THE UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE
BOARD OF TRUSTEES

AUDIT COMMITTEE

Members: Chair Shap Smith, Vice Chair Matt Devost, Scott Beck, R. Stanton Dodge, Ed Pagano, Kristina Pisanelli, and Catherine Toll

Representatives: Faculty Representative Barbara Arel, Staff Representative Mindy Bean, Graduate Student Representative Niharika Singh, Undergraduate Student Representative Abigail Brito Del Valle, Alumni Representative Sanjeev Yadav, and Representative Doug Hoffer of the State Auditor's Office

Monday, November 2, 2026

10:00 a.m. – 11:00 a.m.
Memorial Lounge, 338 Waterman Building

AGENDA

	Item	Enclosure / Exemption	Discussion Leader(s)	Times*
	Call to Order			***10:00 am.**
1.	Approval of September 21, 2026 meeting minutes	Attachment 1	Matt Devost	10:00-10:05
2.	Presentation of the FY 2026 financial statements	Attachment 2	Alicia Estey Lindsey Donovan	10:05-10:15
3.	KPMG report to the Audit Committee	Attachment 3	Shelly Masi Matt Lyman Lisa Pagliaro, KPMG	10:15-10:25
4.	Acceptance of the FY 2026 audited financial statements • Resolution accepting the FY 2026 audited financial statements	Attachment 4	Matt Devost	10:25-10:30
5.	Compliance annual update and 2027 draft compliance workplan	Attachments 5 & 6	Tessa Lucey	10:30-10:40
6.	2027 draft internal audit work plan	Attachment 7	Sara Timmerman	10:40-10:45
7.	Review the 2026 and 2027 Audit Committee work plans	Attachments 8 & 9	Sara Timmerman	10:45-10:50

	Item	Enclosure/ Exemption	Discussion Leader(s)	Times*
8.	Enterprise Risk Management (ERM) update		Tessa Lucey	10:50-10:58
9.	Other business		Matt Devost	10:58-11:00
	Adjourn			**11:00 a.m.**

* Time is approximate.

** Executive session as needed.

AUDIT COMMITTEE
BOARD OF TRUSTEES
UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

A meeting of the Audit Committee of the Board of Trustees of the University of Vermont and State Agricultural College was held on Monday, September 21, 2026, at 10:00 a.m. in Memorial Lounge, 338 Waterman Building.

MEMBERS PRESENT: Chair Shap Smith[1], Vice Chair Matt Devost[2], R. Stanton Dodge[2], Ed Pagano[3], Kristina Pisanelli[2], and Catherine Toll[2]

MEMBERS ABSENT: Scott Beck

OTHER TRUSTEES PRESENT: Theresa Alberghini DiPalma[4]

REPRESENTATIVES PRESENT: Faculty Representative Barbara Arel, Staff Representative Mindy Bean[2], Undergraduate Student Representative Abigail Brito Del Valle, and Tim Ashe[5] on behalf of Representative Doug Hoffer of the State Auditor's Office

REPRESENTATIVES ABSENT: Graduate Student Representative Niharika Singh and Alumni Representative Sanjeev Yadav

PERSONS ALSO PARTICIPATING: President Marlene Tromp[2], Senior Vice President for Finance and Administration Alicia Estey, Vice President for Legal Affairs & General Counsel Sharon Reich Paulsen[2], Chief Information Officer Kellie Campbell, Chief Internal Auditor Sara Timmerman, Information Security Officer Scott Carbee, and Shelly Masi[2], Lisa Pagliaro[2], and Matt Lyman[2] of KPMG

[1] Joined via remote conferencing at 10:45 a.m.
[2] Joined via remote conferencing.
[3] Joined via remote conferencing at 10:39 a.m.
[4] Joined via remote conferencing and departed the meeting at 10:39 a.m.
[5] Joined via remote conferencing and departed the meeting at 10:22 a.m.

Vice Chair Matt Devost called the meeting to order at 10:03 a.m.

Approval of minutes

A motion was made, seconded, and voted to approve the April 13, 2026, meeting minutes.

DRAFT

Fiscal Year (FY) 2026 financial statement/uniform guidance audit status report

Shelly Masi began KPMG's presentation by introducing herself to the committee as the Lead Audit Engagement Partner for the FY 2026 audits. Referring to attachment 2 of the meeting materials, Engagement Managing Director Lisa Pagliaro then walked through KPMG's status update on the FY 2026 financial statement audit, the Uniform Guidance audit, and the information technology (IT) review. Ms. Pagliaro noted that KPMG has identified three major programs under the Uniform Guidance and is determining if there are any additional programs that need to be audited. At this stage, KPMG has no matters to report, and the engagement is progressing smoothly.

Internal audit update

Chief Internal Auditor Sara Timmerman offered a summary of her report, included as attachment 3 in the meeting materials. Since the February 2026 report to the committee, four audit reports have been finalized, resulting in 20 recommendations, including 18 significant and two essential recommendations. Audit activities continued to focus on information technology and performance reviews in accordance with the audit work plan. During the reporting period, 21 recommendations were closed, and four additional information technology-related recommendations were subsequently resolved.

Ms. Timmerman further reported that committee reporting will now focus on essential and significant recommendations. She noted that recommendations from the 2019 cybersecurity audit have been retired from follow-up reporting due to the commencement of a new enterprise-wide cybersecurity audit. She also highlighted the continued expansion of data analytics capabilities and acknowledged management's progress in implementing audit recommendations and supporting the audit process.

Report on expenses incurred by the University under the President's Official Residence university operating procedure

Referring to attachment 4 of the meeting materials, Ms. Timmerman provided the committee with an overview of FY 2026 presidential housing expenditures in accordance with the university operating procedure entitled "President's Official Residence." She explained that operating expenses for the residence were higher than expected in FY 2026. The increase was largely attributed to the transition of the residence in addition to higher physical plant and supply costs.

DRAFT

Review of Audit Committee charge and charter

Ms. Timmerman referred the committee to attachment 5, appendix A, for its routine review of the Audit Committee charge and charter. She presented proposed revisions to the Audit Committee charter to align with the Global Internal Audit Standards issued by the Institute of Internal Auditors in January 2025. The revisions would formalize the committee's responsibility to review the internal audit charter, require an annual confirmation from the Chief Internal Auditor regarding organizational independence and any impairments to independence or objectivity, and update quality assurance provisions to include review of internal and external assessment results. Ms. Timmerman noted that the changes primarily clarify and document existing practices and requirements under the updated standards. No changes were proposed to the Audit Committee charge.

Following Ms. Timmerman's review of the proposed revisions, Vice Chair Devost presented the following resolution for approval:

> **Resolution approving Audit Committee Charter revisions**
>
> WHEREAS, the Audit Committee annually reviews its Charge and Charter and Guidelines and recommends to the Board revisions thereto;
>
> BE IT RESOLVED, that the Audit Committee hereby approves the revisions to the Audit Committee Charter and Audit Committee Guidelines, as included in Appendix A, for recommendation to the Board.

Vice Chair Devost offered an opportunity for discussion. There being none, a motion was made, seconded and the resolution was approved as presented.

Internal audit charter review

Ms. Timmerman reported that the internal audit charter (attachment 6) was updated to align with the 2025 Global Internal Audit Standards. Key revisions include the addition of an internal audit mission statement, clarification of the Office of Internal Audit's authority and responsibilities, strengthened language regarding independence and unrestricted access, enhanced Audit Committee oversight responsibilities, and the addition of a formal quality assurance program. She noted that the changes reflect current professional standards and existing practices and do not materially change internal audit operations.

DRAFT

Chief Financial Officer report on presidential travel expenses

In accordance with the Audit Committee charter, Senior Vice President for Finance and Administration Alicia Estey presented a summary of President Marlene Tromp's FY 2026 travel expenses, included in the meeting materials as attachment 7. Ms. Estey reported that total travel expenses were $40,431.88 and did not include expenses associated with the UVM Foundation.

Ms. Estey recommended increasing the reporting threshold for presidential travel expenses from $25,000 to $50,000 to align with practices at peer institutions. Following discussion, the committee expressed support for the proposed change. A resolution to amend the reporting threshold will be presented at a future meeting after the President has had an opportunity to evaluate her travel plans.

Gramm-Leach-Bliley Act (GLBA)

Information Security Officer Scott Carbee presented highlights from the GLBA report, included as attachment 8 in the meeting materials. Mr. Carbee reported continued progress in addressing GLBA Safeguards Rule requirements, with ongoing efforts focused on access reviews and training, the secure enclave, third-party risk management, incident response, risk assessment, and staffing.

Over the past year, management's efforts have centered on transitioning security initiatives into routine operations, strengthening access review controls and documentation, enhancing third-party risk management practices, and improving incident response processes through documentation updates and tabletop exercises.

Looking ahead, Mr. Carbee explained that management will focus on maintaining and maturing existing controls through alignment with the Center for Internet Security (CIS) Controls framework. Additional priorities include strengthening information security governance, revitalizing the Information Security Council, and improving system lifecycle decision-making.

Executive Session

At 10:38 a.m., Vice Chair Matt Devost entertained a motion to enter into executive session for the purpose of discussing the appointment or employment or evaluation of a public officer or employee.

All in attendance were excused from the meeting, with the exception of Trustees, President Marlene Tromp, and Vice President of Legal Affairs, Sharon Reich Paulsen.

DRAFT

The meeting was re-opened to the public at 10:47 a.m.

Adjournment

There being no further business, the meeting was adjourned.

Respectfully submitted,

Matt Devost, Vice Chair

DRAFT

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UNIVERSITY OF VERMONT
AND STATE AGRICULTURAL COLLEGE

Financial Statements and Required Supplementary Information

June 30, 2026 and 2025

(With Independent Auditors' Report Thereon)

UNIVERSITY OF VERMONT
AND STATE AGRICULTURAL COLLEGE

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Independent Auditors' Report

The Honorable Douglas Hoffer,
Auditor of Accounts, State of Vermont
and
The Board of Trustees of the University of Vermont and State Agricultural College:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and aggregate discretely presented component units of the University of Vermont and State Agricultural College (collectively, the University), as of and for the years ended June 30, 2026 and 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 audits and the report of the 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 aggregate discretely presented component units, of the University, as of June 30, 2026 and 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

We did not audit the financial statements of University Medical Education Associates, Inc. (UMEA), which represent 12% and 12%, respectively, of the total assets of the aggregate discretely presented component units as of June 30, 2026 and 2025, and 3% and 7%, respectively, of the total operating revenues for the years then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for UMEA, are 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a

going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the 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

U.S. generally accepted accounting principles require that the management's discussion and analysis and schedule of changes in the University's postretirement benefit obligations and related ratios 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November XX, 2026 on our consideration of the University's internal control over financial reporting and on our tests of its

compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.



Albany, New York
November XX, 2026

UNIVERSITY OF VERMONT
AND STATE AGRICULTURAL COLLEGE

Management's Discussion and Analysis (Unaudited)

June 30, 2026 and 2025

Introduction

The Management's Discussion and Analysis (MD&A) provides a broad overview of the University of Vermont's financial condition as of June 30, 2026 and 2025, the results of its operations for the years then ended, significant changes from the previous years, and outlook for the future where appropriate and relevant. Management has prepared the financial statements and related footnote disclosures along with this MD&A. The MD&A should be read in conjunction with the audited financial statements and related notes.

The University of Vermont ("the University" and "UVM") is a public, non-profit, comprehensive research institution of higher education established in 1791 as the fifth college in New England. The University consists of seven undergraduate schools and colleges, including the Colleges of Agriculture and Life Sciences, Arts and Sciences, Education and Social Services, Engineering and Mathematical Sciences, Nursing and Health Sciences, the Grossman School of Business, and the Rubenstein School of Environment and Natural Resources. The University also includes the Patrick Leahy Honors College, the Robert Larner, M.D. College of Medicine, Professional and Continuing Education, Extension and the Graduate College. The University is the only comprehensive research university in Vermont. The University has 10,847 undergraduate students and 2,339 graduate and medical students. It is located in Burlington, Vermont with satellite instructional and research sites throughout Vermont. It is a component unit of the State of Vermont as it receives an annual appropriation from the State. For financial reporting purposes, the University's reporting entity consists of all sectors of the University and includes discretely presented financial information for University Medical Education Associates, Inc. (UMEA), the University of Vermont and State Agricultural College Foundation, Inc. (UVMF) and Catamount Run Phase 1 and 2, together referred to as Catamount Run. UMEA is a legally separate tax-exempt component unit of the University whose purpose is to support the operations, activities and objectives of the Robert Larner, M.D. College of Medicine of the University. UVMF is a legally separate tax-exempt component unit of the University whose purpose is to secure and manage private gifts for the sole benefit of the University. Catamount Run Phase 1 and 2 are legally separate component units of the University. Catamount Run's primary purpose is to construct housing in close proximity to the University campus and to manage the property, leasing units to University students, employees and the public. The MD&A discusses the University's financial statements only and not those of its component units.

