800	197,774,800	
U.S. Treasury and Agency securities*	65,055,629	30,038,600	35,017,029
Government money market mutual funds	8,480,295	8,480,295	
Total	\$ 290,992,414	\$ 245,475,497	\$ 45,516,917

*At June 30, 2025, the University held \$65,055,629, or 19 percent of investments, in U.S. treasury and agency securities, including the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association, which may be considered highly sensitive to interest rate fluctuations because borrower repayment terms may vary. The University's investments in U.S. treasury and agency securities are reported as having a maturity date of less than one year if they are expected to be called within one year.

A reconciliation of cash, deposits, and investments to amounts shown on the Statement of Net Position is as follows:

Cash, deposits, and investments:	
Cash on hand	\$ 14,868
Cash and deposits in bank	3,049,672
Total investments	343,752,684
Total	\$ 346,817,224

Statement of Net Position	
Cash and cash equivalents	\$ 220,810,618
Short term investments	30,038,600
Restricted cash and cash equivalents held by trustee for capital projects	8,480,295
Long term investments	35,773,476
Endowment investments	51,714,235
Total	\$ 346,817,224

Note 4 - Capital Assets

Capital asset activity for year ended June 30, 2025, is presented as follows:

	Balance 7/1/2024	Additions / Increases	Retirements / Decreases	Balance 6/30/2025
Land	\$ 28,584,867			\$ 28,584,867
Construction in progress:				
Real property	18,598,737	\$ 88,531	\$ 7,108,483	11,578,785
Intangible assets		677,484		677,484
Art and historical collection	24,596,427			24,596,427
Total non-depreciable/amortizable capital assets	\$ 71,780,031	\$ 766,015	\$ 7,108,483	\$ 65,437,563
Buildings and improvements	\$ 1,201,547,288	\$ 26,062,282	\$ 106,489	\$ 1,227,503,081
Infrastructure	171,652,510	3,700,732		175,353,242
Equipment	100,414,150	6,090,560	3,626,215	102,878,495
Intangible assets, other than right-to-use	13,164,185			13,164,185
Library materials	45,524,098	6,683	132,432	45,398,349
Total depreciable/amortizable capital assets	\$ 1,532,302,231	\$ 35,860,257	\$ 3,865,136	\$ 1,564,297,352
Less accumulated depreciation				
Buildings and improvements	\$ 558,542,674	\$ 33,602,164	\$ 23,723	\$ 592,121,115
Infrastructure	94,715,455	5,607,033		100,322,488
Equipment	74,676,007	5,856,668	2,884,834	77,647,841
Intangible assets, other than right-to-use	11,694,193	30,649		11,724,842
Library materials	45,181,580	109,589	132,065	45,159,104
Total accumulated depreciation/amortization	\$ 784,809,909	\$ 45,206,103	\$ 3,040,622	\$ 826,975,390
Total depreciable/amortizable capital assets, net	\$ 747,492,322	\$ (9,345,846)	\$ 824,514	\$ 737,321,962
Right-to-use assets				
Leased buildings	\$ 213,306,685	\$ 4,210,715	\$ 4,643	\$ 217,512,757
Leased equipment	4,317,265	867,440	40,451	5,144,254
Subscription assets	16,830,150	343,734		17,173,884
Total right-to-use assets	\$ 234,454,100	\$ 5,421,889	\$ 45,094	\$ 239,830,895
Less accumulated amortization				
Leased buildings	\$ 22,298,117	\$ 7,664,843		\$ 29,962,960
Leased equipment	2,466,777	1,200,044	\$ 24,331	3,642,490
Subscription assets	5,229,841	4,205,593		9,435,434
Total accumulated amortization	\$ 29,994,735	\$ 13,070,480	\$ 24,331	\$ 43,040,884
Intangible right-to-use assets, net	\$ 204,459,365	\$ (7,648,591)	\$ 20,763	\$ 196,790,011
Capital assets, net	\$ 1,023,731,718	\$ (16,228,422)	\$ 7,953,760	\$ 999,549,536

In addition to expenditures through June 30, 2025, it is estimated that \$30 million will be required to complete projects under construction or planned for construction. Of that amount, \$12 million is contractually encumbered.



Note 5 - Long-Term Debt, Lease Obligations and Subscription-Based Information Technology Arrangements (SBITAS)

A summary of changes in the long-term debt activity for the year ended June 30, 2025, is presented as follows:

	Balance 7/1/2024	Additions	Reductions	Balance 6/30/2025	Current Portion
Revenue Bonds Payable	\$ 328,775,000	\$ 55,965,000	\$ (74,590,000)	\$ 310,150,000	\$ 13,750,000
Direct Placement Revenue Bonds	137,805,000		(10,580,000)	127,225,000	10,910,000
Certificates of Participation	28,010,000		(3,770,000)	24,240,000	3,545,000
Subtotal long-term debt	\$ 494,590,000	\$ 55,965,000	\$ (88,940,000)	\$ 461,615,000	\$ 28,205,000
Premiums on Sale of Debt	40,001,373	6,267,862	(10,015,513)	36,253,722	3,252,221
Total long-term debt	\$ 534,591,373	\$ 62,232,862	\$ (98,955,513)	\$ 497,868,722	\$ 31,457,221

Revenue Bonds Payable and Certificates of Participation

The University's bonded debt consists of various issues of System Revenue, Lease Revenue, and Stimulus Plan for Economic and Educational Development (SPEED) Revenue bonds that are generally callable with interest payable semiannually. Bond Proceeds are used to pay for acquiring or constructing capital facilities, infrastructure, and for refunding obligations from previously issued bonds.

For all outstanding SPEED revenue bonds, up to 80% of the debt service payments are payable from the University's SPEED revenue bond account monies, which are derived from certain revenues of the Arizona State Lottery as defined by State Statute. To the extent SPEED revenue bond account monies are not sufficient to make debt service payments, the SPEED revenue bonds are secured by a pledge of certain gross revenues, such as student tuition and fees, but that pledge is subordinate to the pledge of those gross revenues for the University's system revenue bonds.

The University utilizes Certificates of Participation (COPs) and Lease Revenue Bonds (LRB) to acquire buildings, land, and infrastructure. COPs and LRBs are generally callable, with interest payable semiannually and are collateralized by the acquired assets. In the event of a default, the underlying asset value would be removed from the University's financial statements and the control of the assets would return to the trustee. COPs were used to build the Applied Research and Development building, the Science Lab Facility, and to renovate the Engineering building. LRBs purchased Pine Ridge Village, McKay Village, High Country Conference Center, the Student and Academic Services building, and the Student Athlete High Performance Center (SAHPC).

During the year ended June 30, 2025, the University issued Lease Revenue (LRB) bonds and System Revenue (SRB) bonds to advance-refund older, higher cost issues. Details of the refunding transactions are as follows:

	System Revenue Bonds	Lease Revenue Bonds
Amount of refunding bonds issued	\$ 29,995,000	\$ 25,970,000
Amount of bonds refunded	32,455,000	28,155,000
Reduction in debt service savings	3,040,267	2,624,665
Economic Gain (NPV savings)	2,943,690	2,494,810

The University refunded the 2014 Lease Revenue bonds and 2015 System Revenue bonds. The University used debt refunding proceeds to purchase securities that it placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. Refunded debt is considered defeased, and related liabilities are not included in the University's financial statements.

The University has pledged portions of its gross revenues towards the payment of debt related to system revenue bonds, system revenue refunding bonds, and SPEED revenue bonds outstanding at June 30, 2025. The bonds generally provide financing for various capital projects of the University. These pledged revenues include student tuition and fees, certain auxiliary enterprises revenue, investment income, and indirect cost recovery revenue. Pledged revenues do not include state appropriations, gifts, endowment income, or other restricted revenues. Pledged revenues have averaged \$309.7 million for the prior five years. For fiscal year 2025, pledged revenues totaled \$327.7 million of which approximately 10.59% (\$34.7 million) was required to cover current year debt service.

Future annual principal and interest payments on the bonds are expected to require approximately 7.76% of pledged revenues. Future pledged revenues required to pay all remaining related debt service for the bonds through final maturity of June 1, 2044, is \$458.1 million.

	Average Interest Rate	Final Maturity	Balance 7/1/2024	Additions	Reductions	Balance 6/30/2025
(in thousands)						
Revenue Bonds:						
2012 System Revenue	4.5%	6/1/2029	\$ 3,820	\$	(720)	\$ 3,100
2015 System Revenue Refunding	5.0%	6/1/2037	35,105		(35,105)	-
2016 System Revenue and Refunding	4.9%	6/1/2038	27,580		(545)	27,035
2020AB System Revenue Refunding	4.4%	6/1/2044	111,120		(3,675)	107,445
2024 System Revenue Refunding	5.0%	6/1/2038	29,555			29,555
2025 System Revenue Refunding	3.4%	6/1/2037		\$ 29,995		29,995
Subtotal - System Revenue Bonds			\$ 207,180	\$ 29,995	\$ (40,045)	\$ 197,130
Direct Placement Revenue Bonds:						
2017 System Revenue Refunding	2.9%	6/1/2034	31,485		(2,760)	28,725
2017A System Revenue	2.6%	6/1/2038	18,240		(1,095)	17,145
2021AB System Revenue Refunding	1.9%	6/1/2031	17,260		(2,575)	14,685
Subtotal - Direct Placement Bonds			\$ 66,985	\$ -	\$ (6,430)	\$ 60,555
2020 SPEED Revenue Refunding	3.6%	8/1/2043	65,020		(3,965)	61,055
2024 SPEED Revenue Refunding	5.0%	8/1/2042	28,420		(2,425)	25,995
Subtotal - SPEED Revenue Bonds			\$ 93,440	\$ -	\$ (6,390)	\$ 87,050
2014 Lease Revenue Student & Academic Services	5.0%	6/1/2044	28,155		(28,155)	-
2024 Lease Revenue Student & Academic Services	4.0%	6/1/2044		25,970		25,970
Subtotal - Lease Revenue Bonds			\$ 28,155	\$ 25,970	\$ (28,155)	\$ 25,970
Direct Placement Lease Revenue Bonds:						
2016 Lease Refunding North Campus	2.6%	6/1/2036	7,030		(505)	6,525
2017 Lease Refunding Pine Ridge/ Campus Heights	2.9%	6/1/2033	22,820		(2,090)	20,730
2020 Lease Revenue Student Athlete High Performance Center	2.8%	6/1/2044	40,970		(1,555)	39,415
Subtotal - Direct Lease Revenue Bonds			\$ 70,820	\$ -	\$ (4,150)	\$ 66,670
Subtotal: Revenue Bonds			\$ 466,580	\$ 55,965	\$ (85,170)	\$ 437,375
Certificates of Participation (COP's):						
2015 Refunding COP's	4.9%	9/1/2030	1,615		(1,615)	-
2024 Refunding COP's	5.0%	9/1/2031	26,395		(2,155)	24,240
Subtotal: COP's			\$ 28,010	\$ -	\$ (3,770)	\$ 24,240
Total Par Amount of Bonds and COP's			\$ 494,590	\$ 55,965	\$ (88,940)	\$ 461,615
Discounts/Premiums on Sale of Bonds and COPs			\$ 40,001	\$ 6,267	\$ (10,015)	\$ 36,253
Total Bonds and COP's Payable			\$ 534,591	\$ 62,232	\$ (98,955)	\$ 497,868

The following schedule details debt service requirements to maturity for System Revenue, Speed, and Lease Bonds and Certificates of Participation payable at June 30, 2025:

