



Northeastern State University

A Department of the Regional University System of Oklahoma

**Independent Auditor's Reports and
Financial Statements**

June 30, 2025



Northeastern State University
A Department of the Regional University System of Oklahoma
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June 30, 2025

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Independent Auditor's Report

Board of Regents
Regional University System of Oklahoma
Northeastern State University
Tahlequah, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of Northeastern State University (the "University"), a department of the Regional University System of Oklahoma, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

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

We did not audit the financial statements of Northeastern State University Foundation, Inc., the discretely presented component unit of the University. 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 Northeastern State University Foundation, Inc., is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's 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 financial statements of Northeastern State University Foundation, Inc., the discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

Reporting Entity

As discussed in *Note 1*, the accompanying financial statements of the University are intended to present the financial position, changes in financial position, and cash flows of only the activities of Northeastern State University. They do not purport to, and do not, present fairly the financial position of the Regional University System of Oklahoma as of June 30, 2025, and the changes in its financial position or its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 GAAS 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 GAAS 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2025, on our consideration of Northeastern State 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. 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 Northeastern State 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 Northeastern State University's internal control over financial reporting and compliance.

Forvis Mazars, LLP

Springfield, Missouri
October 30, 2025

Introductory Synopsis

Building on our Cherokee Nation heritage, Northeastern State University is committed to student success and a sustainable future for our diverse communities. NSU will support our students' success by adapting to a constantly changing, globally competitive environment, by educating today's learners to be tomorrow's leaders, and by being responsive to the needs of our stakeholders and the region's workforce. We are committed to the growth and success of our students, employees, and community partners. We honor all who came before us and advance a culture grounded in respect, opportunity, and belonging. We develop a collaborative environment that cultivates a life-long pursuit of learning, excellence, creativity, and opportunity.

Northeastern State University is proud of what our faculty have accomplished over the fiscal year. Their commitment to meet the state's employment shortages in critical occupations has distinguished NSU and resulted in a new Carnegie Classification, Professions-focused Undergraduate/Graduate-Doctorate, highlighting institutions that award degrees in professional fields. Only 3% of U.S. colleges and universities were bestowed with this recognition.



Once again, Broken Arrow city leaders threw their support behind legislation introduced that would allow NSU to become a four-year university. Senate Bill 701 changes state law that currently prevents NSU from offering lower-level college courses and accepting freshmen students on campus. City officials noted Broken Arrow as the largest city in the nation to not be

served by a four-year university. Residents have approved tax initiatives for more than three decades with the promise of NSU-BA becoming a four-year school, but legislation prevented fulfilling that promise. NSU is prepared to fill the void in the region to give students and families a choice to attend a four-year regional university.

This year we celebrated our 100th Homecoming. It was an exciting week of events, topped off with an assertive win from our NSU Riverhawks Football team, followed by a fantastic drone light show.

Construction wrapped up on our new Oklahoma College of Optometry Clinic and the historic ribbon cutting event took place shortly after fiscal year 2025 ended.

Oklahoma Legislature allocated funding to address Higher Education institutions deferred maintenance needs. The first allocation of a four-year commitment resulted in NSU receiving a total of over \$3.5 million for FY25. The allocated funds were primarily used for much needed HVAC repairs, replacements, and renovations.

Overview of Financial Statements and Financial Analysis

The financial statements of Northeastern State University are presented for the fiscal year ended June 30, 2025. The most recent financial statements of Northeastern State University Foundation, Inc. (NSU Foundation) are included in this presentation under the heading *Component Unit*. Financial analysis data is presented within this discussion for fiscal years 2025 and 2024.

Northeastern State University
A Department of the Regional University System of Oklahoma
Management Discussion & Analysis
June 30, 2025

Management’s discussion and analysis is designed to focus on current activities, resulting changes, and current known facts. It should be read in conjunction with the University’s financial statements and footnotes. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles and focus on NSU as a whole.

Statement of Net Position

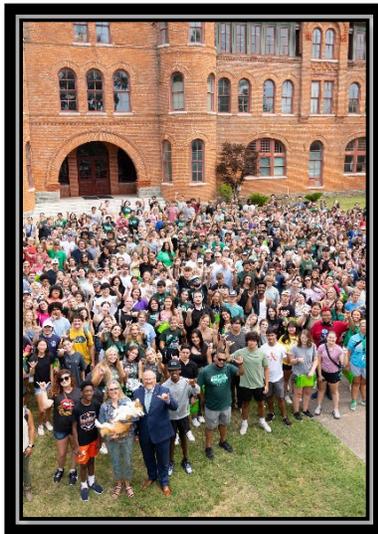
The Statement of Net Position presents current and non-current assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of the end of the fiscal year. The purpose of the Statement of Net Position is to present a fiscal snapshot of the University.

Net position is divided into three major categories. The first, Net Investment in Capital Assets, provides the institution’s net position in property, plant, equipment, lease, and subscription assets. Expendable restricted net position is available for expenditure by the University, but must be spent for purposes as determined by donors and/or external entities. Unrestricted assets are available to the University for any lawful purpose.

Statement of Net Position		
(Thousands of Dollars)		
	2025	2024
Assets:		
Current assets	\$ 54,605	\$ 58,419
Capital, lease, and subscription assets, net	177,844	163,231
Other assets	7,924	6,798
Total Assets	\$ 240,373	\$ 228,448
Deferred Outflows of Resources:		
Deferred charge on ODFA restructure	\$ 255	\$ 164

Northeastern State University
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Management Discussion & Analysis
June 30, 2025

Liabilities:			
Current liabilities	\$	18,080	\$ 16,989
Noncurrent liabilities		32,545	27,190
Total Liabilities	\$	50,625	\$ 44,179
Deferred Inflows of Resources			
Deferred charge on leases	\$	872	\$ 913
Deferred inflows on financing restructure		666	701
Total Deferred Inflows of Resources	\$	1,538	\$ 1,614
Net Positions:			
Net investment in capital assets	\$	143,201	\$ 133,755
Restricted, expendable		13,895	21,102
Unrestricted		31,369	27,962
Total Net Position	\$	188,465	\$ 182,819



During fiscal year 2025, total net position of the University increased \$5.6 million. This change can be seen with increases in capital assets, current and noncurrent restricted cash along with decreases in Accounts and Grant receivables.

Lease, subscriptions, and capital assets, are reflected net of depreciation and amortization. A schedule of capital assets including additions and retirements can be found in *Note 5* to the financial statements. Net capital, lease, and subscription assets increased \$14.6 million during fiscal year 2025 due to the completion of the new Oklahoma College of Optometry Clinic. The chart below provides further information on the changes.

Northeastern State University
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Management Discussion & Analysis
June 30, 2025

Change in Capital, Lease, and Subscription Assets		
	2025	2024
Additions:		
Buildings	\$ 38.2 million	\$ 7.8 million
Construction in Progress	(16.6) million	13.0 million
Art	0.0 million	0.2 million
Equipment	4.2 million	0.7 million
Land and Infrastructure	0.0 million	0.1 million
Library Materials	(0.4) million	0.2 million
Lease Assets	0.4 million	1.5 million
Subscription Assets	1.1 million	1.2 million
	26.9 million	24.7 million
Deductions:		
Depreciation	\$ (10.9) million	\$ (10.6) million
Amortization	\$ (1.4) million	\$ (1.9) million
	\$ 14.6 million	\$ 12.2 million
Net Fiscal Year Change	\$ 14.6 million	\$ 12.2 million

Total liabilities increased by \$6.4 million during fiscal year 2025. These include both current liabilities—such as accounts payable—and noncurrent liabilities, including bond and lease obligations. Of the total increase, current liabilities rose by \$1.1 million, primarily due to the current portion of accrued personal leave compensation and unearned revenue related to an international student contract. Noncurrent liabilities increased by \$5.3 million, largely due to a new debt obligation incurred for the Oklahoma College of Optometry Clinic. Further information about long-term liabilities can be found in *Note 6* of the financial statements.

Northeastern State University
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Management Discussion & Analysis
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Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position is used to display the sources and uses of funds of the University during the fiscal year. This information must be viewed over a period of time to determine if the goals of the institution are being met. Public institutions will normally have an excess of operating expenses over operating revenues as state appropriations are considered non-operating revenues under generally accepted accounting principles.

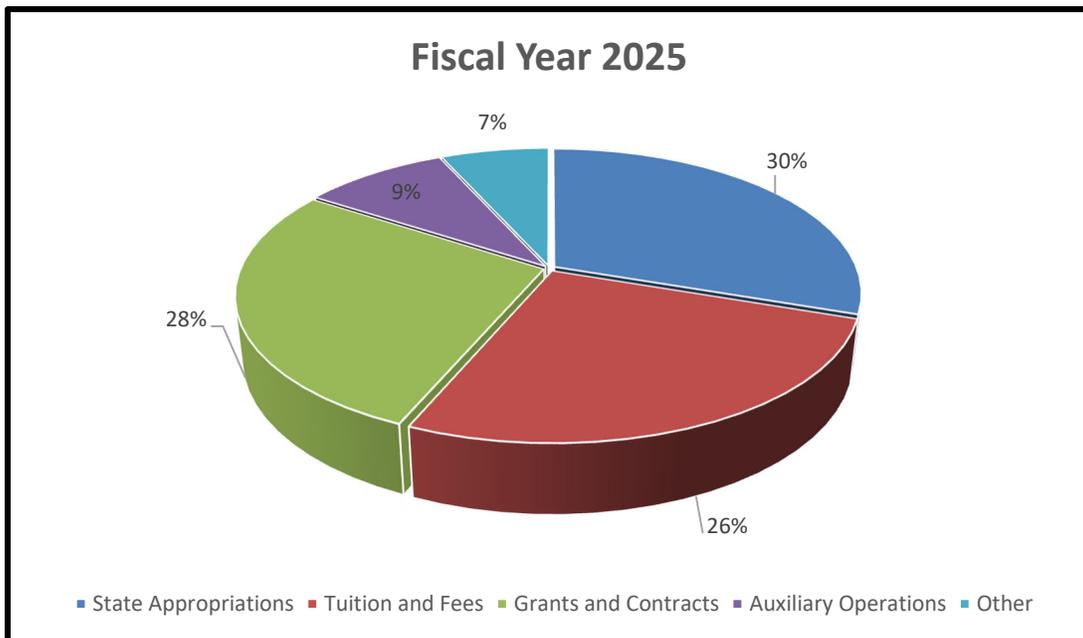
Statement of Revenues, Expenses, and Changes in Net Position				
(Thousands of Dollars)				
	2025		2024	
Operating revenues	\$	63,507	\$	60,061
Employee compensation and benefits		(71,953)		(70,306)
Depreciation and amortization expense		(14,214)		(12,456)
Other operating expense		(41,921)		(36,331)
Operating Loss		(64,581)		(59,032)
Federal, state, and local grants		23,594		37,071
State appropriations		34,029		33,465
Gifts, investments, and interest expense		5,797		928
On behalf payments		1,471		3,104
State appropriations for capital purposes		5,336		1,587
Change in Net Position		5,646		17,123
Net Position, Beginning of Year		182,819		165,696
Net Position, End of Year	\$	188,465	\$	182,819

Operating revenue includes tuition, fees, state and federal grants, and contracts and revenue generated by auxiliary units. Total operating revenue increased \$3.4 million in fiscal year 2025. Increases can be seen in tuition and fees of \$1.4 million, grants and contracts of \$1.1 million and Optometry practice plan of \$1.5 million; from an increase in patients and exam fee. Remaining changes can be seen with a decrease in other operating revenue of \$0.5 million, housing of \$0.07 million and the remaining decrease in interest earned.