The focus of the MD&A is on the University's financial information contained in the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows.

Strategic Direction

The University of Vermont's strategic plan, Green, Gold, and Bold: Green Mountains, Gold Standard, Bold Future, provides the framework for institutional priorities and resource allocation. The plan is centered on four interconnected pillars that guide the University's academic, research, engagement, and operational activities. Together, these priorities support UVM's mission of creating, sharing, and applying knowledge to serve humanity while strengthening Vermont and advancing positive global impact.

Forge Bold Futures: Student Connection, Purpose, and Impact – UVM is committed to creating an educational environment where students develop a strong sense of belonging, engage deeply in learning, and gain the skills and experiences needed to thrive beyond graduation. Through mentorship, experiential learning, and meaningful connections, the University seeks to prepare graduates to lead purposeful and impactful lives.

UNIVERSITY OF VERMONT
AND STATE AGRICULTURAL COLLEGE

Management's Discussion and Analysis (Unaudited)

June 30, 2026 and 2025

Study What Matters: Values-Driven Learning, Research, and Practice – The University advances teaching, research, scholarship, and creative activity that address significant challenges facing Vermont, the nation, and the world. UVM fosters innovation, curiosity, and integrity, supporting research and learning that generates meaningful discoveries and practical solutions to complex societal issues.

Create Opportunity: Access, Engagement, and Partnerships – As Vermont's flagship land-grant university, UVM expands educational opportunity, enhances community engagement, and strengthens partnerships with organizations throughout Vermont and beyond. Through collaborative relationships, the University advances economic development, public service, workforce development, and community well-being.

Enable Excellence: Campus Community, Systems, and Infrastructure – Recognizing that institutional excellence depends on both people and resources, UVM invests in its workforce, facilities, technology, and organizational systems. These investments support operational effectiveness, foster an engaged campus community, and position the University to achieve its strategic objectives in a rapidly evolving higher education environment.

Achievements supporting the strategic plan during fiscal year 2026 reflected progress across all four pillars of Green, Gold, and Bold. The University expanded access and affordability through the enhancement of the UVM Promise program, increasing opportunities for Vermont students and families. UVM continued to strengthen its research enterprise, attracting a record $222.6 million in extramural funding to support nearly 900 projects addressing critical challenges facing Vermont and beyond. The University advanced civic engagement and community partnerships through initiatives such as Vermont Listens and announced the creation of a new Division of Statewide Economic Development to further support innovation, workforce development, and economic growth across the region. Philanthropic support remained strong, with commitments exceeding $96 million, providing critical resources to advance academic excellence, student success, research, and institutional priorities. Collectively, these achievements demonstrate UVM's commitment to creating opportunity, advancing impactful research and learning, supporting student success, and strengthening the people, partnerships, and infrastructure necessary to fulfill its mission and strategic vision.

Financial Highlights

A. Revenues and Incoming Subsidies

In the fall of 2026, the University enrolled 10,847 students in more than 100 undergraduate majors, 1,841 students in graduate and post-baccalaureate programs, and 498 students at the Larner College of Medicine. The University attracts undergraduates from almost every state and many foreign countries. The University is primarily a regional institution, however, drawing 77% of the undergraduates enrolled in the fall of 2026 from New England and the Middle Atlantic States, including 21% of its undergraduate students from Vermont. Graduate and Certificate student enrollment from Vermont represented 40.3%.

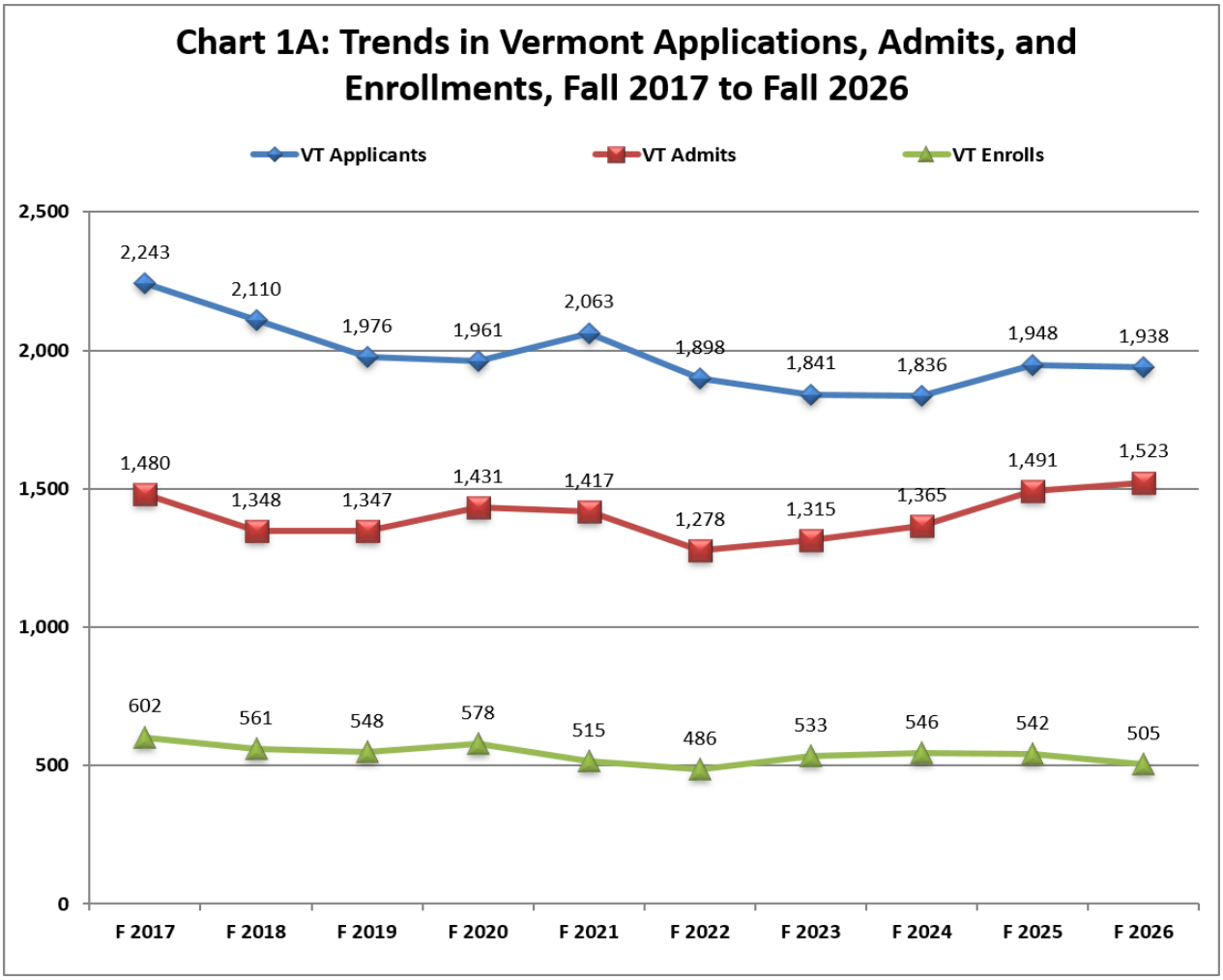
Final numbers for the fall of 2026 show total applications are over 24,000. This represents an increase of 10.2% since 2017, with in-state applications decreasing 13.6% and out-of-state applications increasing 12.9% for the same period. Total admissions increased for that period by 30.0%, with in-state admissions increasing 2.9% and out-of-state admissions increasing 33.1%. Total first-time, first year enrollments were close to 2,400 in Fall of 2026, decreasing by 10.8% from fall 2017 to fall 2026. In-state enrollments decreased by 16.1% and out-of-state enrollments decreased by 9.2% in that same period. Trends in applications, admits, and enrollments can be seen in Charts 1A and 1B.

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UNIVERSITY OF VERMONT
AND STATE AGRICULTURAL COLLEGE

Management's Discussion and Analysis (Unaudited)

June 30, 2026 and 2025

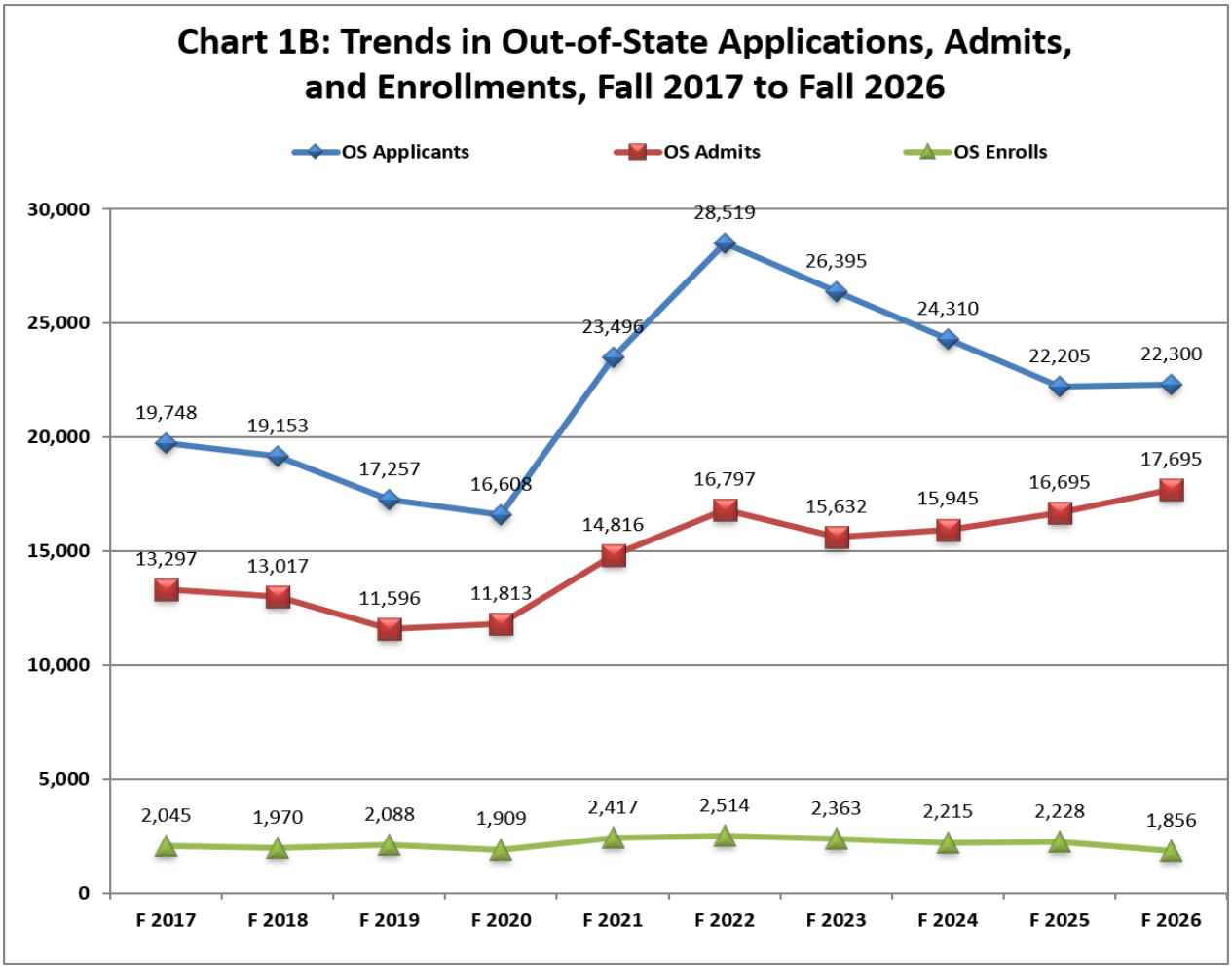


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UNIVERSITY OF VERMONT
AND STATE AGRICULTURAL COLLEGE

Management's Discussion and Analysis (Unaudited)

June 30, 2026 and 2025



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UNIVERSITY OF VERMONT
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Management's Discussion and Analysis (Unaudited)

June 30, 2026 and 2025

The University and its Board of Trustees continues to contain increases in tuition and fees with the average annual increases for in-state and out-of-state held to 1.2% and 1.8%, respectively, from 2018 through 2026. Table 1 presents tuition and fees, as well as room and board for that period.

