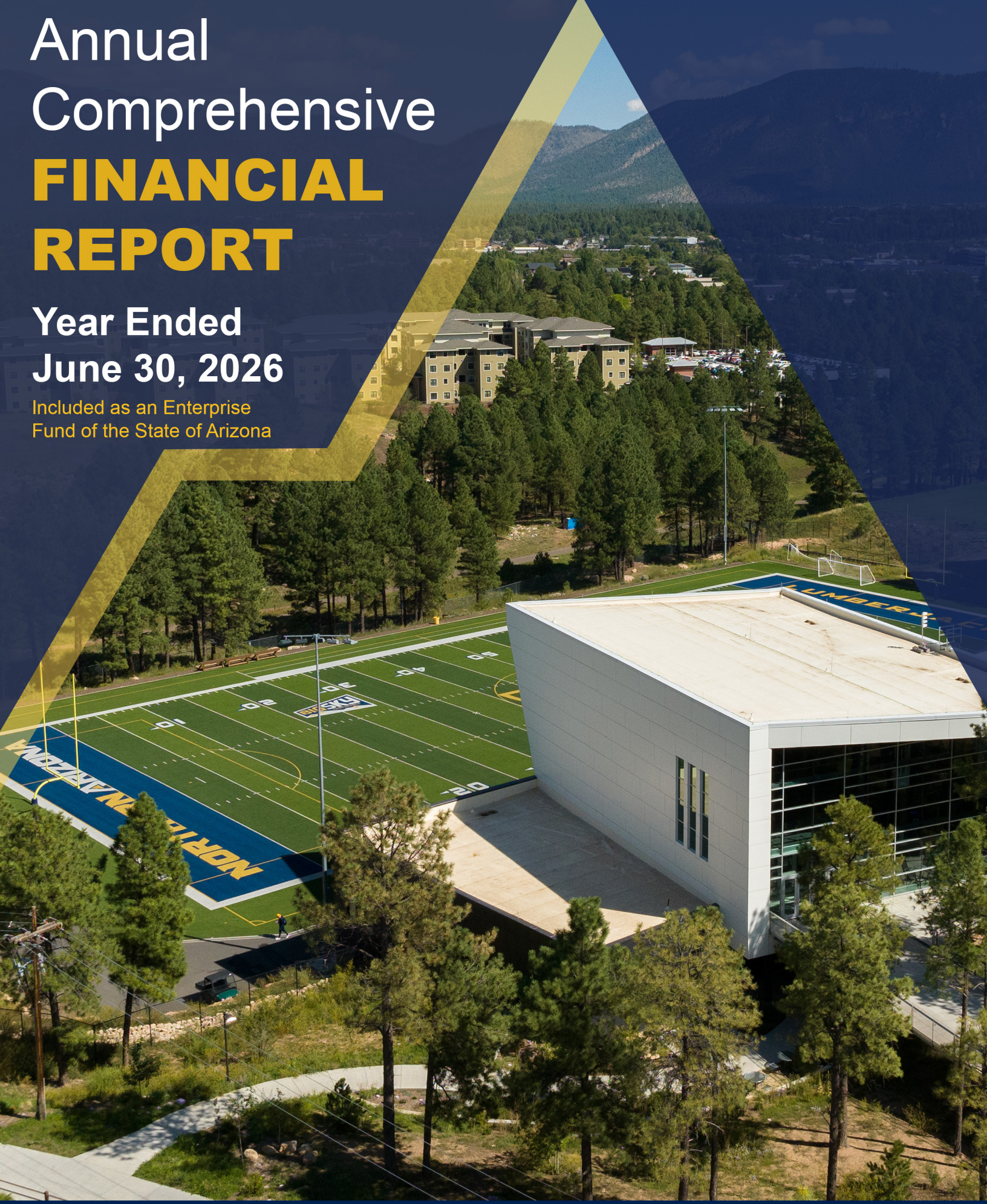
Annual Comprehensive FINANCIAL REPORT

Year Ended June 30, 2026

Included as an Enterprise Fund of the State of Arizona



NAU NORTHERN ARIZONA UNIVERSITY

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Annual Comprehensive Financial Report

For the Year Ended June 30, 2026

Flagstaff, Arizona
Prepared by the Comptroller's Office
Included as an Enterprise Fund of the State of Arizona



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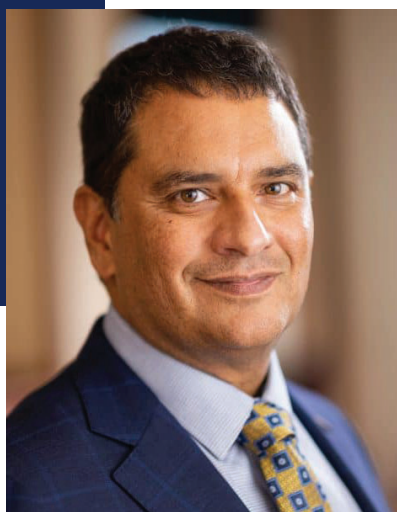
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INTRODUCTORY SECTION







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.

NAU serves as an anchor institution for northern Arizona and plays a distinctive role in Arizona's higher education 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 a range of sectors, with noted strengths in health professions, teacher preparation, forestry and land management, and advanced manufacturing, among others.

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, has a higher earnings designation, 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 financial oversight and controls; 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. Private investment and confidence in NAU's mission has never been stronger. In the last four years, NAU has raised more money than in the previous 20, and the university's endowment sits at a historic high.

The focused mission and record of success highlighted here demonstrate a durable foundation rooted in our strategic priorities—one that positions us to continue advancing wellbeing and prosperity for Arizonans 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 focus on continued investment in educational quality, campus safety, health program growth, and student career readiness.

The future is bright for NAU. I look forward to all that we will achieve in 2026-27 and beyond as we continue to deepen our service to Arizona.

In partnership,



José Luis Cruz Rivera
President





LETTER OF TRANSMITTAL

October 30, 2026

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, 2026. 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 University Governance and Operations 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, 2026. This letter of transmittal is designed to complement the MD&A.

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 2026 fall semester (Fall 2025) total enrollment was 27,184 students. Enrollment was comprised of 22,203 undergraduate and 4,981 graduate students. The University emphasizes undergraduate education while offering graduate programs leading to master's and doctorate degrees in selected fields. The University's 1,127 full-time faculty educate a diverse student population. Over 63% of the student body population identified themselves as female, and 38% of the student population represent ethnically diverse groups.

Northern Arizona University (NAU) is a high research university whose main campus is located on a 480.5-acre site in Flagstaff, Arizona. In addition to its Flagstaff campus, NAU serves students through a network of statewide locations and online programs. Approximately 75 percent of students attend classes on the Flagstaff campus, while the remainder participate through statewide and online learning initiatives. Flagstaff is a diverse mountain community situated on the Colorado Plateau within the world's largest contiguous ponderosa pine forest. With an estimated population of 77,260 residents, the city is located at an elevation of approximately 7,000 feet at the base of the San Francisco Peaks. Flagstaff offers year-round recreational opportunities and serves as a gateway to many of northern Arizona's natural and cultural attractions, including Grand Canyon National Park.

Northern Arizona University serves as a major educational, research, and economic institution for Arizona. The university's Flagstaff Mountain Campus is the largest employer in the greater Flagstaff region and generates substantial economic activity through its instructional, research, and outreach missions. The campus is also nationally recognized as a high-altitude training destination. In 2025-26, NAU Athletics received the Big Sky Conference Presidents' Cup in recognition of combined academic and competitive success, reflecting the university's commitment to excellence both in the classroom and in athletic competition.

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, and lifelong learning. 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 2025 population of Arizona was 7,623,818 as of July 1, 2025, an increase of 67,394 residents, or 0.9%, from the prior year. Arizona remained the 14th most populous state. Although population growth has moderated from earlier years, continued growth remains a key driver of the state's economic stability and supports sustained demand for higher education services.

Arizona's economy remains resilient as it navigates evolving conditions, but growth has become slower and more uneven. Elevated price levels, cautious hiring, and uncertainty surrounding international trade, immigration policy, and artificial intelligence are weighing on near-term activity. Even so, the baseline forecast anticipates continued, if modest, economic expansion.

Arizona's labor market recovered from job losses at the end of 2025 but continues to show mixed signals. Seasonally adjusted nonfarm payroll employment increased 0.7% over the year in June 2026, while the unemployment rate rose to 4.9%, the highest level in five years. Job gains were concentrated in private education and health services, professional and business services, and trade, transportation, and utilities, while several other sectors recorded losses.

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 represents an important pipeline for higher education, though declining birth rates and the aging of the baby boom generation signal longer-term enrollment and workforce pressures.

Arizona is projected to add 2.2 million residents during the 2026–2056 period. That translates into an average annual growth rate of 0.8% per year, substantially below the state's 1.9% average annual pace during the prior 30 years but still well above the national projection of 0.2% per year. Slowing natural increase and more moderate net migration are expected to temper future population growth.

Several risk factors cloud the economic outlook. Higher energy prices and interest rates, uncertainty surrounding global conflicts, equity-market performance, trade and immigration policies, and the evolving effects of artificial intelligence could constrain growth. Water availability, infrastructure investment, and human-capital development are also central to Arizona's long-term economic competitiveness. Despite these headwinds, Arizona's diversified economy, continued population growth, and strategic location provide a foundation for long-term prosperity. NAU's role in developing human capital through education and research remains critical to the state's innovation capacity and economic resilience.

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.

NAU's auxiliary enterprises continue to demonstrate stable performance, supported by sustained demand for on-campus housing, dining, and parking services. Other revenue sources remain favorable due to increased campus activity, including Road Scholar programming, and continued investment income associated with prevailing interest rate conditions. The University expects these revenue categories to remain relatively stable during fiscal year 2027, helping to offset uncertainties affecting state appropriations, grants and contracts, and tuition and fee revenue.

Like many institutions of higher education, the University continues to experience inflation-driven increases in operating expenses, including labor, utilities, supplies, and contracted services. These cost pressures reduce purchasing power and place greater demands on institutional resources. In response, management has implemented proactive cost-containment strategies and strengthened oversight of expenditures to maintain financial stability. The University will continue to align expenditures with available resources while preserving its core educational, research, and service mission, advancing strategic priorities, and supporting long-term financial sustainability.

The University's fiscal year 2027 outlook remains positive, supported by stable growth in auxiliary and other operating revenues. NAU continues to prioritize on-campus housing as an important component of student engagement, retention, and campus life, while maintaining a collaborative relationship with the Flagstaff community. Through disciplined financial management, the University remains focused on maximizing the impact of strategic investments, diversifying revenue sources, and managing costs effectively. NAU's commitment to environmental stewardship, strategic use of technology, mission-aligned investments, and philanthropy remains central to its long-term financial position and operational resilience.

Looking ahead, the University will continue to align resources with its highest institutional priorities while maintaining the flexibility necessary to respond to changing economic and enrollment conditions. Management will continue to review vendor agreements, streamline systems and services where appropriate, prioritize deferred maintenance investments, manage discretionary spending, and strategically evaluate staffing needs. These efforts are intended to preserve financial flexibility, protect mission-critical operations, and support continued service to students and the State of Arizona. Although demographic, economic, and funding challenges persist across the higher education sector, the University believes its focus on fiscal discipline, operational effectiveness, revenue diversification, and long-range planning positions NAU to remain a financially sustainable and high-impact institution in the years ahead.

Progress and Major Initiatives

The University continued its trajectory of transformational growth and recognition during fiscal year 2026. Our strategic initiatives have focused on building anti-fragile systems that not only withstand challenges but grow stronger through pressure. Building on President Cruz Rivera's "antifragility" framework, NAU is advancing a 2050 Blueprint, an Elevating Excellence refresh, and Strategic Finance 2.0 to establish sustainable foundations while protecting the University's core mission. These efforts will test and refine long-term aspirations for a teaching-first, regionally rooted institution whose students complete credentials that provide clear value and leave prepared to use artificial intelligence responsibly and effectively. NAU's Elevating Excellence roadmap advances student success, academic excellence, research impact, community engagement, and sustainable stewardship. It aims to expand access, improve economic mobility, and strengthen NAU's service to Arizona and beyond.

The University's strategic-finance approach emphasizes redesigning work before reducing personnel, disciplined management of vacancies and non-personnel spending, and further diversification of revenue through enrollment optimization, facility utilization, philanthropy, new ventures, and external partnerships. The University will continue to evaluate program offerings, planned commitments, and resource allocations to ensure they remain sustainable and aligned with institutional priorities. NAU is also undertaking several mission-aligned organizational and academic initiatives. Research will be integrated into Academic Affairs so that research and teaching are planned, funded, and led in closer alignment. General studies will be redesigned to create clearer, faster, and more coherent pathways for students, with implementation targeted for fall 2028.

The University continues to adapt operations, strengthen data-driven decision-making, and engage faculty, staff, students, and community partners in shaping its future. Through the University's work on accreditation reaffirmation, the 2050 Blueprint, the Elevating Excellence refresh, and Strategic Finance 2.0, NAU is positioning itself to meet the challenges facing higher education while remaining focused on student success, research excellence, and service to 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, 2025. This was the thirteenth 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.

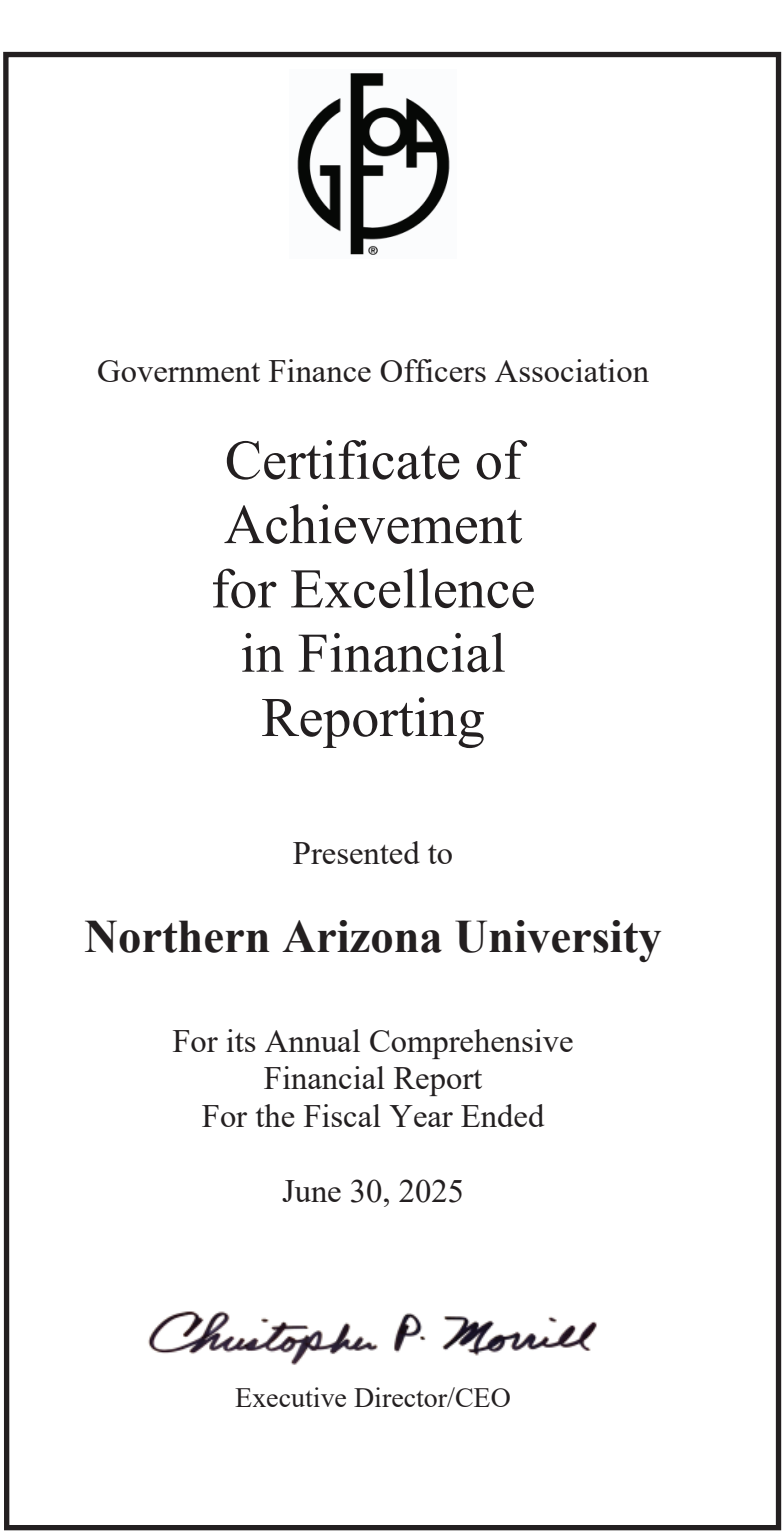
The preparation of this report in a timely manner would not have been possible without the skill, effort, and dedication of the entire staff of the Comptroller's Office, and other University administrators and staff. We wish to thank all departments for their assistance in providing the data necessary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



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Northern Arizona University

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

June 30, 2025

Christopher P. Morrill

Executive Director/CEO

ARIZONA BOARD OF REGENTS

June 30, 2026

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

Lee Stein

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James McCain

Regent, Cornville

Steve Peru

Regent, Flagstaff

Dr. Michele Halyard

Regent, Phoenix

Felipe Garcia

Student Regent, University of Arizona

Jadyn Fisher

Student Regent, Northern Arizona University

EXECUTIVE ADMINISTRATION

June 30, 2026

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

Richard Duran

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

Jonathan S. Gagliardi

Senior Advisor to the President on Institutional Design

Kimberly Ott

Associate Vice President of Strategic Communications

Michelle Parker

Vice President of Legal Affairs

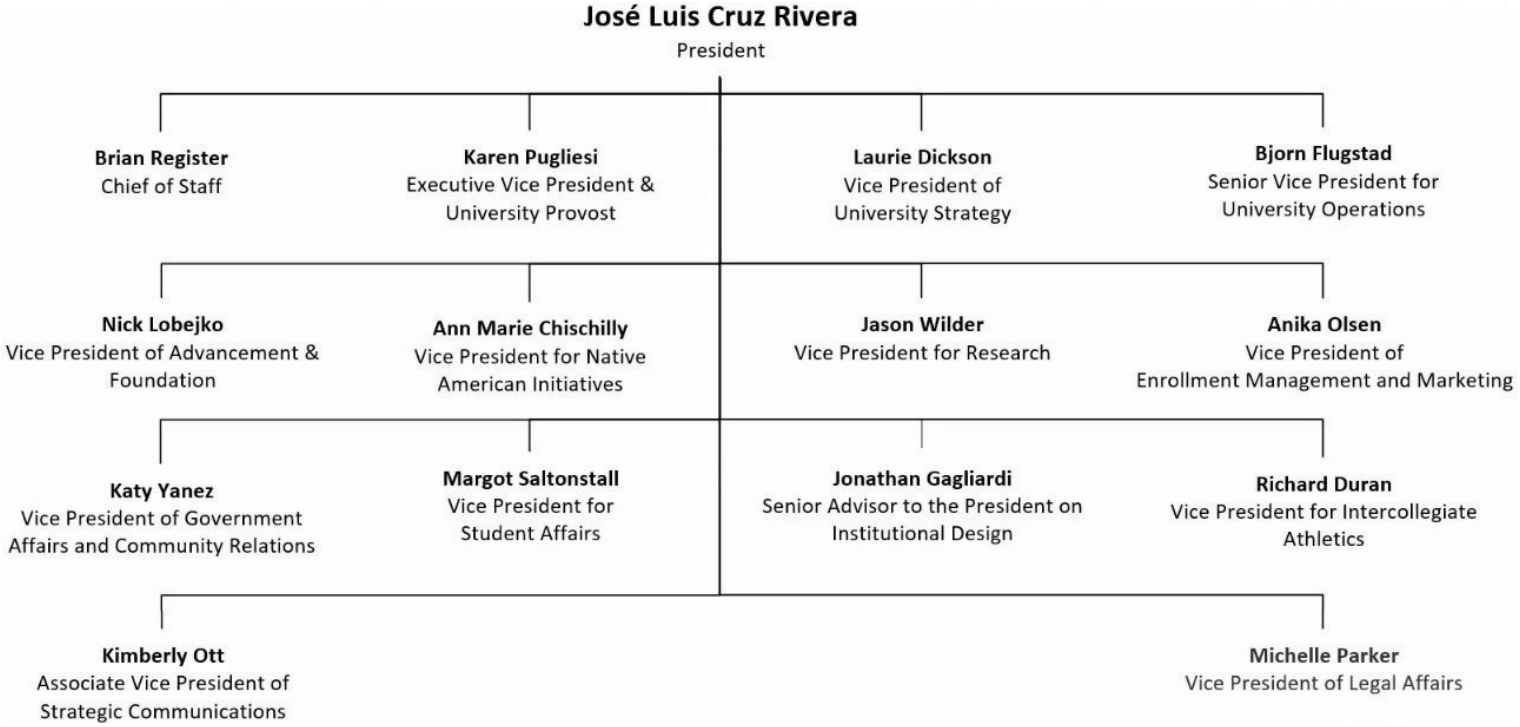
Katy Yanez

Vice President, Government Affairs and Community Relations

NORTHERN ARIZONA UNIVERSITY

Office of the President

ORGANIZATIONAL CHART



ARIZONA AUDITOR GENERAL

Lindsey A. Perry, Auditor General

Independent accountants' report

Members of the Arizona State Legislature

The 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 (University) as of and for the year ended June 30, 2026, 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 reports 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, 2026, 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' reports.