The primary sources of non-operating revenue include federal and state grants related to financial aid and state appropriations. For fiscal year 2025, the increase of non-operating revenue totaled \$3.4 million. This change was a result of increase in federal and state grants of \$3 million, state appropriations of \$0.6 million, and investment income of \$0.4 million. Decreases can be seen in noncapital gifts of \$0.8 million and interest expense of \$0.3 million.

The following is a graphical representation of the sources of NSU's revenue. State appropriations are 30% of total NSU revenue, student tuition and fees 26%, grants and financial aid revenue 28%, and auxiliary operations and other sources make up the remaining 16%.



Operating expenses for fiscal year 2025 increased by \$8.9 million compared to the prior year. These expenses include employee compensation, student scholarships, depreciation, and other essential supplies and service costs. The increase was primarily driven by higher scholarships and fellowships totaling \$2.3 million, an increase in supplies and materials of \$2.2 million, depreciation expenses rising by \$1.8 million, and employee compensation increasing by \$1.6 million—largely due to accrued personal leave. Contractual services rose by \$1.4 million, and communication expenses increased by \$0.08 million. These increases were partially offset by a \$0.4 million decrease in utility costs and a \$0.02 million reduction in other operating expenses.

Operating Expenses

(Thousands of Dollars)

	2025	2024
Compensation	\$ 71,953	\$ 70,306
Contractual services	8,926	7,509
Supplies and materials	8,880	6,687
Depreciation and amortization	14,214	12,456
Utilities	3,455	3,856
Communication expense	268	192
Scholarships and fellowships	12,040	9,715
Other operating expense	8,352	8,372
	<u>\$ 128,088</u>	<u>\$ 119,093</u>

The change in net position, which reflects the institution's net income or loss for the year, showed an increased net position of \$5.6 million compared to fiscal year 2024.

Statement of Cash Flows



The Statement of Cash Flows presents detailed information about cash receipts and disbursements of the University during the year. The statement is divided into five parts. The first shows the net cash used by the operating activities of the University. The second reflects cash flows from non-capital financing activities. The primary source of revenue for non-capital financing activities is from state appropriations. The third section is cash flows from investing activities, which shows the purchase, proceeds, and interest received from investing activities. The fourth section deals with cash flows from capital and related financing activities, which includes the acquisition and construction of capital and related items. The fifth and final section reconciles the net cash used to the

operating income (loss) reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

Statement of Cash Flows (Thousands of Dollars)	2025	2024
Cash provided (used) by		
Operating activities	\$ (45,267)	\$ (53,017)
Noncapital financing activities	57,578	54,831
Investing activities	1,045	644
Capital and related financing activities	(6,328)	(3,126)
Net Change in Cash	7,028	(668)
Cash, Beginning of Year	47,322	47,990
Cash, End of Year	<u>\$ 54,350</u>	<u>\$ 47,322</u>

During fiscal year 2025, the net cash balance increased by \$7.03 million. This change was primarily driven by a \$7.7 million increase in cash flows from operating activities, largely attributable to higher receipts from grants and contracts. Additionally, noncapital and related financing activities contributed \$2.7 million, with the majority stemming from federal grants and contracts. These increases were partially offset by a \$3.2 million decrease in cash flows from capital and related financing activities, primarily due to the completion of the Oklahoma Optometry Clinic project.



Component Unit

The NSU Foundation meets the criteria for inclusion as a discretely presented component unit of the University. The most recent financial statements of the NSU Foundation are included in this presentation under the heading *Component Unit*.

Economic Outlook

Our total budget request for FY26 is \$94,835,000, an increase of \$2,275,000 when compared to FY25. The budget includes an increase of \$1,313,079 in collected revenue due to FY25 enrollment growth.

Our FY26 budget submittal also includes mandatory cost increases totaling \$1,846,646. This includes: faculty promotions in rank, health insurance, utilities, and scholarships/waivers. Other mandatory cost increases were covered through reallocation of existing funds.

NSU continues to push back against cost increases by right sizing the University's faculty complement. For FY26, five faculty positions were eliminated. This effort allows us to work toward a faculty to student ratio of 18:1. The University also instituted a rigorous academic program review that resulted in sunseting multiple underperforming academic programs. Additional efforts to address expenditures and mandatory increases resulted in a budget reallocation of \$978,106 to support specialized academic programs designed to grow the critical occupations workforce.

To meet our budgetary needs, we requested an increase in tuition of 2% (\$4.60) and a mandatory fee increase of 1% (\$3.10) for infrastructure. This translates to an increase of 3% (\$7.70 per credit hour) or \$184.80 per year for a full-time (24 hours) Oklahoma resident undergraduate student. Even with this modest increase, NSU's FY26 tuition cost, when compared to FY25 data, will still be the third most affordable among RUSO institutions and will remain the fifth most affordable of the 13 public universities in Oklahoma.

It is worth noting that an increase in staff salaries continues to be one of the most significant priorities supported by Student Government, Faculty Council and Staff Council. NSU's salaries continue to fall significantly short compared to most recent CUPA reports.

The FY26 budget was built based on enrollment/credit hours remaining flat when compared to FY25. Because nearly two thirds of our budget come from tuition/fees, we know how critical recruitment and retention efforts are to meeting financial needs.

Our efforts to increase enrollment are bolstered by strategically adding to our athletic complement, partnering to re-recruit stop outs, adding high demand academic programs, providing direct admission of qualified high school seniors, and increasing NSU's presence in Broken Arrow by offering a four-year college experience as early as January 2026.

In FY25 we received the first of the four-year deferred maintenance allocation. We anticipated receiving the remaining three years allocated out over the next three years, however, Oklahoma legislators voted to rollout the entire balance in FY26. This will result in almost \$7.3 million for NSU. We are extremely thankful to the legislature for its foresight in provided deferred maintenance funds. These dollars have made a significant impact to the student experience.

We are also grateful for the recent bill signed into law by Governor Stitt. SB701 has the opportunity to substantially increase access to higher education throughout Oklahoma and help reduce the migration of college age students out of state.

Northeastern State University
A Department of the Regional University System of Oklahoma
Statement of Net Position
June 30, 2025

	<u>University</u> <u>June 30,</u> <u>2025</u>	<u>Foundation</u> <u>December 31,</u> <u>2024</u>
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	\$ 40,222,880	\$ 6,819,565
Restricted cash and cash equivalents	8,259,274	-
Accounts receivable, net	3,548,586	-
Grants receivable	1,496,943	-
Leases receivable	36,348	-
Receivables from OSRHE	168,640	-
Interest receivable	2,652	16,868
Inventories and other current assets	829,625	46,235
Current portion of notes receivable, net	40,400	-
Total Current Assets	<u>54,605,348</u>	<u>6,882,668</u>
Noncurrent Assets		
Restricted cash and cash equivalents	5,867,929	-
Investments	-	48,498,143
Leases receivable	860,651	-
Other receivable	352,663	-
Notes receivable, net	50,595	-
Lease assets, net	2,374,204	-
Subscription assets, net	1,680,159	-
Capital assets, net	173,790,229	34,000
Other noncurrent assets	791,228	-
Total Noncurrent Assets	<u>185,767,658</u>	<u>48,532,143</u>
Total Assets	<u>240,373,006</u>	<u>55,414,811</u>
Deferred Outflows Of Resources		
Deferred outflows on ODFA financing restructure	255,040	-
Total Assets And Deferred Outflows of Resources	<u>\$ 240,628,046</u>	<u>\$ 55,414,811</u>

See Notes to Financial Statements

Northeastern State University
A Department of the Regional University System of Oklahoma
Statement of Net Position
June 30, 2025

(Continued)

	<u>University</u> <u>June 30,</u> <u>2025</u>	<u>Foundation</u> <u>December 31,</u> <u>2024</u>
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 4,777,652	\$ 570
Accrued payroll	2,466,149	-
Unearned revenue	4,848,458	-
Deposits held in custody for others	100	-
Current portion of noncurrent liabilities	5,987,750	10,420
Total Current Liabilities	<u>18,080,109</u>	<u>10,990</u>
Noncurrent Liabilities		
Accrued compensated absences	2,463,483	-
Lease liabilities	1,579,983	-
Subscription liabilities	938,766	-
Other financing arrangements payable, net of premium	26,223,671	-
Other noncurrent liabilities	756,261	-
Unearned revenue	582,806	-
Total Noncurrent Liabilities	<u>32,544,970</u>	<u>-</u>
Total Liabilities	<u>50,625,079</u>	<u>10,990</u>
Deferred Inflows of Resources		
Deferred inflows for leases	872,067	-
Deferred inflows on financing restructure	666,381	-
Total Deferred Inflows of Resources	<u>1,538,448</u>	<u>-</u>
Net Position		
Net investment in capital assets	143,200,561	-
Restricted – expendable		
Scholarships, instruction, and other	9,171,738	1,904,360
Loans	479,764	-
Capital projects	4,243,744	-
Restricted – nonexpendable		
Scholarships and fellowships	-	49,117,016
Unrestricted	31,368,712	4,382,445
Total Net Position	<u>188,464,519</u>	<u>55,403,821</u>
Total Liabilities, Deferred Inflows Of Resources, and Net Position	<u>\$ 240,628,046</u>	<u>\$ 55,414,811</u>

Northeastern State University
A Department of the Regional University System of Oklahoma
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2025