Table 1: In-State and Out-of-State Tuition and Fees

		2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Average Annual % Increase
Student Fees										
In-State Tuition and Fees	$	18,276	18,802	19,002	19,002	18,890	18,890	19,058	19,514	1.21 %
Out-of-State Tuition and Fees		42,516	43,690	43,890	43,890	43,890	43,890	45,502	47,554	1.78 %
Room (Double)		8,196	8,502	8,756	8,756	8,786	8,786	9,048	9,334	2.12 %
Board (Average Meal Plan)		4,266	4,414	4,568	4,568	4,568	4,568	4,728	4,892	2.18 %
Total, In-State Cost	$	30,738	31,718	32,326	32,326	32,244	32,244	32,834	33,740	
Increase Over Previous Year		3.28 %	3.19 %	1.92 %	— %	(0.25)%	— %	1.83 %	2.76 %	1.59 %
Total, Out-of-State Cost	$	54,978	56,606	57,214	57,214	57,244	57,244	59,278	61,780	
Increase Over Previous Year		3.00 %	2.96 %	1.07 %	— %	0.05 %	— %	3.55 %	4.22 %	1.86 %

The University has focused on enhancing other revenues including private philanthropy, improved retention of current students, increased graduate and summer enrollments, expansion of flexible and online course offerings geared to adults and non-traditional learners, enhancing graduate, post-doc and undergraduate research support through grants from the federal government and other sources and through partnerships with private industry; and supporting more students transferring to UVM from other colleges.

The University saw decreased grant and contract revenues by $0.9 million or 0.3% from $290.7 million in fiscal 2025 to $289.8 million in fiscal 2026. Additional funding from the University of Vermont Medical Center, Inc, for facilities and operation costs, was offset by a decrease in sponsored grants and contracts. Included in the $289.8 million is facility and administrative cost recoveries of $40.8 million, additional commitment funds from the University of Vermont Medical Center, Inc. of $31.7 million, and Federal Pell grants for student aid of $11.1 million.

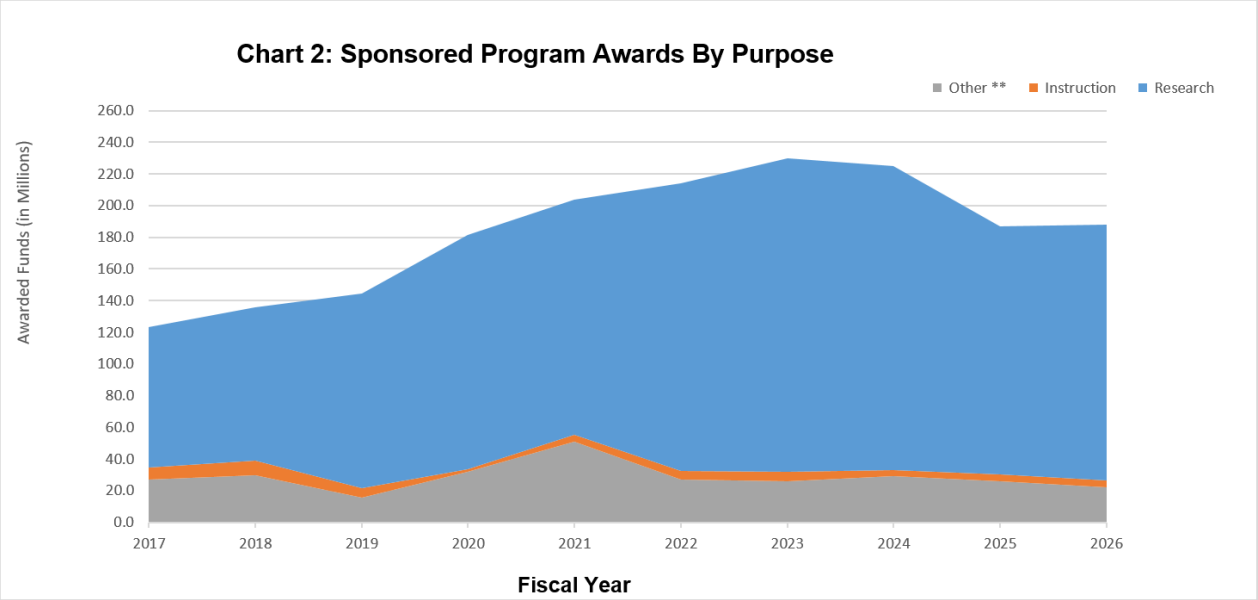
During fiscal 2026, the University was awarded over $188.1 million in sponsored funds, 85.8% of which were for research activities. Approximately 63.8% of sponsored funds awarded during fiscal 2026 were from direct federal sources. The University's leading areas of externally sponsored programs are the biomedical sciences, agriculture, the environment, and education. Chart 2 shows sponsored program awards by purpose for the last ten fiscal years.

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UNIVERSITY OF VERMONT
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Management's Discussion and Analysis (Unaudited)

June 30, 2026 and 2025



State appropriations in fiscal 2026 increased $2.5 million, or 4.4%, compared to fiscal 2025. This included a base increase to the appropriation of 3%, plus one-time special appropriations. State appropriations decreased $1.1 million, or 1.9%, in fiscal 2025 compared to fiscal 2024.

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UNIVERSITY OF VERMONT
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Management's Discussion and Analysis (Unaudited)

June 30, 2026 and 2025

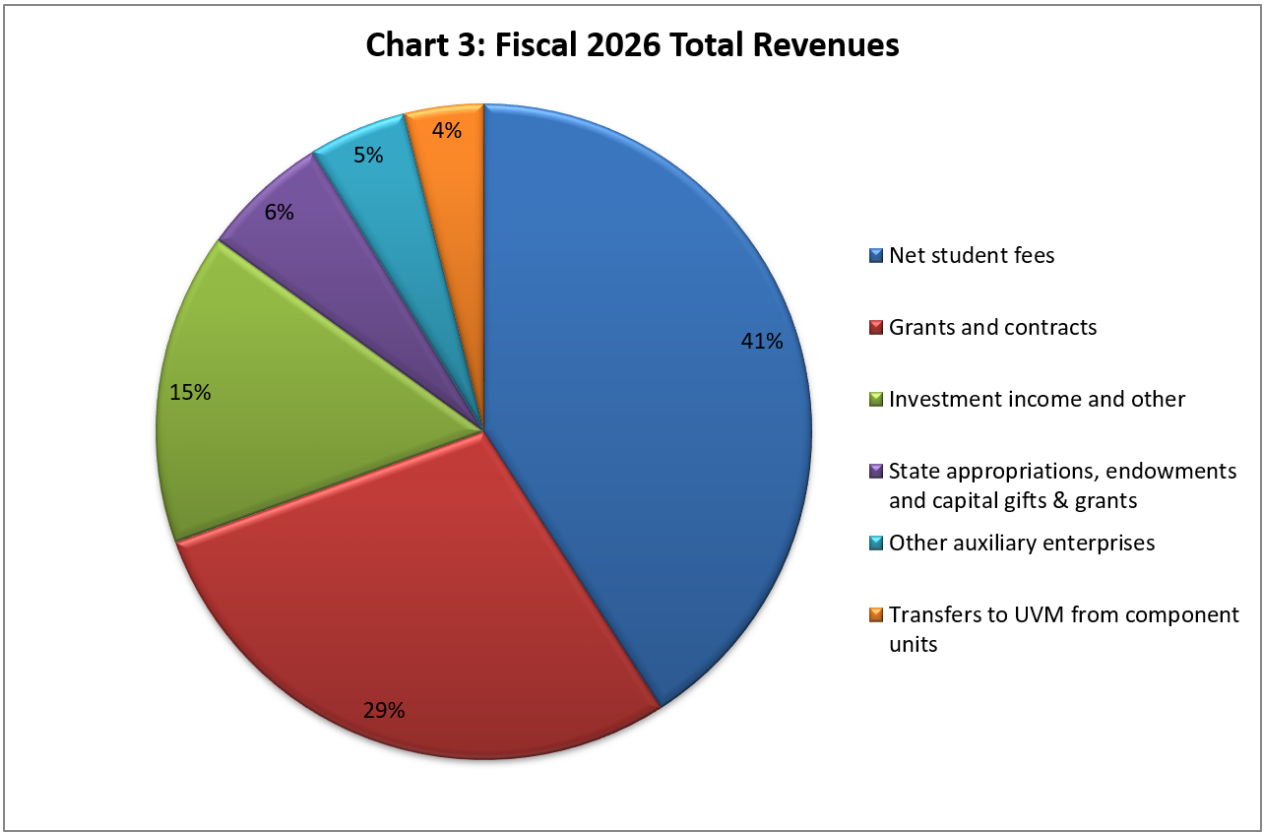


Chart 3 shows the University's fiscal 2026 revenue streams. Given the University's mission of instruction, research, and public service, the vast majority of the University's revenues are generated by net student fees (41%) and grants and contracts (29%).

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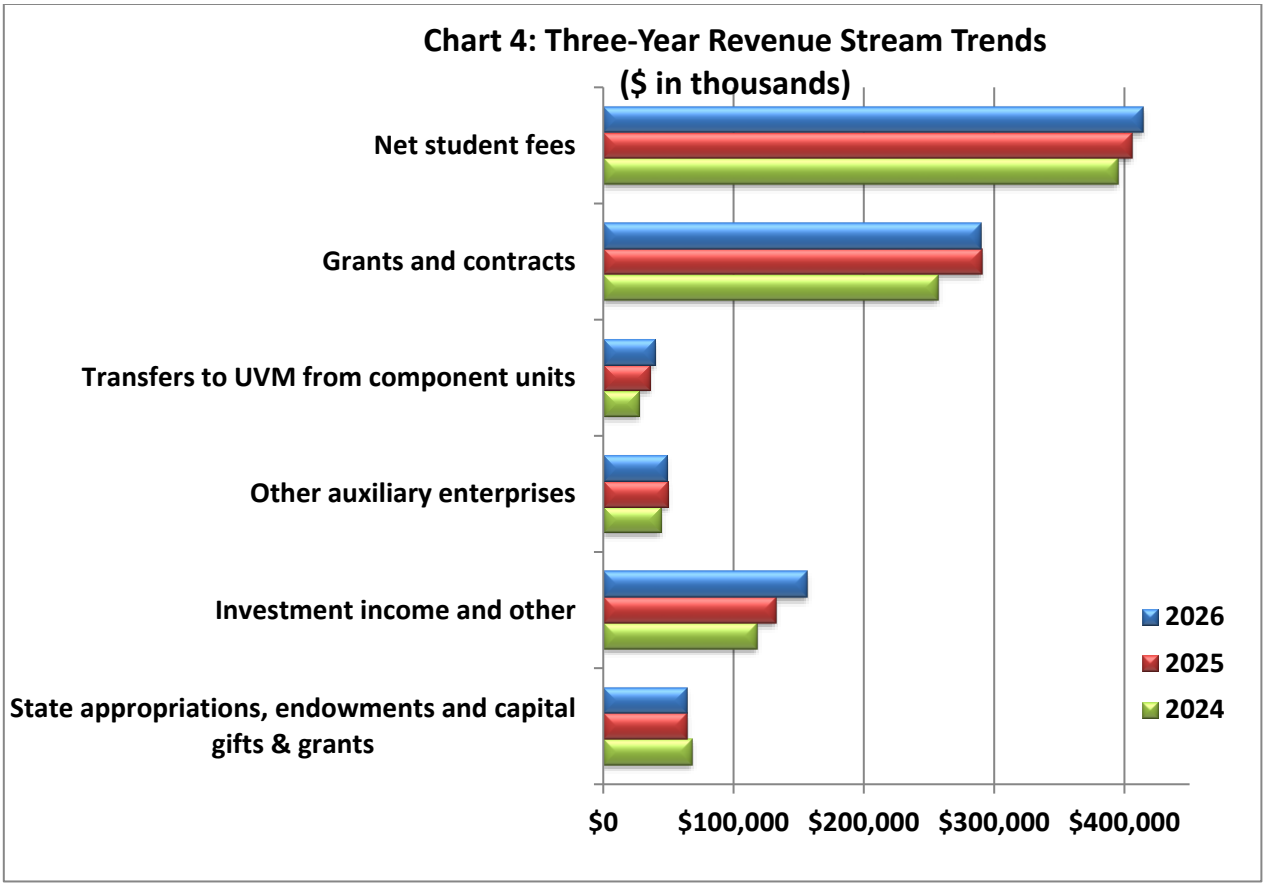


Chart 4 shows the three-year trend for revenue streams. Net student fees are comprised of tuition and fees, housing and dining fees, and student financial aid.

B. Operating Expenditures

The University's operating expenses includes compensation and benefits, supplies and services, depreciation and scholarship and fellowship expenses. Total operating expenses decreased by $162.0 million or 18.9% in 2026 from the 2025 level compared to an increase of $111.8 million in 2025 from 2024. The largest driver of the decrease is a present value savings in other post-employment benefits (OPEB) of $215.9 million that were recognized in the fiscal year. These savings are primarily due to the University changing the benefit structure for Medicare retirees effective January 1, 2026. Prior to that date, participants were eligible to participate in a University subsidized group Medicare Advantage plan sponsored by the University. Subsequent to that date, Medicare participants receive a contribution towards a health reimbursement account and can use those proceeds to purchase individual health insurance policies through a private exchange. This adjustment to OPEB in compensation and benefits was offset by annual wage increases for employees of $6.9 million, a growth in employee benefit expenses of $16.6 million and adjustments to compensated absences accruals. Scholarship and fellowship expenses

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also decreased by $0.6 million. Reductions in compensation, benefits, scholarships and fellows were offset with increases to supplies and services expenses of $4.4 million and depreciation of $1.5 million.