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 University's transactions. They do not purport to, and do not, present fairly the financial position of the State of Arizona as of June 30, 2026, 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, 2026, the University adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 103 *Financial Reporting Model Improvements*. 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 and schedule of University pension contributions—Arizona State Retirement System on page 61, and schedule of the University's proportionate share of the total OPEB liability—Arizona Department of Administration OPEB plan on page 62, 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 30, 2026

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, 2026, with comparative information for the fiscal year ended June 30, 2025. 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.

In accordance with GASB Statement No. 103, *Financial Reporting Model Improvements*, this MD&A includes an overview of the financial statements, a financial summary, detailed analyses of significant changes, a discussion of significant capital asset and long-term financing activity, and currently known facts, decisions, or conditions expected to affect future financial position or operating results.

Financial Statement Overview

Statement of Net Position

The Statement of Net Position presents the University's financial position at June 30, 2026, including assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Net position is reported as net investment in capital assets, restricted net position, and unrestricted net position.

Financial Summary

The University's financial position remained stable in fiscal year 2026. Total net position increased $0.8 million, or 0.2%. The modest overall increase reflects a $7.3 million, or 3.5%, improvement in the operating loss, offset by lower noncapital subsidies and lower net investment income.

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, 2026, and on June 30, 2025.

Condensed Statement of Net Position	FY 2026	FY 2025	% Change
Assets:			
Current assets	$ 247,573	$ 304,541	(18.7%)
Capital assets, net	967,975	999,550	(3.2%)
Other non-current assets	220,437	126,214	74.7%
Total Assets	**$ 1,435,985**	**1,430,305**	**0.4%**
Deferred Outflows of Resources	**$ 73,286**	**42,844**	**71.1%**
Liabilities:			
Current liabilities	$ 109,296	$ 106,061	3.1%
Non-current liabilities	892,303	871,535	2.4%
Total Liabilities	**$ 1,001,599**	**977,596**	**2.5%**
Deferred Inflows of Resources	**$ 61,202**	**49,916**	**22.6%**
Net Position:			
Net investment in capital assets	$ 287,160	$ 286,463	0.2%
Restricted	122,387	138,267	(11.5%)
Unrestricted (deficit)	36,923	20,908	76.6%
Total Net Position	**$ 446,470**	**445,638**	0.2%



Detailed Analyses

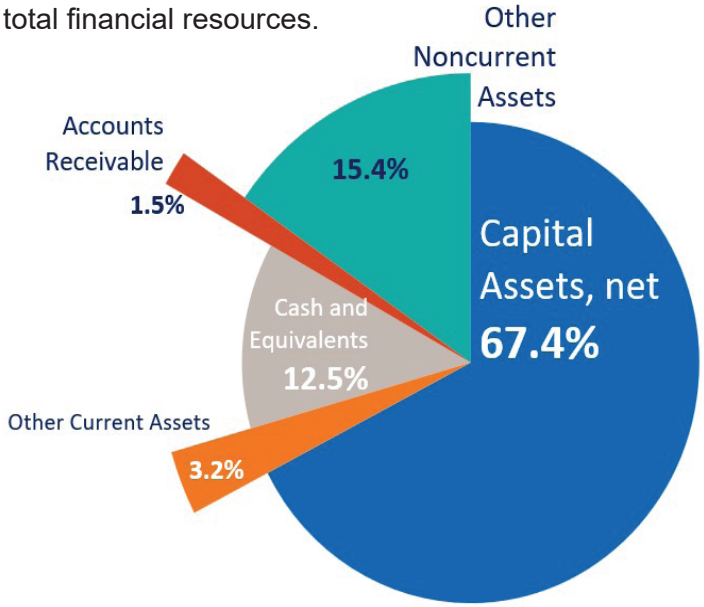
Total Assets

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	$	179,647	12.5%
Accounts Receivable		22,351	1.5%
Other Current Assets		45,575	3.2%
Capital Assets, net		967,975	67.4%
Other Noncurrent Assets		220,437	15.4%
Total Assets	**$**	**1,435,985**	**100%**

Total assets for the University increased by $5.7 million, or 0.4%, compared to fiscal year 2025. Current assets decreased $57.0 million, primarily due to decreases in cash and cash-equivalent investments and current investments. Noncurrent Assets increased by $62.7 million, primarily due to increases in restricted cash and cash equivalents held by trustee for capital projects and noncurrent investments.

Current assets decreased as cash and cash-equivalent investments declined $41.2 million and current investments declined $20.7 million, offset by increases of $39.7 million in noncurrent investments and $47.5 million in restricted cash and investments held by trustees. These changes primarily reflect the reclassification of pooled cash and investment balances designated or restricted for longer-term purposes, rather than a reduction in the University's total financial resources.

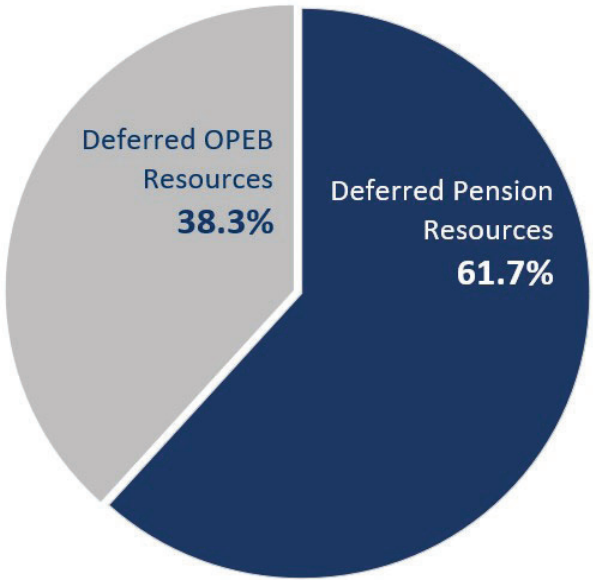


Total Deferred Outflows of Resources

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

Deferred Pension Resources	$	45,207	61.7%
Deferred OPEB Resources		28,079	38.3%
Total Deferred Outflows	**$**	**73,286**	**100%**

Deferred outflows of resources increased $30.4 million, or 71.1%, driven primarily by a $26.4 million increase in OPEB-related outflows from differences between expected and actual experience and a $4.0 million increase in pension-related outflows.

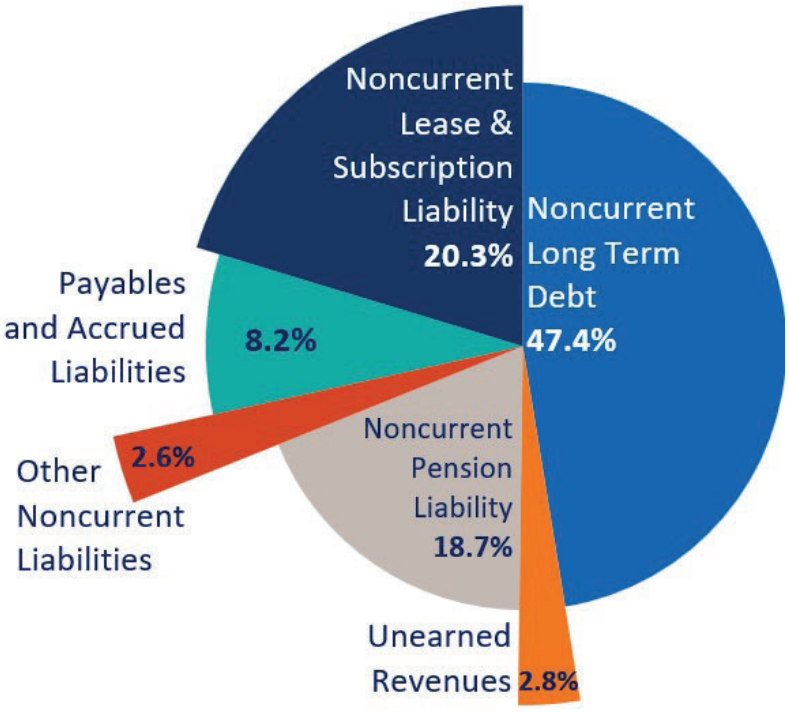


Total Liabilities

Liabilities represent amounts the University owes or resources received before services are provided. The following table and chart present total liabilities in thousands of dollars and percentages:

Unearned Revenues	$	27,825	2.8%
Payables and Accrued Liabilities		81,471	8.2%
Noncurrent Pension Liability		187,425	18.7%
Noncurrent Long-Term Debt		475,091	47.4%
Noncurrent Lease & Subscription Liability		203,486	20.3%
Other Noncurrent Liabilities		26,301	2.6%
Total Liabilities	**$**	**1,001,599**	**100%**

Total liabilities increased $24.0 million, or 2.5%, from fiscal year 2025, including increases of $20.8 million, or 2.4%, in noncurrent liabilities and $3.2 million, or 3.1%, in current liabilities. The noncurrent increase primarily reflects recognition of a net OPEB liability of approximately $14.4 million at June 30, 2026, compared with an OPEB asset of approximately $1.2 million at June 30, 2025, largely due to discontinuation of retiree participation in the prior health plan. See Note 12 for additional information.

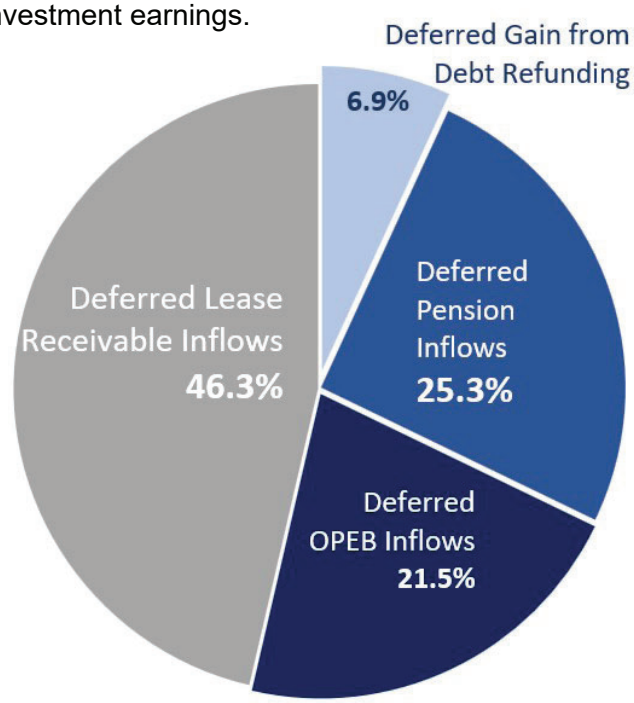


Total Deferred Inflows of Resources

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

Deferred Gain from Debt Refunding	$	4,198	6.9%
Deferred Pension Inflows		15,485	25.3%
Deferred OPEB Inflows		13,140	21.5%
Deferred Lease Receivable Inflows		28,379	46.3%
Total Deferred Inflows	**$**	**61,202**	**100%**

Deferred inflows of resources increased $11.3 million, primarily from higher deferred gains on debt refunding and pension- and OPEB-related inflows. OPEB-related inflows increased $5.8 million due mainly to differences between expected and actual experience, while pension-related inflows increased $3.3 million due mainly to differences between projected and actual investment earnings.

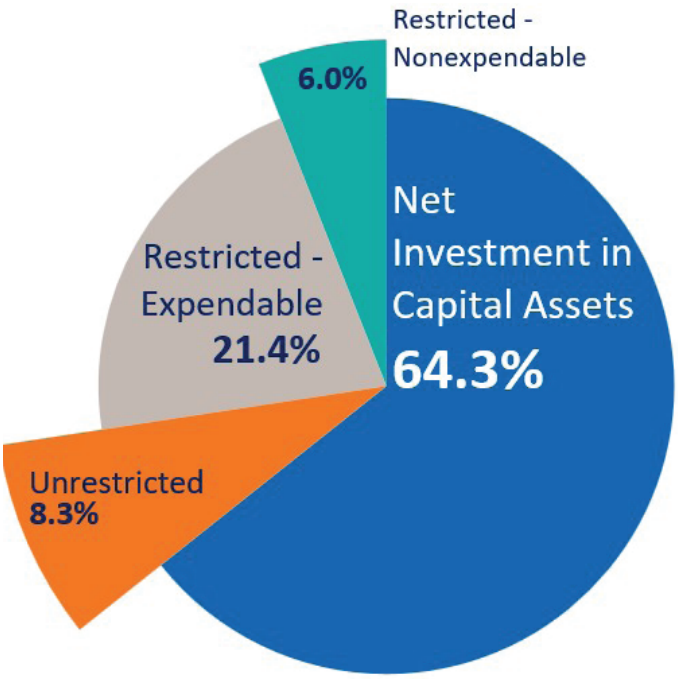


Total Net Position

Net position comprises three categories. Net investment in capital assets represents the University's equity in property, plant, and equipment. Restricted net position is either nonexpendable or expendable. Restricted nonexpendable net position primarily consists of permanent endowments, including student loan funds, that are held in perpetuity while earnings support donor-designated programs and activities. Restricted expendable net position may be spent only for purposes or within time limits established by donors or other external parties. Unrestricted net position may be used for any lawful purpose, although substantially all such resources are designated for academic and research programs and initiatives.

Net position equals assets and deferred outflows of resources less liabilities and deferred inflows of resources. At June 30, 2026, the University's net position was $446.5 million, up $0.8 million from the prior year.

Net Investment in Capital Assets	$	287,161	64.3%
Restricted - Nonexpendable		26,789	6.0%
Restricted - Expendable		95,597	21.4%
Unrestricted		36,923	8.3%
Total Net Position	**$**	**446,470**	**100%**





Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position summarizes the University's annual operating and nonoperating activity and resulting change in net position. Consistent with GASB 103, it separately presents operating income (loss), noncapital subsidies and the related subtotal, other nonoperating revenues and expenses, and the resulting change in net position.

The University implemented GASB Statement No. 103, *Financial Reporting Model Improvements*, in fiscal year 2026 and reclassified certain fiscal year 2025 amounts for comparability. The reclassifications separately present noncapital subsidies and the related subtotal, operating income (loss) and noncapital subsidies, but did not change previously reported total revenues, total expenses, change in net position, or total net position for fiscal year 2025. See Note 1, Accounting Changes, for additional information.

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, 2026, and for the year ended June 30, 2025, is as follows:

	FY 2026	FY 2025*	% Change
Operating revenues:			
Tuition and fees, net	$ 194,557	$ 197,032	(1.3%)
Grants and contracts	108,572	121,567	(10.7%)
Financial aid grants	50,664	58,325	(13.1%)
Auxiliary enterprises, net	92,869	93,462	(0.6%)
Other	30,031	22,116	35.8%
Total operating revenues	**$ 476,693**	**$ 492,502**	**(3.2%)**
Operating expenses:			
Educational and general	$ 555,523	$ 585,094	(5.1%)
Auxiliary enterprises	65,485	58,533	11.9%
Depreciation and Amortization	57,806	58,277	(0.8%)
Total operating expenses	**$ 678,814**	**$ 701,904**	**(3.3%)**
Operating loss	**$ (202,121)**	**$ (209,402)**	**(3.5%)**
Noncapital subsidy			
State appropriations	$ 116,823	$ 112,896	3.5%
Share of state sales tax revenues	17,604	32,299	(45.5%)
Private grants and gifts	25,538	26,648	(4.2%)
Other state and federal subsidies	34,195	29,684	15.2%
Total noncapital subsidies	**$ 194,160**	**$ 201,526**	**(3.7%)**
Total operating loss and noncapital subsidies	**$ (7,961)**	**$ (7,875)**	**1.1%**
Nonoperating revenues (expenses):			
Net investment income	$ 14,430	$ 21,197	(31.9%)
Interest expense on debt	(19,744)	(19,924)	(0.9%)
Capital commitment - State lottery revenue	8,591	7,990	7.5%
Other nonoperating revenues and expenses	(921)	(1,680)	(45.2%)
Capital appropriations	4,884	4,886	(0.0%)
Capital grants and gifts	422	13	3143.3%
Other capital and endowment additions	1,131	1,150	(1.6%)
Net nonoperating revenues	**$ 8,793**	**$ 13,632**	**(35.5%)**
Increase/(decrease) in net position	**$ 832**	**$ 5,757**	**(85.6%)**
Net position, beginning of year	**$ 445,638**	**$ 439,881**	**1.3%**
Net position, end of year	**$ 446,470**	**$ 445,638**	**0.2%**

* Fiscal year 2025 amounts have been restated to conform to the presentation requirements of GASB Statement No. 103.