	University	Foundation
	Year Ended	Year Ended
	June 30,	December 31,
	2025	2024
Operating Revenues		
Student tuition and fees, net of scholarship discounts, and allowances of \$19,059,493	\$ 35,417,592	\$ -
Federal grants and contracts	7,553,467	-
State grants and contracts	1,154,522	-
Nongovernmental grants and contracts	192,851	-
Housing and food service, net of scholarship discounts and allowances of \$1,938,806	3,395,128	-
Optometry contracts and practice plan	8,864,793	-
Interest earned on loans to students	4,877	-
Gifts and contributions	-	3,791,047
Investment return, net	-	4,908,021
Other operating revenues	6,924,157	372,787
Total Operating Revenues	63,507,387	9,071,855
Operating Expenses		
Compensation and benefits	71,952,745	-
Contractual services	8,925,422	-
Supplies and materials	8,880,416	-
Depreciation and amortization	14,214,124	-
Utilities	3,455,030	-
Communication expense	268,180	-
Scholarships and fellowships	12,040,412	3,024,278
Other operating expenses	8,351,919	649,018
Total Operating Expenses	128,088,248	3,673,296
Operating Income (Loss)	(64,580,861)	5,398,559
Nonoperating Revenues (Expenses)		
State appropriations	34,029,093	-
Federal and state grants and contracts	22,408,493	-
Gifts and contributions	1,139,851	-
Investment income	1,051,709	-
Loss on assignment of Perkins Program Loans	(6,457)	-
Interest expense	(1,389,326)	-
Total Nonoperating Revenues (Expenses)	57,233,363	-
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(7,347,498)	5,398,559
Other Revenues, Expenses, Gains, or Losses		
State appropriations restricted for capital purposes	5,335,628	-
On-behalf state appropriations restricted for debt service	1,470,537	-
Grants and gifts for capital purposes	6,186,409	-
Total Other Revenues, Expenses, Gains, or Losses	12,992,574	-
Increase in Net Position	5,645,076	5,398,559
Net Position, Beginning of Year	182,819,443	50,005,262
Net Position, End of Year	\$ 188,464,519	\$ 55,403,821

Northeastern State University
A Department of the Regional University System of Oklahoma
Statement of Cash Flows
Year Ended June 30, 2025

Cash Flows from Operating Activities	
Tuition and fees	\$ 36,426,008
Grants and contracts	9,487,718
Payments to suppliers	(29,196,664)
Payments to employees for salaries and benefits	(70,130,892)
Payments for scholarships	(12,040,412)
Auxiliary enterprise charges	3,395,128
Other operating receipts	16,728,203
Collection of loans to students	63,922
	<hr/>
Net Cash Used in Operating Activities	(45,266,989)
Cash Flows from Noncapital Financing Activities	
State appropriations	34,029,093
Federal grants and contracts	22,408,493
Gifts for other than capital purposes	1,139,851
	<hr/>
Net Cash Provided by Noncapital Financing Activities	57,577,437
Cash Flows from Investing Activities	
Interest on investments	1,045,252
	<hr/>
Net Cash Provided by Investing Activities	1,045,252
Cash Flows from Capital and Related Financing Activities	
Cash paid for capital assets	(29,534,652)
Capital appropriations received	5,335,628
Gifts and grants received for capital purposes	14,982,670
Proceeds from/refunding on capital debt and other financing arrangements	22,007,044
Principal paid/refunding on bonds and other financing arrangements	(16,005,744)
Principal paid on lease liabilities	(1,174,462)
Principal paid on subscription liabilities	(847,847)
Principal received on lease receivables	35,782
Interest paid on bonds and other financing arrangements	(1,004,899)
Interest paid on lease liabilities	(96,141)
Interest paid on subscription liabilities	(31,978)
Interest received on lease receivables	6,457
	<hr/>
Net Cash Used in Capital and Related Financing Activities	(6,328,142)
Increase in Cash Equivalents	7,027,558
Cash and Cash Equivalents, Beginning of Year	47,322,525
	<hr/>
Cash and Cash Equivalents, End of Year	\$ 54,350,083
	<hr/> <hr/>

Northeastern State University
A Department of the Regional University System of Oklahoma
Statement of Cash Flows
Year Ended June 30, 2025

**Reconciliation of Cash and Cash Equivalents to the
Statement of Net Position**

Cash and cash equivalents	\$ 40,222,880
Restricted cash and cash equivalents - current	8,259,274
Restricted cash and cash equivalents	5,867,929

Total Cash and Cash Equivalents \$ 54,350,083

**Reconciliation of Operating Loss to Net Cash
Used in Operating Activities**

Operating loss	\$ (64,580,861)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation and amortization expense	14,214,124
Changes in operating assets and liabilities	
Accounts receivable	921,270
Receivables from state agencies	183,242
Grants and contracts receivable	(166,591)
Inventories	(119,441)
Notes receivable	59,045
Accounts payable and accrued expenses	1,846,746
Accrued compensated absences	668,586
Unearned revenue	1,748,418
Deferred inflows of resources for leases	(41,527)

Net Cash Used in Operating Activities \$ (45,266,989)

Supplemental Cash Information

Noncash Investing, Capital, and Financing Activities

Accounts payable incurred for purchase of capital assets	\$ 2,482,104
Principal and interest paid by other state agencies	\$ 1,470,537
Subscription liabilities incurred for subscription assets	\$ 1,265,011
Lease liabilities incurred for lease assets	\$ 1,138,160
Deferred inflows of resources related to ODFA financing	\$ 86,587
Deferred outflows of resources related to ODFA financing	\$ 123,986

Note 1. Summary of Significant Accounting Policies

Nature of Organization

Northeastern State University (the "University") is a regional University operating under the jurisdiction of the Regional University System of Oklahoma (RUSO or the "System") and the Oklahoma State Regents for Higher Education.

Reporting Entity

The University is one of six institutions of higher education in Oklahoma that comprise part of RUSO, which in turn is part of the Higher Education component unit of the State of Oklahoma.

The Board of Regents has constitutional authority to govern, control and manage the System, which consist of six institutions and an administrative office. This authority includes but is not limited to the power to designate management, significantly influence operations, acquire and take title to real and personal property in its name, and appoint or hire all necessary officers, supervisors, instructors, and employees for member institutions.

The University is considered a department of the System for financial reporting purposes and is included in the System's financial reporting entity. The financial statements of the University present only the financial position and changes in net position and cash flows attributable to the University and do not present the financial position of the System.

Major federally funded student financial aid programs in which the University participates include the Federal Pell Grant, Federal Supplemental Educational Opportunity Grant, Federal Work Study and Federal Direct Loan Programs. The University extends unsecured credit to students.

Discretely Presented Component Unit

Northeastern State University Foundation, Inc. (the "Foundation") is a component unit of the University. The Foundation has a fiscal year ending December 31. The Foundation is organized for the benefit of the University, and its faculty, student body, and programs. The purposes for which the Foundation is organized are exclusively scientific, literary, charitable, educational, and artistic for the benefit of the University. Additional and selected disclosures for the Foundation are located in this report beginning with *Note 15*. A complete report of the Foundation's financial statements and footnotes can be requested from the Foundation's director.

The Foundation is a private nonprofit organization that reports under the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). 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 in the University's financial reporting entity for these differences.

Financial Statement Presentation

The financial statements of the University have been prepared on the accrual basis of accounting. Revenues, expenses, gains, losses, assets, liabilities, and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated or voluntary nonexchange transactions (principally federal and state grants and state appropriations) are recognized when all applicable eligibility requirements are met. Internal activity and balances are eliminated in preparation of the financial statements unless they relate to services provided and used internally. Operating revenues and expenses include exchange transactions and program-specific, government-mandated or voluntary nonexchange transactions. Government-mandated or voluntary nonexchange transactions that are not program specific (such as state appropriations), investment income and interest on capital asset-related debt are included in nonoperating revenues and expenses. The University first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Northeastern State University
A Department of the Regional University System of Oklahoma
Notes to Financial Statements
Year Ended June 30, 2025

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Accounting

For financial reporting purposes, the University is considered a department of a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Cash Equivalents

The University considers all liquid investments with original maturities of three months or less to be cash equivalents. Funds invested through the State Treasurer's Cash Management Program are considered cash equivalents.

Restricted Cash and Cash Equivalents

Cash and investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase capital or other noncurrent assets, are classified as restricted assets in the statement of net position.

Accounts and Grants Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Grants receivable include amounts due from the federal government, state, and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts and grants receivable are recorded net of estimated uncollectible amounts.

Loans to Students

The University makes loans to students under various federal and other loan programs. Such loans receivable are recorded net of estimated uncollectible amounts. The allowance for uncollectible loans netted against loans to students was \$3,068 at June 30, 2025.

Inventories

Inventories are carried at the lower of cost or market. Costs are determined using the first-in, first-out (FIFO) method.

Capital Assets (Including Intangible Assets)

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation in the case of gifts. For equipment, the University's capitalization policy includes all items with a unit cost of \$2,500 or more, and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 to 60 years for buildings, 20 to 30 years for infrastructure and land improvements, and 5 to 10 years for library materials and equipment.

Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Subscription Assets

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

Capital, Lease, and Subscription Asset Impairment

The University evaluates capital, lease, and subscription assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital, lease, and subscription asset have occurred. If a capital, lease, or subscription asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, an impairment loss is recorded.

No asset impairment was recognized during the year ended June 30, 2025.

Unearned Revenue

Unearned revenue represents unearned student fees and advances on grants and contract awards for which the University has not met all of the applicable eligibility requirements.

Compensated Absences

The University's policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. A liability is accrued for compensated absences as the benefits are earned if the leave is more likely than not to be used for time off or settled in cash.

Compensated absence liabilities are computed using the regular pay and termination pay rates, as applicable, in effect at statement of net position date plus an additional amount for salary-related payments such as social security and Medicare taxes computed using rates in effect at that date. The estimated compensated absences liability expected to be paid more than one year after the statement of net position date is included in other long-term liabilities.

Noncurrent Liabilities

Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable, and other financing obligations with contractual maturities greater than one year, (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year, and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as noncurrent assets.

Deferred Outflows of Resources

Deferred outflows are the consumption of net assets by the University that is applicable to a future reporting period. At June 30, 2025, the University's deferred outflows of resources were comprised of deferred charges on other financing arrangement restructure.

Northeastern State University
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Notes to Financial Statements
Year Ended June 30, 2025

Deferred Inflows of Resources

Deferred inflows are the acquisition of net assets by the University that is applicable to a future reporting period. At June 30, 2025, the University's deferred inflows of resources were comprised of deferred gain on other financing arrangement restructure and from lease-related amounts that are recognized at the inception of leases in which the University is the lessor. The lease-related amounts are recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Net Position

The University's net position is classified as follows:

Net Investment in Capital Assets: The net investment in capital assets component of net position consists of capital, lease, and subscription assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted Net Position - Expendable: Restricted expendable net position includes resources which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted Net Position - Nonexpendable: Restricted nonexpendable net position consists of noncapital assets that are required to be maintained in perpetuity as specified by parties external to the University.

Unrestricted Net Position: Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University and may be used at the discretion of the governing board to meet current expenses for any purpose. The resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

Classification of Revenues

The University has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating Revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts, and allowances, (3) certain grants and contracts, and (4) interest on institutional loans to students.

Nonoperating Revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB No. 9 *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*, and GASB No. 34, such as state appropriations, certain governmental and other pass-through grants, and investment income.