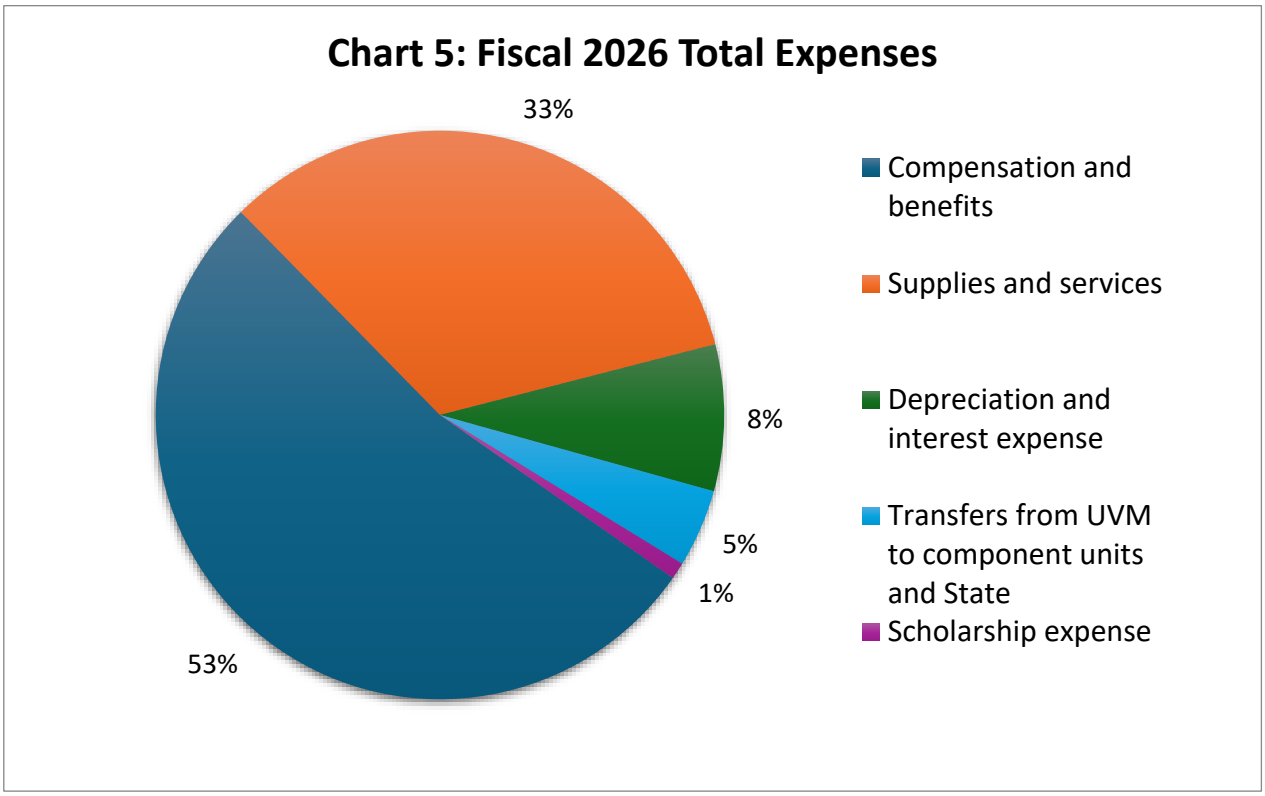


Chart 5 displays the University's fiscal 2026 expenses. The University's largest expense is compensation and benefits followed by supplies and services.

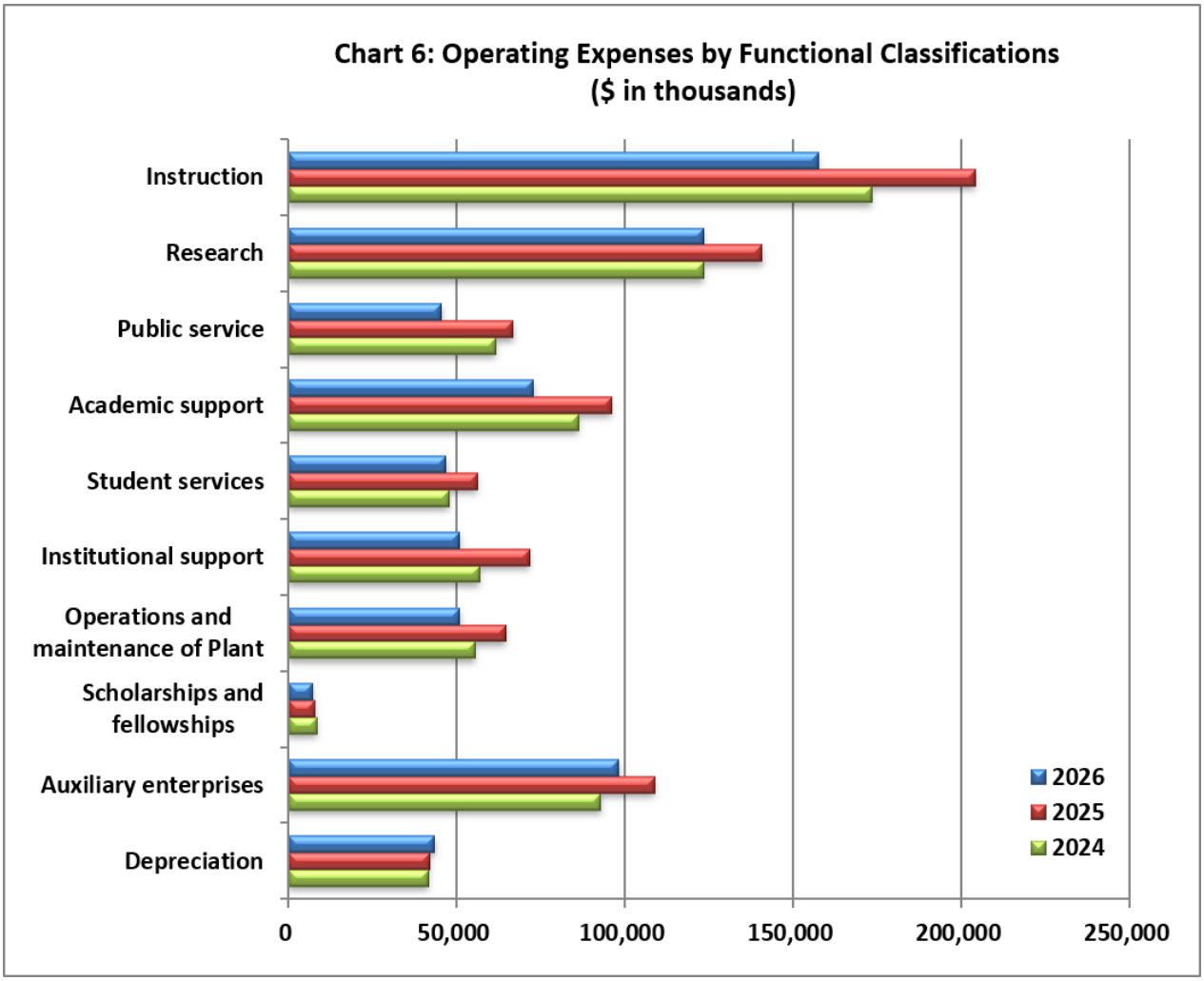


Chart 6 displays the University's operating expenses for the past three years by functional, rather than natural, classification. Operating costs continue to rise, with adjustments to other post-employment benefits (OPEB) reducing overall reported expenditures in recent years.

Overview of the Financial Statements

The financial statements of the University of Vermont and State Agricultural College have been prepared in accordance with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The financial statement presentation consists of comparable Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, Statements of Cash Flows and accompanying notes for the June 30, 2026 and 2025 fiscal years. These statements provide information on the financial position of the University and the financial activity and results of its operations during the years

(Continued)

presented. The financial statements focus on the University as a whole, rather than upon individual funds or activities.

University Medical Associates, Inc. (UMEA), University of Vermont Foundation, Inc. (UVMF), and Catamount Run Phases 1 and 2 are legally separate, discretely presented component units of the University of Vermont and issue separate audited financial statements. UMEA, UVMF, and Catamount Run phases 1 and 2 are presented as separate columns on the University's Statements of Net Position and Statements of Revenues, Expenses and Changes in Net Position.

A. Statements of Net Position

The Statements of Net Position, Table 2, depicts the University's assets, liabilities, and deferred inflows/outflows of resources on June 30th each year, along with the resulting net financial position. An increase in net position over time is a primary indicator of an institution's financial health. Factors contributing to future financial health as reported on the Statements of Net Position include the value and liquidity of financial and capital investments, and balances of related obligations.

Table 2: Condensed information from the Statements of Net Position at June 30 for the past three fiscal years.

		2026	2025	2024
Assets and deferred outflows of resources				
Cash and operating investments	$	445,212	428,663	422,607
Endowment, capital, and similar investments		749,245	669,255	625,810
Capital and right of use assets, net		722,494	738,208	734,179
Other assets and deferred outflows of resources		307,065	351,573	359,419
Total assets and deferred outflows of resources	$	2,224,016	2,187,699	2,142,015
Liabilities and deferred inflows of resources				
Post-employment benefits	$	289,068	538,923	585,202
Long-term debt		490,592	518,464	531,759
Other liabilities and deferred inflows of resources		229,958	180,193	137,691
Total liabilities and deferred inflows of resources		1,009,618	1,237,580	1,254,652
Net investment in capital assets		231,045	218,461	203,863
Restricted:				
Non-expendable		181,480	175,721	172,862
Expendable		519,486	473,695	439,050
Unrestricted		282,387	82,242	71,588
Total net position	$	1,214,398	950,119	887,363

As shown in Table 2, cash and operating investments have increased over the last three fiscal years including 3.9% in fiscal 2026 and 1.4% in fiscal 2025. Operating investments included in this total $216.8 million, $214.9 million, and $264.1 million in fiscal 2026, 2025, and 2024, respectively. These operating investments are primarily invested in bonds but also include equity and shares of the University's long-term endowment pool.

Endowment, capital, and similar investments have increased in both fiscal 2026, by $80.0 million or 12.0%, and fiscal 2025, by $43.4 million or 6.9%. Included in this balance are endowment cash, cash equivalents and investments of $633.4 million, $571.7 million, and $537.5 million in fiscal 2026, 2025, and 2024, respectively. Both fiscal 2026 and fiscal 2025 were impacted by market performance. Additional gifts to the endowment also increase these balances.

Capital and right of use assets, net, saw a decrease of $15.7 million or 2.1% in fiscal 2026 with an increase of $4.0 million or 0.5% in fiscal 2025. Right of use assets, net, decreased by $1.7 million, primarily due to modified or terminated lease and subscription-based information technology arrangements. Capital assets, net, decreased with depreciation expense of $39.2 million and disposals of $131 thousand, offset by additions of $25.3 million.

(Continued)

Other assets and deferred outflows of resources includes accounts, loans, notes, and pledges receivable, inventories and prepaid expenses, other equity interest and deferred outflows due to loss on refunding of debt and post-employment benefits. Fiscal 2026 saw a decrease from fiscal 2025 of $44.5 million or 12.7% and a decrease in fiscal 2025 from fiscal 2024 of $7.8 million or 2.2%. The decrease in fiscal 2026 is mostly due to a decrease to the post-employment benefits deferred outflows of $34.8 million stemming from the effect of liability gains or losses and assumption changes.

Post-employment benefits, which represent the current and future liability and deferred inflows the University has to retirees and their dependents for medical, dental, life insurance, and tuition remission benefits, decreased $207.0 million or 47.6% in fiscal 2026 and increased $32.7 million or 8.1% in fiscal 2025. The University changed the benefit structure for Medicare retirees in the fiscal year, resulting in an overall reduction of the liability.

Long-term debt decreased $27.9 million in fiscal years 2026 and 2025 due to debt service payments offset by new or modified operating leases and subscription-based information technology arrangements. In fiscal year 2026, the University refinanced certain outstanding bond debt to establish long-term savings with preferential interest rates. New debt for bond series 2026A of $244.5 million is offset by payments to refunded bond series, along with regularly scheduled bond service payments, totaling $271.0 million. Payments on leases and subscriptions of $3.9 million were offset with new or modified lease and subscriptions of $2.5 million.

Other liabilities and deferred inflows of resources consist of the University's accounts payable and current and non-current accrued liabilities including insurance reserves, compensated absences, obligations under deferred giving arrangements, and pledges payable. Unearned revenues, deposits and advance payments for tuition and grants & contracts are also included in this total. Other liabilities and deferred inflows of resources increased from fiscal 2025 to fiscal 2026 by 27.6% or $49.8 million from $180.2 million to $230.0 million. The increase is primarily attributed to additional accounts payable and accrued liabilities of $19.2 million, unearned revenue, deposits and funds held for others growth of $2.7 million, and deferred inflows of $27.8 million.