Operating Revenues

Operating revenues decreased $15.8 million, or 3.2%, from fiscal year 2025, primarily due to declines of $13.0 million, or 10.7%, in grants and contracts resulting from reductions in Federal awards and $7.7 million, or 13.1%, in financial-aid grants primarily due to lower enrollment. This decline was partially offset by a $7.9 million increase in other operating revenues. Student tuition and fees, net of scholarship allowances, decreased $2.5 million, or 1.3%, primarily due to lower enrollment and changes in enrollment mix.

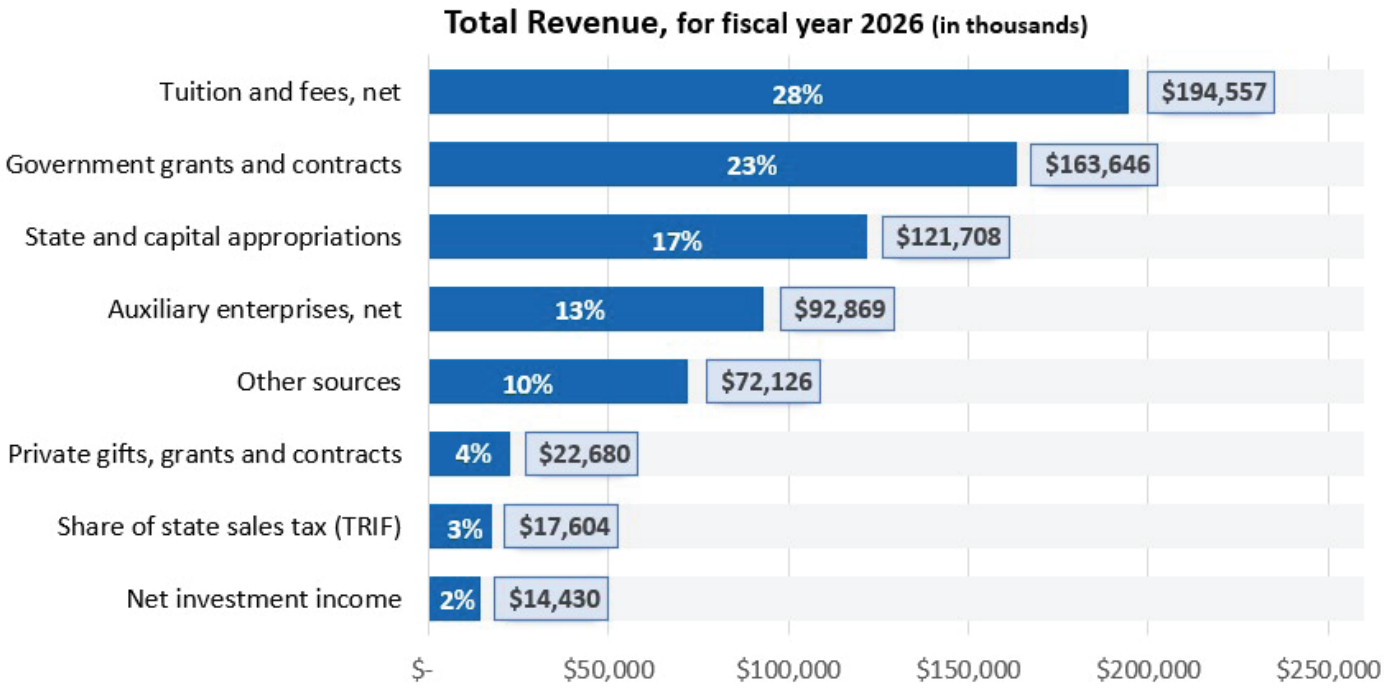
Nonoperating Revenues and Expenses

Nonoperating revenues and expenses, including capital and endowment additions, generated net revenue of $8.8 million in fiscal year 2026, down $4.8 million, or 35.5%, from fiscal year 2025, primarily due to a 31.9% decline in net investment income from interest-rate fluctuations. Interest expense on debt decreased 0.9% due to debt refunding. Capital-related support included state lottery revenue, up 7.5% to $8.6 million; stable capital appropriations of $4.9 million; and $1.6 million from capital grants, gifts, and other capital and endowment additions.

Noncapital Subsidies

GASB 103 separately presents noncapital subsidies from operating and other nonoperating activity, highlighting external resources that support operations but are not generated through operating transactions.

Noncapital subsidies decreased $7.4 million, or 3.7%, as the University's share of State sales tax revenues declined 45.5%, partially offset by increases of 3.5% in State appropriations, primarily for the Arizona Teachers Academy and Arizona Promise, and 15.2% in other State subsidies. The latter increase primarily reflects $12.4 million in federal grant funding allocated by the Office of the Arizona Governor.



Operating Expenses

Operating expenses are presented by function in the Statement of Revenues, Expenses, and Changes in Net Position and by natural classification in Note 9.

Operating expenses decreased $23.1 million, or 3.3%, from fiscal year 2025, as educational and general expenses declined $29.6 million, or 5.1%, while auxiliary enterprise expenses increased 11.9%. Because expenses declined more than operating revenues, the operating loss improved 3.5%. The expense reductions are primarily driven by reductions in enrollment and cost-containment efforts that lowered travel, professional services, and consulting costs.

Operating Expenses by Natural Classification (dollars in thousands)

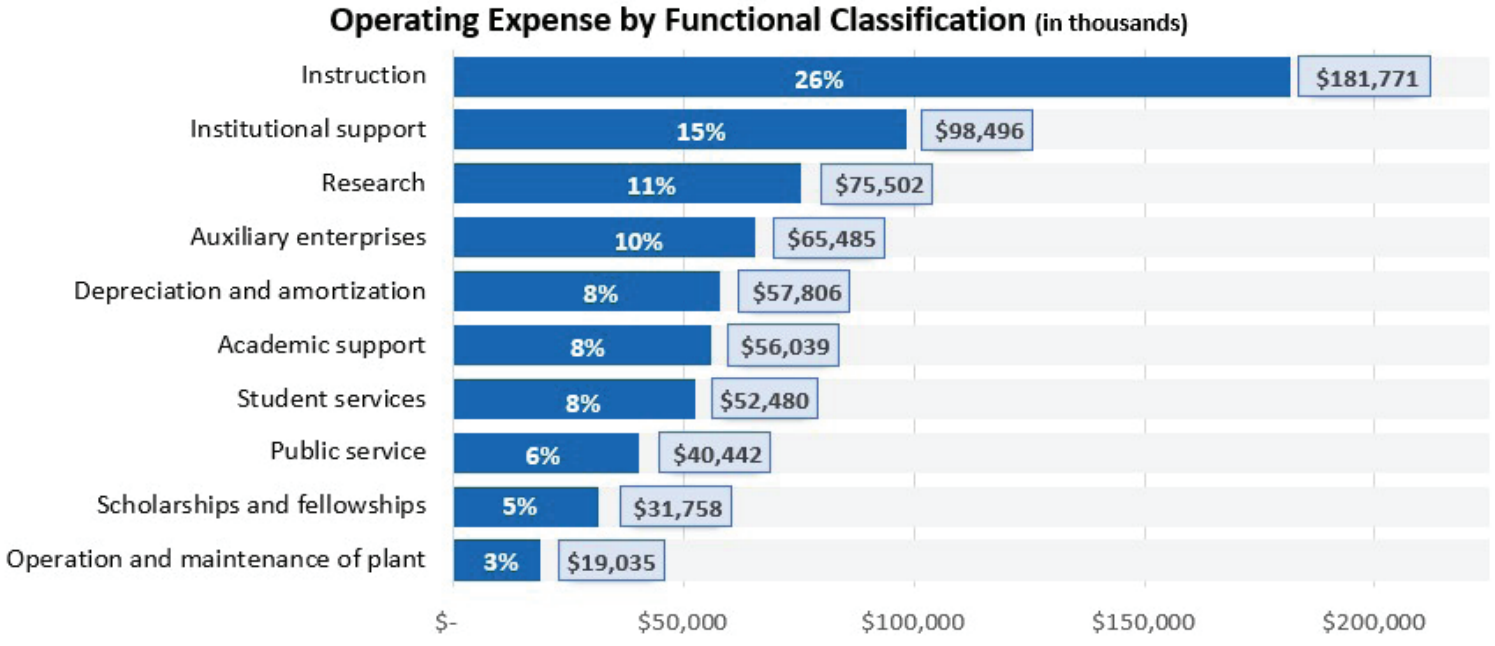
		FY 2026	FY 2025*	% Change
Operating:				
Personal services and benefits	$	443,833	441,452	0.5%
Operations		145,417	163,547	(11.1%)
Scholarships		31,758	38,628	(17.8%)
Depreciation and amortization		57,806	58,277	(0.8%)
Total operating expenses	**$**	**678,814**	**701,904**	**(3.3%)**

The accompanying tables present operating expenses by natural and functional classification:

Operating Expenses by Functional Classification (dollars in thousands)

		FY 2026		FY 2025*	% Change
Operating:					
Instruction	$	181,771	$	192,735	(5.7%)
Research		75,502		75,329	0.2%
Public service		40,442		49,519	(18.3%)
Academic support		56,039		55,452	1.1%
Student services		52,480		55,872	(6.1%)
Institutional support		98,496		96,520	2.0%
Operation and maintenance of plant		19,035		21,039	(9.5%)
Scholarships and fellowships		31,758		38,628	(17.8%)
Auxiliary enterprises		65,485		58,533	11.9%
Depreciation and amortization		57,806		58,277	(0.8%)
Total operating expenses	**$**	**678,814**	**$**	**701,904**	**(3.3%)**

* Fiscal year 2025 amounts have been restated to conform to the presentation requirements of GASB Statement No. 103.



Combined Sources and Uses (dollars in millions)

	FY 2026		FY 2025		% Change
Sources					
Tuition and fees, net	$ 194.6	27.8%	$ 197.0	26.8%	(1.2%)
Government grants and contracts	163.6	23.4%	172.2	23.5%	(5.0%)
State and capital appropriations	121.7	17.4%	144.8	19.7%	(16.0%)
Auxiliary enterprises, net	92.9	13.3%	87.3	11.9%	6.4%
Share of state sales tax (TRIF)	17.6	2.5%	32.3	4.4%	(45.5%)
Private gifts, grants and contracts	22.7	3.2%	36.9	5.0%	(38.5%)
Other sources	72.1	10.3%	42.3	5.8%	70.4%
Net investment income	14.4	2.1%	21.2	2.9%	(32.1%)
Total sources	**$ 699.6**	**100.0%**	**$ 734.0**	**100.0%**	**(4.7%)**
Uses					
Instruction and academic support	$ 237.8	34.0%	$ 248.2	34.1%	(4.2%)
Student services and institutional support	151.0	21.5%	152.3	21.0%	(0.9%)
Research and public service	115.9	16.6%	124.8	17.1%	(7.1%)
Auxiliary enterprises	65.5	9.4%	63.5	8.7%	3.1%
Depreciation and amortization	57.8	8.3%	58.2	8.0%	(0.7%)
Scholarships and fellowships	31.8	4.5%	38.6	5.3%	(17.6%)
Operation and maintenance of plant	19.0	2.7%	21.8	3.0%	(12.8%)
Other uses	20.0	3.0%	20.8	2.8%	(3.8%)
Total uses	**$ 698.8**	**100.0%**	**$ 728.2**	**100.0%**	**(4.0%)**

Statement of Cash Flows

The Statement of Cash Flows presents the University's annual cash receipts and payments by operating, noncapital financing, capital and related financing, and investing activities, and reconciles operating income (loss) to net cash used in operating activities. Operating cash payments for salaries, benefits, suppliers, and other costs exceed receipts from tuition and fees, governmental grants and contracts, and auxiliary enterprises; State appropriations, financial-aid grants, and private gifts provide significant noncapital financing support. The following summarizes cash flows for fiscal years 2026 and 2025:

Cash Provided By (Used For), (dollars in thousands)	FY2026	FY2025
Operating activities	$ (205,802)	$ (157,902)
Non-capital financing activities	245,957	202,543
Capital financing activities	(21,352)	(74,804)
Investing activities	(12,455)	35,102
Net increase in cash and cash equivalents	**$ 6,348**	**$ 4,939**
Cash and cash equivalents, beginning of year	229,291	224,352
Cash and cash equivalents, end of year	**$ 235,639**	**$ 229,291**

Cash and cash equivalents increased $6.3 million in fiscal year 2026 to $235.6 million. Net cash used in operating activities increased $47.9 million, noncapital financing activities provided $246.0 million, and net cash used in capital and related financing activities increased $53.5 million, primarily due to debt issued for capital projects. Investing activities used $12.5 million, compared with $35.1 million provided in fiscal year 2025; the $47.6 million change primarily reflects increased investment purchases. Ending cash and cash equivalents comprised $179.6 million of cash and cash-equivalent investments and $56.0 million of restricted cash and cash equivalents held by trustees for capital projects.

Significant Capital Asset and Long-Term Financing Activity

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. During fiscal year 2026, the University completed a $28.8 million refunding of System Revenue Bonds, generating approximately $3.9 million in debt service savings. In addition, the University issued $47.0 million of Series 2026A Speed Revenue Bonds at a 4.3% interest rate, providing $46.4 million of net proceeds to support construction of the new Nursing Building and renovations to the Cline Library (Note 5).

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, 2026, the University's debt ratio was 3.91%. The University's credit ratings on its outstanding system revenue bonds are A1 by Moody's and A+ by Standard and Poor's. The University did not enter into any individually significant new lease, SBITA, or public-private/public-public partnership arrangements during fiscal year 2026 (Note 5).

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).



Currently Known Facts, Decisions, or Conditions

The University maintains a solid enterprise profile supported by its established brand, annual fundraising, and position as a comprehensive research university. At the fall 2026 21-day census, enrollment decreased 6.5%, from 27,184 students in fall 2025 to 25,410 in fall 2026. The University's 2027 state and capital appropriations budget for fiscal year 2027 is $121.8 million, consistent with $121.7 million received in fiscal year 2026. The State is expected to maintain a conservative approach to spending and budgeting. The University continues to assess strategic programmatic and institutional adjustments to advance postsecondary opportunity and value in Arizona and beyond, while the Arizona Board of Regents and the three State universities evaluate new revenue and cost-containment strategies to preserve quality and affordability.

NAU's auxiliary enterprises provide important financial support through housing, dining, parking, athletics, and other campus services. Strong demand for on-campus housing contributed to sustained auxiliary revenue; from fiscal year 2025 to fiscal year 2026, housing revenue increased 1.9%, dining revenue 9.5%, and athletics revenue 11.6%. The University's diversified revenue portfolio also includes tuition and fees, state appropriations, grants and contracts, philanthropy, and investment income. Consistent with higher education trends, diversifying and growing these revenue streams remain important to long-term financial sustainability and operational resilience.

The higher education sector continues to operate in an environment of heightened uncertainty. Moody's 2026 outlook for U.S. higher education notes that institutions face ongoing pressures from federal policy developments, demographic shifts, enrollment challenges, and constrained revenue growth, while continuing to manage operating expenses and maintain financial performance. Although inflationary pressures have moderated compared to recent years, rising labor, technology, utilities, and service costs continue to challenge colleges and universities nationwide.

Like many institutions across the sector, Northern Arizona University continues to experience operating cost pressures associated with employee compensation, benefits, utilities, supplies, and contracted services. The University remains committed to attracting and retaining highly qualified faculty and staff through competitive compensation and professional development opportunities. To address these challenges, management continues to implement proactive cost-containment measures, strategically manage vacancies through natural attrition, improve operational efficiencies, and maintain rigorous oversight of expenditures while preserving the University's core educational, research, and public service mission.

The University remains subject to many of the same economic and policy factors affecting higher education nationally, including federal funding uncertainty, labor market conditions, demographic changes, enrollment trends, and broader economic volatility. Management also considers changes in state support, tuition and fees, compensation and benefit costs, and other significant factors affecting the subsequent year's financial plan and financial position. The University continues to evaluate the future financial effects of capital improvement plans, postemployment benefits, leases, SBITAs, public-private or public-public partnerships, other long-term financing, and significant legislative or regulatory actions. Through disciplined financial management, strategic resource allocation, operational flexibility, and long-range planning, management believes the University's financial position remains stable and NAU is well positioned to navigate these changes while advancing student success, research excellence, and service to Arizona.

Looking ahead, the University will continue to align resources with institutional priorities while preserving the flexibility necessary to respond to evolving economic, demographic, and policy conditions. Management will continue reviewing operational practices, optimizing resource utilization, prioritizing strategic investments, managing discretionary spending, and evaluating staffing needs to support long-term sustainability. These efforts are intended to preserve financial flexibility, protect mission-critical operations, and position NAU to remain a financially resilient and high-impact institution for Arizona and beyond.