Northeastern State University
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Notes to Financial Statements
Year Ended June 30, 2025

Scholarship Discounts and Allowances

Student tuition and fee 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. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance. The scholarship allowances on tuition and fees and housing for the year ended June 30, 2025, were \$19,059,493 and \$1,938,806, respectively.

Income Taxes

As a state institution of higher education, the income of the University is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law. However, the University is subject to federal income tax on any unrelated business taxable income.

Note 2. Deposits and Investments

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the University's deposits may not be returned or the University will not be able to recover collateral securities in the possession of an outside party. Generally, the University deposits its funds with the Office of the State Treasurer (OST). Oklahoma statutes require OST to ensure that all state funds are either insured by Federal Deposit Insurance, collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. government obligations. The University's deposits with the State Treasurer are pooled with the funds of other state agencies and then, in accordance with statutory limitations, placed in financial institutions or invested as the Treasurer may determine, in the state's name. The OST's responsibilities include receiving and collateralizing the deposit of State funds, investing State funds in compliance with statutory requirements, and maintaining adequate liquidity to meet the cash flow needs of the State and all its funds and agencies. If the University deposits funds directly with financial institutions, those funds must be insured by Federal Deposit Insurance or collateralized by securities held by the cognizant Federal Reserve Bank in the University's name.

There is \$53,773,399 in cash and cash equivalents on deposit with the State Treasurer as of June 30, 2025. Of the \$53,773,399 on deposit with the State Treasurer, \$25,320,572 represents amounts held within *OK INVEST*, an internal investment pool. State Agencies and funds that are considered to be part of the State's reporting entity in the State's Annual Comprehensive Financial Report are allowed to participate in *OK INVEST*. Oklahoma statutes and the State Treasurer establish the primary objectives and guidelines governing the investment of funds in *OK INVEST*. Safety, liquidity, and return on investment are the objectives that establish the framework for the day-to-day *OK INVEST* management of funds with an emphasis on safety of the capital and the probable income to be derived while also meeting the State's daily cash flow requirements. Guidelines in the State Treasurer's Investment Policy address credit quality requirements, diversification percentages and the types and maturities of allowable investments. The specifics regarding these policies can be found on the State Treasurer's website at <http://www.ok.gov/treasurer/>. An evaluation of the use and purpose of the various State Agencies and funds participation in the internal investment pool has determined that the amount on deposit with *OK INVEST* are treated as demand accounts and reported as cash equivalents. For financial reporting purposes, deposits with the OST that are invested in *OK INVEST* are classified as cash equivalents.

Northeastern State University
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Notes to Financial Statements
Year Ended June 30, 2025

At June 30, 2025, the distribution of deposits in *OK INVEST* is as follows:

	<u>Cost</u>	<u>Market Value</u>
<i>OK INVEST Portfolio</i>		
U.S. agency bonds	\$ 385,573	\$ 382,988
Money market mutual funds	2,666,011	2,666,011
Certificates of deposit	73,215	73,215
Mortgage backed securities	3,479,414	3,132,914
Foreign bonds	204,601	204,331
U.S. Treasury bonds	<u>18,511,758</u>	<u>18,616,923</u>
	<u>\$ 25,320,572</u>	<u>\$ 25,076,382</u>

Investments

Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the University's investments are managed by the State Treasurer. In accordance with state statutes the State Treasurer may only purchase and invest in (a) obligations of the United States government, its agencies and instrumentalities; (b) prime banker's acceptances; (c) investment grade obligations of state and local governments; (d) money market funds; (e) collateralized or insured certificates of deposits; (f) negotiable certificates of deposits; (g) prime commercial paper; and (h) repurchase agreements. *Interest rate risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments that are held for longer periods of time are subject to increased risk of adverse interest rate changes.

Neither the University nor state statutes limit investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates; however, the OST Investment policy limits the average maturity on its portfolio to four years, with certain individual securities having more restrictive limits as defined in the policy. *Concentration of credit risk* is the risk of loss attributed to the magnitude of the University's investment in a single issuer.

Neither the University's investment policy nor state statutes place limits on amounts that can be invested in any one issuer; however, the OST Investment Policy states that, with the exception of U.S. Treasury securities, no more than 50% of the State's total funds may be invested in a single security type or with a single financial institution, with diversification percentages being more restrictive on individual securities. *Custodial credit risk* for investments is the risk that, in the event of failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities in the possession of an outside party. As of June 30, 2025, none of the University's investments were subject to custody credit risk.

Northeastern State University
A Department of the Regional University System of Oklahoma
Notes to Financial Statements
Year Ended June 30, 2025

Note 3. Accounts Receivable

Accounts receivable consisted of the following at June 30, 2025:

Student tuition and fees	\$ 7,460,857
Auxiliary enterprises and other operating activities	70,390
	<u>7,531,247</u>
Less allowance for doubtful accounts	<u>3,982,661</u>
Net accounts receivable	<u>\$ 3,548,586</u>

Note 4. Leases Receivable

The University as a lessor, has entered into lease agreements involving buildings. Leases of buildings have monthly installments totaling \$7,649 with interest rates ranging from 1.3% to 1.9% with due dates through 2046.

Future annual lease payments to be received are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 36,348	\$ 13,822	\$ 50,170
2027	36,922	13,247	50,169
2028	37,506	12,663	50,169
2029	38,099	12,070	50,169
2030	38,702	11,468	50,170
2031-2035	202,885	47,963	250,848
2036-2040	219,442	31,406	250,848
2041-2045	237,350	13,498	250,848
2046-2050	49,745	424	50,169
	<u>\$ 896,999</u>	<u>\$ 156,561</u>	<u>\$ 1,053,560</u>

Northeastern State University
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Notes to Financial Statements
Year Ended June 30, 2025

Note 5. Capital, Lease and Subscription Assets

Capital assets activity for the year ended June 30, 2025, was:

	Balance June 30, 2024	Additions	Transfers	Retirements/ Adjustments	Balance June 30, 2025
Capital assets not being depreciated					
Land	\$ 7,912,237	\$ -	\$ -	\$ -	\$ 7,912,237
Construction in progress	22,142,294	21,325,897	(37,966,323)	-	5,501,868
Total capital assets not being depreciated	30,054,531	21,325,897	(37,966,323)	-	13,414,105
Capital assets being depreciated					
Non-major infrastructure networks	9,456,578	-	-	-	9,456,578
Buildings and improvements	272,256,216	225,722	37,966,323	-	310,448,261
Art	905,246	-	-	-	905,246
Furniture, fixtures, and equipment	23,244,488	4,655,988	63,086	(476,468)	27,487,094
Library materials	3,487,328	227,755	-	(653,367)	3,061,716
Total capital assets being depreciated	309,349,856	5,109,465	38,029,409	(1,129,835)	351,358,895
Less accumulated depreciation					
Non-major infrastructure networks	(6,607,464)	(400,297)	-	-	(7,007,761)
Buildings and improvements	(150,091,871)	(9,690,196)	-	-	(159,782,067)
Art	(190,712)	(45,262)	-	-	(235,974)
Furniture, fixtures, and equipment	(21,327,444)	(1,565,841)	(63,086)	465,106	(22,491,265)
Library materials	(1,774,624)	(344,447)	-	653,367	(1,465,704)
Total accumulated depreciation	(179,992,115)	(12,046,043)	(63,086)	1,118,473	(190,982,771)
Capital assets being depreciated, net	129,357,741	(6,936,578)	37,966,323	(11,362)	160,376,124
Capital assets, net	\$ 159,412,272	\$ 14,389,319	\$ -	\$ (11,362)	\$ 173,790,229

Lease assets activity for the year ended June 30, 2025, was:

	Balance June 30, 2024	Additions	Transfers	Retirements/ Adjustments	Balance June 30, 2025
Lease assets					
Equipment	\$ 5,662,398	\$ 1,138,160	\$ (3,382)	\$ (770,662)	\$ 6,026,514
Less accumulated amortization	(3,108,175)	(1,318,179)	3,382	770,662	(3,652,310)
Lease assets, net	\$ 2,554,223	\$ (180,019)	\$ -	\$ -	\$ 2,374,204

Northeastern State University
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Notes to Financial Statements
Year Ended June 30, 2025

Subscription asset activity for the year ended June 30, 2025, was:

	Balance June 30, 2024	Additions	Transfers	Retirements/ Adjustments	Balance June 30, 2025
Subscription assets					
Subscription IT asset	\$ 2,142,013	\$ 1,265,011	\$ (59,704)	\$ (151,623)	\$ 3,195,697
Less accumulated amortization	(876,964)	(849,901)	59,704	151,623	(1,515,538)
Subscription assets, net	<u>\$ 1,265,049</u>	<u>\$ 415,110</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,680,159</u>

Note 6. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2025, was as follows:

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Amounts Due Within One Year
Bonds and other financing arrangements					
ODFA other financing arrangements	\$ 16,761,583	\$ 20,042,000	\$ (15,509,084)	\$ 21,294,499	\$ 1,800,917
Premium on ODFA other financing arrangements	298,104	1,845,991	(418,774)	1,725,321	180,292
OCIA other financing arrangements	7,388,559	-	(1,054,931)	6,333,628	1,148,568
Total bonds and other financing arrangements	<u>24,448,246</u>	<u>21,887,991</u>	<u>(16,982,789)</u>	<u>29,353,448</u>	<u>3,129,777</u>
Other liabilities					
Accrued compensated absences	3,048,642	3,717,228	(3,048,642)	3,717,228	1,253,745
Other noncurrent liabilities	787,560	119,054	(112,085)	794,529	38,268
Subscription liabilities	1,219,001	1,265,011	(847,847)	1,636,165	697,399
Lease liabilities	2,484,846	1,138,160	(1,174,462)	2,448,544	868,561
Total other liabilities	<u>7,540,049</u>	<u>6,239,453</u>	<u>(5,183,036)</u>	<u>8,596,466</u>	<u>2,857,973</u>
Total long-term liabilities	<u>\$ 31,988,295</u>	<u>\$ 28,127,444</u>	<u>\$ (22,165,825)</u>	<u>\$ 37,949,914</u>	<u>\$ 5,987,750</u>

Other Financing Arrangements

Oklahoma Capital Improvement Authority (OCIA)

OCIA periodically issues bonds, which are allocated to the State Regents, to be used for specific projects at Oklahoma higher education institutions. The University has participated in these projects as discussed below. In each of the transactions, OCIA and the University have entered into a financing arrangement. As a result, the University recognizes its share of the liability and the related assets in connection with the projects being constructed or acquired in its financial statements. Annually, the State Legislature appropriates funds to the State Regents to make the monthly principal and interest payments on behalf of the University.