Year	System Revenue, Speed and Lease Bonds		Direct Placement System Revenue and Lease Bonds		Certificates of Participation	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 13,750,000	\$ 14,399,963	\$ 10,910,000	\$ 3,440,620	\$ 3,545,000	\$ 1,123,375
2027	17,960,000	13,376,480	11,240,000	3,155,222	3,730,000	941,500
2028	19,275,000	12,495,758	11,565,000	2,860,873	3,930,000	750,000
2029	20,315,000	11,548,238	11,900,000	2,557,645	4,125,000	548,625
2030	21,345,000	10,549,614	12,280,000	2,245,333	4,345,000	336,875
2031-2035	99,420,000	38,470,894	42,930,000	6,786,508	4,565,000	114,125
2036-2040	84,505,000	16,438,536	16,300,000	2,618,410		
2041-2044	33,580,000	3,067,359	10,100,000	716,800		
Total	\$ 310,150,000	\$ 120,346,842	\$ 127,225,000	\$ 24,381,411	\$ 24,240,000	\$ 3,814,500



Leases and Subscription-based information technology arrangements (SBITAs)

The University has entered into leases with various entities for right-to-use equipment, vehicles, classroom, office and student housing purposes, and has entered into subscription-based information technology arrangements with other entities for various right-to-use software. A summary of changes in lease and subscription activity for the year ended June 30, 2025, is presented as follows:

	Balance 7/1/24	Additions	Remeasure- ments	Deductions	Balance 6/30/25	Current Portion
Lease Liabilities	\$ 211,594,496	\$ 5,004,769	\$ 54,335	\$ (6,027,402)	\$ 210,626,198	\$ 3,999,554
Subscription Liabilities	4,543,503	343,734	-	(1,993,175)	2,894,062	1,578,670
Total	\$ 216,137,999	\$ 5,348,503	\$ 54,335	\$ (8,020,577)	\$ 213,520,260	\$ 5,578,224

Leases

Statewide Campus Operations

The University maintains classroom and office space throughout 20+ statewide locations with various levels of operations. Many sites are located on community college campuses and other key locations that help meet the University goals of providing accessible educational opportunities statewide. Combined leased office and classroom space total approximately 85,100 square feet for significant sites. Lease terms are typically 5 years in duration, and future minimum lease payments for larger sites total approximately \$13.4 million.

Honors College

Located in the center of the University's main campus since 2019, the Honors College residence building houses over 700 students. The University operates the residence building under a 40-year sub lease with American Campus Communities, which constructed the building under a 40-year land lease with the University. Base lease payments increase 3% annually over the 40-year term and future minimum lease payments total approximately \$275 million through June 2057.

The following schedule details minimum lease payments to maturity for the University's leases payable at June 30, 2025:

Year ending June 30:	Principal	Interest	Total
2026	\$ 3,999,555	\$ 4,258,115	\$ 8,257,670
2027	3,795,433	4,171,875	7,967,308
2028	3,748,526	4,093,475	7,842,001
2029	4,240,628	3,935,879	8,176,507
2030	3,969,884	3,810,938	7,780,822
2031-2035	19,444,752	17,464,427	36,909,179
2036-2040	21,950,363	15,483,995	37,434,358
2041-2045	30,393,576	13,003,105	43,396,681
2046-2050	40,666,238	9,642,409	50,308,647
2051-2055	53,119,381	5,202,129	58,321,510
2031-2057	25,297,862	553,718	25,851,580
Total	\$ 210,626,198	\$ 81,620,065	\$ 292,246,263

Institute for Human Development

The University's Institute for Human Development (IHD) manages programs at two sites in the Phoenix metropolitan area that provide assistive technology services to individuals with disabilities and their families. The Arizona's Assistive Technology Act Program, or AzTAP, is located in central Phoenix. In fiscal year 2025, a new lease was executed for a site in the city of Mesa to house the Assistive Technology for Employment and Independence Program (ATEI). Together these programs lease space of approximately 7,000 square feet. Future minimum lease payments through January 2030 total approximately \$762,500.

Subscription Software

The University has obtained the right to use software applications under the provisions of various subscription-based information technology arrangements (SBITAs). These include major systems that deliver solutions for learning management, student relations, administrative services, and data management and system processes. Based on the end date of the current contractual obligations, future minimum software subscription payments through June 2028 total approximately \$3.1M.

The following schedule details minimum subscription payments to maturity for the University's subscription liabilities at June 30, 2025:

Year ending June 30:	Principal	Interest	Total
2026	\$ 1,578,670	\$ 110,890	\$ 1,689,560
2027	1,258,438	50,997	1,309,435
2028	56,954	2,125	59,079
Total	\$ 2,894,062	\$ 164,012	\$ 3,058,074

Note 6 – Self-Insurance Program

The University is exposed to various risks of loss related to torts; theft of, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Arizona Revised Statutes §41-621 et seq. the University participates in a self-insurance program administered by the State of Arizona, Department of Administration, Risk Management Division. The State's Risk Management Program covers the University, subject to certain deductibles, for risks of loss related to such situations, and liability for acts or omissions of any nature while acting in authorized governmental or proprietary capacities and in the course and scope of employment or authorization, except as prescribed in A.R.S. §41-621. Loss risks not covered by the Risk Management Program and for which the University has no insurance coverage are losses resulting from contractual breaches and losses that arise out of and are directly attributable to an act of omission determined by a court to be a felony. From time to time, various claims and lawsuits associated with the normal conduct of University business are pending or may arise against the University.

The University has a Risk Management division that monitors and manages risk exposure. In the opinion of University management, any losses from the resolution of any other pending claims or litigation not covered by the Risk Management Program should not have a material effect on the University's financial statements. All estimated losses for unsettled claims and actions covered by the State's Risk Management Program are determined on an actuarial basis and are included in the State of Arizona's Annual Financial Report.

Note 7 – Unearned Revenue and Deposits

Unearned revenue consists primarily of amounts received for tuition and fees for future terms, as well as money from grants and sponsors that have not yet been earned under the terms of the agreement. It also includes amounts received in advance for auxiliary services such as student housing or advance ticket sales for events.

Unearned revenue and deposits as of June 30, 2025, consist of the following:

Current Unearned Revenue and Deposits	
Tuition and Fees	\$ 13,869,005
Unexpended cash advances received for sponsored projects	14,223,050
Auxiliary sales and services	1,589,197
Endowment	27,688
Total Unearned Revenue and Deposits \$	29,708,940

Note 8 - Accrued Compensated Absences

The University recognizes compensated absences for vacation leave and compensatory time. Employees may accumulate vacation up to 320 hours, with balances above this limit forfeited at year-end. Upon separation, employees are paid for accrued vacation up to 176 hours and for all time earned.

The University recognizes a liability for vacation leave that is more likely than not to be used, rather than only amounts payable at termination. Based on historical usage and forfeiture data, the liability is measured on vacation balances up to the 320-hour carryover limit, reduced for an average percentage of hours forfeited annually. Compensatory time is fully accrued and is used as paid leave or is paid out upon request or termination.

Accrued compensated absences for the year ended June 30, 2025, was as follows:

Accrued Compensation	
Beginning balance*	\$ 12,517,843
Additions	11,955,913
Reductions	(12,598,080)
Ending balance	\$ 11,875,676
Current portion	\$ 809,921

* The University implemented GASB Statement No. 101 in fiscal year 2025; this resulted in the restatement of the University's beginning balance accrued compensated absence liability.

Note 9 - Operating Expense by Natural Classification

The University's operating expenses presented in the Statement of Revenues, Expenses, and Changes in Net Position by natural and functional classification are summarized in the table below:

For the Year Ended June 30, 2025

	Personal Services and Benefits	Operations	Scholarships	Depreciation and Amortization	Total
Functional Classification:					
Educational and general					
Instruction	\$ 169,400,334	\$ 23,332,648			\$ 192,732,982
Research	49,086,763	26,240,973			75,327,736
Public service	23,885,892	25,633,926			49,519,818
Academic support	44,612,148	10,839,485			55,451,633
Student services	35,061,110	20,999,240			56,060,350
Institutional support	70,027,051	26,246,629			96,273,680
Operation and maintenance of plant	3,274,584	18,503,490			21,778,074
Scholarships and Fellowships			\$ 38,627,651		38,627,651
Auxiliary enterprises	46,104,643	17,358,084			63,462,727
Depreciation and amortization				\$ 58,276,583	58,276,583
Total	\$ 441,452,525	\$ 169,154,475	\$ 38,627,651	\$ 58,276,583	\$ 707,511,234



Note 10 – Pension Plans

The University participates in the Arizona State Retirement System (ASRS), a cost-sharing, multiple-employer defined benefit pension plan, and two defined contribution plans which are administered by independent insurance and annuity companies approved by ABOR. The University also contributes to the Public Safety Personnel Retirement System (PSPRS), a state administered multiple-employer defined benefit pension plan. Although the defined contribution plans and PSPRS net pension liabilities have been recorded at June 30, 2025, the defined contribution plans and PSPRS have not been further disclosed due to their relative insignificance to the University’s financial statements. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at www.azasrs.gov.

The University’s net pension liability at June 30, 2025, was comprised of the following:

ASRS	\$ 184,886,192
PSPRS	(368,036)
Defined Contribution Pension Plans	3,347,547
Total net pension liability	\$ 187,865,703

Changes in the University’s net pension liability during the fiscal year ended June 30, 2025, were as follows:

Beginning balance	\$ 175,358,727
Increases	49,997,742
Decreases	(37,490,766)
Ending balance	\$ 187,865,703
Current portion	\$ 940,536

Defined Benefit Plan

Plan Description

The ASRS administers a cost-sharing multiple-employer defined benefit pension plan. Full benefit eligible classified staff are required to participate in this plan. Full benefit eligible University faculty, academic professionals, and administrative officers have the option to participate in the ASRS defined benefit plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 2. The ASRS is a component unit of the State of Arizona.

Benefits Provided

The ASRS provides retirement and survivor benefits. State statute establishes benefits terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Retirement	
	Initial membership date:	
	Before July 1, 2011	On or after July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years, age 62 5 years, age 50* any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* any years, age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

*With actuarially reduced benefits

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member’s death. For retired members, the retirement benefit option chosen determines the survivor benefit. For all other members, the beneficiary is entitled to the member’s account balance that includes the member’s contributions and employer’s contributions, plus interest earned.

Contributions

In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2025, statute required active ASRS members to contribute at the actuarially determined rate of 12.12 percent for retirement of the members' annual covered payroll, and statute required the University to contribute at the actuarially determined rate of 12.05 percent for retirement of the active members' annual covered payroll. In addition, the University was required by statute to contribute at the actuarially determined rate of 10.14 percent for retirement of annual covered payroll of retired members who worked for the University in positions that an employee who contributes to the ASRS would typically fill. The University's contributions to the pension plan for the year ended June 30, 2025, were \$20,872,756.

Pension Liability

At June 30, 2025, the University reported a liability of \$184,886,192 for its proportionate share of the ASRS's net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2023, to the measurement date of June 30, 2024.

The University's proportion of the net pension liability was based on the University's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2024. The University's proportion measured as of June 30, 2024, was 1.16 percent and was an increase of .09 from its proportion measured as of June 30, 2023.

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2025, the University recognized pension expense for ASRS of \$21,713,260. At June 30, 2025, the University reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,320,174	\$
Net difference between projected and actual earnings on pension plan investments		11,807,007
Changes in proportion and differences between University contributions and proportionate share of contributions	9,693,684	
University contributions subsequent to the measurement date	20,872,756	
Total	\$ 40,886,614	\$ 11,807,007

The \$20,872,756 reported as deferred outflows of resources related to ASRS pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year Ending June 30	Pension Expense
2026	\$ (266,747)
2027	13,629,065
2028	(2,988,742)
2029	(2,166,725)

Actuarial Assumptions

The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2023
Actuarial roll forward date	June 30, 2024
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.9 - 8.4%
Inflation	2.3%
Permanent benefit increase	Included
Mortality rates	2017 SRA Scale U-MP

Actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the 5 year period ended June 30, 2020.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.0 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Geometric Real Rate of Return
Public Equity	44%	4.48%
Credit	23%	4.40%
Interest Rate Sensitive	6%	-0.45%
Real estate	17%	6.05%
Private Equity	10%	6.11%
Total	100%	

Discount Rate

At June 30, 2024, the discount rate used to measure the ASRS total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the University's Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate

The following table presents the University's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

University's proportionate share of the net pension liability		
1% decrease (6.0%)	\$	283,098,566
Current discount rate (7.0%)		184,886,192
1% increase (8.0%)		103,034,753

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report.