Statement of Net Position

June 30, 2026

Assets

Current assets:		
Cash and cash equivalents (Note 3)	$	179,646,754
Short term investments (Note 3)		9,384,748
Receivables (net of allowance for uncollectibles):		
Accounts receivable		22,351,313
Accrued interest		1,019,833
Endowment		8,527
Government grants and contracts		29,260,069
Student loans, current portion		749,331
Other assets		4,531,196
Inventories		621,623
Total Current Assets	$	247,573,394
Noncurrent assets:		
Restricted cash and cash equivalents held by trustee for capital projects (Note 3)	$	55,991,889
Long term investments (Note 3)		80,521,117
Student loans receivable, net of allowance		196,330
Endowment investments (Note 3)		54,413,548
Leases receivable		29,313,846
Capital assets, not being depreciated and amortized (Note 4)		65,533,976
Depreciable capital assets, net of depreciation and amortization (Note 4)		902,440,829
Total Noncurrent Assets	$	1,188,411,535
Total Assets	$	1,435,984,929

Deferred Outflows of Resources

Deferred outflows related to pensions (Note 11)	$	45,206,649
Deferred outflows related to OPEB (Note 12)		28,079,265
Total Deferred Outflows of Resources	$	73,285,914

Statement of Net Position (Continued)

Liabilities

Current liabilities:		
Accounts payable	$	13,886,945
Accrued payroll and employee benefits		14,623,277
Interest payable		4,108,242
Unearned revenues (Note 7)		27,824,514
Accrued compensated absences, current portion (Note 8)		863,173
Pension liability, current portion (Note 11)		1,867,974
Deposits held in custody for others		4,861,026
Current portion of lease and subscription liability (Note 5)		5,650,429
Current portion of long-term debt funded by:		
University operating revenues (Note 5)		25,458,738
State appropriations and other State monies (Note 5)		10,151,791
Total Current Liabilities	$	109,296,109
Noncurrent liabilities:		
Accrued compensated absences (Note 8)	$	11,698,028
Deposits held in custody for others		208,476
Pension liability (Note 11)		187,424,714
Other postemployment benefits liability (Note 12)		14,394,105
Lease and subscription liability (Note 5)		203,486,068
Long-term debt funded by:		
University operating revenues (Note 5)		356,768,373
State appropriations and other State monies (Note 5)		118,323,054
Total Noncurrent Liabilities	$	892,302,818
Total Liabilities	$	1,001,598,927

Deferred Inflows of Resources

Deferred inflows related to refunding of debt	$	4,197,897
Deferred inflows related to pensions (Note 11)		15,485,390
Deferred inflows related to OPEB (Note 12)		13,139,869
Deferred inflows related to leases		28,378,417
Total Deferred Inflows of Resources	$	61,201,573

Net Position

Net investment in capital assets	$	287,161,111
Restricted:		
Nonexpendable:		
Scholarships and fellowships		26,129,767
Student loans		659,030
Expendable:		
Scholarships and fellowships		27,538,816
Academic department uses		68,059,063
Unrestricted		36,922,556
Total Net Position	$	446,470,343

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2026

Operating Revenues

Tuition and fees (net of scholarship allowances of $203,572,730)	$	194,556,780
Government grants and contracts		
Federal grants and contracts		66,426,621
State grants and contracts		23,731,436
Local grants and contracts		9,604,777
Private grants and contracts		8,809,212
Financial aid grants		50,664,009
Auxiliary Enterprises		
Residence life (net of scholarship allowances of $10,003,326)		50,799,155
Other auxiliaries		42,069,797
Other		30,031,353
Total operating revenues	$	476,693,140

Operating Expenses

Operating expenses (Note 9)		
Educational and general:		
Instruction	$	181,771,230
Research		75,501,708
Public service		40,441,622
Academic support		56,039,240
Student services		52,479,893
Institutional support		98,496,505
Operation and maintenance of plant		19,034,595
Scholarships and fellowships		31,757,666
Auxiliary enterprises		65,485,341
Depreciation and amortization (Note 4)		57,805,851
Total operating expenses	$	678,813,651
Operating loss	$	(202,120,511)

Statement of Revenues, Expenses, and Changes in Net Position

(Continued)

Noncapital Subsidies

State appropriations	$	116,823,200
Share of State sales tax - technology and research initiative funding		17,603,526
Private grants and gifts		25,537,415
Other state subsidies		21,795,156
Other federal subsidies		12,400,000
Total noncapital subsidies	$	194,159,297
Operating loss and noncapital subsidies	$	(7,961,214)

Other Nonoperating Revenues (Expenses)

Net investment income	$	14,429,969
Interest expense on capital asset related debt		(19,743,867)
Capital commitment - State lottery revenue		8,590,844
Other nonoperating revenues and expenses		(920,597)
Capital appropriations		4,884,500
Capital grants and gifts		421,628
Additions to permanent endowments		1,130,993
Total other nonoperating revenues (expenses)	$	8,793,470
Increase in net position	$	832,256

Net Position

Total net position, beginning of year	$	445,638,087
Total net position, end of year	$	446,470,343

See Notes to Financial Statements

Statement of Cash Flows

For the Year Ended June 30, 2026

Cash Flows from Operating Activities:

Tuition and fees	$	186,328,971
Grants and contracts		106,751,714
Payments to vendors and suppliers		(148,057,941)
Payments for employee wages and benefits		(438,725,289)
Payments for scholarships and fellowships		(31,757,666)
Loans issued to students		(6,479,114)
Collection on loans to students		6,798,038
Auxiliary enterprise receipts		91,244,253
Other receipts		27,901,884
Custodial receipts and disbursements:		
Private student loans and scholarships received		29,992,149
Private student loans and scholarships disbursed		(29,798,954)
Other custodial receipts		3,392,127
Other custodial disbursements		(3,392,119)
Net cash used for operating activities	$	(205,801,947)

Cash Flows from Noncapital Financing Activities:

State appropriations	$	116,823,200
Share of state sales tax receipts		17,603,526
Gifts and grants for other than capital purposes		76,160,026
Other state subsidies		34,195,156
Federal direct student lending received		122,940,680
Federal direct student lending disbursed		(122,896,152)
Financial aid trust funds		1,130,993
Net cash provided by non-capital financing activities	$	245,957,429

Cash Flows from Capital Financing Activities:

Capital appropriations	$	4,884,500
Capital commitment - State lottery revenue		8,590,844
Proceeds from issuance of capital debt		46,391,458
Capital grants and gifts received		421,627
Purchases of capital assets		(26,460,313)
Principal paid on capital debt and obligations		(35,719,903)
Interest paid on capital debt and obligations		(19,460,170)
Net cash used for capital financing activities	$	(21,351,957)

Statement of Cash Flows

(Continued)

Cash Flows from Investing Activities:

Proceeds from sales and maturities of investments	$	25,601,750
Interest on investments		11,949,536
Purchase of investments		(50,007,081)
Net cash used for investing activities	$	(12,455,795)
Net increase in cash and cash equivalents	$	6,347,730

Cash and Cash Equivalents

Cash and cash equivalents - July 1, 2025		229,290,913
Cash and cash equivalents - June 30, 2026	$	235,638,643

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

Operating loss	$	(202,120,511)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Financial aid grants (primarily Pell grants)		(50,664,009)
Depreciation and amortization		57,805,851
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Receivables:		
Accounts receivable		(4,291,548)
Leases receivable		616,563
Government grants and contracts		414,796
Student loans		355,251
Inventories		11,625
Other assets		(1,087,063)
Accounts payable		(1,565,841)
Deposits held for others		(1,090,308)
Accrued payroll and employee benefits		2,083,621
Net pension and other post-employment benefits liability		16,998,186
Deferred outflows of resources related to pensions and other post-employment benefits		(30,441,374)
Deferred inflows of resources related to pensions and other post-employment benefits		9,105,720
Deferred inflows of resources related to leases		(734,005)
Unearned revenues		(1,884,426)
Accrued compensated absences		685,525
Net cash used for operating activities	$	(205,801,947)

Significant Noncash Transactions

Refinancing of long-term debt	$	28,825,000
Net intangible right-of-use lease and subscription asset changes		(4,383,762)

See Notes to Financial Statements

Statement of Financial Position - Component Unit

Northern Arizona University Foundation, Inc.

June 30, 2026

Assets		
Cash and cash equivalents	$	7,512,240
Promises to give, net		20,185,896
Bequests receivable		285,560
Interest and other receivables		119,360
Investments		422,706,269
Cash surrender value of life insurance		8,069,617
Assets held under split-interest agreements		3,519,305
Beneficial interest in perpetual trusts		4,543,722
Other assets and prepaids		175,984
Total assets	$	467,117,953
Liabilities		
Accounts payable and accrued liabilities	$	2,907,711
Assets held in custody for others		56,156,845
Due to Northern Arizona University		10,085
Liabilities under split-interest agreements		2,135,256
Total liabilities	$	61,209,897
Net Assets		
Without donor restrictions		
Board designated endowment	$	18,382,343
Undesignated		58,544,186
With donor restrictions		
Purpose restricted		99,092,508
Endowments		226,416,044
Perpetual donor restrictions		3,472,975
Total net assets	$	405,908,056
Total Liabilities and Net Assets	$	467,117,953

See Notes to Financial Statements

Statement of Activities - Component Unit

Northern Arizona University Foundation, Inc.

For the Year Ended June 30, 2026

Revenue, Support, and Gains	Without Donor Restrictions	With Donor Restrictions	Total
Public contributions	$ -	$ 26,670,878	$ 26,670,878
Change in cash surrender value of life insurance	-	45,420	45,420
Other income (loss) and support	3,445,622	724,228	4,169,850
Reclassification of donor intent	255,058	(255,058)	-
Net investment return	11,906,242	54,398,567	66,304,809
Change in beneficial interests in perpetual trusts	-	468,109	468,109
Change in value of split-interest agreements	179,164	-	179,164
Net assets released from restrictions	25,577,859	(25,577,859)	-
Total revenue, support, and gains	$ 41,363,945	$ 56,474,285	$ 97,838,230
Expenses and Losses			
Program expenses	$ 18,793,000	$ -	$ 18,793,000
Supporting services expense			
Management and general	3,169,324	-	3,169,324
Fundraising and development	10,002,305	-	10,002,305
Total supporting services expenses	$ 13,171,629	$ -	$ 13,171,629
Total expenses and losses	$ 31,964,629	$ -	$ 31,964,629
Change in net assets	$ 9,399,316	$ 56,474,285	$ 65,873,601
Net assets, Beginning of year	$ 67,527,213	$ 272,507,242	$ 340,034,455
Net assets, End of year	$ 76,926,529	$ 328,981,527	$ 405,908,056

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 Comprehensive 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 13. 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. Operating revenues and expenses are revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are (a) subsidies received and provided, (b) contributions to permanent and term endowments, (c) revenues and expenses related to financing, (d) resources from the disposal of capital assets and inventory, and (e) investment income and expenses. Subsidies are defined as (1) resources received from another party (a) for which the University does not provide goods and services to the other party and (b) that directly or indirectly keep the University's current or future fees and charges lower than they would be otherwise; and (2) resources provided to another party (a) for which the other party does not provide goods and services to the University and (b) that are recoverable through the University's current or future pricing policies. If the subsidy is restricted solely for capital purposes (e.g., to build or purchase capital assets), it is a capital subsidy reported in other nonoperating revenues and 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 they are 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, 2026, the University implemented the provisions of GASB Statement No. 103—Financial Reporting Model Improvements. This statement establishes new accounting and financial reporting requirements—or modifies existing requirements—related to (1) management's discussion and analysis; (2) unusual or infrequent items; (3) presentation of the statement of revenues, expenses, and changes in net position; (4) information about major component units in the basic financial statements; and (5) financial trends information in the statistical section.

For the year ended June 30, 2026, the University also implemented the provisions of GASB Statement No. 104—Disclosure of Certain Capital Assets. This statement requires information about the following capital assets and related amortization to be disclosed separately: (1) lease assets, by major class of underlying asset; (2) intangible right-to-use assets recognized by an operator, by major class of underlying partnership asset; (3) subscription assets; and (4) other intangible assets, by major class of asset. This statement also requires additional disclosures for capital assets held for sale. The implementation of GASB Statement No. 104 did not have a material effect on the University's financial statements or related disclosures.

The University's basic financial statements, disclosures, required supplementary information, and supplementary information, as applicable, have been modified to reflect the requirements of these new standards.

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, government grants and contracts are considered operating revenues. Nonoperating revenues and expenses are subsidies received and provided, capital appropriations, revenues and expenses related to financing, additions to permanent endowments, and investment income. Subsidies are defined as resources received from another party for which the University does not provide goods and services to the other party. Operating expenses include the cost of sales and services, administrative expenses, and depreciation and amortization on capital assets.

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.

At June 30, 2026, the University had $892,372 in current lease receivables (included in Accounts Receivable) and $29,313,846 in non-current lease receivables and recognized total lease-related revenues of $734,005.

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 $658,149 from Bank of America for the year ended June 30, 2026.

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, 2026, the Foundation recognized expenses for scholarships to Northern Arizona University of $4,661,316 and grants and assistance to Northern Arizona University of $11,808,895.

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, 2026, the carrying amount of the University's deposits was $6,237,399 and the bank balance was $6,847,370. 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, including 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, 2026, the Foundation held $55,182,224 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, 2026, was $44,284,126.

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, 2026, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

	As of June 30, 2026	Level 1	Level 2	Level 3
Investments by fair value level				
U.S. Treasury and agency securities	$ 89,137,189		$ 89,137,189	
Government money market mutual funds	55,991,889	$ 55,991,889		
Total investments by fair value level	$ 145,129,078	$ 55,991,889	$ 89,137,189	
Investment pools measured at fair value				
State Treasurer's investment pools 3, 4, & 5	$ 173,399,987			
NAU Foundation investment pool	55,182,224			
Total investment pools measured at fair value	$ 228,582,211			
Total investments	$ 373,711,289			

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 includes 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, 2026, 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		$ 163,188,597
State Treasurer's investment pool 5	AAAf/S1+	Standard and Poor's	10,211,390
Foundation investment pool	Not Rated		55,182,224
U.S. Agency Securities	AA+	Standard and Poor's	79,234,953
U.S. Treasury Securities	AA1	Moody's	9,902,237
Government money market mutual funds	AAAm	Standard and Poor's	55,991,889
Total			$ 373,711,289

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, 2026, the University had $89,137,189 of U.S. agency securities and $55,991,889 in Government money market funds that were uninsured. The $89,137,189 is not registered in the University's name and held by the counterparty and the $55,991,889 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, 2026, the University had allowable investments in Federal Home Loan Mortgage Corporation securities of $25 million, or 6.59 percent of total investments, Federal Home Loan Bank securities of $20 million, or 5.34 percent of total investments, and Federal National Mortgage Association securities of $20 million, or 5.31 percent of total investments.

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, 2026, utilizing the segmented time distribution method:

		Maturity	
Investment Type	Fair Value	< 1 Year	1 - 5 Years
State Treasurer Investment Pool 3	$ 153,653,745		$ 153,653,745
State Treasurer Investment Pool 4	9,534,852	$ 9,534,852	
State Treasurer Investment Pool 5	10,211,390	10,211,390	
U.S. Treasury and Agency securities*	89,137,189	9,384,748	$ 79,752,441
Government money market mutual funds	55,991,889	55,991,889	
Total	$ 318,529,065	$ 85,122,879	$ 233,406,186

*At June 30, 2026, the University held $89,137,189, or 24 percent of investments, in U.S. 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	$ 9,368
Cash and deposits in bank	6,237,399
Total investments	373,711,289
Total	$ 379,958,056

Statement of Net Position	
Cash and cash equivalents	$ 179,646,754
Short term investments	9,384,748
Restricted cash and cash equivalents held by trustee for capital projects	55,991,889
Long term investments	80,521,117
Endowment investments	54,413,548
Total	$ 379,958,056

Note 4 - Capital Assets

Capital asset activity for year ended June 30, 2026, is presented as follows:

	Balance 7/1/2025	Additions / Increases	Retirements / Decreases	Balance 6/30/2026
Land	$ 28,584,867			$ 28,584,867
Construction in progress:				
Real property	11,578,785	$ 52,330		11,631,115
Intangible assets	677,484	721,567	$ 677,484	721,567
Art and historical collection	24,596,427			24,596,427
Total non-depreciable/amortizable capital assets	$ 65,437,563	$ 773,897	$ 677,484	$ 65,533,976
Buildings and improvements	$ 1,227,503,081	$ 16,706,586		$ 1,244,209,667
Infrastructure	175,353,242	710,650		176,063,892
Equipment	102,878,495	6,979,312	$ 3,309,543	106,548,264
Intangible assets, other than right-to-use	13,164,185	726,811		13,890,996
Library materials	45,398,349	8,180	1,433,337	43,973,192
Total depreciable/amortizable capital assets	$ 1,564,297,352	$ 25,131,539	$ 4,742,880	$ 1,584,686,011
Less accumulated depreciation				
Buildings and improvements	$ 592,121,115	$ 33,651,218		$ 625,772,333
Infrastructure	100,322,488	5,530,623		105,853,111
Equipment	77,647,841	5,599,612	$ 2,451,882	80,795,571
Intangible assets, other than right-to-use	11,724,842	103,330		11,828,172
Library materials	45,159,104	79,590	1,433,242	43,805,452
Total accumulated depreciation/amortization	$ 826,975,390	$ 44,964,373	$ 3,885,124	$ 868,054,639
Total depreciable/amortizable capital assets, net	$ 737,321,962	$ (19,832,834)	$ 857,756	$ 716,631,372
Right-to-use assets				
Leased buildings	$ 217,512,757		$ 2,837,852	$ 214,674,905
Leased equipment	5,144,254	$ 471,351	2,606,879	3,008,726
Subscription assets	17,173,884	1,927,378	1,925,732	17,175,530
Total right-to-use assets	$ 239,830,895	$ 2,398,729	$ 7,370,463	$ 234,859,161
Less accumulated amortization				
Leased buildings	$ 29,962,960	$ 7,690,958	$ 2,837,852	$ 34,816,066
Leased equipment	3,642,490	544,356	2,069,074	2,117,772
Subscription assets	9,435,434	4,606,164	1,925,732	12,115,866
Total accumulated amortization	$ 43,040,884	$ 12,841,478	$ 6,832,658	$ 49,049,704
Intangible right-to-use assets, net	$ 196,790,011	$ (10,442,749)	$ 537,805	$ 185,809,457
Capital assets, net	**$ 999,549,536**	**$ (29,501,685)**	**$ 2,073,046**	**$ 967,974,805**

In addition to expenditures through June 30, 2026, it is estimated that $67 million will be required to complete projects under construction or planned for construction. Of that amount, $9 million is contractually encumbered. These projects are being financed with a combination of 2026 Speed bond funding and University reserves.



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, 2026, is presented as follows:

	Balance 7/1/2025	Additions	Reductions	Balance 6/30/2026	Current Portion
Revenue Bonds Payable	$ 310,150,000	$ 70,215,000	$ 42,575,000	$ 337,790,000	$ 17,315,000
Direct Placement Revenue Bonds	127,225,000		10,910,000	116,315,000	11,240,000
Certificates of Participation	24,240,000		3,545,000	20,695,000	3,730,000
Subtotal long-term debt	$ 461,615,000	$ 70,215,000	$ 57,030,000	$ 474,800,000	$ 32,285,000
Premiums on Sale of Debt	36,253,722	6,485,324	6,837,090	35,901,956	3,325,529
Total long-term debt	$ 497,868,722	$ 76,700,324	$ 63,867,090	$ 510,701,956	$ 35,610,529

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, 2026, the University issued System Revenue (SRB) bonds to advance-refund older, higher cost issues. Details of the refunding transactions are as follows:

System Revenue Bonds	
Amount of refunding bonds issued	$ 26,340,000
Amount of bonds refunded	28,825,000
Reduction in debt service savings	3,876,877
Economic Gain (NPV savings)	3,692,393

The University refunded the 2012 and 2016 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.

On March 24, 2026, the University issued $46,982,760 Speed Revenue Bonds series 2026A with an interest rate of 4.3% percent to fund a new Nursing building and the Cline Library renovations. The University realized net proceeds of $46.4 million after paying $591,302 in underwriting fees, insurance, and other issuance costs. The 2026A Bonds with maturity on August 1, 2027 through August 1, 2056, are subject to mandatory redemption. The issuance is a revenue bond payable with US Bank Trust Company National Association and will disburse to pay for the costs of designing, developing and construction of the Nursing building and the Cline Library renovations.

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, 2026. 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 $315.2 million for the prior five years.

For fiscal year 2026, pledged revenues totaled $321.5 million of which approximately 10.97% ($35.2 million) was required to cover current year debt service. Future annual principal and interest payments on the bonds are expected to require approximately 5% of pledged revenues. Future pledged revenues required to pay all remaining related debt service for the bonds through final maturity of June 1, 2057, is $497.5 million.