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Notes to Financial Statements
Year Ended June 30, 2025

In November 2005, OCIA issued its OCIA Bond Issues, 2005 Series F and G. Of the total bond indebtedness, the State Regents allocated the University \$22,876,760 and \$96,640 for the Series 2005F and 2005G, respectively. Concurrently with the allocation, the University entered into an agreement with OCIA for those amounts. The agreement provides for the University to make specified monthly payments to OCIA over the terms of the agreements. The proceeds of the bonds and subsequent agreements are to provide for capital improvements at the University.

In 2014, the OCIA restructured the 2005F by issuing new bonds Series 2014A. This restructuring was a partial refunding of the 2005F issue. The restructured agreement with OCIA secures the OCIA bond indebtedness and any future indebtedness that might be issued to refund earlier bond issues. The University's aforementioned agreement with OCIA was automatically restructured to secure the new bond issues.

In 2024, the OCIA restructured the 2014A Series Bond Debt by issuing new 2024A Series Bonds. This restructuring was a full refunding and resulted in a gain of \$466,499 between the remaining liability of the 2014A Series and the new liability of the 2024A Series. This gain on restructuring was recorded as a deferred inflow of resources and is being amortized over a period of six years. The restructured obligation with OCIA secures the OCIA bond indebtedness and any future indebtedness that might be issued to refund earlier bond issues. The University's aforementioned obligation with OCIA was automatically restructured to secure the new bond issue. The University has recorded a financing arrangement payable to OCIA for the total amount of the allotment, less payments made on the University's behalf.

During the year ended June 30, 2025, the State Regents made interest and principal payments totaling \$1,470,537 on behalf of the University. These on-behalf payments have been recorded as restricted state appropriations in the statement of revenues, expenses, and changes in net position. As stated above, the on-behalf payments are subject to annual appropriations by the State Legislature.

Future minimum payments under the University's obligation to OCIA are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,148,568	\$ 316,681	\$ 1,465,249
2027	1,206,165	259,253	1,465,418
2028	1,258,709	198,945	1,457,654
2029	1,322,032	136,009	1,458,041
2030	1,398,154	69,909	1,468,063
	<u>\$ 6,333,628</u>	<u>\$ 980,797</u>	<u>\$ 7,314,425</u>

Oklahoma Development Finance Authority Program (ODFA)

Series 2014A - Housing

In February 2014, the University entered into a 20-year obligation Series 2014A in the amount of \$14,517,000 for the construction of student housing. The obligation bears interest payable semi-annually ranging from 2% to 4% and annual principal payments beginning June 1, 2014 ranging from \$528,000 to \$1,046,000. The final payment on the agreement is due June 1, 2033. At June 30, 2025, Series 2014A ODFA bonds had been refinanced by the ODFA 2024B.

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Series 2014B

In February 2014, the University entered into an obligation Series 2014B in the amount of \$11,115,000 to refinance Cherokee County Economic Development Authority 2003 Series A tax-exempt Revenue Bonds and Series B taxable Revenue Bonds. The obligation bears interest payable semi-annually ranging from 2% to 4% and annual principal payments beginning December 1, 2014 ranging from \$445,000 - \$756,000. The final payment on the agreement is due December 1, 2033. At June 30, 2025, Series 2014B ODFA Bonds had been refinanced by the ODFA 2024C.

Series 2020D

In November 2020, the University entered into an obligation Series 2020D in the amount of \$3,889,000 to refinance the ODFA Revenue Bond Series 2011A. The obligation bears interest payable semi-annually ranging from 0.67% to 2.06% and annual principal payments beginning June 1, 2021 ranging from \$234,000 to \$392,000. The final payment on the agreement is due June 1, 2031. At June 30, 2025, the University owed principal of \$2,220,000 on the Series 2020D ODFA Bonds.

Series 2024A

In July 2024, the University entered into an obligation Series 2024A in the amount of \$7,585,000 to finance the building of a new Optometry building. The obligation bears interest payable semi-annually ranging from 4.00% to 5.00% and annual principal payments beginning June 1, 2025 ranging from \$215,000 to \$565,000. The final payment on the agreement is due June 1, 2044. At June 30, 2025, the University owed principal of \$7,349,583 on the Series 2024A ODFA Bonds.

Series 2024B

In November 2024, the ODFA restructured the 2014A Series Bond Debt by issuing new 2024B Series Bonds. This restructuring was a full refunding and resulted in a loss of \$123,986 between the remaining liability of the 2014A Series and the new liability of the 2024B Series. This loss on restructuring was recorded as a deferred outflow of resources and is being amortized over a period of eight years. The obligation bears interest payable semi-annually ranging from 3.13% to 5.00% and annual principal payments beginning June 1, 2025 ranging from \$410,000 to \$995,000. The final payment on the agreement is due June 1, 2033. At June 30, 2025, the University owed principal of \$6,694,000 on the Series 2024B ODFA Bonds.

Series 2024C

In December 2024, the ODFA restructured the 2014B Series Bond Debt by issuing new 2024C Series Bonds. This restructuring was a full refunding and resulted in a gain of \$86,587 between the remaining liability of the 2014B Series and the new liability of the 2024C Series. This gain on restructuring was recorded as a deferred inflow of resources and is being amortized over a period of nine years. The obligation bears interest payable semi-annually ranging from 3.13% to 5.00% and annual principal payments beginning December 15, 2024 ranging from \$451,000 to \$714,000. The final payment on the agreement is due December 1, 2033. At June 30, 2025, the University owed principal of \$5,030,917 on the Series 2024C ODFA Bonds.

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Future minimum payments under the University's obligations to the ODFA are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,800,917	\$ 967,466	\$ 2,768,383
2027	1,890,333	890,181	2,780,514
2028	1,973,249	808,170	2,781,419
2029	2,055,583	721,441	2,777,024
2030	2,148,000	630,445	2,778,445
2031-2035	7,149,333	1,753,127	8,902,460
2036-2040	2,193,751	730,796	2,924,547
2041-2045	2,083,333	209,717	2,293,050
	<u>\$ 21,294,499</u>	<u>\$ 6,711,343</u>	<u>\$ 28,005,842</u>

Note 7. Lease Liabilities

The University leases equipment, the terms of which expire in various years through 2030. The leases were measured based upon the interest rate implicit per the contract or the University's incremental borrowing rate at lease commencement. Variable payments based upon the use of the underlying asset are not included in the lease liability because they are not fixed in substance.

The following is a schedule by year of payments under the leases as of June 30, 2025:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 868,561	\$ 88,143	\$ 956,704
2027	833,458	54,958	888,416
2028	598,674	24,017	622,691
2029	144,815	3,338	148,153
2030	3,036	19	3,055
	<u>\$ 2,448,544</u>	<u>\$ 170,475</u>	<u>\$ 2,619,019</u>

Note 8. Subscription Liabilities

The University has various subscription-based information technology arrangements (SBITAs), the terms of which expire in various years through 2030. The subscriptions were measured based upon the interest rate implicit per the contract or the University's incremental borrowing rate at commencement of the SBITA term. Variable payments based upon the use of the underlying asset are not included in the subscription liability because they are not fixed in substance.

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The following is a schedule by year of payments under the SBITAs as of June 30, 2025:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 697,399	\$ 45,056	\$ 742,455
2027	483,476	26,335	509,811
2028	295,415	12,938	308,353
2029	107,391	4,786	112,177
2030	52,484	1,641	54,125
	<u>\$ 1,636,165</u>	<u>\$ 90,756</u>	<u>\$ 1,726,921</u>

Note 9. Retirement Plans

The University's academic and nonacademic personnel are covered by various retirement plans. The plans available to University personnel include the Oklahoma Teachers' Retirement System (OTRS), which is a State of Oklahoma public employees retirement system, the Supplemental Retirement Annuity (SRA), a single employer defined benefit pension plan available to employees hired prior to July 1, 1995, and a defined contribution 403(b) plan. Personnel may also be eligible to participate in the Other Post-Employment Insurance (OPEB) plan, as described further in *Note 10*. The University does not maintain the accounting records, hold the investments for, or administer these plans.

The accounting and financial reporting for OTRS Pension, OTRS OPEB, the SRA, and the single employer trusted and non-trusted OPEB plans are recorded at the reporting entity level in the System's financial statements. That report may be obtained by writing to the Regional University System of Oklahoma, 305 N.W. 5th #407, Oklahoma City, Oklahoma 73102, or by calling (405) 924-8817. All payments made to these plans by the University are accounted for as compensation expense in the accompanying financial statements.

The application of GAAP at the departmental level does not include certain liabilities incurred by the System as a whole. Those liabilities relate to the participation of System employees in the Oklahoma Teachers Retirement System, the Supplemental Retirement Plan, and the Postemployment Healthcare Plan. The accounting and reporting of these can be located in the financial statements of RUSO.

Oklahoma Teachers' Retirement System (OTRS)

Plan Description

The University contributes to OTRS, a cost-sharing multiple-employer defined benefit pension plan and defined benefit OPEB plan sponsored by the State of Oklahoma. OTRS provides defined retirement benefits based on members' final compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon the death of eligible members. The plan also provides a health insurance subsidy for retirees in an amount of \$100 to \$105 per month. The benefit provisions are established and may be amended by the legislature of the State of Oklahoma. Title 70 of the Oklahoma Statutes, Sections 17-101 through 116.9, as amended, assigns the authority for management and operations of the Plan to the Board of Trustees of OTRS. OTRS is not required to provide for a cost of living adjustment. OTRS issues a publicly available financial report that can be obtained at <https://oklahoma.gov/trs.html>.

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Funding Policy

The University is required by state statute to contribute a fixed percentage of annual compensation on behalf of active members. The employer contribution rate, as determined by state statute, was 8.55% for 2025 and was applied to annual compensation. This single rate is allocated by OTRS to fund both the pension and OPEB benefits.

Employees' contributions are also determined by state statute. For all employees, the contribution rate was 7% of covered salaries and fringe benefits in 2025. For compensation in excess of \$25,000, the employee's contributions are paid directly by the University to the OTRS.

The University's contributions to the OTRS for the year ended June 30, 2025, were approximately \$4,555,000. These contributions included the University's statutory contribution and the share of the employee's contribution paid directly by the University.

The State of Oklahoma is also required to contribute to the OTRS on behalf of the participating employers. For 2025, the State of Oklahoma contribution was 5% of state revenues from sales and use taxes and individual income taxes, to the OTRS on behalf of participating employers. These amounts and other system-wide related amounts are reported in the RUSO financial statements and not at the individual department level.

Supplemental Retirement Annuity (SRA)

Plan Description

The University's SRA plan is a single employer, defined benefit pension plan administered by the University's Board of Regents. The SRA was established by the University's Board of Regents to provide supplemental retirement and death benefits to University employees who were hired prior to July 1, 1987, or to those eligible employees' beneficiaries. Effective December 1, 2002, the SRA was amended to provide supplemental retirement and death benefits to University employees who were hired between July 1, 1987 and June 30, 1995. Effective October 1, 2003, the SRA plan was changed to eliminate the TIAA offset in the benefit calculation. The authority to amend the SRA's benefit provisions rests with the University's Board of Regents. The SRA is included in the financial report of the RUSO reporting entity, and does not issue separate, stand-alone financial statements.