Net position is reported in four categories. The net investment in capital assets amount represents the historical cost of property and equipment reduced by total accumulated depreciation and the balance of related debt outstanding. Restricted expendable resources include balances of current and prior year gifts for specified purposes such as scholarships or academic programs, as well as spendable endowment gains. Restricted non-expendable resources are endowment balances which are required to be invested in perpetuity by the original donors. Unrestricted financial resources represent net position that is available for any future use without legal restriction. Unrestricted net position has improved in the three comparative years presented. All years are impacted by the other post-employment benefits (OPEB) adjustment. The increase in unrestricted net position for fiscal year 2026 was primarily driven by this adjustment which credited compensation and benefit expenses, described later in Section B.

B. Statements of Revenues, Expenses, and Changes in Net Position

Operating revenues are generally earned through the sale of goods and services. However, GASB reporting standards require that certain University recurring revenues be shown as nonoperating or subsidies. This includes state appropriations grants, private gifts, net investment income, and transfers

from University component units. These revenue streams are important sources of funds used to supplement tuition and fees revenue. Accordingly, revenues, both operating and nonoperating, and subsidies from recurring activities have been grouped together in the condensed statements in Table 3 to allow readers to better understand which revenues support University operating expense streams.

Table 3: Condensed information from the Statements of Revenues, Expenses and Changes in Net Position for the last three fiscal years.

	2026	2025	2024
Tuition and fees	$ 613,562	598,383	580,970
Less student financial aid	(199,141)	(192,760)	(185,938)
Net student fees	414,421	405,623	395,032
Grants and contracts	289,761	290,664	257,318
State appropriations non-capital subsidy	58,749	56,274	57,391
Transfers to UVM from component units non-capital subsidy	39,773	36,378	27,884
Other auxiliary enterprises	48,771	50,137	44,744
Investment income, private gifts and other operating revenues	156,412	132,970	118,265
Total revenues and subsidies from recurring activities	1,007,887	972,046	900,634
Compensation and benefits	(396,358)	(563,707)	(477,143)
Supplies and services	(249,768)	(245,350)	(219,811)
Scholarship expense	(7,145)	(7,754)	(8,447)
Depreciation and interest non-operating expense	(62,370)	(61,688)	(62,099)
Transfers from UVM to component units and State	(39,582)	(40,955)	(34,444)
Total expenses from recurring activities	(755,223)	(919,454)	(801,944)
Increase in net position from recurring activities	252,664	52,592	98,690
Capital and endowment appropriations, gifts and grants	5,294	8,478	11,073
Other net non-operating revenue (expense)	6,321	1,686	2,810
Revenues from unusual or infrequent items	11,615	10,164	13,883
Total increase in net position	$ 264,279	62,756	112,573

Net student fees increased by 2.2% from $405.6 million in fiscal 2025 to $414.4 million in fiscal 2026. Embedded in the net student fees amount are three components including gross tuition and fees, gross housing and dining fees, and student financial aid. Gross tuition and fees increased by $13.0 million or 2.5% from fiscal 2025 to fiscal 2026 and gross housing and dining fees grew slightly, having increased $2.1 million or 2.8%. The increase in gross tuition and fees can be attributed to increases in the University's in-state and out-of-state tuition rates, 2.0% and 4.5% respectively. Student financial aid increased from fiscal 2025 to fiscal 2026 by $6.4 million or 3.3%. This increase demonstrates the effort to keep tuition affordable. An increase in net student tuition and fees in fiscal 2025 of 2.7% included a 3.2% increase in gross tuition and fees, 1.5% increase in gross housing and dining fees, and a 3.7% increase in student financial aid.

Total state appropriation non-capital subsidies were $58.7 million in fiscal 2026 and $56.3 million in fiscal 2025. The increase was partially due to additional general state support.

Transfers to UVM from component units non-capital subsidies include transfers from the University of Vermont Foundation and University Medical Education Associates. These transfers include reimbursement of expenses on gifts received by the University of Vermont Foundation on behalf of the University. These transfers increased in fiscal 2026 by $3.4 million from $36.4 million in fiscal 2025 to $39.8 million in fiscal 2026.

Other auxiliary enterprises decreased in fiscal 2026 by $1.3 million, or 2.7%, to $48.8 million.

Investment income, private gifts and other operating revenues can be volatile due to the investment markets. There was an increase of $23.4 million or 17.6% in fiscal 2026 from fiscal 2025. This increase was primarily attributable to the net investment income growth in fiscal 2026 of $23.1 million, or 23.8%, from $97.0 million in fiscal year 2025 to $120.1 million in fiscal year 2026. There was an increase of $14.7 million or 12.4% in fiscal 2025 from fiscal 2024. This increase was primarily attributable to the net investment income growth in fiscal 2025 of $9.3 million, or 10.7%, from $87.7 million in fiscal year 2024 to $97.0 million in fiscal year 2025.

Compensation and benefits decreased $167.3 million, or 29.7%, from $563.7 million in fiscal 2025 to $369.4 million in fiscal 2026. The decrease is the result of adjustments to other post-employment benefits (OPEB) of $215.9 million, offset by annual wage increases for employees, adjustments to compensated absences accruals, and a growth in employee benefit expenses.

Supplies and services expenses increased in fiscal 2026 from fiscal 2025 by $4.4 million or 1.8% from $245.4 million to $249.8 million. Contributors to the change were increased contractual payments under rental and subscription agreements of $5.5 million, additional subcontract expenditures of $4.0 million and higher utilities costs of $1.8 million that were offset with $3.1 million fewer noncapital equipment expenditures and $4.4 million less consulting and contracted services costs. Total supplies and services increased in fiscal 2025 from fiscal 2024 $25.5 million or 11.6% from $219.8 million to $245.4 million.

Scholarship expense increased $0.6 million, or 7.9%, in fiscal 2026 from $7.7 million to $7.1 million. This reduction is consistent with minor decreases in fiscal 2025.

Transfers from UVM to component units and State of $39.6 million, $41.0 million, and $34.4 million in fiscal 2026, 2025, and 2024, respectively, represents transfers to the University of Vermont Foundation to assist in its operations and contributions to the State of Vermont to support the Graduate Medical Education program.

Capital and endowment appropriations, gifts and grants represent capital gifts and grants, capital appropriations, and gifts to the University endowment. Fiscal 2026 had a decrease of $3.1 million from $8.4 million in fiscal 2025 to $5.3 million.

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

Statements of Net Position

June 30, 2026 and 2025
(Dollars in thousands)

			Discretely Presented Component Units	
	2026	2025	2026	2025
Assets				
Current assets:				
Cash and cash equivalents	$ 228,409	213,751	46,606	39,771
Operating investments	216,803	214,912	131,241	123,097
Accounts, loans, notes, and pledges receivable, net	69,228	94,083	7,685	9,740
Inventories and prepaid expenses	11,579	13,807	404	704
Total current assets	526,019	536,553	185,936	173,312
Non-current assets:				
Endowment cash, cash equivalents and investments	633,392	571,133	362,667	310,465
Student loans, notes, and pledges receivable, net	64,252	42,020	4,027	3,806
Investments for capital activities	106,433	88,973	49	66
Deposits with trustees	9,420	9,149	2,113	1,851
Other assets	28,358	28,701	—	—
Capital and right of use assets, net	722,494	738,208	139,676	117,486
Total non-current assets	1,564,349	1,478,184	508,532	433,674
Total assets	$ 2,090,368	2,014,737	694,468	606,986
Deferred outflows of resources				
Loss on refunding of debt	—	4,506	—	—
Post-employment benefits	133,648	168,456	—	—
Total deferred outflows of resources	133,648	172,962	—	—
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	$ 148,263	129,233	13,970	13,177
Unearned revenue, deposits, and funds held for others	21,701	18,992	63,446	58,010
Bonds and leases payable	18,993	20,473	1,220	605
Total current liabilities	188,957	168,698	78,636	71,792
Non-current liabilities:				
Accrued liabilities	10,396	10,186	—	—
Post-employment benefits	227,853	434,826	—	—
Bonds and leases payable	471,599	497,991	86,418	57,269
Total non-current liabilities	709,848	943,003	86,418	57,269
Total liabilities	$ 898,805	1,111,701	165,054	129,061
Deferred inflows of resources				
Gain on refunding of debt	$ 5,470	—	—	—
Right of use leases and service concession arrangement	39,154	16,945	—	—
Split-interest arrangements	4,974	4,837	—	—
Post-employment benefits	61,215	104,097	—	—
Total deferred inflows of resources	110,813	125,879	—	—
Net position				
Net investment in capital assets	231,045	218,461	2,682	2,808
Restricted:				
Non-expendable	181,480	175,721	281,074	265,836
Expendable	519,486	473,695	161,122	126,416
Unrestricted	282,387	82,242	84,536	82,865
Total net position	$ 1,214,398	950,119	529,414	477,925

The accompanying notes are an integral part of the financial statements.

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

Statements of Revenues, Expenses and Changes in Net Position

Years ended June 30, 2026 and 2025
(Dollars in thousands)

			Discretely Presented Component Units	
	2026	2025	2026	2025
Operating revenues				
Tuition and fees	$ 534,032	520,993	—	—
Housing and dining	79,530	77,390	—	—
Less scholarship allowances	(199,141)	(192,760)	—	—
Net student fees	414,421	405,623	—	—
Federal, state, and private grants and contracts	289,761	290,664	993	989
Sales and services of educational activities	8,496	8,416	—	—
Other auxiliary enterprises	48,771	50,137	—	—
Other operating revenues	20,792	21,109	7,218	1,873
Total operating revenues	782,241	775,949	8,211	2,862
Operating expenses				
Compensation and benefits	(396,358)	(563,707)	(13,520)	(12,758)
Supplies and services	(249,768)	(245,350)	(8,997)	(4,438)
Depreciation and amortization	(43,484)	(41,973)	(3,547)	(1,199)
Scholarships and fellowships	(7,145)	(7,754)	—	—
Total operating expenses	(696,755)	(858,784)	(26,064)	(18,395)
Operating gain (loss)	85,486	(82,835)	(17,853)	(15,533)
Non-capital subsidies				
State appropriations	58,749	56,274	—	—
Private gifts	6,990	6,401	26,899	28,770
Intergovernmental transfers	(27,437)	(25,243)	—	—
Transfers from UVM to component units	(12,145)	(15,712)	11,750	13,454
Transfers to UVM from component units	39,772	36,378	(35,042)	(33,744)
Total non-capital subsidies	65,929	58,098	3,607	8,480
Operating gain (loss) and non-capital subsidies	151,415	(24,737)	(14,246)	(7,053)
Other nonoperating revenues (expenses)				
Net investment income	120,135	97,044	52,812	31,295
Interest on indebtedness	(18,886)	(19,715)	(30)	(37)
Gain (loss) on disposal of capital assets	546	(160)	—	—
Gifts for endowment purposes	2,969	127	13,903	15,242
State capital appropriations	—	3,000	—	—
Capital gifts and grants	2,325	5,351	—	—
Net other non-operating revenue (expense)	5,775	1,846	(950)	(649)
Total nonoperating revenues (expenses)	112,864	87,493	65,735	45,851
Increase in net position	264,279	62,756	51,489	38,798
Net Position, beginning of Year	950,119	887,363	477,925	439,127
Net Position, end of Year	$ 1,214,398	950,119	529,414	477,925

The accompanying notes are an integral part of the financial statements.
Comparative financials are reclassified for alignment to GASB 103. See Footnote 1 for more information.

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

Statements of Cash Flows

Years ended June 30, 2026 and 2025
(Dollars in thousands)

	2026	2025
Cash Flows From Operating Activities		
Student fees (net of applicable scholarship allowances)	$ 425,650	407,838
Grants and contracts	306,441	280,398
Sales and services of educational activities	8,496	8,416
Sales and services of other auxiliary enterprises	48,771	50,137
Payments to employees and benefit providers	(614,672)	(572,885)
Payments to vendors	(229,940)	(223,176)
Payments for scholarships and fellowships	(7,145)	(7,754)
Other receipts, net	17,831	19,587
Net cash used in operating activities	(44,568)	(37,439)
Cash Flows From Non-Capital Financing Activities		
State general appropriation	58,749	56,274
Private gifts for other than capital purposes	16,079	6,034
Intergovernmental transfers	(27,437)	(25,243)
Transfers from UVM to component units	(12,145)	(15,712)
Transfers to UVM from component units	39,772	36,378
Deposits of affiliates and life income payments, net	3,614	467
Net cash provided by non-capital financing activities	78,632	58,198
Cash Flows From Capital Financing Activities		
Proceeds from issuance of capital debt	244,198	—
State capital appropriation	—	3,000
Capital grants, gifts and other income	5,997	7,043
Purchases and construction of capital assets	(15,582)	(39,580)
Proceeds from disposal of capital assets	669	383
Principal paid on capital debt	(274,599)	(19,211)
Interest paid on capital debt	(19,030)	(19,708)
Changes in deposits with trustees, net	(13)	95
Net cash used in capital financing activities	(58,360)	(67,978)
Cash Flows From Investing Activities		
Proceeds from sales and maturities of investments	417,651	374,361
Purchase of investments	(415,925)	(245,292)
Interest and dividends on investments, net	14,661	12,769
Call contribution to joint venture	343	—
Net cash provided by investing activities	16,730	141,838
Net change in cash and cash equivalents	(7,566)	94,619
Cash and cash equivalents - beginning of year	274,218	179,599
Cash and cash equivalents - end of year	$ 266,652	274,218
Reconciliation of Operating Loss To Cash Used In Operating Activities:		
Operating gain (loss)	$ 85,486	(82,835)
Adjustments to reconcile operating loss to net cash used in Operating Activities:		
Depreciation and amortization expense	43,484	41,973
Changes in assets and liabilities:		
Accounts receivable and loan receivable, net	(1,027)	(14,667)
Inventories and prepaid expenses	2,230	5,364
Accounts payable	(4,660)	4,559
Unearned revenue, deposits and accrued liabilities	(170,081)	8,167
Net cash used in operating activities	$ (44,568)	(37,439)

Of the cash and cash equivalents for 2026, $228,409 is current and $38,243 is non-current endowment and, for 2025, $213,751 is current and $60,467 is non-current endowment.