Pension Contributions Payable

The University's accrued payroll and employee benefits included \$782,129 for outstanding pension contribution amounts payable to ASRS for the year ended June 30, 2025.

Note 11 – Subsequent Events

The University has evaluated subsequent events and determined there have been no events that have occurred that would require adjustments to the University's financial statements. However, the University is actively evaluating options to issue new debt securities in the upcoming fiscal years to finance capital and deferred maintenance projects. As of the date these financial statements are issued, no formal approval or commitment has been secured. Prospective debt issuances will be determined based on ongoing assessments of market conditions and institutional financing needs.



Note 12 – Discretely Presented Component Unit Disclosures

A. Principal Activity and Significant Accounting Policies

Cash and Cash Equivalents

The Foundation considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to permanent endowment, or other long-term purposes of the Foundation are excluded from this definition.

Promises to Give

The Foundation records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the consolidated statement of activities. Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At June 30, 2025, the allowance was \$372,125.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statement of financial position. Net investment return/(loss) is reported in the consolidated statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Investments of the net assets with donor restrictions and net assets without donor restrictions are pooled, except for certain assets that the board of directors or the donors have designated to be segregated and maintained separately.

Receivables and Credit Policy

Allowance for credit losses is determined based on historical experience, an assessment of economic conditions, and forecasts that affect the collectability. There was no allowance at June 30, 2025.

Cash Surrender Value of Life Insurance

The Foundation is the owner and beneficiary of six life insurance policies covering the lives of certain donors to the Foundation. The policies are recorded at their cash surrender value at the policy's anniversary date. Policy earnings and expenses are included in the accompanying consolidated statement of activities.

Educational Broadband Services License and Deferred Revenue

The Foundation has been granted several educational broadband services (EBS) licenses from the Federal Communications Commission (FCC), which have been fully amortized since the date of donation. Additionally, the Foundation has entered into an agreement to purchase EBS licenses with initial funding of \$15,000,000 from an outside corporation. Under the agreement, the Foundation purchases EBS licenses and then subsequently leases the licenses to the outside corporation. The Foundation recognizes revenue at the time of purchase of an EBS license and recognizes rent revenue for the duration of the lease agreement. Any unspent proceeds from the initial funding are reflected as deferred revenue in the accompanying consolidated statement of financial position. The Foundation sold the EBS licenses during the year ended June 30, 2025, recognizing a gain on the sale of \$55,890,000.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, board-designated endowments.

Net Assets with Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Revenue Recognition

Revenue from EBS leases, investment activities, management fees, other fees and charges, and non-contribution related revenue is recognized when earned. Revenue received in advance is recorded as deferred revenue in the accompanying consolidated statement of financial position. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Consequently, at June 30, 2025, contributions of approximately \$7,698,000 for which no amounts have been received in advance have not been recognized in the accompanying consolidated statement of activities.

Financial Instruments and Credit Risk

The Foundation manages deposit concentration risk by placing cash and investments with financial institutions and investment brokerage firms believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds held at financial institutions. At June 30, 2025, \$9,684,000 of the Foundation's bank balance of \$10,046,000 was uninsured. To date, the Foundation has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates.

Investments are made by an investment manager whose performance is monitored by management and the board of directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the board of directors believe that the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

B. Endowments

The Foundation's endowment (the Endowment) consists of approximately 999 individual funds established by donors to provide annual funding for specific activities and general operations. The Endowment also includes certain net assets without donor restrictions designated for quasi-endowment by the board of directors, and quasi-endowments set up by donors that are working to the level of required investment to qualify as an Endowment under the Foundation's donor guidelines. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's board of directors has interpreted the Arizona Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2025, there were no such donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of gifts and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts donated to the Endowment) and (b) accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

The Foundation had the following endowment net asset composition by type of fund as of June 30, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated quasi-endowment	\$ 17,495,995	\$	17,495,995
Donor-restricted quasi-endowment		\$ 14,505,141	14,505,141
Donor-restricted for permanent endowment			
Original donor-restricted gift amounts required to be maintained in perpetuity by donor		122,880,712	122,880,712
Accumulated investment gains		72,125,387	72,125,387
Total	\$ 17,495,995	\$ 209,511,240	\$ 227,007,235

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2025, funds with original gift values of approximately \$733,452, fair values of approximately \$598,694, and deficiencies of approximately \$134,758 are reported in net assets with donor restrictions.

C. Fair Value Measurements and Disclosures

Certain assets and liabilities are reported at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation can access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
- Level 3 – Unobservable inputs for the asset or liability. In these situations, the Foundation develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

A significant portion of the Foundation's investment assets are classified within Level 1 because they are comprised of common stock, money market funds, and open-end mutual funds with readily determinable fair values based on daily market prices or redemption values. Corporate bonds and certificates of deposit are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions. These are classified within Level 2.

The fair values of obligations under split-interest agreements are determined using present value techniques, actuarial tables, the fair values of trust investments as reported by the trustees or held by the Foundation, and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and liabilities. The fair values of beneficial interests in charitable and perpetual trusts are determined by management using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and are based on the fair values of trust investments as reported by the trustees. These are considered to be Level 3 measurements. The fair value of the cash surrender value of life insurance is based on the amount to be paid if the policy is surrendered prior to the death of the insured as predetermined by the insurance companies.

The Foundation measures the fair value of assets held in custody for others based on a pooling of investments based on a net asset value per share of the pool. Since the fair value of the majority of the liability balance is based primarily upon the observable inputs used during the valuation of the assets but not based upon identical inputs for identical agency liabilities, a Level 2 classification has been assigned for the inputs used to determine the fair value of the majority of assets held in custody for others liability.

The following table presents assets and liabilities measured at fair value on a recurring basis at June 30, 2025:

		Fair Value Measurements at Report Date Using		
	Amount	Level 1	Level 2	Level 3
Assets				
Operating investments				
Mutual Fund				
Municipal Bond Mutual Fund	\$ 56,308,180	\$ 56,308,180		
Exchange Traded Funds	1,224,751	1,224,751		
Equity Mutual Funds	148,708,162	148,708,162		
International Bond Mutual Funds	16,789,903	16,789,903		
International Equity Mutual Funds	120,951,878	120,951,878		
Common Stock	6,740,732	6,740,732		
Corporate Bonds	184,324		\$ 184,324	
Cash and Cash Equivalents	6,018,451	6,018,451		
Total	\$ 356,926,381	\$ 356,742,057	\$ 184,324	
Cash surrender value of life insurance				
	\$ 8,024,197			\$ 8,024,197
Assets held under split-interest agreements				
Mutual Fund				
Corporate Bond Mutual Fund	\$ 1,513,589	\$ 1,513,589		
Equity Mutual Funds	1,636,571	1,636,571		
Alternative Investment Mutual Funds	14,936	14,936		
Money Market Funds	19,329	19,329		
Total	\$ 3,184,425	\$ 3,184,425		
Beneficial interests in				
Perpetual trusts	\$ 3,983,594			\$ 3,983,594

	Amount	Fair Value Measurements at Report Date Using		
		Level 1	Level 2	Level 3
Liabilities				
Assets held in custody for others	\$ 53,397,139		\$ 53,397,139	
Liabilities under split-interest agreements	\$ 2,035,902			\$ 2,035,902

D. Promises to Give

Unconditional promises to give are estimated to be collected as follows at June 30, 2025:

Within one year	\$ 4,821,516
In one to five years	12,177,658
Over five years	2,907,081
	<u>\$ 19,906,255</u>
Less discount to present value at rates ranging from 0.07% to 4.36%	(1,350,006)
Less allowance for uncollectible promises to give	(372,125)
	<u>\$ 18,184,124</u>

At June 30, 2025, two donors accounted for approximately 64% of gross promises to give.

E. Assets Held in Custody for Others

The Foundation maintains certain assets on behalf of others. The balances of assets held in custody for others consist of the following at June 30, 2025:

Cash	\$ 1,758,580
Pledges receivable	500
Investments	50,789,517
Beneficial interest in perpetual trust	848,542
	<u>\$ 53,397,139</u>
Assets held on behalf of:	
Northern Arizona University	\$ 53,071,527
NAU Parents' Association	325,612
	<u>\$ 53,397,139</u>

F. Related Party Transactions

Members of the Foundation's board of directors have made contributions and pledges to the Foundation in the current and prior years. At June 30, 2025, gross unconditional pledges receivable from these members totaled \$8,690,833. During the year ended June 30, 2025, the Foundation recognized contribution revenue from these donors of \$13,313,082.

During the year ended June 30, 2025, the Foundation recognized expenses for scholarships to Northern Arizona University of \$4,501,404 and grants and assistance to Northern Arizona University of \$15,239,270.

Required Supplementary Information

Schedule of University's Proportionate Share of Net Pension Liability Arizona State Retirement System June 30, 2025

Year Ended June 30, Reporting Fiscal Year (Measurement Date)	University's proportion of the net pension liability	University's proportionate share of the net pension liability	University's covered payroll (Measurement Date)	University's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025 / (2024)	1.16%	\$ 184,886,192	\$ 163,914,066	113%	76.93%
2024 / (2023)	1.07%	172,350,188	141,916,618	121%	75.47%
2023 / (2022)	1.06%	173,789,215	127,672,080	136%	74.26%
2022 / (2021)	1.06%	139,551,282	120,281,108	116%	78.58%
2021 / (2020)	1.12%	194,502,316	123,967,911	157%	69.33%
2020 / (2019)	1.17%	170,081,275	123,597,111	138%	73.24%
2019 / (2018)	1.17%	163,184,982	116,750,466	140%	73.40%
2018 / (2017)	1.14%	177,603,799	111,651,187	159%	69.92%
2017 / (2016)	1.14%	183,823,445	106,912,713	172%	67.06%
2016 / (2015)	1.13%	175,686,559	104,361,657	168%	68.35%

Schedule of University's Pension Contributions Arizona State Retirement System June 30, 2025

Fiscal Year Ended	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2025	\$ 20,872,756	\$ 20,872,756		\$ 174,779,260	11.94%
2024	19,465,337	19,465,337		163,914,066	11.88%
2023	16,836,281	16,836,281		141,916,618	11.86%
2022	15,276,308	15,276,308		127,672,080	11.97%
2021	13,972,217	13,972,217		120,281,108	11.62%
2020	14,158,925	14,158,925		123,967,911	11.42%
2019	13,793,782	13,793,782		123,597,111	11.16%
2018	12,679,186	12,679,186		116,750,466	10.86%
2017	11,988,535	11,988,535		111,651,187	10.74%
2016	11,554,333	11,554,333		106,912,713	10.81%



STATISTICAL
SECTION

Narrative to the Statistical Section

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These schedules contain trend information to help the reader understand how the University’s financial performance has changed over time.

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- Operating Expenses by Natural Classification
- Change in Net Position

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These schedules contain information to help the reader assess the University’s revenue sources.

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These schedules present information to help the reader assess the University’s current level of outstanding debt.

- Long-Term Debt
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the University’s financial activities take place.

- Admissions, Enrollment, and Degrees Earned
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These schedules contain service and infrastructure data to help the reader understand how the University’s financial information relates to the activities it performs.