Funding Policy

The authority to establish and amend eligible employees' and employer contribution obligations to the SRA rests with the University's Board of Regents. Eligible employees are not required to make contributions to the SRA. The University is required to contribute to the SRA an actuarially determined amount on an annual basis. The plan currently has adopted a funding policy to achieve a 100% funding level by December 1, 2030. The University's contributions to the SRA for the year ended June 30, 2025 were approximately \$945,000.

Defined Contribution 403(b) Plan

The University also has a defined contribution 403(b) plan (DCP) available to full-time employees. The DCP is administered by the RUSO System, and the plan provisions are established and may be amended by the Board of Regents. Plan members may make voluntary contributions in accordance with IRS regulations. The University has no contribution requirements, and no contributions were made during the year ended June 30, 2025.

Note 10. Other Post-Employment Insurance Benefits

Trusted Plan

Plan Description

The University's postemployment healthcare plan is a single employer defined benefit plan administered by the Board of Regents. The plan provides medical and life insurance benefits to eligible retired employees until age 65. A retiring employee must have been employed full-time in the System for not less than ten years immediately preceding the date of retirement; been a member of the OTRS during that time; and elected to receive a vested benefit under the provision of the Oklahoma Teachers' Retirement System. As of June 30, 2025, there were 324 active participants in the plan. The retirement insurance program was adopted by the Board of Regents in 1985. In March of 2008, the Retiree Medical Trust for Regional University System of Oklahoma was established to hold assets and pay benefits on behalf of the University's postemployment healthcare plan, and was administered by The Bank of Oklahoma, N.A. The plan is included in the financial report of the RUSO reporting entity. That report may be obtained by writing to RUSO, 305 N.W. 5th #407, Oklahoma City, Oklahoma 73102, or by calling (405) 924-8817.

Funding Policy

The contribution requirements of the University are established and may be amended by the Board of Regents. The University is required to contribute the actuarially determined employer contribution amount in accordance with the parameters of GASB Statement 75. The University's contributions to the plan for the year ended June 30, 2025, were \$0.

Non-Trusted

Plan Description

The University's defined benefit OPEB plan, Retiree Benefits Plan, provides OPEB to eligible retirees and their dependents. The RUSO Board of Trustees has the authority to establish and amend benefit provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

The University provides medical, dental, and vision benefits to eligible retirees and their dependents through the Oklahoma Higher Education Employee Interlocal Group. The retiree pays the full contribution rate for the retiree's coverages and for any other elected dependent dental and vision coverages. The medical rates for pre-65 retirees are the same as the rates for active employees so the benefit being provided is an implicit rate subsidy. Retirees and dependents age 65 or older are provided a Medicare supplement that is not subsidized by the University.

Note 11. Funds Held in Trust by Others

Beneficial Interest in State School Land Funds

The University has a beneficial interest in the Section Thirteen Fund State Educational Institutions and the New College Fund administered by the Commissioners of the Land Office as trustees for the various educational institutions entitled thereto. The University has the right to receive annually 3.7% of the distributions of income produced by Section Thirteen Fund State Educational Institutions assets and 100% of the distributions of income produced by the University's New College Fund.

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The University received approximately \$1,382,000 during the year ended June 30, 2025, which is restricted to the construction or acquisition of buildings, equipment, or other capital items. These amounts are recorded as state appropriations for capital purposes in the statement of revenues, expenses, and changes in net position. State law prohibits the distribution of any corpus of these funds to the beneficiaries. The cost basis of the total trust reserve for the University, held in trust by the commissioners of Land Office, was approximately \$22,779,000 at June 30, 2025.

Oklahoma State Regents Endowment Trust Fund

In connection with the Oklahoma State Regents' Endowment Program (the "Endowment Program"), the State of Oklahoma has matched contributions received under the program. The state match amount, plus any retained accumulated earnings, totaled approximately \$3,199,000 at June 30, 2025, and is invested by the Oklahoma State Regents on behalf of the University. The University is entitled to receive an annual distribution of 4.5% of the three-year average of the June 30th market value at year end on these funds. As legal title of the State Regents matching endowment funds is retained by the Oklahoma State Regents, only the funds available for distribution, approximately \$169,000 at June 30, 2025, have been reflected as current assets in the statement of net position.

Note 12. Related Party Transactions

The University is beneficiary of the Northeastern Oklahoma Public Facilities Authority (the "Authority"), a public trust created under Title 60, Section 176, of the Oklahoma statutes. The University received \$200,000 for the year ended June 30, 2025.

During the year ended June 30, 2025, the Foundation provided funding for scholarships, general university support, and capital projects of approximately \$1,413,000, \$824,000 and \$5,000,000, respectively.

Note 13. Commitments and Contingencies

The University participates in a number of federally assisted grant and contract programs. These programs are subject to financial and compliance audits by the grantor or their representatives. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grant. The amount of expenditures that may be disallowed by the granting agencies cannot be determined at this time, although it is believed by the University that the amount, if any, would not be significant.

The University began participation in the Federal Direct Loan Program on July 1, 2010. For the year ended June 30, 2025, \$27,903,392 of Direct Loan funds were disbursed to University students.

During the ordinary course of business, the University may be subjected to various lawsuits and civil action claims. Management believes that resolution of any such matters pending at June 30, 2025, will not have a material adverse impact to the University.

Note 14. Risk Management

The University is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruptions; employee injuries and illness; natural disasters; and employee health, life, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than torts, property, and workers' compensation. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

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The University, along with other state agencies and political subdivisions, participate in the State of Oklahoma Risk Management Program which is a public entity risk pool currently operating as a common risk management and insurance program for its members. The University pays annual premiums to the pools for tort, property, and liability insurance coverage. The Oklahoma Risk Management Pool's governing agreement specifies that the pool will be self-sustaining through member premiums and will reinsure through commercial carriers for claims in excess of specified stop-loss amounts.

The University also participates in the College Association of Liability Management (CALM) Workers' Compensation Plan for its workers' compensation coverage. CALM is an Interlocal Cooperative Act Agency that was organized to provide workers' compensation insurance coverage for participating colleges and universities through CompSource Mutual. CALM is a political subdivision of the State of Oklahoma and is governed by a board of trustees elected from members of the participating colleges and universities.

Note 15. Northeastern State University, Foundation, Inc.

Financial Statements

The financial statements of the Foundation are presented in accordance with the provisions of the FASB ASC. The FASB ASC requires the Foundation to distinguish between contributions that increase net assets with donor restrictions and net assets without donor restrictions. It also requires recognition of contributions, including contributed services meeting certain criteria, at fair values. The FASB ASC establishes standards for external financial statements of not-for-profit organizations and requires a statement of financial position, a statement of activities and a statement of cash flows. As permitted by GASB Statement No. 34, the University has elected not to present a statement of cash flows for the Foundation in the basic financial statements of the University's reporting entity.

Fair Value Measurements

The Foundation uses quoted market prices to determine the fair value of an asset or liability when available. If quoted market prices are not available, the Foundation determines fair value using valuation techniques that use market-based or independently sourced market data, such as interest rates.

The following methods and assumptions were used to estimate the fair value of assets and liabilities in the financial statements.

Cash and Cash Equivalents: The carrying amount approximates the fair value due to the short maturity of such amounts.

Investments: Investments in cash and cash equivalents, publicly traded securities, and mutual funds are stated at market value based on quoted market prices. Certificates of deposit, government agency bonds, and mortgage-backed securities are stated at market price as determined by the fund manager or quoted market prices in non-active markets. Other investments are stated at fair value based upon current market conditions and other factors deemed relevant to the valuation as provided by the independent valuation specialist and or Foundation Management.

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Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value are:

- Level 1** Quoted prices in active markets for identical assets or liabilities.
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liabilities.
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table presents the fair value measurements of assets recognized in the accompanying financial statements at fair value on a recurring basis and the level within the fair market value hierarchy in which the fair value measurements fall at December 31, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Net Asset Value per Share</u>	<u>Total</u>
Investments					
Equity funds	\$ 14,555,826	\$ -	\$ -	\$ 15,248,048	\$ 29,803,874
Fixed income funds	9,175,492	802,000	-	7,268,177	17,245,669
Cash and equivalents	541,143	-	-	-	541,143
Alternative investments	907,457	-	-	-	907,457
Total	<u>\$ 25,179,918</u>	<u>\$ 802,000</u>	<u>\$ -</u>	<u>\$ 22,516,225</u>	<u>\$ 48,498,143</u>

The following is a description of methodologies used for instruments measured at fair value on a recurring basis:

Investments: Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. Level 1 investments include equity securities, mutual funds, and money market funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. Level 2 investments include equity securities with similar characteristics or discounted cash flows. Level 2 investments include equity securities, corporate and other bonds, U.S. government securities, marketable alternative assets, inflation hedging and opportunistic, and other investments. In certain cases where Level 1 or Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy and include corporate and other bonds and marketable and nonmarketable alternative assets. Certain investments are removed from the fair value hierarchy as they are measured using net asset value per share as a practical expedient.

Endowments

The Foundation's endowment consists of 333 individual donor-restricted funds which are managed and controlled by the Foundation and primarily established for scholarships, programs, and capital projects. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

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Interpretation of Relevant Law

The Board of Trustees of the Foundation has interpreted the State Prudent Management of Institutional Funds Act ("SPMIFA") as requiring the preservation of the fair value of the original gift on the gift date of the donor- restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds.

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

Return Objectives and Risk Parameters

The Foundation's overall investment objective is "Growth and Income". The intent of the objective is to provide both current income and future growth to accommodate the Foundation's spending policy plus normal inflation; thereby, preserving the constant dollar value and purchasing power of the Foundation for future generations. Investment performance is judged over a three to five-year time frame. The goal of each asset class is to achieve the total return of its benchmark while maintaining a risk level less than that of the benchmark. The overall goal for the Foundation is to achieve a 5% annual real rate of return after inflation.

Strategies Employed for Achieving Objectives

The Foundation aims for the equity investments portion of its portfolio to constitute a minimum of 50% and a maximum of 70% of total endowment assets. The fixed income portion is expected to constitute a minimum of 30% and a maximum of 50% of total endowment assets. The alternative investment portion is expected to constitute no more than 15% of total endowment assets. To achieve these goals, the investment committee meets with the investment advisors at least once a year. The investment advisors are required to provide periodic statements reporting transactions involving fund assets and current fund asset values. The investment committee reports on the performance and holdings of the fund three times a year to the board.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year amounts up to, but not to exceed, 4% of market value averaged over the last five years. Since the Foundation has a policy of designating unrestricted funds each year for investment, it feels that this policy protects the purchasing power of the endowment. Considering current market fluctuations and the future needs of the Foundation, it evaluates the spending policy annually to ensure that it remains in accordance with the long-term objectives of the Foundation.