(in thousands)	Average Interest Rate	Final Maturity	Balance 7/1/2025	Additions	Reductions	Balance 6/30/2026
Revenue Bonds:						
2012 System Revenue	4.5%	6/1/2029	$ 3,100		$ (3,100)	
2016 System Revenue and Refunding	4.9%	6/1/2038	27,035		(27,035)	
2020AB System Revenue Refunding	4.3%	6/1/2044	107,445		(4,005)	$ 103,440
2024 System Revenue Refunding	5.0%	6/1/2038	29,555		(1,760)	27,795
2025 System Revenue Refunding	3.4%	6/1/2037	29,995		(330)	29,665
2026 System Revenue Refunding	3.0%	6/1/2038		$ 26,340		26,340
Subtotal - System Revenue Bonds			$ 197,130	$ 26,340	$ (36,230)	$ 187,240
Direct Placement Revenue Bonds:						
2017 System Revenue Refunding	2.9%	6/1/2034	28,725		(2,835)	25,890
2017A System Revenue	2.6%	6/1/2038	17,145		(1,130)	16,015
2021AB System Revenue Refunding	1.9%	6/1/2031	14,685		(2,630)	12,055
Subtotal - Direct Placement Bonds			$ 60,555	$ -	$ (6,595)	$ 53,960
2020 SPEED Revenue Refunding	3.6%	8/1/2043	61,055		(4,145)	56,910
2024 SPEED Revenue Refunding	5.0%	8/1/2042	25,995		(2,200)	23,795
2026 SPEED Revenue	4.4%	8/1/2056		43,875		43,875
Subtotal - SPEED Revenue Bonds			$ 87,050	$ 43,875	$ (6,345)	$ 124,580
2024 Lease Revenue Student & Academic Services	4.0%	6/1/2044	25,970			25,970
Subtotal - Lease Revenue Bonds			$ 25,970	$ -	$ -	$ 25,970
Direct Placement Lease Revenue Bonds:						
2016 Lease Refunding North Campus	2.6%	6/1/2036	6,525		(520)	6,005
2017 Lease Refunding Pine Ridge/ Campus Heights	2.9%	6/1/2033	20,730		(2,195)	18,535
2020 Lease Revenue Student Athlete High Performance Center	2.8%	6/1/2044	39,415		(1,600)	37,815
Subtotal - Direct Lease Revenue Bonds			$ 66,670	$ -	$ (4,315)	$ 62,355
Subtotal: Revenue Bonds			$ 437,375	$ 70,215	$ (53,485)	$ 454,105
Certificates of Participation (COP's):						
2024 Refunding COP's	5.0%	9/1/2031	24,240		(3,545)	20,695
Subtotal: COP's			$ 24,240	$ -	$ (3,545)	$ 20,695
Total Par Amount of Bonds and COP's			$ 461,615	$ 70,215	$ (57,030)	$ 474,800
Discounts/Premiums on Sale of Bonds and			$ 36,253	$ 6,485	$ (6,836)	$ 35,902
Total Bonds and COP's Payable			$ 497,868	$ 76,700	$ (63,866)	$ 510,702

The following schedule details debt service requirements to maturity for System Revenue, Speed, and Lease Bonds and Certificates of Participation payable at June 30, 2026:

	System Revenue, Speed and Lease Bonds		Direct Placement System Revenue and Lease Bonds		Certificates of Participation	
Year	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2027	$ 17,315,000	14,994,392	$ 11,240,000	$ 3,155,222	$ 3,730,000	941,500
2028	18,040,000	14,421,101	11,565,000	2,860,873	3,930,000	750,000
2029	21,205,000	13,521,450	11,900,000	2,557,645	4,125,000	548,625
2030	22,495,000	12,464,852	12,280,000	2,245,333	4,345,000	336,875
2031	23,590,000	11,362,213	10,785,000	1,922,833	4,565,000	114,125
2032-2036	103,955,000	42,469,494	36,380,000	5,591,749		
2037-2041	81,645,000	19,629,612	14,485,000	2,173,139		
2042-2056	49,545,000	10,162,915	7,680,000	434,000		
Total	$ 337,790,000	$ 139,026,029	$ 116,315,000	$ 20,940,794	$ 20,695,000	$ 2,691,125



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, 2026, is presented as follows:

	Balance 7/1/25	Additions	Remeasure-ments	Deductions	Balance 6/30/26	Current Portion
Lease Liabilities	$ 210,626,197	$ 468,071	$ (534,725)	$ (3,919,594)	$ 206,639,949	$ 3,753,239
Subscription Liabilities	2,894,062	1,471,693	365,685	(2,234,892)	2,496,548	1,897,190
Total	**$ 213,520,259**	**$ 1,939,764**	**$ (169,040)**	**$ (6,154,486)**	**$ 209,136,497**	**$ 5,650,429**

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 77,600 square feet for significant sites. Lease terms are typically 5 years in duration, and future minimum lease payments for larger sites total approximately $11.5 million.

The following schedule details minimum lease payments to maturity for the University's leases payable at June 30, 2026:

Year ending June 30:	Principal	Interest	Total
2027	$ 3,753,239	$ 4,170,062	$ 7,923,301
2028	3,706,748	4,094,121	7,800,869
2029	4,201,706	3,939,113	8,140,819
2030	4,064,742	3,814,299	7,879,041
2031	4,182,267	3,700,687	7,882,954
2032-2057	186,731,247	57,649,701	244,380,948
Total	$ 206,639,949	$ 77,367,983	$ 284,007,932

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 sublease 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 $270 million through June 2057.

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, and the Assistive Technology for Employment and Independence Program (ATEI), is located Mesa. Together these programs lease space of approximately 7,000 square feet. Future minimum payments through July 2032 total approximately $619,300.

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 December 2027 total approximately $2.6M.

The following schedule details minimum subscription payments to maturity for the University's subscription liabilities at June 30, 2026:

Year ending June 30:	Principal	Interest	Total
2027	$ 1,897,190	$ 92,633	$ 1,989,823
2028	599,358	21,178	620,536
Total	$ 2,496,548	$ 113,811	$ 2,610,359

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, 2026, consist of the following:

Current Unearned Revenue and Deposits		
Tuition and Fees	$	13,510,417
Unexpended cash advances received for sponsored projects		12,009,176
Auxiliary sales and services		2,277,670
Endowment		27,251
Total Unearned Revenue and Deposits	**$**	**27,824,514**

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, 2026, was as follows:

Accrued Compensation		
Beginning balance (as restated)	$	11,875,676
Additions		13,885,268
Reductions		(13,199,743)
Ending balance	$	12,561,201
Current portion	**$**	**863,173**

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, 2026

	Personal Services and Benefits	Operations	Scholarships	Depreciation and Amortization	Total
Functional Classification:					
Educational and general					
Instruction	$ 164,076,031	$ 17,695,199			$ 181,771,230
Research	50,200,823	25,300,885			75,501,708
Public service	20,920,470	19,521,152			40,441,622
Academic support	47,267,175	8,772,065			56,039,240
Student services	36,567,025	15,912,868			52,479,893
Institutional support	73,910,312	24,586,193			98,496,505
Operation and maintenance of plant	3,594,482	15,440,113			19,034,595
Scholarships and Fellowships			$ 31,757,666		31,757,666
Auxiliary enterprises	47,297,153	18,188,188			65,485,341
Depreciation and amortization				$ 57,805,851	57,805,851
Total	**$ 443,833,471**	**$ 145,416,663**	**$ 31,757,666**	**$ 57,805,851**	**$ 678,813,651**

Note 10 – 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, Northern Arizona University was authorized to issue an additional $43.875M in SPEED Bonds, and subsequently in July 2026, issued SPEED Bonds Series 2026B with net proceeds of $46.873M as additional funding for constructing a new Nursing building and Cline Library renovations.



Note 11 – 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, 2026, 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, 2026, was comprised of the following:

ASRS	$	186,541,999
PSPRS		(1,049,826)
Defined Contribution Pension Plans		3,800,515
Total net pension liability	$	189,292,688

Changes in the University's net pension liability during the fiscal year ended June 30, 2026, were as follows:

Beginning balance	$	187,865,703
Increases		59,266,460
Decreases		(57,839,475)
Ending balance	$	189,292,688
Current portion	$	1,867,974

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, 2026, statute required active ASRS members to contribute at the actuarially determined rate of 11.86 percent for retirement of the members' annual covered payroll, and statute required the University to contribute at the actuarially determined rate of 11.83 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 9.72 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, 2026, were $20,507,743.

Pension Liability

At June 30, 2026, the University reported a liability of $186,541,999 for its proportionate share of the ASRS's net pension liability. The net pension liability was measured as of June 30, 2025. 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, 2024, to the measurement date of June 30, 2025. The total liabilities as of June 30, 2025, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2024, including increasing the inflation rate from 2.3 percent to 2.4 percent and changing the projected salary increases from 2.9-8.4 percent to 3.0-8.4 percent.

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, 2025. The University's proportion measured as of June 30, 2025, was 1.20 percent and was an increase of .04 from its proportion measured as of June 30, 2024.

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2026, the University recognized pension expense for ASRS of $20,894,706. At June 30, 2026, 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	$ 12,414,287	$ -
Changes in assumptions or other inputs	2,681,386	-
Net difference between projected and actual earnings on pension plan investments	-	14,784,379
Changes in proportion and differences between University contributions and proportionate share of contributions	9,438,269	-
University contributions subsequent to the measurement date	20,507,743	
Total	$ 45,041,685	$ 14,784,379

The $20,507,743 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, 2027.

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
2027	$	18,609,404
2028		685,059
2029		(5,899,028)
2030		(3,645,872)

Actuarial Assumptions

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

Actuarial valuation date	June 30, 2024
Actuarial roll forward date	June 30, 2025
Actuarial cost method	Entry age normal
Investment rate of return	7.00%
Projected salary increases	3.0 - 8.4%
Inflation	2.40%
Permanent benefit increase	Included
Mortality rates	2017 SRA Scale U-MP

Actuarial assumptions used in the June 30, 2024, 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, 2025, 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%)	$	295,216,384
Current discount rate (7.0%)		186,541,999
1% increase (8.0%)		96,000,071

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 $776,635 for outstanding pension contribution amounts payable to ASRS for the year ended June 30, 2026.

Note 12 - Other Post-Employment Benefits (OPEB)

Other post-employment benefits (OPEB) provided as part of University employment include the Arizona Department of Administration (ADOA) sponsored single-employer defined benefit post-employment plan, the PSPRS state administered agent multiple-employer defined benefit post-employment plan, as well as the ASRS sponsored cost-sharing plans for the Long-Term Disability (LTD) Fund and the Health Benefit Supplement (HBS) Fund. Although an ASRS and PSPRS OPEB liability has been recorded at June 30, 2026, these plans have not been further disclosed due to the relative insignificance to the University's financial statements.

During the reporting period the University discontinued retiree participation in the University's Blue Cross Blue Shield (BCBS) heath plan. This coverage was previously reported as an implicit rate subsidy, and any liability portion was included in the net OPEB asset reported since fiscal year 2023. Beginning in fiscal year 2026, University retirees are now offered coverage under the ADOA single-employer defined post-employment plan described in this note.

Changes in the University's OPEB liability during the fiscal year ended June 30, 2026, including the removal of BCBS related balances, were as follows:

Beginning balance	$	(1,177,096)
Increases		40,227,658
Decreases		(24,656,457)
Ending balance	$	14,394,105

Single-Employer Plan

The ADOA administers a single-employer defined benefit postemployment plan that provides medical and accident benefits to retired State employees, including university employees and their dependents. Title 38, Chapter 4 of the A.R.S. assigns the authority to establish and amend the benefit provisions to the Arizona State Legislature. The ADOA pays the medical costs incurred by retired employees minus a specified premium amount, which is paid for entirely by the retiree or on behalf of the retiree. These premium rates are based on a blend of active employee and retiree experience, resulting in a contribution basis which is lower than the expected claim costs for retirees only, which results in an implicit subsidization of retirees by the State. ADOA does not issue a separate, publicly available financial report.

A portion of the ADOA plan's implicit rate subsidy represents a liability to the university for its proportionate share of the total OPEB liability. The total OPEB liability is allocated to the university based on active headcount.

Active NAU employees	3,024
Active headcount for all agencies	61,228
Proportionate Share	4.9%

*As of June 30, 2025 measurement date

The university's proportionate share was 4.9%. Proportionate share of Total Pension Liability is allocated based on active headcount measured at June 30, 2025.

Benefits Provided

The ADOA provides medical and accident benefits to retired State employees and their dependents. Dental and vision benefits are also available but are not valued as there is no implicit subsidization in the retiree rates.

Funding Policy

The ADOA's current funding policy for the single-employer plan is pay-as-you-go for OPEB benefits. There are no dedicated plan assets accumulated in a GASB-compliant trust to offset the total OPEB liability.

OPEB Liability

At June 30, 2026, the university reported a liability of $23.4 million for its proportionate share of the ADOA's total OPEB liability. The total OPEB liability was measured as of June 30, 2025, and was determined by an actuarial valuation as of June 30, 2025. The total OPEB liability as of June 30, 2025, reflects an increase in the discount rate due to changes in the bond index and changes in demographic assumptions.

OPEB Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2026, the university recognized an OPEB expense for ADOA of $5.8 million. At June 30, 2026, the university reported deferred outflows of resources and deferred inflows of resources related to other postemployment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions or other inputs		$ 2,821,396
Difference between expected and actual experience in the Total OPEB Liability	$ 26,479,388	5,966,246
University contributions subsequent to the measurement date	749,005	
Total	$ 27,228,393	$ 8,787,642

The $749,005 reported as deferred outflows of resources related to ADOA OPEB resulting from university benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ADOA OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	OPEB Expense Amount
2027	2,482,216
2028	2,482,216
2029	2,482,216
2030	2,482,216
2031	2,482,216
Thereafter	5,280,666

Schedule of Changes in Total OPEB Liability - June 30, 2026

Arizona Department of Administration Other Postemployment Benefits	Reporting Fiscal Year (Measurement Date) 2026 (2025)	2025 through 2023
Service cost	$ 3,148,598	
Interest	124,999	
Change of benefit terms	-	
Differences between expected and actual experience	23,391,210	
Changes of assumptions	(3,217,248)	Information
Expected benefit payments	-	Not
Net change in total OPEB liability	$ 23,447,559	Available
Total OPEB liability - beginning	-	
Total OPEB liability - ending	$ 23,447,559	
Covered employee payroll*	259,911,261	
Plan total OPEB liability as a percentage of covered employee payroll	9.02%	

Actuarial Methods and Assumptions

The significant actuarial assumptions used to measure ADOA's total OPEB liability are as follows:

Actuarial Assumptions		
Actuarial valuation date	June 30, 2025	
Actuarial cost method	Individual Entry-Age Normal	
Inflation	2.40%	
Salary increases	0.00% to 6.00%, not including wage inflation of 3.00%	
Discount rate	5.20% as of June 30, 2025	
Healthcare cost trend rates	Pre-65: Initial rate of 8.00% declining to an ultimate rate of 4.25% after 15 years	
	Post-65: Initial rate of 4.90% declining to an ultimate rate of 4.25% after 8 years	
Participation rates	35% of employees not currently waiving medical coverage eligible to retire and receive subsidized postretirement welfare coverage were assume to elect medical coverage. Active members currently declining coverage were assumed	
Mortality	Employees	Pub-2010 General Employee Mortality table. Generational mortality improvements in accordance with the Ultimate MP scales (beginning in 2020) are projected from the year 2010.
	Healthy Retirees and Spouses	2017 State Retirees of Arizona (SRA) mortality table. Generational mortality improvements in accordance with the Ultimate MP scales (beginning in 2020) and projected from the year 2017.
	Disabled Retirees	Pub-2010 Disabled Retiree Mortality. Generational mortality improvements in accordance with the Ultimate MP scales (beginning in 2020) are projected from the year 2010

Benefit projections assume the specified premium amount will follow the current pattern of practice of being paid for entirely by the retiree or on behalf of the retiree. The specified premium amounts are projected to increase at the contribution trend rates noted above. Actuarial assumptions used in the June 30, 2025, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020.

Discount Rate

For the purpose of this valuation, the municipal bond rate is 5.20%. The discount rate was based on the Bond Buyer "20-Bond GO Index".

Sensitivity Analysis

The following table presents the university's proportionate share of the total OPEB liability calculated using the discount rate of 5.20%, as well as what the university's proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.20%) or 1 percentage point higher (6.20%) than the current rate:

	Total OPEB Liability
1% decrease (4.20%)	$ 26,405,612
Current discount rate (5.20%)	23,447,559
1% increase (6.20%)	20,955,934

The following table presents the university's proportionate share of the total OPEB liability (in thousands of dollars) calculated using the healthcare cost and contribution trend rates stated above, as well as what the University's proportionate share of the total OPEB liability would be if it were calculated using healthcare cost and contribution trend rates that are 1 percentage point lower or 1 percentage point higher than the current rates:

	Total OPEB Liability
1% decrease in trend rates	$ 20,254,535
Current trend rates	23,447,559
1% increase in trend rates	27,394,481

Note 13 – 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, 2026, the allowance was $365,820.

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, 2026.

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.

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 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 met. Consequently, at June 30, 2026, conditional contributions were approximately $8,758,000.

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. The Foundation's cash deposits are insured by the Federal Deposit Insurance Corporation (FDIC). The funds are placed in sweep accounts, which automatically transfer excess cash into FDIC-insured deposit accounts at various financial institutions. These deposits are classified as deposits under federal law, ensuring that the funds are protected against potential bank failures up to the applicable limits set by the FDIC. 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, 2026, 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, 2026:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated quasi-endowment	$ 18,382,343		$ 18,382,343
Donor-restricted quasi-endowment		$ 18,260,212	18,260,212
Donor-restricted for permanent endowment			
Original donor-restricted gift amounts required to be maintained in perpetuity by donor		131,451,800	131,451,800
Accumulated investment gains		76,704,032	76,704,032
Total	$ 18,382,343	$ 226,416,044	$ 244,798,387

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, 2026, funds with original gift values of approximately $1,448,975, fair values of approximately $1,405,626, and deficiencies of approximately $43,349 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 liability for assets held in custody for others.

The following table presents assets and liabilities measured at fair value on a recurring basis at June 30, 2026:

		Fair Value Measurements at Report Date Using		
	Amount	Level 1	Level 2	Level 3
Assets				
Operating investments				
Mutual Fund				
Municipal Bond Mutual Fund	$ 66,049,254	$ 66,049,254		
Exchange Traded Funds	1,283,597	1,283,597		
Equity Mutual Funds	179,044,858	179,044,858		
International Bond Mutual Funds	16,706,441	16,706,441		
International Equity Mutual Funds	144,157,179	144,157,179		
Common Stock	8,474,063	8,474,063		
Corporate Bonds	174,220		$ 174,220	
Cash and Cash Equivalents	2,881,354	2,881,354		
Total	$ 418,770,966	$ 418,596,746	$ 174,220	
Assets held under split-interest agreements				
Mutual Fund				
Corporate Bond Mutual Fund	$ 1,601,779		$ 1,601,779	
Equity Mutual Funds	1,765,428	$ 1,765,428		
Alternative Investment Mutual Funds	63,331	63,331		
Money Market Funds	88,767	88,767		
Total	$ 3,519,305	$ 1,917,526	$ 1,601,779	
Beneficial interests in				
Perpetual trusts	$ 4,543,722			$ 4,543,722
Investments measured at NAV				
Private equity	$ 3,935,303			

		Fair Value Measurements at Report Date Using		
	Amount	Level 1	Level 2	Level 3
Liabilities				
Assets held in custody for others	$ 56,156,845		$ 56,156,845	
Liabilities under split-interest agreements	$ 2,135,256			$ 2,135,256

D. Promises to Give

Unconditional promises to give are estimated to be collected as follows at June 30, 2026:

Within one year	$ 5,712,673
In one to five years	13,007,362
Over five years	3,571,175
	$ 22,291,210
Less discount to present value at rates ranging from 0.07% to 4.36%	(1,739,494)
Less allowance for uncollectible promises to give	(365,820)
	$ 20,185,896

At June 30, 2026, two donors accounted for approximately 68% 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, 2026:

Cash	$	2,057,908
Pledges receivable		500
Investments		53,157,876
Beneficial interest in perpetual trust		940,561
	$	56,156,845
Assets held on behalf of:		
Northern Arizona University	$	55,789,597
NAU Parents' Association		367,248
	$	56,156,845

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, 2026, unconditional pledges receivable from these members totaled $11,712,200. During the year ended June 30, 2026, the Foundation recognized contribution revenue from these donors of $5,850,221.