- Faculty and Staff
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Net Position by Component

Fiscal Year Ended June 30, (Dollars in thousands)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Net Investment in Capital Assets	\$286,463	\$277,524	\$269,975	\$234,713	\$262,474	\$248,641	\$245,903	\$232,568	\$269,240	\$265,882
Restricted, Non-expendable	25,725	24,611	23,480	17,039	17,969	19,142	26,258	25,107	24,625	23,593
Restricted, Expendable	112,542	105,041	72,347	71,905	67,905	54,058	48,146	44,594	39,193	32,184
Unrestricted (deficit)	20,908	35,455	38,806	26,352	(40,935)	(70,943)	(60,756)	(59,530)	(45,408)	(39,221)
Total Net Position	\$445,638	\$442,631	\$404,608	\$350,009	\$307,413	\$250,898	\$259,551	\$242,739	\$287,650	\$282,438
Expressed as a percent of the total	%	%	%	%	%	%	%	%	%	%
Net Investment in Capital Assets	64.3	62.7	66.7	67.1	85.4	99.2	94.8	95.8	93.6	94.1
Restricted, Non-expendable	5.8	5.6	5.8	4.9	5.8	7.6	10.1	10.3	8.6	8.4
Restricted, Expendable	25.2	23.7	17.9	20.5	22.1	21.5	18.5	18.4	13.6	11.4
Unrestricted (deficit)	4.7	8.0	9.6	7.5	(13.3)	(28.3)	(23.4)	(24.5)	(15.8)	(13.9)
Total Net Position	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
% increase/(decrease) from prior year	%	%	%	%	%	%	%	%	%	%
Net Investment in Capital Assets	3.2	2.8	15.0	(10.6)	5.6	1.1	5.7	(13.6)	1.3	(0.8)
Restricted, Non-expendable	4.5	4.8	37.8	(5.2)	(6.1)	(27.1)	4.6	2.0	4.4	4.7
Restricted, Expendable	7.1	45.2	0.6	5.9	25.6	12.3	8.0	13.8	21.8	(1.3)
Unrestricted (deficit)	(41.0)	(8.6)	47.3	164.4	42.3	(16.8)	(2.1)	(31.1)	(15.8)	(22.4)
Total Net Position	0.7	9.4	15.6	13.9	22.5	(3.3)	6.9	(15.6)	1.8	(3.0)

Note: The University implemented GASB 75 in FY 2018, historical data has not been restated in the statistical section.

The University implemented GASB 87 in FY 2022, historical data has not been restated in the statistical section.

The University implemented GASB 96 in FY 2023, historical data has not been restated in the statistical section.

The University implemented GASB 101 in FY 2025, historical data has not been restated in the statistical section.

Operating Expenses by Natural Classification

Fiscal Year Ended June 30, (Dollars in thousands)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
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Personal Services	\$340,688	\$321,829	\$293,953	\$267,141	\$251,970	\$267,900	\$260,390	\$254,688	\$243,537	\$233,543
Benefits	111,326	103,954	94,556	89,006	87,732	92,137	89,195	86,550	82,172	78,687
Pensions and OPEB (1)	(10,562)	(9,364)	(11,201)	(16,860)	(3,923)	(2,487)	(15,094)	(2,521)	11,741	10,926
Personal Services and Benefits	441,452	416,419	377,308	339,287	335,779	357,550	334,491	338,717	337,450	323,156
Operations	169,154	169,949	164,186	145,159	117,181	142,004	140,987	136,563	130,446	119,182
Scholarships	38,628	34,974	30,648	74,028	53,646	46,946	39,857	38,658	35,290	31,485
Depreciation and Amortization (2)	58,277	56,828	53,568	51,353	42,055	45,239	42,822	42,830	41,538	37,964

Total Operating Expenses by Natural Classification	\$707,511	\$678,170	\$625,710	\$609,827	\$548,661	\$591,739	\$558,157	\$556,768	\$544,724	\$511,787
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Expressed as a percent of the total	%	%	%	%	%	%	%	%	%	%
Personal Services	48.2	47.5	47.0	43.8	45.9	45.3	46.6	45.7	44.7	45.6
Benefits	15.7	15.3	15.1	14.6	16.0	15.6	16.0	15.6	15.1	15.4
Pensions and OPEB (1)	(1.5)	(1.4)	(1.8)	(2.8)	(0.7)	(0.4)	(2.7)	(0.4)	2.2	2.1
Personal Services and Benefits	62.4	61.4	60.3	55.6	61.2	60.5	59.9	60.9	62.0	63.1
Operations	23.9	25.1	26.2	23.8	21.4	24.0	25.3	24.5	23.9	23.3
Scholarships	5.5	5.1	4.9	12.1	9.8	7.9	7.1	6.9	6.5	6.2
Depreciation and Amortization (2)	8.2	8.4	8.6	8.5	7.6	7.6	7.7	7.7	7.6	7.4

Total Operating Expenses by Natural Classification	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
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% increase (decrease) from prior year	%	%	%	%	%	%	%	%	%	%
Personal Services	5.9	9.5	10.0	6.0	(5.9)	2.9	2.2	4.6	4.3	0.2
Benefits	7.1	9.9	6.2	1.5	(4.8)	3.3	3.1	5.3	4.4	1.7
Pensions and OPEB (1)	(12.8)	16.4	33.6	(329.8)	(57.7)	83.5	(498.7)	121.5	(7.5)	(247.0)
Personal Services and Benefits	6.0	10.4	11.2	1.0	(6.1)	6.9	(1.2)	0.4	4.4	3.0
Operations	(0.5)	3.5	13.1	23.9	(17.5)	0.7	3.2	4.7	9.5	5.4
Scholarships	10.4	14.1	(58.6)	38.0	14.3	17.8	3.1	9.5	12.1	8.3
Depreciation and Amortization (2)	2.5	6.1	4.3	22.1	(7.0)	5.6	(0.0)	3.1	9.4	8.1

Total Operating Expenses by Natural Classification	4.3	8.4	2.6	11.1	(7.3)	6.0	0.2	2.2	6.4	4.3
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(1) Implementation of GASB 45/75 (OPEB) and GASB 68 (Pensions) resulted in recognition of benefit-related operating expenses/revenue each

(2) Implementation of GASB 87 (Leases) resulted in recognition of lease assets, lease receivables, and corresponding lease liabilities, along with related amortization and interest expense or revenue each year.

(2) Implementation of GASB 96 (Subscription-Based Information Technology Arrangements) resulted in recognition of subscription assets, liabilities, and related amortization and interest expense each year.

Change in Net Position

Fiscal Year Ended June 30, (Dollars in thousands)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues										
Operating Revenues										
Tuition and fees, net	\$197,033	\$201,626	\$195,450	\$200,933	\$218,452	\$233,911	\$237,605	\$236,790	\$237,930	\$217,047
Government Grants and contracts	65,181	59,571	49,313	42,237	40,695	38,514	35,287	29,818	25,802	22,772
Private grants and contracts	6,246	9,768	6,321	4,541	5,573	4,866	4,618	4,127	4,372	3,438
Residence Life, net	48,604	48,075	43,797	38,533	28,753	33,189	35,729	32,437	32,791	32,141
Other auxiliaries	38,674	37,666	34,076	30,554	24,605	24,917	29,850	34,042	27,656	24,745
Other revenues	33,948	27,945	23,220	18,516	14,913	19,438	24,931	22,362	23,110	21,577
Total Operating Revenues	\$389,686	\$384,651	\$352,177	\$335,314	\$332,991	\$354,835	\$368,020	\$359,576	\$351,661	\$321,720
Expenses										
Operating Expenses										
Instruction	\$192,733	\$187,785	\$174,993	\$155,023	\$148,212	\$171,180	\$168,338	\$174,245	\$176,334	\$169,385
Research	75,328	70,167	58,678	51,895	51,635	55,608	46,113	40,655	36,068	30,142
Public service	49,520	44,392	37,034	30,853	24,735	28,945	30,924	31,665	28,866	28,163
Academic support	55,452	48,536	46,400	40,281	38,880	36,939	38,445	39,482	41,074	40,506
Student services	56,060	57,697	54,320	56,525	56,192	69,409	57,210	55,138	54,246	53,834
Institutional support	96,273	93,802	84,430	79,975	71,831	70,740	62,202	64,158	59,238	52,447
Operation and maintenance of plant	21,778	24,746	35,322	27,162	22,648	23,368	27,456	29,031	31,003	29,790
Scholarships and fellowships	38,628	34,974	30,648	74,028	53,646	46,946	39,857	38,659	35,290	31,485
Auxiliary enterprises	63,462	59,242	50,317	42,733	38,827	43,365	44,790	40,905	41,067	38,071
Depreciation	58,277	56,829	53,568	51,353	42,055	45,239	42,822	42,830	41,538	37,964
Total Operating Expenses	\$707,511	\$678,170	\$625,710	\$609,828	\$548,661	\$591,739	\$558,157	\$556,768	\$544,724	\$511,787
Operating loss	\$(317,825)	\$(293,519)	\$(273,533)	\$(274,514)	\$(215,670)	\$(236,904)	\$(190,137)	\$(197,192)	\$(193,063)	\$(190,067)
Nonoperating Revenues (Expenses)										
State appropriations	\$139,922	\$144,555	\$165,322	\$138,737	\$107,396	\$113,523	\$103,200	\$99,716	\$100,106	\$94,633
Share of state tax - TRIF	32,299	46,666	19,560	39,777	17,079	16,943	15,844	14,339	13,752	13,827
Government grants	107,033	104,216	96,224	146,393	119,622	86,950	73,183	71,612	68,533	66,142
Private gifts and grants	29,470	24,880	15,343	14,294	13,259	14,550	14,175	14,460	14,050	13,093
Investment income/ (loss)	21,197	20,657	13,044	(9,416)	15,112	4,596	6,255	4,298	3,863	959
Interest on debt	(19,924)	(21,607)	(24,006)	(24,705)	(22,441)	(23,990)	(28,084)	(28,061)	(28,144)	(27,187)
Other nonoperating revenues, net	7,538	5,711	7,352	8,695	8,361	5,957	14,330	16,126	15,488	10,578
Net Nonoperating Revenues	\$317,535	\$325,078	\$292,839	\$313,775	\$258,388	\$218,529	\$198,903	\$192,490	\$187,648	\$172,045
Income/(loss) before other revenues, expenses, gains, or losses	\$(290)	\$31,559	\$19,306	\$39,261	\$42,718	\$(18,375)	\$8,766	\$(4,702)	\$(5,415)	\$(18,022)
Capital appropriations	\$4,885	\$5,303	\$5,301	\$5,040	\$4,879	\$5,900	\$5,896	\$5,897	\$4,247	\$5,493
Capital grants and gifts	13	20	29,075	1,420	7,974	2,870	1,164	3,321	5,474	3,010
Additions to permanent endowments	1,149	1,141	917	906	943	952	986	922	906	863
Increase/(Decrease) in Net Position	\$5,757	\$38,023	\$54,599	\$46,627	\$56,514	\$(8,653)	\$16,812	\$5,438	\$5,212	\$(8,656)
Total Revenues	\$733,192	\$737,799	\$704,570	\$681,879	\$627,616	\$607,076	\$603,053	\$590,267	\$578,080	\$530,318
Total Expenses	727,435	699,776	649,971	635,252	571,102	615,729	586,241	584,829	572,868	538,974
Increase/(Decrease) in Net Position	\$5,757	\$38,023	\$54,599	\$46,627	\$56,514	\$(8,653)	\$16,812	\$5,438	\$5,212	\$(8,656)

Change in Net Position (Continued)

(Expressed as a percent of Total Revenues / Total Expenses)