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Endowment net asset composition by type of fund as of December 31, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 38,136,263	\$ 38,136,263
Board-designated endowment funds	<u>1,651,291</u>	<u>-</u>	<u>1,651,291</u>
Total endowment funds	<u>\$ 1,651,291</u>	<u>\$ 38,136,263</u>	<u>\$ 39,787,554</u>

Changes in endowment net assets for the year ending December 31, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	<u>\$ 1,515,260</u>	<u>\$ 33,595,130</u>	<u>\$ 35,110,390</u>
Investment return, net	186,142	4,091,654	4,277,796
Contributions	17,589	1,465,226	1,482,815
Appropriations of endowment assets	(55,000)	(1,019,197)	(1,074,197)
Transfer to add board-designated endowment funds	<u>(12,700)</u>	<u>3,450</u>	<u>(9,250)</u>
Endowment net assets, end of year	<u>\$ 1,651,291</u>	<u>\$ 38,136,263</u>	<u>\$ 39,787,554</u>

The governing body of the Foundation has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of:

- a) the original value of initial and subsequent gift amounts donated to the fund and
- b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Organization has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

At December 31, 2024, approximately \$54,500 of funds included in net assets with donor restrictions were underwater.

Note 16. Subsequent Events

Subsequent events have been analyzed through October 30, 2025.

Supplementary Information

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Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/Pass- Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Education				
Student Financial Assistance Cluster				
Federal Pell Grant Program	84.063	N/A	\$ -	\$ 15,933,721
Federal Supplemental Education Opportunity Grants	84.007	N/A	-	437,180
Teacher Education Assistance for College and Higher Education Grants	84.379	N/A	-	91,002
Federal Work Study Program	84.033	N/A	-	334,427
Federal Perkins Loan Program	84.038	N/A	-	150,040
Federal Direct Student Loans	84.268	N/A	-	27,952,979
Total Student Financial Assistance Cluster			-	44,899,349
TRIO Cluster				
Talent Search	84.044	N/A	-	490,514
Student Support Services	84.042A	N/A	-	388,593
Educational Opportunity Centers	84.066A	N/A	-	276,008
Upward Bound	84.047A	N/A	-	450,591
Total TRIO Cluster			-	1,605,706
Child Care Access Means Parents in School	84.335A	N/A	-	288,059
Fund for the Improvement of Postsecondary Education	84.116K	N/A	-	370,354
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325M	N/A	-	263,583
Strengthening Minority-Serving Institutions	84.382C	N/A	-	286,335
Higher Education Institutional Aid				
NSU-TCC Cooperative NASNTI	84.031X	N/A	257,284	946,019
NASNTI - Individual	84.031X	N/A	-	865,889
Total Higher Education Institutional Aid			257,284	1,811,908
U.S. Department of Education / Oklahoma State Regents for Higher Education				
COVID-19 - Education Stabilization Fund				
Governor's Emergency Education Relief Fund	84.425C	None	-	815,010
U.S. Department of Education / American Indian Professional Education Consortium				
Indian Education -- Special Programs for Indian Children	84.299B	S299B210006	-	32,730
Indian Education -- Special Programs for Indian Children	84.299B	S299B210005	-	13,595
Total Indian Education -- Special Programs for Indian Children			-	46,325
U.S. Department of Education / Oklahoma State University				
School Safety National Activities	84.184X	S184X230002	-	68,835
U.S. Department of Education / Oklahoma State Regents for Higher Education				
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334S	None	-	29,469
U.S. Department of Treasury / Oklahoma Health Care Workforce Training Commission				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	XRPA-XX0000001	-	1,245
U.S. Department of Treasury / Oklahoma State Regents for Higher Education				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	None	-	508,531
Total Coronavirus State and Local Fiscal Recovery Funds			-	509,776

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Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

(Continued)

Federal Grantor/Pass- Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Research and Development Cluster				
National Science Foundation STEM Education	47.076	N/A	\$ -	\$ 269,546
National Science Foundation / Oklahoma State University STEM Education	47.076	HrD-1911370 1-578530-NSU	-	52,971
National Science Foundation / Pennsylvania State University Integrative Activities	47.083	2327731	-	71,144
U.S. Department of Health and Human Services / Oklahoma Idea Network of Biomedical Research Excellence		5P20GM103447-23		
Biomedical Research and Research Training	93.859	RS20181585-831 5P20GM103447-23	-	88,676
Biomedical Research and Research Training	93.859	RS20181585-152	-	7,434
Biomedical Research and Research Training	93.859	5P20GM103447-23	-	10,969
Biomedical Research and Research Training	93.859	RS20181585-135	-	29,905
U.S. Department of Health and Human Services Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	N/A	-	4,327
U.S. Department of the Interior / Oklahoma Department of Wildlife Conservation State Wildlife Grants	15.634	T-135-R-1	-	20,911
U.S. Department of Defense Basic, Applied, and Advanced Research in Science and Engineering	12.630	N/A	-	902,896
Total Research and Development Cluster			<u>-</u>	<u>1,458,779</u>
U.S. Department of Health and Human Services / Southern Plains Tribal Health Activities to Support State, Tribal, Local and Territorial Health Department Response to Public Health or Healthcare Crises				
	93.391	3441.501	<u>-</u>	<u>43,107</u>
U.S. Department of Health and Human Services / Indian Health Service Health Professions Recruitment Program for Indians				
	93.790	NU11IHS0071	<u>-</u>	<u>112,686</u>
U.S. Department of Health and Human Services / Oklahoma Department of Human Services Opioid STR				
	93.788	H78T1083333	<u>-</u>	<u>63,356</u>
U.S. Department of Health and Human Services Congressional Directives				
	93.493	N/A	<u>-</u>	<u>868,589</u>
National Endowment for the Humanities Promotion of the Humanities Teaching and Learning Resources and Curriculum Development				
	45.162	N/A	<u>-</u>	<u>17,459</u>
National Endowment for the Arts / Oklahoma Arts Council Promotion of the Arts Partnership Agreements				
	45.025	GR2-24-7911-11008	-	2,000
Promotion of the Arts Partnership Agreements	45.025	A2-2402-12303	-	2,496
Promotion of the Arts Partnership Agreements	45.025	A2-2402-12344	-	1,200
Promotion of the Arts Partnership Agreements	45.025	A2-2402-12305	-	6,555
Promotion of the Arts Partnership Agreements	45.025	A2-2402-12304	-	3,200
Total Promotion of the Arts Partnership Agreements			<u>-</u>	<u>15,451</u>
U.S. Department of Justice Public Safety Partnership and Community Policing Grants				
	16.710	N/A	<u>-</u>	<u>6,188</u>
U.S. Department of Commerce Connecting Minority Communities Pilot Program				
	11.028	N/A	<u>-</u>	<u>444,826</u>
U.S. Department of Commerce / Oklahoma Alliance for Manufacturing Excellence Manufacturing Extension Partnership				
	11.611	70NANB20H065	<u>-</u>	<u>85,771</u>
U.S. Department of Transportation / Oklahoma Department of Transportation Highway Planning and Construction				
	20.205	None	<u>-</u>	<u>22,578</u>
U.S. Department of Agriculture Soil and Water Conservation				
	10.902	N/A	<u>-</u>	<u>56,211</u>
National Archives and Records Administration National Historical Publications and Records				
	89.003	N/A	<u>-</u>	<u>4,339</u>
			<u>\$ 257,284</u>	<u>\$ 54,194,049</u>

Northeastern State University
A Department of the Regional University System of Oklahoma
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Northeastern State University under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Northeastern State University, it is not intended to and does not present the financial position, changes in net position or cash flows of Northeastern State University.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3: Indirect Cost Rate

Northeastern State University has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: Federal Loan Programs

Federal Direct Student Loan balances are not included in Northeastern State University's financial statements. Loans disbursed during the year are included in federal expenditures presented in the Schedule. The federal loan program listed subsequently is administered directly by Northeastern State University, and balances and transactions relating to these programs are included in the University's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at June 30, 2025, consists of:

Assistance Listing Number	Program Name	Outstanding Balance at June 30, 2025
84.038	Federal Perkins Loan Program	\$ 90,995

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

Independent Auditor's Report

Board of Regents
Regional University System of Oklahoma
Northeastern State University
Tahlequah, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and the discretely presented component unit of Northeastern State University (the "University"), a department of the Regional University System of Oklahoma, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the University's basic final financial statements, and have issued our report thereon dated October 30, 2025, which contained an Emphasis of Matter paragraph regarding the financial reporting entity. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit as described in our report on the University's financial statements. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the discretely presented component unit.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Forvis Mazars, LLP

**Springfield, Missouri
October 30, 2025**

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Board of Regents
Regional University System of Oklahoma
Northeastern State University
Tahlequah, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Northeastern State University's (the "University") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2025. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Northeastern State University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the University's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response. The University is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The University's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the “Auditor’s Responsibilities for the Audit of Compliance” section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002, to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the University’s response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The University’s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response. The University is responsible for preparing a corrective action plan to address each audit finding included in our auditor’s report. The University’s corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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

Forvis Mazars, LLP

**Springfield, Missouri
February 10, 2026**

Section I – Summary of Auditor’s Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified Qualified Adverse Disclaimer

2. Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

3. Noncompliance material to the financial statements noted? Yes No

Federal Awards

4. Internal control over major federal programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

5. Type of auditor’s report issued on compliance for major federal program(s):

Unmodified Qualified Adverse Disclaimer

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Northeastern State University
A Department of the Regional University System of Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

(Continued)

7. Identification of major federal programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
	Student Financial Assistance Cluster
84.063	Federal Pell Grant Program
84.007	Federal Supplemental Education Opportunity Grants
84.379	Teacher Education Assistance for College and Higher Education Grants
84.033	Federal Work Study Program
84.038	Federal Perkins Loan Program
84.268	Federal Direct Student Loans
84.031X	Higher Educational Institutional Aid
	Research and Development Cluster
47.076	STEM Education
47.083	Integrative Activities
93.859	Biomedical Research and Research Training
	Centers for Disease Control and Prevention Investigations and
93.283	Technical Assistance
15.634	State Wildlife Grants
12.630	Basic, Applied, and Advanced Research in Science and Engineering
93.493	Congressional Directives

8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.