The accompanying notes are an integral part of the financial statements.
Comparative financials are reclassified for alignment to GASB 103. See Footnote 1 for more information.

UNIVERSITY OF VERMONT
AND STATE AGRICULTURAL COLLEGE

Notes to the Financial Statements

For the Years Ended June 30, 2026 and 2025
(Dollars in thousands)

(1) Summary of Significant Accounting Policies and Presentation

(a) Organization & Related Parties

The University of Vermont and State Agricultural College is a public, non-profit, comprehensive research institution of higher education with an enrollment of approximately 13,186 undergraduate, graduate, medical, and non-degree students. It is located in Burlington, Vermont with satellite instructional and research buildings throughout the State.

The University of Vermont and State Agricultural College is a land-grant institution and a component unit of the State of Vermont. The University receives an annual appropriation from the State. The Board of Trustees has 25 members including 9 legislative, 9 self-perpetuating, 3 gubernatorial, and 2 students; the Governor and President of the University serve as ex-officio members during their terms in office.

The University has received a letter from the Internal Revenue Service recognizing the University as an organization that is described in Internal Revenue Code Section 501(c)(3) and generally exempt from income taxes pursuant to Section 501(a) of the Internal Revenue Code.

The financial statements include component units, i.e., legally separate organizations for which the university is financially accountable. Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 61, *The Financial Reporting Entity: Omnibus*, and Statement No. 80, *Blending Requirements for Certain Component Units* - an amendment of GASB Statement No. 14, defines financial accountability. The criteria for determining financial accountability include the following circumstances:

- Appointment of a voting majority of an organization's governing authority and the ability of the primary government (i.e., the university) to either impose its will on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or;
- An organization is fiscally dependent on the primary government and provides specific financial benefits to, or imposes specific financial burdens on, the primary government.
- The primary government is financially accountable for an organization if its holding of a majority equity interest in that organization does not meet the definition of an investment.

The University's financial statements include the following discretely presented component units, which are presented in the aggregate in the accompanying financial statements. Summary financial statement information of the University's discretely presented component units can be found in footnote 14.

University Medical Education Associates, Inc. (UMEA) is a legally separate component unit of the University of Vermont. UMEA is an organization described in Internal Revenue Code Section 501(c)(3) and is generally exempt from income taxes pursuant to Section 501(a) of the Code. UMEA is governed by a minimum nine-member board; five members are named as a result of their positions at the University of Vermont and the remaining are elected by the other members. UMEA's purpose is to support the operations, activities and objectives of the Robert Larner, M.D. College of Medicine of the

University of Vermont. UMEA is a public non-profit organization that reports under Financial Accounting Standards Board (FASB) standards. UMEA's fiscal year ends on June 30. UMEA issues separate audited financial statements, which may be obtained by contacting the Dean's Office, Robert Larner, M.D. College of Medicine.

The University of Vermont and State Agricultural College Foundation, Inc. (UVMF) was incorporated as a Vermont nonprofit corporation on March 14, 2011, and is a legally separate entity from the University of Vermont. On January 1, 2012, UVMF officially assumed all fundraising responsibilities of the Office of Development and Alumni Relations at the University. UVMF is an organization described in Internal Revenue Code Section 501(c)(3) and is generally exempt from income taxes pursuant to Section 501(a) of the Code. UVMF exists to secure and manage private gifts for the sole benefit of the University and has been recognized by the University as the primary and preferred recipient for charitable gifts to or for the benefit of the University. UVMF is governed by a board of directors composed of not less than 15 or more than 33 members, including ex officio directors. The President of the University, the Chair of the Board of Trustees of the University, the President of the UVM Alumni Association, the Chair of the UVM Medical Center Foundation, and the UVMF President/CEO are ex officio directors of UVMF. UVMF reports under FASB standards, has a fiscal year end date of June 30, and issues separate audited financial statements, which may be obtained at the UVMF's website www.uvmfoundation.org. UVMF holds an operating cash fund through UVM and participates in the UVM pooled endowment. The associated assets and liabilities, including endowment cash and investments, are analogous to an internal investment pool and are not reflected within the University's Statement of Net Position.

Catamount Run Phase 1, LLC. and Catamount Run Phase 2, LLC. (Catamount Run) are legally separate component units of the University of Vermont. Phase 1 and Phase 2 were established as Vermont limited liability companies on January 20, 2023 and May 17, 2023, respectively. Both phases consist of two partners, the University and Snyder-Braverman Development Company, LLC. The primary purpose of Catamount Run is to construct housing in close proximity to the University campus. The University will be given priority to the rental units for students and employees. Catamount Run will lease residential apartments to University students and employees under separate lease agreements and will, acting through its property manager, collect the rents for the apartment units directly from the apartment tenants. As a security for Catamount Run to reserve primarily all residential apartments for University students and employees, the University is providing a financial guaranty in the event there is a shortfall in gross rents due to vacancies or delinquencies. Catamount Run reports under Financial Accounting Standards Board (FASB) standards and has a fiscal year end date of December 31. As of June 30, 2025, the University had equity interests in Phase 1 of $12,615 and Phase 2 of $16,086, which are reflected as other assets on the 2025 Statements of Net Position.

Separate from the discretely presented component units, the University has an affiliation with the University of Vermont Medical Center, Inc., University of Vermont Medical Group, Inc., and the University of Vermont Health Network, Inc. through an updated Affiliation Agreement signed in September 2022. The Affiliation Agreement is for a period of ten years, provided that either party may seek to re-negotiate any of the financial terms of the agreement after 5 years. The Agreement is to guide and govern the parties in the achievement of their common goals, including, but not limited to, providing high-quality clinical education for undergraduate and graduate students enrolled in UVM

medical and health care related academic programs and health care professionals enrolled in continuing education programs. The Agreement sets forth principles and protocols designed to assist the University and the University of Vermont Medical Center (UVMMC) in coordinating efforts and allocating their resources. UVMMC agrees to pay a portion of salary, benefits, and related expenses incurred by the University to physician-faculty and staff who are also employed by UVMMC. In addition, UVMMC agrees to pay base payments that help maintain medical facilities owned and managed by the University and the Dana Medical Library. UVMMC agrees to pay a portion of the UVM Medical Group Net Patient Revenues, referred to as the Dean's Tax, to the Robert Larner, M.D. College of Medicine for purposes that promote and are consistent with the common goals of both parties.

Under the University's conflict of interest policies, all business and financial relationships, including with trustees and employees, are subject to review and approval by the Board. Disclosures about the University's related party transactions, including those affiliates, are described in this footnote to the financial statements.

(b) Basis of Accounting

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles as defined for public colleges and universities by the Governmental Accounting Standards Board (GASB).

Net position is categorized as follows:

- **Net investment in capital assets:** Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Such assets include the University's physical plant.
- **Restricted:**

  Non-Expendable - Net position subject to externally imposed stipulations that they be maintained permanently by the University. This category includes the corpus of the University's true endowment funds.

  Expendable - Net position whose use by the University is subject to externally imposed stipulations that can be fulfilled by actions of the University to meet those stipulations or that expire through the passage of time. This category includes restricted gifts, grants, contracts and endowment appreciation.

- **Unrestricted**: Net position not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management, the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

The University's policy for defining operating activities as reported on the Statements of Revenues, Expenses, and Changes in Net Position are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received.

Non-exchange transactions such as gifts, investment income, state appropriations and interest on indebtedness are reported as non-capital subsidies or non-operating revenues and expenses.

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates. The most significant areas that require management estimates relate to valuation of certain investments, the valuation of the post-employment benefit obligation, allowances on accounts and loans receivable, depreciation, and certain accruals.

GASB Statement 103, *Financial Reporting Model Improvements*, becomes effective for all fiscal years beginning after June 15, 2025. This statement improves key components of the financial reporting model to enhance effectiveness of information being provided that is essential for financial statement readers. This includes classifying revenues and expenses as operating or nonoperating on the *Statements of Revenues, Expenses and Changes in Net Position*. Operating revenues and expense are revenues and expenses that are not nonoperating revenues and expenses. Nonoperating revenues and expenses include subsidies received and provided, contributions to permanent and term endowments, revenues and expenses related to financing, resources from the disposal of capital assets and inventory, and investment income and expenses. Subsidies are defined as resources received from another party for which the University does not provide goods and services to that other party, and that directly or indirectly keep the University's current or future fees lower than they would be otherwise. The statement requires operating income (loss) and noncapital subsidies subtotal be calculated and reported before noncapital revenues and expenses. Finally, the statement standardizes the information presented in the Management Discussion and Analysis (MD&A).

The University adopted this guidance in fiscal year 2026. *The Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows* were prepared with classifications for operating and nonoperating revenues, expenses and subsidies from GASB 103. Comparative financials are reclassified as presented for alignment to GASB 103. The changes in classification include:

Statements of Revenues, Expenses, and Changes in Net Position:

- Reporting Federal Pell Revenues with Federal, state, and private grants and contracts as Operating revenues, previously reported as Nonoperating revenues
- Reporting Student loan financing earnings as Net other non-operating revenues, previously reported as Other operating revenues
- Identifying and reporting Noncapital subsidies, previously reported as Nonoperating revenues and expenses

Statements of Cash Flows:

- Reporting Federal Pell grant cash flows as Grant and contracts Cash flows from operating activities, previously reported as Cash flows from noncapital financing activities
- Reporting Student loan financing earnings as Cash flows from noncapital financing activities, previously reported as Cash flows from operating activities

(Continued)

GASB Statement 104, *Disclosure of Certain Capital Assets*, becomes effective for all fiscal years beginning after June 15, 2025. The statement requires certain types of capital assets to be disclosed separately in the capital assets footnote. This includes reporting leased assets, intangible right of use assets, subscription-based information technology arrangements and assets held for sale separately in disclosure. The University discloses information around capital assets in footnote 4 consistent with this statement.

(c) Fair Value Measurement

The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used for measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active or inactive markets that the University has the ability to access.

Level 2 – Inputs to valuation methodology include:

- Quoted prices for similar assets or liabilities in inactive markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the University's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumption of risk). Unobservable inputs are developed based on the best information available in circumstances and may include the University's own data.

Certain investments are measured at net asset value (NAV) as a practical expedient to estimate the fair value as determined by the fund manager. Investments reported at NAV consist of shares or units in commingled funds and private partnerships as opposed to direct interests in the funds' underlying securities, which may be readily marketable and not difficult to value. NAV measured investments are not categorized in the fair value hierarchy table.

Investments in certain funds contain lock-up provisions. Under such provisions, share classes of the investment are available for redemption at various times in accordance with the management agreement of the fund.

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(d) Government Appropriations and Grants

Revenues associated with grants and contracts are generally recognized when related costs are incurred or when milestones are achieved. Federal, state and private grants and contracts revenue for 2026 and 2025 consists of:

		FY26	FY25
Grants and Contracts			
Federal appropriation, grants and contracts	$	175,020	203,470
Federal Pell grants		11,075	11,879
State grants and contracts		7,325	7,133
Other governmental & private grants and contracts		96,341	68,182
Total	$	289,761	290,664

State appropriations (general fund and capital) are reported separately from federal, state and private grants and contracts. General state appropriations are reported as non-capital subsidies. Capital state appropriations are reported as nonoperating revenue. Grants awarded for capital improvements are reported as other nonoperating revenues. The University has recorded reimbursement of indirect costs relating to government contracts and grants at a predetermined rate. The reimbursement of indirect costs included in grant revenue is $40.8 million in 2026 and $41.8 million in 2025.