Fiscal Year Ended June 30, (Dollars in thousands)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues	%	%	%	%	%	%	%	%	%	%
Operating Revenues										
Tuition and fees, net	26.9	27.3	27.8	29.5	34.8	38.5	39.4	40.1	41.2	40.9
Government grants and contracts	8.9	8.1	7.0	6.2	6.5	6.3	5.9	5.1	4.5	4.3
Private grants and contracts	0.9	1.3	0.9	0.7	0.9	0.8	0.8	0.7	0.8	0.6
Residence life, net	6.5	6.5	6.2	5.6	4.6	5.5	5.9	5.5	5.7	6.1
Other auxiliaries	5.3	5.1	4.8	4.5	3.9	4.1	4.9	5.8	4.8	4.7
Other revenues	4.6	3.8	3.3	2.7	2.4	3.2	4.1	3.8	4.0	4.1
Total Operating Revenues	53.1	52.1	50.0	49.2	53.1	58.4	61.0	61.0	61.0	60.7
Expenses										
Operating Expenses										
Instruction	26.5	26.8	26.9	24.4	25.9	27.8	28.7	29.8	30.8	31.4
Research	10.4	10.0	9.0	8.2	9.0	9.0	7.9	7.0	6.3	5.6
Public service	6.8	6.3	5.7	4.9	4.3	4.7	5.3	5.4	5.0	5.2
Academic support	7.6	6.9	7.1	6.3	6.8	6.0	6.6	6.8	7.2	7.5
Student services	7.7	8.2	8.4	8.9	9.8	11.3	9.8	9.4	9.5	10.0
Institutional support	13.2	13.4	13.0	12.6	12.6	11.5	10.6	11.0	10.3	9.7
Operation and maintenance of plant	3.0	3.5	5.4	4.3	4.0	3.8	4.7	5.0	5.4	5.5
Scholarships and fellowships	5.3	5.0	4.7	11.7	9.4	7.6	6.8	6.6	6.2	5.8
Auxiliary enterprises	8.7	8.5	7.7	6.7	6.8	7.0	7.6	7.0	7.2	7.1
Depreciation and Amortization	8.0	8.1	8.2	8.1	7.4	7.3	7.3	7.3	7.3	7.0
Total Operating Expenses	97.2	96.7	96.1	96.1	96.0	96.0	95.3	95.3	95.2	94.8
Operating loss	(43.3)	(39.8)	(38.8)	(40.3)	(34.3)	(39.0)	(31.5)	(33.4)	(33.4)	(35.8)
Nonoperating Revenues (Expenses)										
State appropriations	19.1	19.6	23.5	20.3	17.1	18.7	17.1	16.9	17.3	17.8
Share of state tax - TRIF	4.4	6.3	2.8	5.8	2.7	2.8	2.6	2.4	2.4	2.6
Government grants	14.6	14.1	13.7	21.5	19.0	14.3	12.1	12.1	11.9	12.5
Private gifts	4.0	3.4	2.2	2.1	2.1	2.4	2.4	2.4	2.4	2.5
Investment income	2.9	2.8	1.9	(1.4)	2.4	0.8	1.0	0.7	0.7	0.2
Interest on debt	(2.7)	(3.1)	(3.7)	(3.9)	(3.9)	(3.9)	(4.8)	(4.8)	(4.9)	(5.0)
Other nonoperating revenues, net	1.0	0.8	1.0	1.3	1.3	1.0	2.4	2.7	2.7	2.0
Net Nonoperating Revenues	43.3	43.9	41.4	45.7	40.7	36.1	32.8	32.4	32.5	32.6
Income/(loss) before other revenues, expenses, gains, or losses	(0.0)	4.1	2.6	5.4	6.4	(2.9)	1.3	(1.0)	(0.9)	(3.3)
Capital appropriations	0.7	0.8	0.8	0.7	0.8	1.0	1.0	1.0	0.7	1.0
Capital grants	0.0	0.0	4.1	0.2	1.3	0.5	0.2	0.6	0.9	0.6
Additions to permanent endowments	0.2	0.3	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2
Increase/(Decrease) in Net Position	0.8	5.2	7.6	6.8	9.0	(1.4)	2.8	0.9	0.9	(1.5)

Change in Net Position (Continued)

(Percentage increase (decrease) from prior year)

Fiscal Year Ended June 30, (Dollars in thousands)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues	%	%	%	%	%	%	%	%	%	%
Operating Revenues										
Tuition and fees, net	(2.3)	3.2	(2.7)	(8.0)	(6.6)	(1.6)	0.3	(0.5)	9.6	5.6
Government grants and contracts	9.4	20.8	16.8	3.8	5.7	9.1	18.3	15.6	13.3	2.2
Private grants and contracts	(36.1)	54.5	39.2	(18.5)	14.5	5.4	11.9	(5.6)	27.2	23.1
Residence life, net	1.1	9.8	13.7	34.0	(13.4)	(7.1)	10.1	(1.1)	2.0	1.7
Other auxiliaries	2.7	10.5	11.5	24.2	(1.3)	(16.5)	(12.3)	23.1	11.8	5.6
Other revenues	21.5	20.3	25.4	24.2	(23.3)	(22.0)	11.5	(3.2)	7.1	(7.1)
Total Operating Revenues	1.3	9.2	5.0	0.7	(6.2)	(3.6)	2.3	2.3	9.3	4.2
Expenses										
Operating Expenses										
Instruction	2.6	7.3	12.9	4.6	(13.4)	1.7	(3.4)	(1.2)	4.1	1.4
Research	7.4	19.6	13.1	0.5	(7.1)	20.6	13.4	12.7	19.7	18.4
Public service	11.6	19.9	20.0	24.7	(14.5)	(6.4)	(2.3)	9.7	2.5	4.3
Academic support	14.2	4.6	15.2	3.6	5.3	(3.9)	(2.6)	(3.9)	1.4	12.0
Student services	(2.8)	6.2	(3.9)	0.6	(19.0)	21.3	3.8	1.6	0.8	7.0
Institutional support	2.6	11.1	5.6	11.3	1.5	13.7	(3.0)	8.3	12.9	(8.2)
Operation and maintenance of plant	(12.0)	(29.9)	30.0	19.9	(3.1)	(14.9)	(5.4)	(6.4)	4.1	15.6
Scholarships and fellowships	10.4	14.1	(58.6)	38.0	14.3	17.8	3.1	9.5	12.1	8.3
Auxiliary enterprises	7.1	17.7	17.7	10.1	(10.5)	(3.2)	9.5	(0.4)	7.9	1.0
Depreciation and Amortization	2.5	6.1	4.3	22.1	(7.0)	5.6	(0.0)	3.1	9.4	8.1
Total Operating Expenses	4.3	8.4	2.6	11.1	(7.3)	6.0	0.2	2.2	6.4	4.3
Operating loss	8.3	7.3	(0.4)	27.3	(9.0)	24.6	(3.6)	2.1	1.6	4.4
Nonoperating Revenues (Expenses)										
State appropriations	(3.2)	(12.6)	19.2	29.2	(5.4)	10.0	3.5	(0.4)	5.8	(15.5)
Share of state tax - TRIF	(30.8)	138.6	(50.8)	132.9	0.8	6.9	10.5	4.3	(0.5)	4.2
Government grants & contracts	2.7	8.3	(34.3)	22.4	37.6	18.8	2.2	4.5	3.6	10.9
Private gifts	18.4	62.2	7.3	7.8	(8.9)	2.6	(2.0)	2.9	7.3	0.5
Investment income	2.6	58.4	(238.5)	(162.3)	228.8	(26.5)	45.5	11.3	302.8	(45.8)
Interest on debt	(7.8)	(10.0)	(2.8)	10.1	(6.5)	(14.6)	0.1	(0.3)	3.5	19.6
Other nonoperating revenues, net	32.0	(22.3)	(15.4)	4.0	40.4	(58.4)	(11.1)	4.1	46.4	27.9
Net Nonoperating Revenues	(2.3)	11.0	(6.7)	21.4	18.2	9.9	3.3	2.6	9.1	(7.2)
Income/(loss) before other revenues, expenses, gains, or losses	(100.9)	63.5	(50.8)	(8.1)	(332.5)	(309.6)	(286.4)	(13.2)	(70.0)	(644.6)
Capital appropriations	(7.9)	0.0	5.2	3.3	(17.3)	0.1	(0.0)	38.9	(22.7)	(5.7)
Capital grants	(34.9)	(99.9)	1,947.5	(82.2)	177.8	146.6	(65.0)	(39.3)	81.9	4,916.7
Additions to permanent endowments	0.8	24.4	1.2	(3.9)	(0.9)	(3.4)	6.9	1.8	5.0	0.6
Increase/(Decrease) in Net Position	(84.9)	(30.0)	16.5	(17.5)	753.1	(151.5)	209.2	4.3	160.2	(186.1)



Academic Year Tuition and Required Fees

Fiscal Year Ended June 30, (Dollars in thousands)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
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PLEDGE* Resident Undergraduate

Northern Arizona University	\$13,009	\$12,652	\$12,273	\$11,896	\$11,896	\$11,896	\$11,564	\$11,059	\$10,764	\$10,358
Percent increase from prior year	2.8%	3.1%	3.2%	0.0%	0.0%	2.9%	4.6%	2.7%	3.9%	3.7%

PLEDGE* Non-Resident Undergraduate

Northern Arizona University	\$29,881	\$28,900	\$27,535	\$26,642	\$26,642	\$26,516	\$25,828	\$24,841	\$24,144	\$23,348
Percent increase from prior year	3.4%	5.0%	3.4%	0.0%	0.5%	2.7%	4.0%	2.9%	3.4%	3.7%

* PLEDGE tuition rate means new freshman and transfer students will pay the same tuition rate for four years. The PLEDGE rate began in fall 2008-2009.

Resident Graduate

Northern Arizona University	\$13,641	\$13,146	\$12,639	\$12,250	\$11,726	\$11,726	\$10,970	\$10,261	\$9,990	\$9,606
Percent increase from prior year	3.8%	4.0%	3.2%	4.5%	0.0%	6.9%	6.9%	2.7%	4.0%	4.8%

Non-Resident Graduate

Northern Arizona University	\$31,979	\$30,638	\$29,189	\$28,240	\$26,954	\$25,730	\$24,056	\$22,609	\$21,976	\$21,244
Percent increase from prior year	4.4%	5.0%	3.4%	4.8%	4.8%	7.0%	6.4%	2.9%	3.4%	4.9%

Sources: ABOR History Tuition and Fees: ABOR Base Tuition and Fees

NAU's tuition rates are approved by the Arizona Board of Regents



Principal Revenue Sources

Fiscal Year Ended June 30, (Dollars in thousands)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Tuition and Fees, net of scholarship allowance	\$197,033	\$201,626	\$195,450	\$200,933	\$218,452	\$233,911	\$237,605	\$236,790	\$237,930	\$217,047
Percent of total revenue	27%	27%	28%	29%	35%	39%	39%	40%	41%	41%
Percent increase/(decrease) from prior year	(2%)	3%	(3%)	(8%)	(7%)	(2%)	0%	0%	10%	6%
State of Arizona Government										
State appropriations	\$139,922	\$144,555	\$165,322	\$138,737	\$107,396	\$113,523	\$103,200	\$99,716	\$100,106	\$94,633
Technology and research initiatives funding	32,299	46,666	19,560	39,777	17,079	16,943	15,844	14,339	13,752	13,827
Capital appropriations	4,885	5,303	5,302	5,040	4,879	5,900	5,896	5,897	4,247	5,493
State grants and contracts	33,371	33,314	25,943	8,451	32,548	8,037	7,685	6,062	6,675	3,591
Arizona State Government	\$210,477	\$229,838	\$216,127	\$192,005	\$161,902	\$144,403	\$132,625	\$126,014	\$124,780	\$117,544
Percent of total revenue	29%	31%	31%	28%	26%	24%	22%	21%	22%	22%
Percent increase (decrease) from prior year	(8%)	6%	13%	19%	12%	9%	5%	1%	6%	(13%)
Federal Government										
Federal grants and contracts	\$76,243	\$76,017	\$73,255	\$133,500	\$64,515	\$66,836	\$49,050	\$45,199	\$41,508	\$39,773
Financial aid grants	52,942	44,703	39,241	40,929	42,625	45,530	46,908	46,062	42,881	41,587
Federal Government	\$129,185	\$120,720	\$112,496	\$174,429	\$107,140	\$112,366	\$95,958	\$91,261	\$84,389	\$81,360
Percent of total revenue	18%	16%	16%	26%	17%	19%	16%	15%	15%	15%
Percent increase/(decrease) from prior year	7%	7%	(36%)	63%	(5%)	17%	5%	8%	4%	8%
Total from principal revenue payers	\$536,695	\$552,184	\$524,073	\$567,367	\$487,494	\$490,680	\$466,188	\$454,065	\$447,099	\$415,951
Percent of total revenue	73%	75%	74%	83%	78%	81%	77%	77%	77%	78%
Percent increase/(decrease) from prior year	(3%)	5%	(8%)	16%	(1%)	5%	3%	2%	7%	0%