During the year ended June 30, 2026, the Foundation recognized approximately $4,691,260 of scholarships to the University. Additionally, the Foundation recognized approximately $3,500,000 of contributed services provided by the University. At June 30, 2026, the Foundation held approximately $55,789,597 of assets in custody on behalf of the University and had $10,085 due to the University. Assets held in custody on behalf of the University are not available for use by the Foundation.

Required Supplementary Information

Schedule of University's Proportionate Share of Net Pension Liability - Arizona State Retirement System - June 30, 2026

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
2026 / (2025)	1.20%	$ 186,541,999	$ 174,779,260	107%	78.78%
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%

Schedule of University's Pension Contributions - Arizona State Retirement System - June 30, 2026

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
2026	$ 20,507,743	$ 20,507,743		$ 174,472,965	11.75%
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%

Required Supplementary Information

Schedule of University's Proportionate Share of Total OPEB Liability - Arizona Department of Administration - June 30, 2026

Year Ended June 30, Reporting Fiscal Year (Measurement Date)	University's proportion of the total OPEB	University's proportionate share of the total	University's covered payroll (Measurement	University's proportionate share of the total OPEB liability as a percentage of its covered payroll
2026 / (2025)	4.94%	$ 23,447,559	$ 259,911,261	9.02%
2025 / (2024)	100%	5,915,738	242,212,252	2.44%
2024 / (2023)	100%	5,414,291	235,386,056	2.30%
2023 / (2022)	100%	5,429,127	207,120,984	2.62%
2022 / (2021)	100%	5,650,954	201,283,755	2.81%
2021 / (2020)	100%	5,894,330	201,087,393	2.93%
2020 / (2019)	100%	5,230,921	195,800,772	2.67%
2019 / (2018)	100%	8,648,090	189,497,552	4.56%
2018 / (2017)	100%	8,225,587	184,515,630	4.46%
2017 / (2016)	Information Not Available			

*Beginning fiscal year 2026 retiree participation in the University's Blue Cross Blue Shield (BCBS) health plan was discontinued. Prior year RSI information reflects coverage under the discontinued plan of which the University was the only employeer (see Note 12).

Narrative to the Statistical Section

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Net Position by Component

Fiscal Year Ended June 30, (Dollars in thousands)	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Net Investment in Capital Assets	$287,161	$286,463	$277,524	$269,975	$234,713	$262,474	$248,641	$245,903	$232,568	$269,240
Restricted, Non-expendable	26,788	25,725	24,611	23,480	17,039	17,969	19,142	26,258	25,107	24,625
Restricted, Expendable	95,598	112,542	105,041	72,347	71,905	67,905	54,058	48,146	44,594	39,193
Unrestricted (deficit)	36,923	20,908	35,455	38,806	26,352	(40,935)	(70,943)	(60,756)	(59,530)	(45,408)
Total Net Position	**$446,470**	**$445,638**	**$442,631**	**$404,608**	**$350,009**	**$307,413**	**$250,898**	**$259,551**	**$242,739**	**$287,650**
Expressed as a percent of the total	%	%	%	%	%	%	%	%	%	%
Net Investment in Capital Assets	64.3	64.3	62.7	66.7	67.1	85.4	99.2	94.8	95.8	93.6
Restricted, Non-expendable	6.0	5.8	5.6	5.8	4.9	5.8	7.6	10.1	10.3	8.6
Restricted, Expendable	21.4	25.2	23.7	17.9	20.5	22.1	21.5	18.5	18.4	13.6
Unrestricted (deficit)	8.3	4.7	8.0	9.6	7.5	(13.3)	(28.3)	(23.4)	(24.5)	(15.8)
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	0.2	3.2	2.8	15.0	(10.6)	5.6	1.1	5.7	(13.6)	1.3
Restricted, Non-expendable	4.1	4.5	4.8	37.8	(5.2)	(6.1)	(27.1)	4.6	2.0	4.4
Restricted, Expendable	(15.1)	7.1	45.2	0.6	5.9	25.6	12.3	8.0	13.8	21.8
Unrestricted (deficit)	76.6	(41.0)	(8.6)	47.3	164.4	42.3	(16.8)	(2.1)	(31.1)	(15.8)
Total Net Position	**0.2**	**0.7**	**9.4**	**15.6**	**13.9**	**22.5**	**(3.3)**	**6.9**	**(15.6)**	**1.8**

Note: The University implemented GASB 103 in FY 2026, 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.

The University implemented GASB 96 in FY 2023, 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 75 in FY 2018, historical data has not been restated in the statistical section.

Operating Expenses by Natural Classification

Fiscal Year Ended June 30, (Dollars in thousands)	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Personal Services	$335,843	$340,688	$321,829	$293,953	$267,141	$251,970	$267,900	$260,390	$254,688	$243,537
Benefits	112,949	111,326	103,954	94,556	89,006	87,732	92,137	89,195	86,550	82,172
Pensions and OPEB (1)	(4,959)	(10,562)	(9,364)	(11,201)	(16,860)	(3,923)	(2,487)	(15,094)	(2,521)	11,741
Personal Services and Benefits	443,833	441,452	416,419	377,308	339,287	335,779	357,550	334,491	338,717	337,450
Operations	145,417	169,154	169,949	164,186	145,159	117,181	142,004	140,987	136,563	130,446
Scholarships	31,758	38,628	34,974	30,648	74,028	53,646	46,946	39,857	38,658	35,290
Depreciation and Amortization (2)	57,806	58,277	56,828	53,568	51,353	42,055	45,239	42,822	42,830	41,538
Total Operating Expenses by Natural Classification	**$678,814**	**$707,511**	**$678,170**	**$625,710**	**$609,827**	**$548,661**	**$591,739**	**$558,157**	**$556,768**	**$544,724**
Expressed as a percent of the total	%	%	%	%	%	%	%	%	%	%
Personal Services	49.5	48.2	47.5	47.0	43.8	45.9	45.3	46.6	45.7	44.7
Benefits	16.6	15.7	15.3	15.1	14.6	16.0	15.6	16.0	15.6	15.1
Pensions and OPEB (1)	(0.7)	(1.5)	(1.4)	(1.8)	(2.8)	(0.7)	(0.4)	(2.7)	(0.4)	2.2
Personal Services and Benefits	65.4	62.4	61.4	60.3	55.6	61.2	60.5	59.9	60.9	62.0
Operations	21.4	23.9	25.1	26.2	23.8	21.4	24.0	25.3	24.5	23.9
Scholarships	4.7	5.5	5.1	4.9	12.1	9.8	7.9	7.1	6.9	6.5
Depreciation and Amortization (2)	8.5	8.2	8.4	8.6	8.5	7.6	7.6	7.7	7.7	7.6
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**
% increase (decrease) from prior year	%	%	%	%	%	%	%	%	%	%
Personal Services	(1.4)	5.9	9.5	10.0	6.0	(5.9)	2.9	2.2	4.6	4.3
Benefits	1.5	7.1	9.9	6.2	1.5	(4.8)	3.3	3.1	5.3	4.4
Pensions and OPEB (1)	53.0	(12.8)	16.4	33.6	(329.8)	(57.7)	83.5	(498.7)	121.5	(7.5)
Personal Services and Benefits	0.5	6.0	10.4	11.2	1.0	(6.1)	6.9	(1.2)	0.4	4.4
Operations	(14.0)	(0.5)	3.5	13.1	23.9	(17.5)	0.7	3.2	4.7	9.5
Scholarships	(17.8)	10.4	14.1	(58.6)	38.0	14.3	17.8	3.1	9.5	12.1
Depreciation and Amortization (2)	(0.8)	2.5	6.1	4.3	22.1	(7.0)	5.6	(0.0)	3.1	9.4
Total Operating Expenses by Natural Classification	**(4.1)**	**4.3**	**8.4**	**2.6**	**11.1**	**(7.3)**	**6.0**	**0.2**	**2.2**	**6.4**

(1) Implementation of GASB 45/75 (OPEB) and GASB 68 (Pensions) resulted in recognition of benefit-related operating expenses/revenue each year. The impact of the implementation has been presented separately for comparability purposes.

(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 (Dollars in thousands)

Fiscal Year Ended June 30,	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Operating Revenues										
Tuition and fees, net	$194,557	$197,033	$201,626	$195,450	$200,933	$218,452	$233,911	$237,605	$236,790	$237,930
Government Grants and contracts	99,763	65,181	59,571	49,313	42,237	40,695	38,514	35,287	29,818	25,802
Private grants and contracts	8,809	6,246	9,768	6,321	4,541	5,573	4,866	4,618	4,127	4,372
Financial aid grants	50,664	-	-	-	-	-	-	-	-	-
Residence Life, net	50,799	48,604	48,075	43,797	38,533	28,753	33,189	35,729	32,437	32,791
Other auxiliaries	42,070	38,674	37,666	34,076	30,554	24,605	24,917	29,850	34,042	27,656
Other revenues	30,031	33,948	27,945	23,220	18,516	14,913	19,438	24,931	22,362	23,110
Total Operating Revenues	**$476,693**	**$389,686**	**$384,651**	**$352,177**	**$335,314**	**$332,991**	**$354,835**	**$368,020**	**$359,576**	**$351,661**
Operating Expenses										
Instruction	$181,771	$192,733	$187,785	$174,993	$155,023	$148,212	$171,180	$168,338	$174,245	$176,334
Research	75,502	75,328	70,167	58,678	51,895	51,635	55,608	46,113	40,655	36,068
Public service	40,442	49,520	44,392	37,034	30,853	24,735	28,945	30,924	31,665	28,866
Academic support	56,039	55,452	48,536	46,400	40,281	38,880	36,939	38,445	39,482	41,074
Student services	52,480	56,060	57,697	54,320	56,525	56,192	69,409	57,210	55,138	54,246
Institutional support	98,496	96,273	93,802	84,430	79,975	71,831	70,740	62,202	64,158	59,238
Operation and maintenance of plant	19,035	21,778	24,746	35,322	27,162	22,648	23,368	27,456	29,031	31,003
Scholarships and fellowships	31,758	38,628	34,974	30,648	74,028	53,646	46,946	39,857	38,659	35,290
Auxiliary enterprises	65,485	63,462	59,242	50,317	42,733	38,827	43,365	44,790	40,905	41,067
Depreciation	57,806	58,277	56,829	53,568	51,353	42,055	45,239	42,822	42,830	41,538
Total Operating Expenses	**$678,814**	**$707,511**	**$678,170**	**$625,710**	**$609,828**	**$548,661**	**$591,739**	**$558,157**	**$556,768**	**$544,724**
Operating loss	**$(202,121)**					**$(215,670)**	**$(236,904)**			**$(193,063)**
Noncapital Subsidy										
State appropriations	$116,823	-	-	-	-	-	-	-	-	-
Share of state sales tax	17,604	-	-	-	-	-	-	-	-	-
Private gifts, grants, and contracts	25,538	-	-	-	-	-	-	-	-	-
Other State Subsidies	34,195	-	-	-	-	-	-	-	-	-
Total Noncapital Subsidy	**$194,160**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Operating income (loss) and noncapital subsidies	**$(7,961)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Nonoperating Revenues (Expenses)										
State appropriations	-	$139,922	$144,555	$165,322	$138,737	$107,396	$113,523	$103,200	$99,716	$100,106
Share of state tax - TRIF	-	32,299	46,666	19,560	39,777	17,079	16,943	15,844	14,339	13,752
Government grants	-	107,033	104,216	96,224	146,393	119,622	86,950	73,183	71,612	68,533
Private gifts and grants	-	29,470	24,880	15,343	14,294	13,259	14,550	14,175	14,460	14,050
Investment income/ (loss)	$14,430	21,197	20,657	13,044	(9,416)	15,112	4,596	6,255	4,298	3,863
Interest on debt	(19,744)	(19,924)	(21,607)	(24,006)	(24,705)	(22,441)	(23,990)	(28,084)	(28,061)	(28,144)
Other nonoperating revenues, net	(921)	7,538	5,711	7,352	8,695	8,361	5,957	14,330	16,126	15,488
Capital appropriations	4,884	$4,885	$5,303	$5,301	$5,040	$4,879	$5,900	$5,896	$5,897	$4,247
Capital grants and gifts	422	13	20	29,075	1,420	7,974	2,870	1,164	3,321	5,474
Capital commitment - State Lottery revenues	8,591	-	-	-	-	-	-	-	-	-
Additions to permanent endowments	1,131	1,149	1,141	917	906	943	952	986	922	906
Net Nonoperating Revenues	**$8,793**	**$323,582**	**$331,542**	**$328,132**	**$321,141**	**$272,184**	**$228,251**	**$206,949**	**$202,630**	**$198,275**
Increase/(Decrease) in Net Position	**$832**	**$5,757**	**$38,023**	**$54,600**	**$46,627**	**$56,514**	**$(8,653)**	**$16,812**	**$5,438**	**$5,212**
Total Revenues	$700,310	$733,192	$737,799	$704,570	$681,879	$627,616	$607,076	$603,053	$590,267	$578,080
Total Expenses	699,478	727,435	699,776	649,971	635,252	571,102	615,729	586,241	584,829	572,868
Increase/(Decrease) in Net Position	**$832**	**$5,757**	**$38,023**	**$54,599**	**$46,627**	**$56,514**	**$(8,653)**	**$16,812**	**$5,438**	**$5,212**

Change in Net Position (Continued) - Expressed as a percent of Total Revenues / Total Expenses

Fiscal Year Ended June 30,	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Operating Revenues	%	%	%	%	%	%	%	%	%	%
Tuition and fees, net	27.8	26.9	27.3	27.8	29.5	34.8	38.5	39.4	40.1	41.2
Government grants and contracts	14.2	8.9	8.1	7.0	6.2	6.5	6.3	5.9	5.1	4.5
Private grants and contracts	1.3	0.9	1.3	0.9	0.7	0.9	0.8	0.8	0.7	0.8
Financial aid grants	7.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residence life, net	7.3	6.5	6.5	6.2	5.6	4.6	5.5	5.9	5.5	5.7
Other auxiliaries	6.0	5.3	5.1	4.8	4.5	3.9	4.1	4.9	5.8	4.8
Other revenues	4.3	4.6	3.8	3.3	2.7	2.4	3.2	4.1	3.8	4.0
Total Operating Revenues	**68.1**	**53.1**	**52.1**	**50.0**	**49.2**	**53.1**	**58.4**	**61.0**	**61.0**	**61.0**
Operating Expenses										
Instruction	26.0	26.5	26.8	26.9	24.4	25.9	27.8	28.7	29.8	30.8
Research	10.8	10.4	10.0	9.0	8.2	9.0	9.0	7.9	7.0	6.3
Public service	5.8	6.8	6.3	5.7	4.9	4.3	4.7	5.3	5.4	5.0
Academic support	8.0	7.6	6.9	7.1	6.3	6.8	6.0	6.6	6.8	7.2
Student services	7.5	7.7	8.2	8.4	8.9	9.8	11.3	9.8	9.4	9.5
Institutional support	14.0	13.2	13.4	13.0	12.6	12.6	11.5	10.6	11.0	10.3
Operation and maintenance of plant	2.7	3.0	3.5	5.4	4.3	4.0	3.8	4.7	5.0	5.4
Scholarships and fellowships	4.5	5.3	5.0	4.7	11.7	9.4	7.6	6.8	6.6	6.2
Auxiliary enterprises	9.4	8.7	8.5	7.7	6.7	6.8	7.0	7.6	7.0	7.2
Depreciation and Amortization	8.3	8.0	8.1	8.2	8.1	7.4	7.3	7.3	7.3	7.3
Total Operating Expenses	**97.0**	**97.2**	**96.7**	**96.1**	**96.1**	**96.0**	**96.0**	**95.3**	**95.3**	**95.2**
Operating loss	**(28.9)**	**(43.3)**	**(39.8)**	**(38.8)**	**(40.3)**	**(34.3)**	**(39.0)**	**(31.5)**	**(33.4)**	**(33.4)**
Noncapital Subsidy										
State appropriations	16.7	-	-	-	-	-	-	-	-	-
Share of state sales tax	2.5	-	-	-	-	-	-	-	-	-
Private gifts, grants, and contracts	3.7	-	-	-	-	-	-	-	-	-
Other State Subsidies	4.9	-	-	-	-	-	-	-	-	-
Total noncapital subsidy	**27.8**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Operating income (loss) and noncapital subsidies	**(1.1)**	**(43.3)**	**(39.8)**	**(38.8)**	**(40.3)**	**(34.3)**	**(39.0)**	**(31.5)**	**(33.4)**	**(33.4)**
Nonoperating Revenues (Expenses)										
State appropriations	-	19.1	19.6	23.5	20.3	17.1	18.7	17.1	16.9	17.3
Share of state tax - TRIF	-	4.4	6.3	2.8	5.8	2.7	2.8	2.6	2.4	2.4
Government grants	-	14.6	14.1	13.7	21.5	19.0	14.3	12.1	12.1	11.9
Private gifts	-	4.0	3.4	2.2	2.1	2.1	2.4	2.4	2.4	2.4
Investment income	2.0	2.9	2.8	1.9	(1.4)	2.4	0.8	1.0	0.7	0.7
Interest on debt	(2.8)	(2.7)	(3.1)	(3.7)	(3.9)	(3.9)	(3.9)	(4.8)	(4.8)	(4.9)
Other nonoperating revenues, net	(0.1)	1.0	0.8	1.0	1.3	1.3	1.0	2.4	2.7	2.7
Capital appropriations	0.7	0.7	0.8	0.8	0.7	0.8	1.0	1.0	1.0	0.7
Capital commitment - State Lottery revenues	1.2	-	-	-	-	-	-	-	-	-
Capital grants	0.1	0.0	0.0	4.1	0.2	1.3	0.5	0.2	0.6	0.9
Additions to permanent endowments	0.1	0.2	0.3	0.1	0.1	0.2	0.2	0.2	0.2	0.2
Net Nonoperating Revenues	**1.2**	**44.1**	**44.9**	**46.4**	**46.8**	**42.9**	**37.7**	**34.2**	**34.2**	**34.3**
Increase/(Decrease) in Net Position	**0.1**	**0.8**	**5.2**	**7.6**	**6.5**	**8.6**	**(2.9)**	**2.7**	**0.8**	**0.9**

Change in Net Position (Continued) - Percentage increase (decrease) from prior year