9. Auditee qualified as a low-risk auditee?

Yes

No

Section II – Financial Statement Findings

Reference Number	Finding
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No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
2025-001	<p style="text-align: center;">Student Financial Assistance Cluster Federal Pell Grants, ALN 84.063 Federal Direct Student Loans, ALN 84.268 U.S. Department of Education Program Year 2024 - 2025</p> <p>Criteria or Specific Requirement - Special Tests: NSLDS Reporting 34 CFR 690.83(b)(2) and 34 CFR 685.309</p> <p>Condition - The University's internal controls did not ensure records reported to the National Student Loan Data System (NSLDS) were accurate.</p> <p>Cause - The program CIP Code was changed between academic year 2023-24 and 2024-25 and the update was not reflected in the student information system, Banner. The first of term degree file for Spring 2025 was delayed as the result of issues with the degree file for Fall 2024.</p> <p>Effect or Potential Effect - Incorrect enrollment data was reported to NSLDS.</p> <p>Questioned Costs - None</p> <p>Context - Out of a population of 4,798 status changes of students receiving Pell Grants and/or Direct Student Loans, a sample of 25 students with status changes were selected for testing. Our sample was not, and was not intended to be statistically valid. For 1 of the students tested, the CIP Code reported to NSLDS did not agree to the 2024-25 University course catalog. For 1 of the students tested, the withdrawal status was not reported to NSLDS. For 1 of the students tested, the enrollment change was submitted to Clearinghouse but was not reported to NSLDS. For 3 of the students tested, the certification date was greater than 60 days from the time the University had knowledge of the status change.</p> <p>Identification as a Repeat Finding - N/A</p> <p>Recommendation - The University should review and update their internal controls to ensure proper reporting to NSLDS.</p> <p>Views of Responsible Officials and Planned Corrective Actions - Personnel turnover within the Office of the Registrar (July 2023) and the AVP for Academic Affairs (June 2024) led to procedural gaps during these transitions. Some of the processes and procedures suffered from a lack of transitional clarity. The Office of the Registrar is responsible for updating the STVMAJR screen in Banner which is a manual process. To rectify this, we have created a streamlined process for updates to the curriculum workflow to ensure precise alignment between Banner and CIP codes. This includes a new monthly meeting between the Registrar, Associate Registrar and AVP to review all curriculum updates, modifications, and new programs to prevent future errors.</p> <p>Issues with the Fall 2024 degree file delayed First of Term processing for Spring 2025. A defect introduced by an Ellucian update affected the degree file output and was resolved by updating the Banner page STVACAT (specifically the NSC Credential Level Translation column). This issue is not expected to recur.</p> <p>Spring 2025 First of Term processing was also delayed due to the manual creation of approximately 200 Social Security Numbers for newly admitted international students following the SLATE implementation and Admissions staffing turnover. This process has since been automated through an update to an Argos generator, eliminating the need for manual SSN creation.</p> <p>In addition, the National Student Clearinghouse transmission schedules were updated to allow additional processing time between files and to avoid submissions during the winter break. Specifically, transmissions for Fall Subsequent of Term were moved from January 1 to January 11, Fall Graduates Only (WS) from January 4 to January 18, and the Fall Degree file from January 14 to January 25.</p>

Reference Number	Finding
2025-002	<p style="text-align: center;">Congressional Directives, ALN 93.493 U.S. Department of Health and Human Services Program Year 2024 - 2025</p> <p>Criteria or Specific Requirement - Reporting 2 CFR 200.329</p> <p>Condition - Semi-annual performance reports submitted to the U.S. Department of Health and Human Services (HRSA) portal were not submitted timely.</p> <p>Cause - The University experienced uncertainty regarding the expected submission timeline for the required performance report.</p> <p>Effect or Potential Effect - The University submitted the performance report to HRSA after the deadline.</p> <p>Questioned Costs - None</p> <p>Context - Out of the population of two semi-annual performance reporting requirements for the fiscal year, a sample of one report was selected for testing. Our sample was not, and was not intended to be statistically valid. The performance report tested was not submitted in a timely manner.</p> <p>Identification as a Repeat Finding - N/A</p> <p>Recommendation - The University should review and update their internal controls to ensure performance reports are submitted in a timely manner.</p> <p>Views of Responsible Officials and Planned Corrective Actions - To enhance compliance and oversight, the Northeastern State University Grant Office has implemented a mandatory dual-phase training protocol for all Principal Investigators (PIs). Starting Fiscal Year 2026, all PIs are required to complete an initial compliance training upon award initiation. Furthermore, to address findings regarding reporting timelines, the university will conduct annual refresher training for all PIs with active awards. This annual session will specifically emphasize regulatory requirements for the timely submission of technical and financial reports.</p>

Northeastern State University
A Department of the Regional University System of Oklahoma
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2025

Reference Number	Summary of Finding	Status
2024-001	<p>Student Financial Assistance Cluster Federal Pell Grants, ALN 84.063 Federal Direct Student Loans, ALN 84.268 U.S. Department of Education Program Year 2023 - 2024</p>	Resolved
	<p>Criteria or Specific Requirement - Reporting 34 CFR 690.83</p>	
	<p>Condition - The University's internal controls did not ensure origination records reported to the Common Origination and Disbursement (COD) System were accurate.</p>	
	<p>Cause - The University incorrectly reported the enrollment date to COD for Pell recipients.</p>	
	<p>Effect or Potential Effect - Incorrect origination record data was reported to COD.</p>	
	<p>Questioned Costs - None</p>	
	<p>Context - Out of a population of 4,125 students receiving Pell Grants and/or Direct Student Loans, a sample of 25 students were selected for testing. Our sample was not, and was not intended to be statistically valid. For 16 of the students tested, the enrollment date reported to COD differed from the enrollment date in the student information system, Banner.</p>	
	<p>Identification as a Repeat Finding - N/A</p>	

Northeastern State University
A Department of the Regional University System of Oklahoma
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2025

(Continued)

Reference Number	Summary of Finding	Status
2024-002	<p style="text-align: center;">Student Financial Assistance Cluster Federal Pell Grants, ALN 84.063 Federal Direct Student Loans, ALN 84.268 U.S. Department of Education Program Year 2023 - 2024</p> <p>Criteria or Specific Requirement - Special Tests: Gramm-Leach-Bliley Act - Student Information Security 16 CFR 314.4(c)(1) - (8), 16 CFR 314.4(e)</p> <p>Condition - The University does not have a written information security program that addresses all required elements of the Gramm-Leach-Bliley Act.</p> <p>Cause - The University did not update its written information security program by June 9, 2023 for the revised requirements of 16 CFR Part 314.</p> <p>Effect or Potential Effect - The University's written information security program does not address all required written statement elements of the Gramm-Leach-Bliley Act.</p> <p>Questioned Costs - None</p> <p>Context - On December 9, 2021, the Federal Trade Commission issued final regulations for 16 CFR Part 314 to implement the Gramm-Leach-Bliley Act information safeguarding standards that institutions must implement. The regulations established minimum standards that institutions must meet. Institutions were required to be in compliance with the revised requirements no later than June 9, 2023. The University's written information security program did not contain 9 of the 14 elements required by the revised Gramm-Leach-Bliley Act regulations.</p> <p>Identification as a Repeat Finding - N/A</p>	Resolved

Northeastern State University
A Department of the Regional University System of Oklahoma
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2025

(Continued)

<u>Reference Number</u>	<u>Summary of Finding</u>	<u>Status</u>
2024-003	<p style="text-align: center;">Student Financial Assistance Cluster Federal Pell Grants, ALN 84.063 Federal Direct Student Loans, ALN 84.268 U.S. Department of Education Program Year 2023 - 2024</p> <p>Criteria or Specific Requirement - Special Tests: Return of Title IV Funds 34 CFR 668.22</p> <p>Condition - Return of Title IV funds were not calculated correctly and funds were not returned within the required time frame.</p> <p>Cause - The University did not use the correct amount of institutional charges when calculating the required return for one student. The University did not return funds within the required time frame for one student.</p> <p>Effect or Potential Effect - The incorrect amount of funds were returned, funds were not returned within the required time frame, and a student's account was not credited within the required timeframe.</p> <p>Questioned Costs - \$1,104</p> <p>Context - Out of a population of 423 official and unofficial withdrawals of students who received Student Financial Assistance, a sample of 25 students were selected for testing. Our sample was not, and was not intended to be statistically valid. For one of the student withdrawals tested, the calculation of funds to be returned by the University was calculated incorrectly. For another student withdrawal tested, the funds were not returned to the lender within the required time frame and the credit to the student's account was not made within the required time frame.</p> <p>Identification as a Repeat Finding - N/A</p>	Resolved

Northeastern State University
A Department of the Regional University System of Oklahoma
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2025

(Continued)

Reference Number	Summary of Finding	Status
2024-004	<p style="text-align: center;">Student Financial Assistance Cluster Federal Pell Grants, ALN 84.063 Federal Direct Student Loans, ALN 84.268 U.S. Department of Education Program Year 2023 - 2024</p> <p>Criteria or Specific Requirement - Special Tests: Enrollment Reporting 34 CFR 668.41(a)</p> <p>Condition - Published program length was not reported to the National Student Loan Data System (NSLDS) based on the definition of "normal time" to completion according to the regulations at 34 CFR 668.41(a).</p> <p>Cause - The published program length for a Masters credential level was reported as 2.5 years regardless of the program length as determined by the institution for how long, in years, the program is designed for a full-time student to complete.</p> <p>Effect or Potential Effect - Incorrect program-level record data was reported to NSLDS.</p> <p>Questioned Costs - None</p> <p>Context - Out of a population of 5,277 status changes of students receiving Pell Grants and/or Direct Student Loans, a sample of 25 students with status changes were selected for testing. Our sample was not, and was not intended to be statistically valid. For five of the students tested, the published program length reported to NSLDS did not agree to the program length based on the institution's determination of how long, in years, the program is designed for a full-time student to complete.</p> <p>Identification as a Repeat Finding - N/A</p>	Resolved

Northeastern State University
A Department of the Regional University System of Oklahoma
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2025

(Continued)

Reference Number	Summary of Finding	Status
2024-005	<p style="text-align: center;">Connecting Minority Communities Pilot Program, ALN 11.028 U.S. Department of Commerce Program Year 2023 - 2024</p> <p>Criteria or Specific Requirement - Reporting 2 CFR 200.329</p> <p>Condition - The University was unable to substantiate amounts reported on semi-annual performance reports and an amount reported was for the incorrect reporting period.</p> <p>Cause - The University did not maintain supporting documentation for amounts reported in the semi-annual performance report and improper report parameters were used to generate amounts reported.</p> <p>Effect or Potential Effect - Certain agency specific key line items reported were not substantiated with appropriate documentation and one key line item was reported for the incorrect reporting period.</p> <p>Questioned Costs - None</p> <p>Context - Out of the population of two semi-annual performance reporting requirements for the fiscal year, a sample of one report was selected for testing. Our sample was not, and was not intended to be statistically valid. For three agency specific key line items tested, the University was unable to provide documentation to substantiate the amounts reported. For one agency specific key line item tested, the amount reported was for the incorrect reporting period.</p> <p>Identification as a Repeat Finding - N/A</p>	Resolved