Private grants and contracts include funding of $31.7 million in 2026 and $29.0 million in 2025 to the Robert Larner, M.D. College of Medicine from the University of Vermont Medical Center, Inc. to offset facilities and operation costs.

(e) Gifts

Gifts are recorded at their fair value and reported as non-capital subsidies or non-operating revenues, when given for capital purposes.

Promises to donate to the University are recorded as receivables and revenues when the University has met all applicable eligibility and time requirements. Since the University cannot fulfill the requirement to invest in perpetuity for gifts to endowments until gifts are received, pledges to endowments are not recognized until received.

(f) Deposits and Unearned Revenue

Deposits and advance payments for the following academic year are unearned and recorded as revenues when earned. Summer session revenues are unearned to the extent that they relate to courses scheduled in July and August. Deposits and advance payments unearned revenue at June 30, 2026, and 2025, are $5,984 and $6,030, respectively.

(Continued)

The University records unearned revenue for cash received in excess of expenditures on grants and contracts. Grants and contracts unearned revenue at June 30, 2026, and 2025, is $10,481 and $10,504, respectively.

(g) Employee Benefits

The University provides health and dental insurance to retired employees hired prior to 2012, and their families during their lives and life insurance until age 70. Employees hired on or after January 1, 2012 will continue to receive dental insurance and life insurance upon retirement. The health insurance benefit for these employees hired after January 1, 2012 has been replaced with a defined contribution Retiree Health Savings Plan (RHSP). UVM makes regular tax-free contributions to the RHSP for benefits-eligible faculty and staff. Earnings that accumulate in the RHSP grow tax free. Retirees will be able to access the savings in the RHSP to pay for eligible healthcare expenses upon retirement.

The total cost for active and retired employees for health, dental and life insurance, net of employee contributions, was $88,642 in 2026 and $87,242 in 2025. The total cost for contributions to the RHSP was $1,523 in 2026 and $1,584 in 2025. See note K for further information about post-employment benefits.

(h) Compensated Absences

The University accrues amounts for compensated absences (principally vacation allowances) as earned. They are included in the current portion of accrued liabilities.

As of June 30, 2026, $35,258 ($33,280 in 2025) was accrued for compensated absences.

(i) Collections and Works of Art

The University maintains collections of inexhaustible assets, including works of art; historical artifacts; biological, geological, archaeological and ethnographic materials; and literature. While management believes the collections are quite valuable and irreplaceable, the University has not placed a dollar value on these assets. It is the University's policy to hold these assets for public exhibit, education and research rather than for financial gain and to protect, care for and maintain such assets in perpetuity. Accordingly, the collections are not capitalized for financial statement purposes.

(Continued)

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(2) Accounts, Loans, Notes, and Pledges Receivable

Accounts, loans, notes and pledges receivable at June 30, 2026 and 2025 are summarized as follows:

		2026	2025
Accounts, Loans, Notes and Pledges Receivables, Net			
Current:			
Federal, state and private grants receivable	$	28,153	45,459
Student and trade accounts receivable, net		15,146	13,474
Component unit receivable		12,219	10,294
Other accounts receivable		12,027	20,364
Student loans receivable, net		1,683	2,141
Pledges receivable, net		—	2,351
Total Current	$	69,228	94,083
Non-Current:			
Student loans receivable, net	$	22,554	20,359
Lease receivable		13,822	14,839
Other notes receivable		26,233	4,631
Pledges receivable, net		1,643	2,191
Total Non-current	$	64,252	42,020

The student accounts receivable are carried net of an allowance for doubtful accounts of $275 in 2026 and $372 in 2025.

Current other accounts receivable includes the present value of expected future cash flows for lease agreements between the University and third parties, where the University serves as lessor. The current receivable balance includes $1,275 in 2026 from leases and $1,151 in 2025. The long-term balance from these arrangements are reported as a non-current lease receivable totaling $13,822 in 2026 and $14,839 in 2025. The lease receivables are offset by a deferred inflow of resources totaling $15,655 in 2026 and $16,945 in 2025.

Student loans receivable are carried net of an allowance for uncollectible UVM loans. The balances at June 30, 2026 and 2025 were $157 and $182, respectively. The University does not record an allowance for uncollectible federal student loans since they can be assigned to the government if certain conditions stipulated by the federal government are met.

The University’s liability for the federal capital contribution to the Health Professions, Primary Care, and Nursing Student loan programs is $1,869 for 2026 and $1,869 for 2025. These amounts are included in non-current accrued liabilities.

(Continued)

Collections and disbursements of pass through student loans such as Federal Direct Loans, Federal Plus Loans, and Vermont Student Assistance Corporation's Green Mountain Loans are reported on a net basis in the Statements of Cash Flows.

(3) Accounts Payable and Current Accrued Liabilities

Accounts payable and current accrued liabilities at June 30, 2026 and 2025 are summarized below:

		2026	2025
Accounts Payable and Current Accrued Liabilities			
Accounts payable and other	$	32,269	38,654
Compensation and benefits		85,754	61,023
Insurance reserves		24,886	24,059
Interest expense		5,354	5,497
Total	$	148,263	129,233

(4) Capital and Right of Use Assets

Capital assets are stated at acquisition cost or, in the case of gifts, at the fair value at the date of donation.

Depreciation is calculated using the straight-line method over the estimated economic useful lives of the related assets. Certain research buildings are classified into the following components: 1) building (basic construction components/shell) with an estimated useful life of 40 years; 2) building service systems (plumbing, electrical, etc.) with an estimated useful life of 25 years; 3) interiors/renovations with an estimated useful life of 20 years and 4) fixed equipment with an estimated useful life of 15 years.

Other buildings are depreciated over a useful life of 40 years, land improvements are depreciated over a useful life of 20 years, fixed equipment is depreciated over a useful life of 15 years, and moveable equipment is depreciated over a useful life of 5 years. Software systems are depreciated over a useful life of 7 years. Research Vessels are depreciated over a useful life of 30 years. Major construction projects are capitalized but are not depreciated until they are put into service.

Depreciation expense for building and components including fixed equipment for fiscal year 2026 is $33,830 ($33,781 in 2025). Moveable equipment, software systems, research vessels and land improvements depreciation expense is $5,390 for 2026 ($4,993 in 2025). Right of use asset amortization expense totaled $4,264 in 2026 ($3,199 in 2025).

Land and construction in progress are the only non-depreciable capital assets.

Right of use assets include contractual agreements for noncancellable leases where the University is the lessee, primarily of land and buildings, and subscription-based information technology arrangements where the University pays for a third party's software for a specified period of time. For leases or information technology arrangements with a maximum possible term of 12 months or less at commencement, the University recognizes expense based on the provisions of the contract. For those greater than 12 months,

the University recognizes an operating lease or subscription liability (footnote 5) and an intangible right of use lease or subscription asset. The asset is initially measured as the initial amount of the corresponding liability, less payments made at or before the commencement date, plus any initial direct costs or software implementation costs ancillary to placing the underlying asset into service, less any incentives received at or before the commencement date. Subsequently, the right of use asset is amortized into amortization expense on a straight-line basis over the shorter of the contractual term or the useful life of the underlying asset. The corresponding lease or subscription liability is measured as the present value of payments over the term discounted using an incremental borrowing rate. The value of an option to terminate or extend the agreement is reflected to the extent it is reasonably certain management will exercise the option. The University monitors changes in circumstances that may require remeasurement. When certain changes occur that are expected to significantly affect the amount of the liability, it is remeasured and a corresponding adjustment is made to the asset.

Key estimates and judgments include how the University determines the discount rate used to calculate the present value of the expected contractual payments over the term. The University generally uses its estimated incremental borrowing rate as the discount rate for leases and information technology arrangements unless the rate is set within the contract. The University's incremental borrowing rate was determined from available debt instruments that carried similar dollar value and time periods to the portfolio.

The term includes the noncancellable period of the agreement plus any periods covered by either a University or vendor unilateral option to extend for which it is reasonably certain to be exercised, or terminate for which it reasonably certain to be exercised. Periods in which both the University and the lessor or vendor have an option to terminate are excluded from the term.

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The University's net capital and right of use asset activity for the years ended June 30, 2026 and 2025 is summarized as follows:

Fiscal Year 2026	Balance June 30, 2025	Additions	Retirements	Reclass/ Changes	Balance June 30, 2026
Capital Assets:					
Land	$ 22,896	—	—	—	22,896
Land improvements	25,540	775	—	2,075	28,390
Buildings	858,438	1,383	(93)	6,337	866,065
Buildings service systems	230,076	8,348	—	558	238,982
Building interiors	108,097	705	—	—	108,802
Fixed equipment	113,524	1,206	—	350	115,080
Moveable equipment	43,108	4,539	(1,746)	758	46,659
Software systems	28,689	—	—	—	28,689
Construction in progress	23,424	8,382	—	(10,078)	21,728
Total capital assets	1,453,792	25,338	(1,839)	—	1,477,291
Less: accumulated depreciation	(730,064)	(39,220)	1,709	—	(767,575)
Capital assets, net	723,728	(13,882)	(130)	—	709,716
Right of use assets:					
Lease - land	2,875	—	—	41	2,916
Lease - buildings	11,334	—	(269)	275	11,340
Subscriptions based information technology arrangements	7,377	2,371	(980)	—	8,768
Total right of use assets	21,586	2,371	(1,249)	316	23,024
Less: accumulated amortization	(7,106)	(4,264)	1,124	—	(10,246)
Right of use assets, net	14,480	(1,893)	(125)	316	12,778
Total capital and right of use assets, net	$ 738,208	(15,775)	(255)	316	722,494

(Continued)

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Fiscal Year 2025	Balance June 30, 2024	Additions	Retirements	Reclass/ Changes	Balance June 30, 2025
Capital Assets:					
Land	$ 20,627	2,269	—	—	22,896
Land improvements	23,792	1,748	—	—	25,540
Buildings	846,304	12,134	—	—	858,438
Buildings service systems	221,100	8,976	—	—	230,076
Building interiors	105,090	3,007	—	—	108,097
Fixed equipment	112,253	1,203	—	68	113,524
Moveable equipment	39,207	3,688	(441)	654	43,108
Software systems	31,618	—	(2,929)	—	28,689
Construction in progress	19,980	4,166	—	(722)	23,424
Total capital assets	1,419,971	37,191	(3,370)	—	1,453,792
Less: accumulated depreciation	(694,404)	(38,774)	3,114	—	(730,064)
Capital assets, net	725,567	(1,583)	(256)	—	723,728
Right of use assets:					
Lease - land	6	2,861	—	8	2,875
Lease - buildings	9,993	2,651	(1,521)	211	11,334
Subscriptions based information technology arrangements	3,630	3,747	—	—	7,377
Total right of use assets	13,629	9,259	(1,521)	219	21,586
Less: accumulated amortization	(5,017)	(3,199)	1,110	—	(7,106)
Right of use assets, net	8,612	6,060	(411)	219	14,480
Total capital and right of use assets, net	$ 734,179	4,477	(667)	219	738,208

Comparative disclosure are reclassified for alignment to GASB 104. See Footnote 1 for more information.

(5) Long-Term Debt

Debt obligations are generally callable by the University and bear interest at fixed rates ranging from 1.60% to 4.23%. The debt obligations mature at various dates through 2051.

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Long term debt activity for the years ended June 30, 2026 and 2025 is summarized as follows:

	Fiscal Year 2026				
	Beginning	New		Ending Balance	
Bonds, Notes and Leases Payable	Balance	Debt	Payments	Current	Non-current
General obligation bonds					
Series 2010A	$ 9,000	—	—	—	9,000
Series 2012A	46,689	—	46,689	—	—
Series 2014A (1)	56,308	—	53,899	2,409	—
Series 2015 (2)	175,539	—	158,860	(8)	16,687
Series 2016 (3)	58,867	—	3,104	3,244	52,519
Series 2017 (4)	48,863	—	3,078	3,213	42,572
Series 2019A (5)	41,657	—	1,002	1,043	39,612
Series 2019B (6)	62,522	—	2,680	2,791	57,051
Series 2026A (7)	—	244,544	—	1,082	243,462
Series 2021 (note payable)	6,980	—	1,705	1,730	3,545
Financing lease liability	27	—	22	5	—
Operating lease and subscription liability	12,012	2,530	3,907	3,484	7,151
Total bonds, notes and leases payable	$ 518,464	247,074	274,946	18,993	471,599

(1) This balance shown net of bond premium of $9
(2) This balance shown net of bond discount of $156
(3) This balance shown net of bond premium of $ 7,393
(4) This balance shown net of bond premium of $ 6,610
(5) This balance shown net of bond premium of $ 6,290
(6) This balance shown net of bond premium of $ 11,472
(7) This balance shown net of bond premium of $ 20,838

(Continued)

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	Fiscal Year 2025				
	Beginning	New		Ending Balance	
Bonds, Notes and Leases Payable	Balance	Debt	Payments	Current	Non-current
General obligation bonds					
Series 2010A	$ 9,000	—	—	—	9,000
Series 2012A (1)	46,676	—	(13)	(13)	46,702
Series 2014A (2)	58,780	—	2,472	2,592	53,716
Series 2015 (3)	178,832	—	3,293	3,449	172,090
Series 2016 (4)	61,845	—	2,978	3,104	55,763
Series 2017 (5)	51,811	—	2,948	3,078	45,785
Series 2019A (6)	42,625	—	968	1,003	40,654
Series 2019B (7)	65,098	—	2,576	2,681	59,841
Series 2021 (note payable)	8,660	—	1,680	1,705	5,275
Financing lease liability	49	—	22	20	7
Operating lease and subscription liability	8,383	5,916	2,287	2,854	9,158
Total bonds, notes and leases payable	$ 531,759	5,916	19,211	20,473	497,991

(1) This balance shown net of bond discount of $ 171
(2) This balance shown net of bond premium of $ 3,738
(3) This balance shown net of bond premium of $ 6,574
(4) This balance shown net of bond premium of $ 7,822
(5) This balance shown net of bond premium of $ 6,993
(6) This balance shown net of bond premium of $ 6,572
(7) This balance shown net of bond premium of $ 11,987

In compliance with the University's various bond indentures, at June 30, 2026 the University has deposits with trustees of $33 ($20 in 2025) for debt service reserves, sinking funds, and other requirements. Deposits with trustees are invested in obligations of the U.S. Government as required by the University's bond indentures.