Fiscal Year Ended June 30,	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Operating Revenues	%	%	%	%	%	%	%	%	%	%
Tuition and fees, net	(1.3)	(2.3)	3.2	(2.7)	(8.0)	(6.6)	(1.6)	0.3	(0.5)	9.6
Government grants and contracts	53.1	9.4	20.8	16.8	3.8	5.7	9.1	18.3	15.6	13.3
Private grants and contracts	41.0	(36.1)	54.5	39.2	(18.5)	14.5	5.4	11.9	(5.6)	27.2
Financial aid grants	-	-	-	-	-	-	-	-	-	-
Residence life, net	4.5	1.1	9.8	13.7	34.0	(13.4)	(7.1)	10.1	(1.1)	2.0
Other auxiliaries	8.8	2.7	10.5	11.5	24.2	(1.3)	(16.5)	(12.3)	23.1	11.8
Other revenues	(11.5)	21.5	20.3	25.4	24.2	(23.3)	(22.0)	11.5	(3.2)	7.1
Total Operating Revenues	**22.3**	**1.3**	**9.2**	**5.0**	**0.7**	**(6.2)**	**(3.6)**	**2.3**	**2.3**	**9.3**
Operating Expenses										
Instruction	(5.7)	2.6	7.3	12.9	4.6	(13.4)	1.7	(3.4)	(1.2)	4.1
Research	0.2	7.4	19.6	13.1	0.5	(7.1)	20.6	13.4	12.7	19.7
Public service	(18.3)	11.6	19.9	20.0	24.7	(14.5)	(6.4)	(2.3)	9.7	2.5
Academic support	1.1	14.2	4.6	15.2	3.6	5.3	(3.9)	(2.6)	(3.9)	1.4
Student services	(6.4)	(2.8)	6.2	(3.9)	0.6	(19.0)	21.3	3.8	1.6	0.8
Institutional support	2.3	2.6	11.1	5.6	11.3	1.5	13.7	(3.0)	8.3	12.9
Operation and maintenance of plant	(12.6)	(12.0)	(29.9)	30.0	19.9	(3.1)	(14.9)	(5.4)	(6.4)	4.1
Scholarships and fellowships	(17.8)	10.4	14.1	(58.6)	38.0	14.3	17.8	3.1	9.5	12.1
Auxiliary enterprises	3.2	7.1	17.7	17.7	10.1	(10.5)	(3.2)	9.5	(0.4)	7.9
Depreciation and Amortization	(0.8)	2.5	6.1	4.3	22.1	(7.0)	5.6	(0.0)	3.1	9.4
Total Operating Expenses	**(4.1)**	**4.3**	**8.4**	**2.6**	**11.1**	**(7.3)**	**6.0**	**0.2**	**2.2**	**6.4**
Operating loss	**(36.4)**	**8.3**	**7.3**	**(0.4)**	**27.3**	**(9.0)**	**24.6**	**(3.6)**	**2.1**	**1.6**
Noncapital Subsidy										
State appropriations	-	-	-	-	-	-	-	-	-	-
Share of state sales tax	-	-	-	-	-	-	-	-	-	-
Private gifts, grants, and contracts	-	-	-	-	-	-	-	-	-	-
Other State Subsidies	-	-	-	-	-	-	-	-	-	-
Operating income (loss) and noncapital subsidies	**(97.5)**	**8.3**	**7.3**	**(0.4)**	**27.3**	**(9.0)**	**24.6**	**(3.6)**	**2.1**	**1.6**
Nonoperating Revenues (Expenses)										
State appropriations	-	(3.2)	(12.6)	19.2	29.2	(5.4)	10.0	3.5	(0.4)	5.8
Share of state tax - TRIF	-	(30.8)	138.6	(50.8)	132.9	0.8	6.9	10.5	4.3	(0.5)
Government grants & contracts	-	2.7	8.3	(34.3)	22.4	37.6	18.8	2.2	4.5	3.6
Private gifts	-	18.4	62.2	7.3	7.8	(8.9)	2.6	(2.0)	2.9	7.3
Investment income	(31.9)	2.6	58.4	(238.5)	(162.3)	228.8	(26.5)	45.5	11.3	302.8
Interest on debt	(0.9)	(7.8)	(10.0)	(2.8)	10.1	(6.5)	(14.6)	0.1	(0.3)	3.5
Other nonoperating revenues, net	(112.2)	32.0	(22.3)	(15.4)	4.0	40.4	(58.4)	(11.1)	4.1	46.4
Capital appropriations	(0.0)	(7.9)	0.0	5.2	3.3	(17.3)	0.1	(0.0)	38.9	(22.7)
Capital commitment - State Lottery revenues	-	-	-	-	-	-	-	-	-	-
Capital grants	3,143.3	(34.9)	(99.9)	1,947.5	(82.2)	177.8	146.6	(65.0)	(39.3)	81.9
Additions to permanent endowments	(1.6)	0.8	24.4	1.2	(3.9)	(0.9)	(3.4)	6.9	1.8	5.0
Net Nonoperating Revenues	**(97.2)**	**(2.3)**	**11.0**	**(6.7)**	**21.4**	**18.2**	**9.9**	**3.3**	**2.6**	**9.1**
Increase/(Decrease) in Net Position	**(85.6)**	**(84.9)**	**(30.0)**	**16.5**	**(17.5)**	**(753.1)**	**(151.5)**	**209.2**	**4.3**	**160.2**
Total Revenues	(4.5)	(0.6)	4.8	3.4	8.5	3.4	0.7	2.2	2.1	9.0
Total Expenses	(3.8)	4.0	7.7	2.4	11.0	(7.2)	5.0	0.2	2.1	6.3
Increase/(Decrease) in Net Position	**(85.6)**	**(84.9)**	**(30.0)**	**16.5**	**(17.5)**	**753.1**	**(151.5)**	**209.2**	**4.3**	**160.2**


NAU
NORTHERN ARIZONA
LUMBERJACKS
NORTHERN
ARIZONA
UNIVERSITY

Academic Year Tuition and Required Fees

Fiscal Year Ended June 30, (Dollars in thousands)	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
PLEDGE* Resident Undergraduate										
Northern Arizona University	$13,439	$13,009	$12,652	$12,273	$11,896	$11,896	$11,896	$11,564	$11,059	$10,764
Percent increase from prior year	3.3%	2.8%	3.1%	3.2%	0.0%	0.0%	2.9%	4.6%	2.7%	3.9%
PLEDGE* Non-Resident Undergraduate										
Northern Arizona University	$30,911	$29,881	$28,900	$27,535	$26,642	$26,642	$26,516	$25,828	$24,841	$24,144
Percent increase from prior year	3.4%	3.4%	5.0%	3.4%	0.0%	0.5%	2.7%	4.0%	2.9%	3.4%
Resident Graduate										
Northern Arizona University	$14,279	$13,641	$13,146	$12,639	$12,250	$11,726	$11,726	$10,970	$10,261	$9,990
Percent increase from prior year	4.7%	3.8%	4.0%	3.2%	4.5%	0.0%	6.9%	6.9%	2.7%	4.0%
Non-Resident Graduate										
Northern Arizona University	$33,533	$31,979	$30,638	$29,189	$28,240	$26,954	$25,730	$24,056	$22,609	$21,976
Percent increase from prior year	4.9%	4.4%	5.0%	3.4%	4.8%	4.8%	7.0%	6.4%	2.9%	3.4%

* 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 and was last offered fall 2023.

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,	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Tuition and Fees, net of scholarship allowance	**$194,557**	**$197,033**	**$201,626**	**$195,450**	**$200,933**	**$218,452**	**$233,911**	**$237,605**	**$236,790**	**$237,930**
Percent of total revenue	28%	27%	27%	28%	29%	35%	39%	39%	40%	41%
Percent increase/(decrease) from prior year	(1%)	(2%)	3%	(3%)	(8%)	(7%)	(2%)	0%	0%	10%
State of Arizona Government										
State appropriations	$116,823	$139,922	$144,555	$165,322	$138,737	$107,396	$113,523	$103,200	$99,716	$100,106
Technology and research initiatives funding	17,604	32,299	46,666	19,560	39,777	17,079	16,943	15,844	14,339	13,752
Capital appropriations	4,884	4,885	5,303	5,302	5,040	4,879	5,900	5,896	5,897	4,247
State grants and contracts	23,731	33,371	33,314	25,943	8,451	32,548	8,037	7,685	6,062	6,675
Arizona State Government	**$163,042**	**$210,477**	**$229,838**	**$216,127**	**$192,005**	**$161,902**	**$144,403**	**$132,625**	**$126,014**	**$124,780**
Percent of total revenue	23%	29%	31%	31%	28%	26%	24%	22%	21%	22%
Percent increase (decrease) from prior year	(23%)	(8%)	6%	13%	19%	12%	9%	5%	1%	6%
Federal Government										
Federal grants and contracts	$66,427	$76,243	$76,017	$73,255	$133,500	$64,515	$66,836	$49,050	$45,199	$41,508
Financial aid grants	50,664	52,942	44,703	39,241	40,929	42,625	45,530	46,908	46,062	42,881
Federal Government	**$117,091**	**$129,185**	**$120,720**	**$112,496**	**$174,429**	**$107,140**	**$112,366**	**$95,958**	**$91,261**	**$84,389**
Percent of total revenue	17%	18%	16%	16%	26%	17%	19%	16%	15%	15%
Percent increase/(decrease) from prior year	(9%)	7%	7%	(36%)	63%	(5%)	17%	5%	8%	4%
Total from principal revenue payers	**$474,690**	**$536,695**	**$552,184**	**$524,073**	**$567,367**	**$487,494**	**$490,680**	**$466,188**	**$454,065**	**$447,099**
Percent of total revenue	68%	73%	75%	74%	83%	78%	81%	77%	77%	77%
Percent increase/(decrease) from prior year	(12%)	(3%)	5%	(8%)	16%	(1%)	5%	3%	2%	7%



Long-Term Debt

Fiscal Year Ended June 30, (Dollars in thousands)	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Revenue Bonds	$454,105	$437,375	$466,580	$494,550	$516,295	$534,735	$531,805	$520,925	$537,980	$526,925
Unamortized Premium	35,022	35,149	38,450	40,751	43,779	46,807	49,836	26,213	27,435	28,658
Net Revenue Bonds	**$489,127**	**$472,524**	**$505,030**	**$535,301**	**$560,074**	**$581,542**	**$581,641**	**$547,138**	**$565,415**	**$555,583**
Certificates of Participation (COPs)	$20,695	$24,240	$28,010	$32,640	$36,220	$39,370	$42,210	$45,940	$49,550	$53,040
Unamortized Premium	880	1,104	1,551	3,625	4,097	4,570	5,043	5,516	5,989	6,462
Net Certificates of Participation	**$21,575**	**$25,344**	**$29,561**	**$36,265**	**$40,317**	**$43,940**	**$47,253**	**$51,456**	**$55,539**	**$59,502**
Net Revenue Bonds Payable	$489,127	$472,524	$505,030	$535,301	$560,074	$581,542	$581,641	$547,138	$565,415	$555,583
Net COPs Payable	21,575	25,344	29,561	36,265	40,317	43,940	47,253	51,456	55,539	59,502
Financed Purchases	-	-	-	-	5,455	6,827	25,720	27,767	15,138	14,729
Lease and Subscription Liabilities	209,136	213,520	216,138	215,262	205,452	-	-	-	-	-
Total	**$719,838**	**$711,388**	**$750,729**	**$786,828**	**$811,298**	**$632,309**	**$654,614**	**$626,361**	**$636,092**	**$629,814**
Long Term Debt (whole dollars)										
per Student FTE	$26,479	$25,166	$27,384	$29,231	$29,912	$22,520	$22,437	$21,316	$21,545	$21,937
per Dollar of State Appropriations and State Aid	$5.91	$4.91	$5.01	$4.61	$5.64	$5.63	$5.48	$5.74	$6.02	$6.04
per Dollar of Total Grants and Contracts	$4.33	$3.88	$4.17	$4.64	$2.90	$3.43	$4.26	$5.12	$5.45	$5.72
Data Used in Above Calculations										
Total Student FTE	27,185	28,268	27,415	26,918	27,123	28,078	29,175	29,384	29,524	28,710
State Appropriations and State Capital Appropriations	$121,707	$144,807	$149,858	$170,623	$143,777	$112,276	$119,423	$109,096	$105,613	$104,353
Grants and Contracts	$166,189	$183,276	$180,233	$169,479	$279,893	$184,137	$153,786	$122,233	$116,811	$110,041

Summary of Ratios

Fiscal Year Ended June 30,	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Summary of Composite Financial Index Ratios										
+ Primary Reserve Ratio	**0.43**	**0.35**	**0.30**	**0.28**	**0.26**	**0.17**	**0.10**	**0.13**	**0.13**	**0.13**
/ 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	3.23	2.63	2.26	2.11	1.95	1.28	0.75	0.98	0.98	0.98
* Weighting Factor	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
= Ratio Subtotal	1.13	0.92	0.79	0.74	0.68	0.45	0.26	0.34	0.34	0.34
= Ratio 10.00 Cap Subtotal	1.13	0.92	0.79	0.74	0.68	0.45	0.26	0.34	0.34	0.34
+ Return on Net Assets Ratio	**8.5%**	**12.7%**	**8.8%**	**14.1%**	**4.1%**	**22.4%**	**1.3%**	**5.8%**	**5.4%**	**7.4%**
/ 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	4.25	6.35	4.40	7.05	2.05	10.00	0.65	2.90	2.70	3.70
* Weighting Factor	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
= Ratio Subtotal	0.85	1.27	0.88	1.41	0.41	2.00	0.13	0.58	0.54	0.74
= Ratio 10.00 Cap Subtotal	0.85	1.27	0.88	1.41	0.41	2.00	0.13	0.58	0.54	0.74
+ Net Operating Revenues Ratio	**1.3%**	**6.9%**	**3.9%**	**2.9%**	**6.1%**	**7.3%**	**(3.1%)**	**1.3%**	**(1.1%)**	**(0.9%)**
/ 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	1.00	5.31	3.00	2.23	4.69	5.62	(2.38)	1.00	(0.85)	(0.69)
* Weighting Factor	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
= Ratio Subtotal	0.10	0.53	0.30	0.22	0.47	0.56	(0.24)	0.10	(0.08)	(0.07)
= Ratio 10.00 Cap Subtotal	0.10	0.53	0.30	0.22	0.47	0.56	(0.24)	0.10	(0.08)	(0.07)
+ Viability Ratio	**0.6**	**0.5**	**0.4**	**0.3**	**0.3**	**0.2**	**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	1.47	1.27	0.98	0.79	0.67	0.39	0.24	0.24	0.24	0.24
* Weighting Factor	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
= Ratio Subtotal	0.51	0.45	0.34	0.28	0.24	0.13	0.08	0.08	0.08	0.08
= Ratio 10.00 Cap Subtotal	0.51	0.45	0.34	0.28	0.24	0.13	0.08	0.08	0.08	0.08
Composite Financial Index	**2.6**	**3.2**	**2.3**	**2.6**	**1.8**	**3.1**	**0.2**	**1.1**	**0.9**	**1.1**
Composite Financial Index w/10.00 Cap	**2.6**	**3.2**	**2.3**	**2.6**	**1.8**	**3.1**	**0.2**	**1.1**	**0.9**	**1.1**

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)	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
PRIMARY RESERVE RATIO										
Unrestricted Net Position	$36,923	$20,908	$35,455	$38,806	$26,352	$(40,935)	$(70,943)	$(60,756)	$(59,530)	$(45,408)
Unrestricted Net Assets - Component Units	76,927	67,527	11,577	13,983	13,738	10,961	7,251	7,760	8,814	10,403
Expendable Restricted Net Position	95,597	112,542	105,041	72,347	71,905	67,905	54,058	48,146	44,594	39,193
Temp. Restricted Net Assets - Component Units	102,565	62,996	67,501	63,049	58,204	63,705	71,546	85,038	81,573	69,074
Expendable Net Position/Assets	**$312,012**	**$263,974**	**$219,574**	**$188,185**	**$170,199**	**$101,636**	**$61,912**	**$80,188**	**$75,451**	**$73,262**
Operating Expenses	$678,814	$707,511	$678,170	$625,710	$609,827	$548,661	$591,739	$558,157	$556,768	$544,724
Nonoperating Expenses	20,664	19,924	21,607	24,006	24,705	22,441	23,990	28,084	28,061	28,144
Component Unit Total Expenses	31,965	35,518	28,624	21,533	18,190	25,096	16,523	15,079	14,220	13,085
Total Expenses	**$731,443**	**$762,953**	**$728,401**	**$671,249**	**$652,722**	**$596,198**	**$632,252**	**$601,320**	**$599,049**	**$585,953**
Expendable Net Position	$312,012	$263,974	$219,574	$188,185	$170,199	$101,636	$61,912	$80,188	$75,451	$73,262
Total Expenses	$731,443	$762,953	$728,401	$671,249	$652,722	$596,198	$632,252	$601,320	$599,049	$585,953
Ratio	**0.43**	**0.35**	**0.30**	**0.28**	**0.26**	**0.17**	**0.10**	**0.13**	**0.13**	**0.13**

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	$66,705	$88,405	$56,743	$79,459	$22,014	$99,722	$5,696	$24,016	$21,337	$30,862
Total Net Position (Beginning of Year)	$785,673	$697,268	$643,276	$563,563	$541,549	$445,858	$440,162	$416,146	$394,809	$414,296
Ratio	**8.5%**	**12.7%**	**8.8%**	**14.1%**	**4.1%**	**22.4%**	**1.3%**	**5.8%**	**5.4%**	**7.4%**

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	$832	$(290)	$31,559	$19,306	$39,262	$42,718	$(18,375)	$8,766	$(4,702)	$(5,415)
Component Unit Change in Unrestricted Net Assets Before Extraordinary or Special items	9,399	55,951	(2,406)	245	2,776	3,710	(509)	(1,054)	(1,589)	348
Adjusted Income/(Loss) before Capital and Endowment Additions and Component Unit Change in Unrestricted Net Assets Before Extraordinary or Special items	$10,231	$55,660	$29,153	$19,551	$42,038	$46,428	$(18,884)	$7,712	$(6,291)	$(5,067)

Summary of Ratios - (Continued)

Fiscal Year Ended June 30, (Dollars in thousands)	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total Operating Revenues	$476,693	$389,686	$384,651	$352,178	$335,315	$332,991	$354,835	$368,020	$359,576	$351,661
State Appropriation and State related revenues	134,427	172,220	191,221	184,882	178,514	124,475	130,466	119,044	114,055	113,858
Non-capital Gifts and Grants, net	125,301	136,503	129,097	111,566	160,687	132,881	101,500	87,358	86,072	82,583
Investment Income (Loss), net	14,430	21,197	20,657	13,044	(9,416)	15,112	4,596	6,255	4,298	3,863
Component Units Total Unrestricted Revenue	41,364	91,469	26,218	21,777	24,558	28,806	16,013	14,025	12,631	13,433
Adjusted Net Operating Revenues	$792,215	$811,074	$751,844	$683,447	$689,658	$634,265	$607,410	$594,702	$576,632	$565,398
Adjusted Income/(Loss) Before Other Revenues, Expenses, Gains or Losses and Component Unit Change in Unrestricted Net Assets Before Extraordinary or Special Items	$10,231	$55,660	$29,153	$19,551	$42,038	$46,428	$(18,884)	$7,712	$(6,291)	$(5,067)
Adjusted Net Operating Revenues	$792,215	$811,074	$751,844	$683,447	$689,658	$634,265	$607,410	$594,702	$576,632	$565,398
Ratio	**1.3%**	**6.9%**	**3.9%**	**2.9%**	**6.1%**	**7.3%**	**(3.1%)**	**1.3%**	**(1.1%)**	**(0.9%)**