Long-Term Debt

Fiscal Year Ended June 30, (Dollars in thousands)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenue Bonds	\$437,375	\$466,580	\$494,550	\$516,295	\$534,735	\$531,805	\$520,925	\$537,980	\$526,925	\$536,420
Unamortized Premium	35,149	38,450	40,751	43,779	46,807	49,836	26,213	27,435	28,658	30,748
Net Revenue Bonds	\$472,524	\$505,030	\$535,301	\$560,074	\$581,542	\$581,641	\$547,138	\$565,415	\$555,583	\$567,168
Certificates of Participation (COPs)	\$24,240	\$28,010	\$32,640	\$36,220	\$39,370	\$42,210	\$45,940	\$49,550	\$53,040	\$54,985
Unamortized Premium	1,104	1,551	3,625	4,097	4,570	5,043	5,516	5,989	6,462	6,935
Net Certificates of Participation	\$25,344	\$29,561	\$36,265	\$40,317	\$43,940	\$47,253	\$51,456	\$55,539	\$59,502	\$61,920
Net System Revenue Bonds Payable	\$472,524	\$505,030	\$535,301	\$560,074	\$581,542	\$581,641	\$547,138	\$565,415	\$555,583	\$567,168
Net COPs Payable	25,344	29,561	36,265	40,317	43,940	47,253	51,456	55,539	59,502	61,920
Financed Purchases	-	-	-	5,455	6,827	25,720	27,767	15,138	14,729	15,773
Lease and Subscription Liabilities	213,520	216,138	215,262	205,452	-	-	-	-	-	-
Total	\$711,388	\$750,729	\$786,828	\$811,298	\$632,309	\$654,614	\$626,361	\$636,092	\$629,814	\$644,861
Long Term Debt (whole dollars)										
per Student FTE	\$25,166	\$27,384	\$29,231	\$29,912	\$22,520	\$22,437	\$21,316	\$21,545	\$21,937	\$23,557
per Dollar of State Appropriations and State Aid	\$4.91	\$5.01	\$4.61	\$5.64	\$5.63	\$5.48	\$5.74	\$6.02	\$6.04	\$6.44
per Dollar of Total Grants and Contracts	\$3.88	\$4.17	\$4.64	\$2.90	\$3.43	\$4.26	\$5.12	\$5.45	\$5.72	\$6.09

Data Used in Above Calculations

Total Student FTE	28,268	27,415	26,918	27,123	28,078	29,175	29,384	29,524	28,710	27,375
State Appropriations and State Capital Appropriations	\$144,807	\$149,858	\$170,623	\$143,777	\$112,276	\$119,423	\$109,096	\$105,613	\$104,353	\$100,126
Grants and Contracts	\$183,276	\$180,233	\$169,479	\$279,893	\$184,137	\$153,786	\$122,233	\$116,811	\$110,041	\$105,915

Summary of Ratios

Fiscal Year Ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Summary of Composite Financial Index Ratios										
+ Primary Reserve Ratio	0.35	0.30	0.28	0.26	0.17	0.10	0.13	0.13	0.13	0.09
/ Strength Factor	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13
= Ratio / Strength Factor	2.63	2.26	2.11	1.95	1.28	0.75	0.98	0.98	0.98	0.68
* Weighting Factor	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
= Ratio Subtotal	0.92	0.79	0.74	0.68	0.45	0.26	0.34	0.34	0.34	0.24
= Ratio 10.00 Cap Subtotal	0.92	0.79	0.74	0.68	0.45	0.26	0.34	0.34	0.34	0.24
+ Return on Net Assets Ratio	1.3%	8.8%	14.1%	4.1%	22.4%	1.3%	5.8%	5.4%	7.4%	(1.5%)
/ Strength Factor	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
= Ratio / Strength Factor	0.65	4.40	7.05	2.05	10.00	0.65	2.90	2.70	3.70	(0.75)
* Weighting Factor	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
= Ratio Subtotal	0.13	0.88	1.41	0.41	2.00	0.13	0.58	0.54	0.74	(0.15)
= Ratio 10.00 Cap Subtotal	0.13	0.88	1.41	0.41	2.00	0.13	0.58	0.54	0.74	(0.15)
+ Net Operating Revenues Ratio	6.9%	3.9%	2.9%	6.1%	7.3%	(3.1%)	1.3%	(1.1%)	(0.9%)	(3.6%)
/ Strength Factor	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%
= Ratio / Strength Factor	5.31	3.00	2.23	4.69	5.62	(2.38)	1.00	(0.85)	(0.69)	(2.77)
* Weighting Factor	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
= Ratio Subtotal	0.53	0.30	0.22	0.47	0.56	(0.24)	0.10	(0.08)	(0.07)	(0.28)
= Ratio 10.00 Cap Subtotal	0.53	0.30	0.22	0.47	0.56	(0.24)	0.10	(0.08)	(0.07)	(0.28)
+ Viability Ratio	0.5	0.4	0.3	0.3	0.2	0.1	0.1	0.1	0.1	0.1
/ Strength Factor	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42
= Ratio / Strength Factor	1.27	0.98	0.79	0.67	0.39	0.24	0.24	0.24	0.24	0.24
* Weighting Factor	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
= Ratio Subtotal	0.45	0.34	0.28	0.24	0.13	0.08	0.08	0.08	0.08	0.08
= Ratio 10.00 Cap Subtotal	0.45	0.34	0.28	0.24	0.13	0.08	0.08	0.08	0.08	0.08
Composite Financial Index	2.0	2.3	2.6	1.8	3.1	0.2	1.1	0.9	1.1	(0.1)
Composite Financial Index w/10.00 Cap	2.0	2.3	2.6	1.8	3.1	0.2	1.1	0.9	1.1	(0.1)

The Composite Financial Index (CFI) provides a methodology for a single overall financial measurement of the institution's health based on the four core ratios. The CFI uses a reasonable weighting plan and allows a weakness or strength in a specific ratio to be offset by another ratio result, which provides a more balanced measure. The CFI provides a more holistic approach to understanding the financial health of the institution. The CFI scores are not intended to be precise measures; they are indicators of ranges of financial health that can be indicators of overall institutional well-being when combined with non-financial indicators. Ratio/Strength are capped at a maximum of 10 before the weighting factors are applied so that a higher CFI does not unduly mask a weakness in the ratio.

Summary of Ratios - (Continued)

Fiscal Year Ended June 30, (Dollars in thousands)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
PRIMARY RESERVE RATIO										
Unrestricted Net Position	\$20,908	\$35,455	\$38,806	\$26,352	\$(40,935)	\$(70,943)	\$(60,756)	\$(59,530)	\$(45,408)	\$(39,221)
Unrestricted Net Assets - Component Units	67,527	11,577	13,983	13,738	10,961	7,251	7,760	8,814	10,403	10,055
Expendable Restricted Net Position	112,542	105,041	72,347	71,905	67,905	54,058	48,146	44,594	39,193	32,184
Temp. Restricted Net Assets - Component Units	62,996	67,501	63,049	58,204	63,705	71,546	85,038	81,573	69,074	49,179
Expendable Net Position/Assets	\$263,974	\$219,574	\$188,185	\$170,199	\$101,636	\$61,912	\$80,188	\$75,451	\$73,262	\$52,197
Operating Expenses	\$707,511	\$678,170	\$625,710	\$609,827	\$548,661	\$591,739	\$558,157	\$556,768	\$544,724	\$511,787
Nonoperating Expenses	19,924	21,607	24,006	24,705	22,441	23,990	28,084	28,061	28,144	27,187
Component Unit Total Expenses	35,518	28,624	21,533	18,190	25,096	16,523	15,079	14,220	13,085	13,186
Total Expenses	\$762,953	\$728,401	\$671,249	\$652,722	\$596,198	\$632,252	\$601,320	\$599,049	\$585,953	\$552,160
Expendable Net Position	\$263,974	\$219,574	\$188,185	\$170,199	\$101,636	\$61,912	\$80,188	\$75,451	\$73,262	\$52,197
Total Expenses	\$762,953	\$728,401	\$671,249	\$652,722	\$596,198	\$632,252	\$601,320	\$599,049	\$585,953	\$552,160
Ratio	0.35	0.30	0.28	0.26	0.17	0.10	0.13	0.13	0.13	0.09
Measures the financial strength of the institution by indicating how long the institution could function using its expendable reserves to cover operations should additional net assets not be available. A positive ratio and an increase in amount over time denotes strength.										
RETURN ON NET ASSETS RATIO										
Change in Total Net Position	\$5,758	\$56,743	\$79,459	\$22,014	\$99,722	\$5,696	\$24,016	\$21,337	\$30,862	\$(6,331)
Total Net Position (Beginning of Year)	\$439,881	\$643,276	\$563,563	\$541,549	\$445,858	\$440,162	\$416,146	\$394,809	\$414,296	\$420,627
Ratio	1.3%	8.8%	14.1%	4.1%	22.4%	1.3%	5.8%	5.4%	7.4%	(1.5%)
Measures total economic return. While an increasing trend reflects strength, a decline may be appropriate and even warranted if it represents a strategy on the part of the institution to fulfill its mission.										
NET OPERATING REVENUES RATIO										
Income/(Loss) Before Capital and Endowment Additions	\$(290)	\$31,559	\$19,306	\$39,262	\$42,718	\$(18,375)	\$8,766	\$(4,702)	\$(5,415)	\$(18,022)
Component Unit Change in Unrestricted Net Assets Before Extraordinary or Special items	\$55,951	\$(2,406)	245	2,776	3,710	(509)	(1,054)	(1,589)	348	(787)
Adjusted Income/(Loss) before Capital and Endowment Additions and Component Unit Change in Unrestricted Net Assets Before Extraordinary or Special items	\$55,660	\$29,153	\$19,551	\$42,038	\$46,428	\$(18,884)	\$7,712	\$(6,291)	\$(5,067)	\$(18,809)

Summary of Ratios - (Continued)

Fiscal Year Ended June 30, (Dollars in thousands)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Operating Revenues	\$389,686	\$384,651	\$352,178	\$335,315	\$332,991	\$354,835	\$368,020	\$359,576	\$351,661	\$321,720
State Appropriation and State related revenues	172,220	191,221	184,882	178,514	124,475	130,466	119,044	114,055	113,858	108,460
Non-capital Gifts and Grants, net	136,503	129,097	111,566	160,687	132,881	101,500	87,358	86,072	82,583	79,235
Investment Income (Loss), net	21,197	20,657	13,044	(9,416)	15,112	4,596	6,255	4,298	3,863	959
Component Units Total Unrestricted Revenue	91,469	26,218	21,777	24,558	28,806	16,013	14,025	12,631	13,433	12,399
Adjusted Net Operating Revenues	\$811,074	\$751,844	\$683,447	\$689,658	\$634,265	\$607,410	\$594,702	\$576,632	\$565,398	\$522,773

Adjusted Income/(Loss) Before Other Revenues, Expenses, Gains or Losses and Component Unit Change in Unrestricted Net Assets Before Extraordinary or Special Items	\$55,660	\$29,153	\$19,551	\$42,038	\$46,428	\$(18,884)	\$7,712	\$(6,291)	\$(5,067)	\$(18,809)
Adjusted Net Operating Revenues	\$811,074	\$751,844	\$683,447	\$689,658	\$634,265	\$607,410	\$594,702	\$576,632	\$565,398	\$522,773

Ratio	6.9%	3.9%	2.9%	6.1%	7.3%	(3.1%)	1.3%	(1.1%)	(0.9%)	(3.6%)
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Measures whether the institution is living within available resources. A positive ratio and an increasing amount over time generally reflects strength.