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	$36,923	$20,908	$35,455	$38,806	$26,352	$(40,935)	$(70,943)	$(60,756)	$(59,530)	$(45,408)
Unrestricted Net Assets - Component Units	76,927	67,527	11,577	13,983	13,738	10,961	7,251	7,760	8,814	10,403
Expendable Restricted Net Position/ Assets	95,598	112,542	105,041	72,347	71,905	67,905	54,058	48,146	44,594	39,193
Temporarily Restricted Net Assets - Component Units	102,565	62,996	67,501	63,049	58,204	63,705	71,546	85,038	81,573	69,074
Expendable Net Position	$312,012	$263,973	$219,574	$188,185	$170,199	$101,636	$61,912	$80,188	$75,451	$73,262
University LT Debt, net financed purchases with CUs	$510,702	$497,869	$534,591	$571,565	$605,846	$632,311	$654,614	$626,361	$636,092	$629,813
Component Units Long Term Debt	-	-	-	-	-	-	-	-	-	-
Total Adjusted University Debt	$510,702	$497,869	$534,591	$571,565	$605,846	$632,311	$654,614	$626,361	$636,092	$629,813
Expendable Net Position	$312,012	$263,973	$219,574	$188,185	$170,199	$101,636	$61,912	$80,188	$75,451	$73,262
Total Adjusted University Debt	$510,702	$497,869	$534,591	$571,565	$605,846	$632,311	$654,614	$626,361	$636,092	$629,813
Ratio	**0.61**	**0.53**	**0.41**	**0.33**	**0.28**	**0.16**	**0.09**	**0.13**	**0.12**	**0.12**

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)	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
OPERATING MARGIN EXCLUDING GIFTS										
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	$832	$(290)	$31,559	$19,306	$39,262	$42,718	$(18,375)	$8,766	$(4,702)	$(5,415)
Adjusted Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	**$832**	**$(290)**	**$31,559**	**$19,306**	**$39,262**	**$42,718**	**$(18,375)**	**$8,766**	**$(4,702)**	**$(5,415)**
Total Operating Revenues	$476,693	$389,686	$384,651	$352,178	$335,315	$332,991	$354,835	$368,020	$359,576	$351,661
State appropriation and share of sales tax	134,427	172,220	191,221	184,882	178,514	124,475	130,466	119,044	114,055	113,858
Investment Income/(Loss), net	14,430	21,197	20,657	13,044	(9,416)	15,112	4,596	6,255	4,298	3,863
Adjusted Net Operating Revenues less Non-capital Gifts and Grants	**$625,550**	**$583,103**	**$596,529**	**$550,104**	**$504,413**	**$472,578**	**$489,897**	**$493,319**	**$477,929**	**$469,382**
Adjusted Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	$832	$(290)	$31,559	$19,306	$39,262	$42,718	$(18,375)	$8,766	$(4,702)	$(5,415)
Adjusted Net Operating Revenues less Non-capital Gifts and Grants	$625,550	$583,103	$596,529	$550,104	$504,413	$472,578	$489,897	$493,319	$477,929	$469,382
Ratio	**0.1%**	**(0.0%)**	**5.3%**	**3.5%**	**7.8%**	**9.0%**	**(3.8%)**	**1.8%**	**(1.0%)**	**(1.2%)**

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	$678,814	$707,511	$678,170	$625,710	$609,827	$548,660	$591,739	$558,157	$556,768	$544,724
Scholarships and Fellowships	(31,758)	(38,628)	(34,974)	(30,649)	(74,028)	(53,646)	(46,946)	(39,857)	(38,659)	(35,290)
Interest on Debt	19,744	19,924	21,607	24,006	24,705	22,441	23,990	28,084	28,061	28,144
Total Adjusted Operating Expenses	**$666,800**	**$688,807**	**$664,803**	**$619,067**	**$560,504**	**$517,455**	**$568,783**	**$546,384**	**$546,170**	**$537,578**
Research Expenses	$75,502	$75,328	$70,167	$58,678	$51,895	$51,635	$55,608	$46,113	$40,655	$36,068
Total Adjusted Operating Expenses	$666,800	$688,807	$664,803	$619,067	$560,504	$517,455	$568,783	$546,384	$546,170	$537,578
Ratio	**11.3%**	**10.9%**	**10.6%**	**9.5%**	**9.3%**	**10.0%**	**9.8%**	**8.4%**	**7.4%**	**6.7%**

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)	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
NET TUITION PER STUDENT										
Tuition and Fees, net	$194,557	$197,033	$201,626	$195,450	$200,933	$218,452	$233,911	$237,605	$236,790	$237,930
Financial Aid Grants	50,664	52,942	44,703	39,241	40,929	42,625	45,530	46,908	46,062	42,881
Scholarships and Fellowships	(31,758)	(38,628)	(34,974)	(30,649)	(74,028)	(53,646)	(46,946)	(39,857)	(38,659)	(35,290)
Net Tuition and Fees	$213,463	$211,347	$211,355	$204,042	$167,834	$207,431	$232,495	$244,656	$244,193	$245,521
Student FTE	27,185	28,268	27,415	26,918	27,123	28,078	29,175	29,384	29,524	28,710
Net Tuition per Student (whole dollars)	**$7,852**	**$7,477**	**$7,709**	**$7,580**	**$6,188**	**$7,388**	**$7,969**	**$8,326**	**$8,271**	**$8,552**

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

STATE APPROPRIATIONS PER STUDENT										
State Appropriations	$116,823	$139,922	$144,555	$165,322	$138,737	$107,396	$113,523	$103,200	$99,716	$100,106
Capital State Appropriations	4,884	4,885	5,303	5,302	5,040	4,880	5,900	5,896	5,897	4,247
Adjusted State Appropriations	$121,707	$144,807	$149,858	$170,624	$143,777	$112,276	$119,423	$109,096	$105,613	$104,353
Student FTE	27,185	28,268	27,415	26,918	27,123	28,078	29,175	29,384	29,524	28,710
Adjusted State Appropriation per Student (whole dollars)	**$4,477**	**$5,123**	**$5,466**	**$6,339**	**$5,301**	**$3,999**	**$4,093**	**$3,713**	**$3,577**	**$3,635**

Measures the institution's dependency on state appropriations.



Summary of Ratios - Debt Related Ratios

Fiscal Year Ended June 30, (Dollars in thousands)	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
EXPENDABLE RESOURCES TO DEBT										
Unrestricted Net Position	$36,923	$20,908	$35,455	$38,806	$26,352	$(40,935)	$(70,943)	$(60,756)	$(59,530)	$(45,408)
Expendable Restricted Net Position	95,598	112,542	105,041	72,347	71,905	67,905	54,058	48,146	44,594	39,193
Expendable Net Position	$132,521	$133,450	$140,496	$111,153	$98,257	$26,970	$(16,885)	$(12,610)	$(14,936)	$(6,215)
Total Bonds, COPS, and Financed Purchases	$510,702	$497,869	$534,591	$571,565	$605,846	$632,311	$654,614	$626,361	$636,092	$629,814
Ratio	**(0.3)**	**(0.3)**	**(0.3)**	**(0.2)**	**(0.2)**	**-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

Expendable Restricted Net Position	95,598	112,542	105,041	72,347	71,905	67,905	54,058	48,146	44,594	39,193
Non-expendable Restricted Net Position	26,788	25,725	24,610	23,481	17,039	17,969	19,142	26,258	25,107	24,625
Total Financial Resources	$159,309	$159,175	$165,106	$134,634	$115,296	$44,939	$2,257	$13,648	$10,171	$18,410
Total Bonds, COPS, and Financed Purchases	$510,702	$497,869	$534,591	$571,565	$605,846	$632,311	$654,614	$626,361	$636,092	$629,814
Ratio	**0.3**	**0.3**	**0.3**	**0.2**	**0.2**	**0.1**	**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	$(155,138)	$(265,838)	$(238,372)	$(241,002)	$(244,386)	$(174,717)	$(184,852)	$(163,438)	$(147,009)	$(135,026)
State Appropriations	116,823	139,922	144,555	165,322	138,737	107,396	113,523	103,200	99,716	100,106
Share of State Sales Tax - TRIF	17,604	32,299	46,666	18,138	38,255	17,079	16,943	15,844	14,339	13,752
Non-capital Grants and Contracts, Gifts, Other	125,301	136,503	129,097	109,006	161,597	119,011	101,500	87,358	86,072	82,583
Adjusted Cash Flow from Operations	**$104,590**	**$42,885**	**$81,946**	**$51,464**	**$94,203**	**$68,769**	**$47,114**	**$42,964**	**$53,118**	**$61,415**
Total Bonds, COPS, and Financed Purchases	$510,702	$497,869	$534,591	$571,565	$605,846	$632,311	$654,614	$626,361	$636,092	$629,814
Adjusted Cash Flow from	104,590	42,885	81,946	51,464	94,203	68,769	47,114	42,964	53,118	61,415
Ratio	**4.9**	**11.6**	**6.5**	**11.1**	**6.4**	**9.2**	**13.9**	**14.6**	**12.0**	**10.3**

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)	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
DEBT SERVICE TO OPERATIONS										
Interest and Fees Paid on Debt	$19,744	$19,924	$21,607	$24,006	$24,705	$22,441	$23,990	$28,084	$28,061	$28,144
Principal Paid on Debt	57,030	88,940	116,970	30,780	22,963	40,158	24,212	24,051	18,193	88,795
Principal Paid from Refinancing Activities (1)	(28,825)	(60,610)	(89,660)	-	-	-	(206,340)	-	-	(73,005)
Debt Service	$47,949	$48,254	$48,917	$54,786	$47,668	$62,599	$(158,138)	$52,135	$46,254	$43,934
Operating Expenses	$678,814	$707,511	$678,170	$625,710	$609,828	$548,660	$591,739	$558,157	$556,768	$544,724
Ratio	**7.1%**	**6.8%**	**7.2%**	**8.8%**	**7.8%**	**11.4%**	**(26.7%)**	**9.3%**	**8.3%**	**8.1%**

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, (Dollars in thousands)	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Tuition and Fees, net of scholarship allowance	$194,557	$197,033	$201,626	$195,450	$200,933	$218,452	$233,911	$237,605	$236,790	$237,930
Receipts from Other Major Revenue Sources (Facilities Revenues)	132,956	130,725	127,868	109,616	91,538	75,343	86,040	92,508	85,874	75,144
Net Revenues Available for Debt Service	**$327,513**	**$327,758**	**$329,494**	**$305,066**	**$292,471**	**$293,795**	**$319,951**	**$330,113**	**$322,664**	**$313,074**
Senior Lien Bonds Debt Service										
Interest on Debt	$11,447	$10,805	$12,063	$12,487	$11,436	$11,403	$12,573	$15,569	$15,599	$15,738
Principal Paid on Debt	14,000	14,020	12,033	11,525	8,650	8,320	10,290	9,305	7,140	8,445
Direct Payment - Build America Bonds	-	-	-	-	-	-	(1,418)	(2,162)	(2,204)	(2,245)
Senior Lien Bonds Debt Service Requirements	**$25,447**	**$24,825**	**$24,096**	**$24,012**	**$20,086**	**$19,723**	**$21,445**	**$22,712**	**$20,535**	**$21,938**
Coverage	**12.87**	**13.20**	**13.67**	**12.70**	**14.56**	**14.90**	**14.92**	**14.53**	**15.71**	**14.27**

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	$3,488	$3,502	$4,042	$4,320	$3,704	$3,704	$5,239	$6,627	$6,871	$7,093
Principal Paid on Debt	6,345	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)
Direct Payment - State Lottery Revenue	(8,591)	(7,990)	(8,039)	(8,043)	(8,044)	(8,047)	(8,128)	(8,858)	(8,866)	(7,590)
Subordinate Lien Bonds Debt Service Requirements	**$1,242**	**$1,902**	**$1,873**	**$1,877**	**$1,005**	**$1,374**	**$1,429**	**$1,837**	**$1,854**	**$1,613**
Combined Senior/Subordinate Lien Debt Service	**$26,689**	**$26,727**	**$25,969**	**$25,889**	**$21,091**	**$21,097**	**$22,874**	**$24,549**	**$22,389**	**$23,551**
Coverage	**12.27**	**12.26**	**12.69**	**11.78**	**13.87**	**13.93**	**13.99**	**13.45**	**14.41**	**13.29**

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	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
ADMISSIONS - FRESHMEN										
Applications	39,674	35,100	37,805	44,855	42,872	37,386	36,855	36,831	36,875	36,511
Accepted	35,537	31,453	34,383	35,881	33,592	30,523	31,313	30,428	29,812	28,495
Enrolled	4,541	4,975	5,473	5,575	5,297	5,217	5,455	5,869	5,900	5,607
Accepted as Percentage of Application	90%	90%	91%	80%	78%	82%	85%	83%	81%	78%
Enrolled as Percentage of Accepted	13%	16%	16%	16%	16%	17%	17%	19%	20%	20%
Average SAT scores - Total	1143	1150	1155	1170	1165	1137	1136	1138	1124	1045
Verbal/Evidence-Based Reading & Writing	585	590	590	590	590	572	572	574	568	523
Math	558	560	570	570	574	566	563	563	557	522
ENROLLMENT										
Student FTE	27,185	28,268	27,415	26,918	27,123	28,078	29,175	29,384	29,524	28,710
Student Headcount	27,184	28,468	28,194	28,090	28,718	29,569	30,736	31,073	31,057	30,368
Men (Headcount)	10,039	10,607	10,287	10,276	10,414	10,717	11,537	11,814	12,064	12,016
Percentage of Total	36.9%	37.3%	36.5%	36.6%	36.3%	36.2%	37.5%	38.0%	38.8%	39.6%
Women (Headcount)	17,013	17,813	17,907	17,814	18,304	18,852	19,199	19,259	18,993	18,352
Percentage of Total	62.6%	62.6%	63.5%	63.4%	63.7%	63.8%	62.5%	62.0%	61.2%	60.4%
Unknown (Headcount)	132	48	0	0	0	0	0	0	0	0
Percentage of Total	0.5%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
African American (Headcount)	865	863	836	841	900	985	1,019	1,070	1,067	1,007
Percentage of Total	3.2%	3.0%	3.0%	3.0%	3.1%	3.3%	3.3%	3.4%	3.4%	3.3%
Hispanic/Latino (Headcount)	7,188	7,113	6,964	6,960	7,047	7,378	7,395	7,236	7,118	6,635
Percentage of Total	26.4%	25.0%	24.7%	24.8%	24.5%	25.0%	24.1%	23.3%	22.9%	21.8%
White (Headcount)	13,356	14,253	14,899	15,351	15,955	16,262	16,942	17,452	17,957	17,982
Percentage of Total	49.1%	50.1%	52.8%	54.6%	55.6%	55.0%	55.1%	56.2%	57.8%	59.2%
Other (Headcount)	5,775	6,239	5,495	4,938	4,816	4,944	5,380	5,315	4,915	4,744
Percentage of Total	21.2%	21.9%	19.5%	17.6%	16.8%	16.7%	17.5%	17.1%	15.8%	15.6%
DEGREES EARNED										
Bachelor's	5,591	5,197	5,175	5,264	5,885	6,207	6,258	6,119	6,040	5,900
Master's	1,857	2,106	2,065	1,630	1,372	1,330	1,268	1,249	1,194	1,217
Doctoral	341	249	234	245	228	220	213	194	174	147
Total Degrees Earned	7,789	7,552	7,474	7,139	7,485	7,757	7,739	7,562	7,408	7,264

Source: Northern Arizona University - Institutional Research and Analysis

Demographic Data

Fiscal Year Ended June 30,	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Arizona Population	7,623,818	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
Arizona Personal Income (in millions)	$527,304	$506,625	$458,154	$417,021	$403,739	$363,274	$336,514	$313,042	$292,108	$278,925
Arizona Per Capita Personal Income	$68,283	$64,456	$61,652	$56,667	$55,487	$48,950	$46,233	$43,650	$41,633	$40,243
Arizona Unemployment Rate	4.6%	4.1%	3.8%	3.5%	3.5%	7.9%	4.5%	4.9%	4.9%	5.4%

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

Principal Arizona Employers

	Calendar Year Ended December 31, 2025			Calendar Year Ended December 31, 2020		
Employer	Total Arizona Employment	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment
Banner Health	49,000	1	1.3%	45,918	1	1.3%
State of Arizona	40,212	2	1.1%	41,606	2	1.2%
Wal-Mart Stores, Inc.	37,856	3	1.0%	36,995	3	1.0%
Amazon.com, Inc.	35,000	4	0.9%			
Arizona State University	32,444	5	0.9%	17,784	5	0.5%
University of Arizona	22,370	6	0.6%	16,021	8	0.4%
Fry's Food Stores	19,862	7	0.5%	20,235	4	0.6%
HonorHealth	17,435	8	0.5%			
Wells Fargo & Co.	15,000	9	0.4%	16,300	7	0.5%
RTX Raytheon Missiles & Defense Division	15,000	10	0.4%			
Total	**284,179**		**7.6%**	**194,859**		**5.5%**

Sources: Phoenix Business Journal, Book of Lists 2026
Arizona Commerce Authority website, https://www.azcommerce.com/oeo/labor-market/unemployment/

Faculty and Staff

Fall employment of fiscal year	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
FACULTY										
Full-time	1,127	1,160	1,140	1,054	1,001	998	1,175	1,180	1,151	1,094
Part-time	447	473	492	554	541	481	607	625	593	569
Total Faculty	**1,574**	**1,633**	**1,632**	**1,608**	**1,542**	**1,479**	**1,782**	**1,805**	**1,744**	**1,663**
Percentage Tenured	45%	43%	45%	47%	49%	53%	46%	47%	47%	49%
STAFF										
Full-time	2,154	2,245	2,184	1,987	1,911	1,936	2,009	2,034	1,987	1,952
Part-time*	634	705	1,199	1,029	943	684	775	772	751	737
Total Staff	**2,788**	**2,950**	**3,383**	**3,016**	**2,854**	**2,620**	**2,784**	**2,806**	**2,738**	**2,689**
Total Faculty and Staff	**4,362**	**4,583**	**5,015**	**4,624**	**4,396**	**4,099**	**4,566**	**4,611**	**4,482**	**4,352**

*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,	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Academic/Support Facilities	94	96	96	98	97	97	97	96	87	88
Auxiliary Facilities	79	79	79	79	79	79	71	71	39	38
Total	**173**	**175**	**175**	**177**	**176**	**176**	**168**	**167**	**126**	**126**

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

Max Zeits

Student Worker

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:

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