VIABILITY RATIO

Unrestricted Net Position	\$20,908	\$35,455	\$38,806	\$26,352	\$(40,935)	\$(70,943)	\$(60,756)	\$(59,530)	\$(45,408)	\$(39,221)
Unrestricted Net Assets - Component Units	67,527	11,577	13,983	13,738	10,961	7,251	7,760	8,814	10,403	10,055
Expendable Restricted Net Position/ Assets	112,542	105,041	72,347	71,905	67,905	54,058	48,146	44,594	39,193	32,184
Temporarily Restricted Net Assets - Component Units	62,996	67,501	63,049	58,204	63,705	71,546	85,038	81,573	69,074	49,179
Expendable Net Position	\$263,973	\$219,574	\$188,185	\$170,199	\$101,636	\$61,912	\$80,188	\$75,451	\$73,262	\$52,197

University LT Debt, net financed purchases with CUs	\$497,869	\$534,591	\$571,565	\$605,846	\$632,311	\$654,614	\$626,361	\$636,092	\$629,813	\$644,861
Component Units Long Term Debt	-	-	-	-	-	-	-	-	-	-

Total Adjusted University Debt	\$497,869	\$534,591	\$571,565	\$605,846	\$632,311	\$654,614	\$626,361	\$636,092	\$629,813	\$644,861
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Expendable Net Position	\$263,973	\$219,574	\$188,185	\$170,199	\$101,636	\$61,912	\$80,188	\$75,451	\$73,262	\$52,197
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Total Adjusted University Debt	\$497,869	\$534,591	\$571,565	\$605,846	\$632,311	\$654,614	\$626,361	\$636,092	\$629,813	\$644,861
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Ratio	0.53	0.41	0.33	0.28	0.16	0.09	0.13	0.12	0.12	0.08
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Measures the ability of the institution to cover its debt as of the balance sheet date, should the institution need to do so. A positive ratio of greater than 1:1 generally denotes strength.

Summary of Ratios - Other Ratios

Fiscal Year Ended June 30, (Dollars in thousands)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
OPERATING MARGIN EXCLUDING GIFTS										
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	\$(290)	\$31,559	\$19,306	\$39,262	\$42,718	\$(18,375)	\$8,766	\$(4,702)	\$(5,415)	\$(18,022)
Adjusted Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	\$(290)	\$31,559	\$19,306	\$39,262	\$42,718	\$(18,375)	\$8,766	\$(4,702)	\$(5,415)	\$(18,022)
Total Operating Revenues	\$389,686	\$384,651	\$352,178	\$335,315	\$332,991	\$354,835	\$368,020	\$359,576	\$351,661	\$321,720
State appropriation and share of sales tax	172,220	191,221	184,882	178,514	124,475	130,466	119,044	114,055	113,858	108,460
Investment Income/(Loss), net	21,197	20,657	13,044	(9,416)	15,112	4,596	6,255	4,298	3,863	959
Adjusted Net Operating Revenues less Non-capital Gifts and Grants	\$583,103	\$596,529	\$550,104	\$504,413	\$472,578	\$489,897	\$493,319	\$477,929	\$469,382	\$431,139
Adjusted Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	\$(290)	\$31,559	\$19,306	\$39,262	\$42,718	\$(18,375)	\$8,766	\$(4,702)	\$(5,415)	\$(18,022)
Adjusted Net Operating Revenues less Non-capital Gifts and Grants	\$583,103	\$596,529	\$550,104	\$504,413	\$472,578	\$489,897	\$493,319	\$477,929	\$469,382	\$431,139
Ratio	(0.0%)	5.3%	3.5%	7.8%	9.0%	(3.8%)	1.8%	(1.0%)	(1.2%)	(4.2%)

A more restrictive measure of whether the institution is living within available resources. A positive ratio and an increasing amount over time generally reflects strength.

RESEARCH EXPENSES TO TOTAL OPERATING EXPENSES

Operating Expenses	\$707,511	\$678,170	\$625,710	\$609,827	\$548,660	\$591,739	\$558,157	\$556,768	\$544,724	\$511,787
Scholarships and Fellowships	(38,628)	(34,974)	(30,649)	(74,028)	(53,646)	(46,946)	(39,857)	(38,659)	(35,290)	(31,485)
Interest on Debt	19,924	21,607	24,006	24,705	22,441	23,990	28,084	28,061	28,144	27,187
Total Adjusted Operating Expenses	\$688,807	\$664,803	\$619,067	\$560,504	\$517,455	\$568,783	\$546,384	\$546,170	\$537,578	\$507,489
Research Expenses	\$75,328	\$70,167	\$58,678	\$51,895	\$51,635	\$55,608	\$46,113	\$40,655	\$36,068	\$30,142
Total Adjusted Operating Expenses	\$688,807	\$664,803	\$619,067	\$560,504	\$517,455	\$568,783	\$546,384	\$546,170	\$537,578	\$507,489
Ratio	10.9%	10.6%	9.5%	9.3%	10.0%	9.8%	8.4%	7.4%	6.7%	5.9%

Measures the institution's research expense to the total operating expenses.

Summary of Ratios - Other Ratios (Continued)

Fiscal Year Ended June 30, (Dollars in thousands)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
NET TUITION PER STUDENT										
Tuition and Fees, net	\$197,033	\$201,626	\$195,450	\$200,933	\$218,452	\$233,911	\$237,605	\$236,790	\$237,930	\$217,047
Financial Aid Grants	52,942	44,703	39,241	40,929	42,625	45,530	46,908	46,062	42,881	41,587
Scholarships and Fellowships	(38,628)	(34,974)	(30,649)	(74,028)	(53,646)	(46,946)	(39,857)	(38,659)	(35,290)	(31,485)
Net Tuition and Fees	\$211,347	\$211,355	\$204,042	\$167,834	\$207,431	\$232,495	\$244,656	\$244,193	\$245,521	\$227,149
Student FTE	28,268	27,415	26,918	27,123	28,078	29,175	29,384	29,524	28,710	27,375
Net Tuition per Student (whole dollars)	\$7,477	\$7,709	\$7,580	\$6,188	\$7,388	\$7,969	\$8,326	\$8,271	\$8,552	\$8,298

Measures the institution's net student tuition and fees received per student.

STATE APPROPRIATIONS PER STUDENT

State Appropriations	\$139,922	\$144,555	\$165,322	\$138,737	\$107,396	\$113,523	\$103,200	\$99,716	\$100,106	\$94,633
Capital State Appropriations	4,885	5,303	5,302	5,040	4,880	5,900	5,896	5,897	4,247	5,493
Adjusted State Appropriations	\$144,807	\$149,858	\$170,624	\$143,777	\$112,276	\$119,423	\$109,096	\$105,613	\$104,353	\$100,126
Student FTE	28,268	27,415	26,918	27,123	28,078	29,175	29,384	29,524	28,710	27,375
Adjusted State Appropriation per Student (whole dollars)	\$5,123	\$5,466	\$6,339	\$5,301	\$3,999	\$4,093	\$3,713	\$3,577	\$3,635	\$3,658

Measures the institution's dependency on state appropriations.



Summary of Ratios - Debt Related Ratios

Fiscal Year Ended June 30, (Dollars in thousands)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
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EXPENDABLE RESOURCES TO DEBT

Unrestricted Net Position	\$20,908	\$35,455	\$38,806	\$26,352	\$(40,935)	\$(70,943)	\$(60,756)	\$(59,530)	\$(45,408)	\$(39,221)
Expendable Restricted Net Position	112,542	105,041	72,347	71,905	67,905	54,058	48,146	44,594	39,193	32,184
Expendable Net Position	\$133,450	\$140,496	\$111,153	\$98,257	\$26,970	\$(16,885)	\$(12,610)	\$(14,936)	\$(6,215)	\$(7,037)
Total Bonds, COPS, and Financed Purchases	\$497,869	\$534,591	\$571,565	\$605,846	\$632,311	\$654,614	\$626,361	\$636,092	\$629,814	\$644,861
Ratio	(0.3)	(0.3)	(0.2)	(0.2)	-0.0	0.0	0.0	0.0	0.0	0.0

Measures the ability of the institution to cover its debt using expendable resources as of the statement of net position date.

TOTAL FINANCIAL RESOURCES TO DIRECT DEBT

Unrestricted Net Position	\$20,908	\$35,455	\$38,806	\$26,352	\$(40,935)	\$(70,943)	\$(60,756)	\$(59,530)	\$(45,408)	\$(39,221)
Expendable Restricted Net Position	112,542	105,041	72,347	71,905	67,905	54,058	48,146	44,594	39,193	32,184
Non-expendable Restricted Net Position	25,725	24,610	23,481	17,039	17,969	19,142	26,258	25,107	24,625	23,593
Total Financial Resources	\$159,175	\$165,106	\$134,634	\$115,296	\$44,939	\$2,257	\$13,648	\$10,171	\$18,410	\$16,556
Total Bonds, COPS, and Financed Purchases	\$497,869	\$534,591	\$571,565	\$605,846	\$632,311	\$654,614	\$626,361	\$636,092	\$629,814	\$644,861
Ratio	0.3	0.3	0.2	0.2	0.1	0.0	0.0	0.0	0.0	0.0

A broader measure of the ability of the institution to cover its debt as of the statement of net position date.

DIRECT DEBT TO ADJUSTED CASH FLOW

Net Cash Used by Operating Activities	\$(265,838)	\$(238,372)	\$(241,002)	\$(244,386)	\$(174,717)	\$(184,852)	\$(163,438)	\$(147,009)	\$(135,026)	\$(150,773)
State Appropriations	139,922	144,555	165,322	138,737	107,396	113,523	103,200	99,716	100,106	94,633
Share of State Sales Tax - TRIF	32,299	46,666	18,138	38,255	17,079	16,943	15,844	14,339	13,752	13,827
Non-capital Grants and Contracts, Gifts, Other	136,503	129,097	109,006	161,597	119,011	101,500	87,358	86,072	82,583	79,235
Adjusted Cash Flow from Operations	\$42,885	\$81,946	\$51,464	\$94,203	\$68,769	\$47,114	\$42,964	\$53,118	\$61,415	\$36,922
Total Bonds, COPS, and Financed Purchases	\$497,869	\$534,591	\$571,565	\$605,846	\$632,311	\$654,614	\$626,361	\$636,092	\$629,814	\$644,861
Adjusted Cash Flow from Operations	42,885	81,946	51,464	94,203	68,769	47,114	42,964	53,118	61,415	36,922
Ratio	11.6	6.5	11.1	6.4	9.2	13.9	14.6	12.0	10.3	17.5

Measures the financial strength of the institution by indicating how long (in years) the institution would take to repay the debt using the cash provided by its operations. A decreasing ratio over time denotes strength.

Summary of Ratios - Debt Related Ratios (Continued)

Fiscal Year Ended June 30, (Dollars in thousands)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
DEBT SERVICE TO OPERATIONS										
Interest and Fees Paid on Debt	\$19,924	\$21,607	\$24,006	\$24,705	\$22,441	\$23,990	\$28,084	\$28,061	\$28,144	\$27,187
Principal Paid on Debt	\$116,969	\$116,970	\$30,780	22,963	40,158	24,212	24,051	18,193	88,795	46,400
Principal Paid from Refinancing Activities (1)	(89,660)	(89,660)	-	-	-	(206,340)	-	-	(73,005)	(33,680)
Debt Service	\$47,233	\$48,917	\$54,786	\$47,668	\$62,599		\$52,135	\$46,254	\$43,934	\$39,907
Operating Expenses	\$707,511	\$678,170	\$625,710	\$609,828	\$548,660	\$591,739	\$558,157	\$556,768	\$544,724	\$511,787
Ratio	6.7%	7.2%	8.8%	7.8%	11.4%	(26.7%)	9.3%	8.3%	8.1%	7.8%

Measures the institution's dependence on borrowed funds as a source of financing its mission and the relative cost of borrowing to overall expenditures.

(1) Obtained amount from refunding bonds official statements.



Debt Service Coverage for Senior Lien System Revenue Bonds

Fiscal Year Ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Tuition and Fees, net of scholarship allowance	\$197,033	\$201,626	\$195,450	\$200,933	\$218,452	\$233,911	\$237,605	\$236,790	\$237,930	\$217,047
Receipts from Other Major Revenue Sources (Facilities Revenues)	130,725	127,868	109,616	91,538	75,343	86,040	92,508	85,874	75,144	68,525
Net Revenues Available for Debt Service	\$327,758	\$329,494	\$305,066	\$292,471	\$293,795	\$319,951	\$330,113	\$322,664	\$313,074	\$285,572
Senior Lien Bonds Debt Service										
Interest on Debt	\$10,805	\$12,063	\$12,487	\$11,436	\$11,403	\$12,573	\$15,569	\$15,599	\$15,738	\$15,926
Principal Paid on Debt	\$14,020	\$12,033	11,525	8,650	8,320	10,290	9,305	7,140	8,445	6,500
Direct Payment - Build America Bonds	-	-	-	-	-	(1,418)	(2,162)	(2,204)	(2,245)	(2,247)
Senior Lien Bonds Debt Service Requirements	\$24,825	\$24,096	\$24,012	\$20,086	\$19,723	\$21,445	\$22,712	\$20,535	\$21,938	\$20,179
Coverage	13.20	13.67	12.70	14.56	14.90	14.92	14.53	15.71	14.27	14.15

Bond Resolution Covenant: The Gross Revenues of the University for each fiscal year will be at least 150% of the Maximum Annual Debt Service due in any fiscal year.

Subordinate Lien Bonds Debt Service

Interest on Debt	\$3,502	\$4,042	\$4,320	\$3,704	\$3,704	\$5,239	\$6,627	\$6,871	\$7,093	\$7,223
Principal Paid on Debt	6,390	5,870	5,600	5,345	5,840	5,395	5,205	5,035	3,345	-
Direct Payment - Build America Bonds	-	-	-	-	(123)	(1,077)	(1,137)	(1,186)	(1,235)	(1,255)
Direct Payment - State Lottery Revenue	(7,990)	(8,039)	(8,043)	(8,044)	(8,047)	(8,128)	(8,858)	(8,866)	(7,590)	(4,900)
Subordinate Lien Bonds Debt Service Requirements	\$1,902	\$1,873	\$1,877	\$1,005	\$1,374	\$1,429	\$1,837	\$1,854	\$1,613	\$1,068
Combined Senior/Subordinate Lien Debt Service	\$26,727	\$25,969	\$25,889	\$21,091	\$21,097	\$22,874	\$24,549	\$22,389	\$23,551	\$21,247
Coverage	12.26	12.69	11.78	13.87	13.93	13.99	13.45	14.41	13.29	13.44

Debt Service assurance and SPEED Bond Resolution Covenant: The Gross Revenues of the University for each fiscal year will be at least 100% of the annual debt service due on all outstanding parity bonds and subordinate obligations.

Admissions, Enrollment, and Degrees Earned

Fall Enrollment of Fiscal Year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
ADMISSIONS - FRESHMEN										
Applications	35,100	37,805	44,855	42,872	37,386	36,855	36,831	36,875	36,511	29,583
Accepted	31,453	34,383	35,881	33,592	30,523	31,313	30,428	29,812	28,495	22,739
Enrolled	4,975	5,473	5,575	5,297	5,217	5,455	5,869	5,900	5,607	5,218
Accepted as Percentage of Application	90%	91%	80%	78%	82%	85%	83%	81%	78%	77%
Enrolled as Percentage of Accepted	16%	16%	16%	16%	17%	17%	19%	20%	20%	23%
Average SAT scores - Total	1150	1155	1170	1165	1137	1136	1138	1124	1045	1050
Verbal/Evidence-Based Reading & Writing	590	590	590	590	572	572	574	568	523	520
Math	560	570	570	574	566	563	563	557	522	520
ENROLLMENT										
Student FTE	28,268	27,415	26,918	27,123	28,078	29,175	29,384	29,524	28,710	27,375
Student Headcount	28,468	28,194	28,090	28,718	29,569	30,736	31,073	31,057	30,368	29,031
Men (Headcount)	10,607	10,287	10,276	10,414	10,717	11,537	11,814	12,064	12,016	11,622
Percentage of Total	37.3%	36.5%	36.6%	36.3%	36.2%	37.5%	38.0%	38.8%	39.6%	40.0%
Women (Headcount)	17,813	17,907	17,814	18,304	18,852	19,199	19,259	18,993	18,352	17,409
Percentage of Total	62.6%	63.5%	63.4%	63.7%	63.8%	62.5%	62.0%	61.2%	60.4%	60.0%
Unknown (Headcount)	48	0	0	0	0	0	0	0	0	0
Percentage of Total	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
African American (Headcount)	863	836	841	900	985	1,019	1,070	1,067	1,007	946
Percentage of Total	3.0%	3.0%	3.0%	3.1%	3.3%	3.3%	3.4%	3.4%	3.3%	3.3%
Hispanic/Latino (Headcount)	7,113	6,964	6,960	7,047	7,378	7,395	7,236	7,118	6,635	6,036
Percentage of Total	25.0%	24.7%	24.8%	24.5%	25.0%	24.1%	23.3%	22.9%	21.8%	20.8%
White (Headcount)	14,253	14,899	15,351	15,955	16,262	16,942	17,452	17,957	17,982	17,645
Percentage of Total	50.1%	52.8%	54.6%	55.6%	55.0%	55.1%	56.2%	57.8%	59.2%	60.8%
Other (Headcount)	6,239	5,495	4,938	4,816	4,944	5,380	5,315	4,915	4,744	4,404
Percentage of Total	21.9%	19.5%	17.6%	16.8%	16.7%	17.5%	17.1%	15.8%	15.6%	15.2%
DEGREES EARNED										
Bachelor's	5,197	5,175	5,264	5,885	6,207	6,258	6,119	6,040	5,900	5,105
Master's	2,106	2,065	1,630	1,372	1,330	1,268	1,249	1,194	1,217	1,270
Doctoral	249	234	245	228	220	213	194	174	147	132
Total Degrees Earned	7,552	7,474	7,139	7,485	7,757	7,739	7,562	7,408	7,264	6,507

Source: Northern Arizona University - Institutional Research and Analysis

Demographic Data

Fiscal Year Ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Arizona Population	7,582,384	7,431,344	7,359,197	7,276,316	7,421,401	7,278,717	7,171,646	7,016,270	6,931,071	6,829,397
Arizona Personal Income (in millions)	\$506,625	\$458,154	\$417,021	\$403,739	\$363,274	\$336,514	\$313,042	\$292,108	\$278,925	\$266,756
Arizona Per Capita Personal Income	\$64,456	\$61,652	\$56,667	\$55,487	\$48,950	\$46,233	\$43,650	\$41,633	\$40,243	\$39,060
Arizona Unemployment Rate	4.1%	3.8%	3.5%	3.5%	7.9%	4.5%	4.9%	4.9%	5.4%	6.0%

Sources: U.S. Bureau of Economic Analysis & Arizona Department of Administration

Principal Arizona Employers

Employer	Calendar Year Ended December 31, 2024			Calendar Year Ended December 31, 2019		
	Total Arizona Employment	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment
Banner Health	40,373	1	1.1%	45,894	1	1.3%
State of Arizona	40,185	2	1.1%	37,040	2	1.0%
Amazon.com, Inc.	40,000	3	1.1%	15,000	7	0.4%
Wal-Mart Stores, Inc.	37,648	4	1.0%	33,619	3	1.0%
Fry's Food Stores	21,000	5	0.6%	20,165	4	0.6%
Arizona State University	14,572	6	0.4%	14,889	8	0.4%
City of Phoenix	13,416	7	0.4%	14,821	9	0.4%
Wells Fargo	13,000	8	0.3%	16,700	5	0.5%
University of Arizona	12,300	9	0.3%	15,967	6	0.5%
Honor Health	12,238	10	0.3%			
Total	244,732		6.4%	214,095		6.0%

Sources: Phoenix Business Journal, Book of Lists 2024
 Arizona Commerce Authority website, <https://www.azcommerce.com/oeo/labor-market/unemployment/>.

Faculty and Staff

Fall employment of fiscal year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
FACULTY										
Full-time	1160	1,140	1,054	1,001	998	1,175	1,180	1,151	1,094	1,068
Part-time	473	492	554	541	481	607	625	593	569	553
Total Faculty	1,633	1,632	1,608	1,542	1,479	1,782	1,805	1,744	1,663	1,621
Percentage Tenured	43%	45%	47%	49%	53%	46%	47%	47%	49%	49%
STAFF										
Full-time	2,245	2,184	1,987	1,911	1,936	2,009	2,034	1,987	1,952	1,883
Part-time*	705	1,199	1,029	943	684	775	772	751	737	753
Total Staff	2,950	3,383	3,016	2,854	2,620	2,784	2,806	2,738	2,689	2,636
Total Faculty and Staff	4,583	5,015	4,624	4,396	4,099	4,566	4,611	4,482	4,352	4,257

*Part-time staff counts do not include temporary employees

Source: Northern Arizona University Institutional Research and Analysis

Percentage Tenured includes tenured and tenure track faculty.

Capital Assets

Fiscal Year Ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Academic/Support Facilities	96	96	98	97	97	97	96	87	88	87
Auxiliary Facilities	79	79	79	79	79	71	71	39	38	38
Total	175	175	177	176	176	168	167	126	126	125

Does not include leased facilities.

Source: NAU - Capital Improvement Plan - Building Inventory Report Section

Credits

Content

Brad Miner

Associate Vice President & University Comptroller

Anton Ciochetti

Assistant Comptroller

Suzzanna Rodriguez

Assistant Comptroller

Kristi Markey

Manager, Accounting

Oriol Casé Rovira

Financial Planning and Reporting Analyst, Lead

Francine Dalgai

Accountant, Principal

Additional Contributions by

Financial Accounting Services staff

Financial Compliance, Analysis and Reporting staff

Contracts, Purchasing and Risk Management staff

Student and Departmental Account Services staff

Institutional Research and Analysis staff

Budget Office staff

President's Office

This annual comprehensive financial report is compiled and issued by:

Brad Miner – Associate Vice President for Financial Services & University Comptroller

Northern Arizona University

PO Box 4069

Flagstaff, AZ 86011

This report is also available online at <https://nau.edu/Comptroller/Annual-Financial-Reports/>



Associate Vice President and Comptroller's Office

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NORTHERN ARIZONA UNIVERSITY

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