(Continued)

The principal and interest due on bonds, notes and financing leases over the next five years and in subsequent five-year periods are presented in the table below:

For the Fiscal Year Ending June 30 (in thousands of dollars)		Principal Due	Interest Due	Total Due
2027	$	12,816	19,950	32,766
2028		16,285	19,108	35,393
2029		16,600	18,325	34,925
2030		17,575	17,500	35,075
2031		18,490	16,597	35,087
2032-2036		105,325	68,451	173,776
2037-2041		135,815	40,827	176,642
2042-2046		94,170	11,557	105,727
2047-2051		10,425	1,043	11,468
Total	$	427,501	213,358	640,859

Operating lease and subscription-based information technology arrangement payments are evaluated by the University to determine if they should be included in the measurement of the liability. Outstanding commitments for operating lease and subscription liabilities are expected to be paid over the agreement's contractual term. At June 30, 2026, the average right of use lease term is approximately 9 years, with the farthest lease end date in 2054.

Variable and short-term lease and subscription-based information technology arrangement payments are excluded from the measurement of the corresponding liability. Such amounts are recognized as expense in the period in which the obligation for those payments is incurred. The amounts recognized as outflows (expense) for variable and short-term lease and subscription-based information technology arrangement payments not included in the measurement of the lease liabilities were $19,175 and $18,557 in 2026 and 2025, respectively.

(6) Cash and Cash Equivalents and Operating Investments

The University's cash management policy provides parameters for investment of the University's pooled cash. The University classifies resources invested in money market funds and short-term investments with maturities at date of purchase of 90 days or less as cash equivalents. Operating funds invested in instruments with maturities beyond 90 days are classified as operating investments. The cash management policy establishes three pools for investment: short, intermediate and long term. Allowable investments in the short-term pool and intermediate term pool are restricted to U.S. Treasury and government agency securities, money markets, high quality corporate and asset-backed securities, and commercial and bank

(Continued)

paper, whereas the intermediate term pool may have maturities up to six years. Investments shall be in marketable securities of the following types and with the noted credit ratings:

1. Debt securities rated Aaa, Aa, A or Baa by Moody's Investor's Service, Inc. or AAA, AA, A or BBB by Standard & Poor's Corporation.

2. Obligations of, or guaranteed by, the United States of America, its agencies or instrumentalities.

3. Obligations of, or guaranteed by, national or state banks or bank holding companies rated BB or better. No more than 20% of the funds held in the cash pool shall be invested in debt obligations of institutions within any single holding company.

4. Asset-backed securities rated Aaa by Moody's Investor's Service, Inc. or AAA by Standard & Poor's Corporation.

5. Commercial paper rated A-1 or higher by Standard and Poor's or Prime-1 (P1) by Moody's Investor's Service, Inc.

6. Bankers' acceptances or negotiable certificates of deposit issued by banks rated BB or better. No more than 20% of the funds held in the cash pool shall be invested in certificates of deposit, bankers' acceptances or floating rate notes of the institutions within any single holding company.

7. Repurchase agreements of banks having Fitch ratings no lower than BB secured by the U.S. government and federal agency obligations with market values of at least 100% of the amount of the repurchase agreement.

8. Commingled funds may be used if they are in compliance with the above guidelines.

Investment of the long-term pool shall be restricted to those that are allowable under the University's Statement of Objectives and Policies for the Endowment Fund and that meet the overall objective of achieving consistent long-term growth of the pool with limited exposure to risk.

Current and non-current cash and cash equivalents is summarized below:

		2026	2025
Cash and Cash Equivalents			
Current	$	228,409	213,751
Endowment		38,243	60,467
Total	$	266,652	274,218

(Continued)

Current and non-current cash and cash equivalents are comprised of the following:

		2026	2025
Cash and Cash Equivalents			
Cash	$	38,791	78,847
Money Markets		151,898	130,242
Treasury Bills		75,963	65,129
Total	$	266,652	274,218

The balance of cash held in bank deposit accounts was $49,653 at June 30, 2026 and $87,387 at June 30, 2025. Of these bank balances, $756 in 2026 and $765 in 2025 were covered by the Federal Depository Insurance Corporation. The University had a third-party custodian agreement with Wilmington Trust, through M&T Bank, of $14,954 at June 30, 2026 and $59,649 at June 30, 2025. The University has a letter of credit program of $188,332 as of June 30, 2026 and $144,437 as of June 30, 2025, through the Bank of New York Mellon, as collateral for the University's primary depository and money market account that the University has never drawn on.

Total operating investments of $216,803 at June 30, 2026 and $214,912 at June 30, 2025 were primarily made through comingled funds as described in footnote 7.

(7) Investments

Investments are reported in three categories in the Statements of Net Position. Investments reported as non-current assets include endowment, annuity, and life income funds. Investments for capital activities reported as non-current assets are replacement reserves designated for capital renovations. All other investments are reported as operating investments. A summary of investments is below:

		2026	2025
Investments			
Operating investments	$	216,803	214,912
Endowment cash and investments		633,392	571,133
Investments for capital activities		106,433	88,973
Total	$	956,628	875,018

Deposits with trustees include $8,171 in 2026 and $7,878 in 2025 of assets held under deferred giving arrangements, $1,215 in 2026 and $1,251 in 2025 of investments in the waste disposal fund required by the EPA, and $34 in 2026 and $20 in 2025 of investments held by bond trustees.

The University records its purchases and sales of investments on a trade date basis.

(Continued)

The assets or liabilities level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The determination of what constitutes observable requires judgement by the University's management. University management considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market.

The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to University management's perceived risk of that investment.

These valuations may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Because of the inherent uncertainty of valuations, the estimated values as determined by the appropriate manager or general partners may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material.

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Investments measured at fair value or net asset value as of June 30, 2026 and 2025 is summarized as follows:

	June 30, 2026				
	Level 1	Level 2	Level 3	NAV	Total Investments
Investments:					
Public global equity	$ 345,258	—	—	207,592	552,850
Marketable alternatives	—	—	—	116,449	116,449
Private investments	—	—	170	265,907	266,077
Fixed income/debt	77,773	181,211	—	—	258,984
Other	1,592	—	1,700	—	3,292
Cash and cash equivalents	38,243	—	—	—	38,243
Subtotal investments	462,866	181,211	1,870	589,948	1,235,895
Less UVM Foundation					(279,267)
Total Investments					$ 956,628
Deposits With Trustees at Fair Value:					
Beneficial interests in trusts	$ —	—	3,228	—	3,228
Public global equity	328	—	—	—	328
Fixed income/debt	442	4,060	—	—	4,502
Cash and cash equivalents	1,362	—	—	—	1,362
Total Deposits With Trustees	$ 2,132	4,060	3,228	—	9,420

(Continued)

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	June 30, 2025				
	Level 1	Level 2	Level 3	NAV	Total Investments
Investments:					
Public global equity	$ 258,095	—	—	193,878	451,973
Subscription paid in advance	—	—	—	548	548
Marketable alternatives	—	—	—	99,231	99,231
Private investments	—	—	—	243,784	243,784
Fixed income/debt	72,499	184,249	—	—	256,748
Other	1,536	—	1,503	—	3,039
Cash and cash equivalents	59,918	—	—	—	59,918
Subtotal investments	392,048	184,249	1,503	537,441	1,115,241
Less UVM Foundation					(240,223)
Total Investments					$ 875,018
Deposits With Trustees at Fair Value:					
Beneficial interests in trusts	$ —	—	3,079	—	3,079
Public global equity	312	—	—	—	312
Fixed income/debt	445	4,435	—	—	4,880
Cash and cash equivalents	878	—	—	—	878
Total Deposits With Trustees	$ 1,635	4,435	3,079	—	9,149

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Investment liquidity as of June 30, 2026 and 2025 is summarized as follows:

June 30, 2026	Daily	Monthly	Quarterly	Semi-Annual	Annual	Illiquid	Total	Redemption Notice Period
Investments:								
Public global equity	$ 290,888	54,371	25,353	—	101,242	80,996	552,850	1-90 days, Illiquid
Marketable alternatives	47,122	—	55,678	6,231	5,081	2,337	116,449	1-90 days, Illiquid
Private investments	—	—	—	—	—	266,077	266,077	Illiquid
Fixed income/debt	258,984	—	—	—	—	—	258,984	Same day
Other	1,592	—	—	—	—	1,700	3,292	Same day, Illiquid
Cash and cash equivalents	38,243	—	—	—	—	—	38,243	Same day
Subtotal Investments	636,829	54,371	81,031	6,231	106,323	351,110	1,235,895	
Less UVM Foundation							(279,267)	
Total Investments							$ 956,628	

June 30, 2025	Daily	Monthly	Quarterly	Semi-Annual	Annual	Illiquid	Total	Redemption Notice Period
Investments:								
Public global equity	$ 229,482	101,749	17,804	—	80,345	22,593	451,973	1-90 days, Illiquid
Subscription paid in advance	—	—	—	548	—	—	548	90 days
Marketable alternatives	32,029	—	46,747	6,400	9,864	4,191	99,231	1-90 days, Illiquid
Private investments	—	—	—	—	—	243,784	243,784	Illiquid
Fixed income/debt	256,748	—	—	—	—	—	256,748	Same day
Other	1,536	—	—	—	—	1,503	3,039	Same day, Illiquid
Cash and cash equivalents	59,918	—	—	—	—	—	59,918	Same day
Subtotal Investments	579,713	101,749	64,551	6,948	90,209	272,071	1,115,241	
Less UVM Foundation							(240,223)	
Total Investments							$ 875,018	

The following is a description of the investment categories:

Public Global Equity – Investments are with managers who have a geographic focus, either the U.S., Developed ex U.S. Markets, or Emerging Markets. The program provides the portfolio exposure to common

equities across the globe. The University has investments in commingled vehicles, mutual funds, and separate accounts.

Marketable Alternatives – This asset class includes hedge fund managers with the intention of reducing total portfolio volatility and providing diversification. The investments are in the following categories: multi-strategy, distressed securities, global macro, open mandate, and long/short equity in global markets.

Private Investments - This asset class includes investments focusing on interests in private companies including buyout funds, secondary markets, and distressed debt as well as investments focusing on non-publicly traded interests in start-up entities.

Fixed Income/Debt – Investments consisting of U.S. Treasuries, corporate, and high yield bonds. The allocation is liquid and designed to protect the portfolio in deflationary periods.

Other Investments – This asset class includes insurance policies where the University is named as the beneficiary.

The fixed income/debt portfolio is composed of passive and active bond funds. The following shows the risk profiles at June 30, 2026 and 2025:

Fixed income/debt	Amount	Average Maturity/ Effective Duration	Gov't/ Agency	AAA	AA	A	BBB	<BBB
2026	$ 258,984	4.5 / 3.7	32	6	16	34	8	4
2025	256,747	4.4 /3.4	33	3	14	37	6	7

Investment income is recorded as revenue when earned. Net investment income is reported as non-operating revenue and includes income net of investment fees and the change in the fair value of investments as well as losses on impaired investments. The calculation of realized gains (losses) is independent of the calculation of the net increase in the fair value of marketable investments. Net investment income consists of:

		FY26	FY25
Net Investment Income			
Net interest, dividend and other income	$	15,573	13,787
Realized gains		120,379	56,785
Unrealized gains		(14,796)	28,070
Investment management fees		(1,021)	(1,598)
Total	$	120,135	97,044

(Continued)

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(8) Endowment and Other Long-Term Funds

The University's investment policies are governed and authorized by the University Board of Trustees. The Board of Trustees Budget, Finance and Investment Committee has established a formal policy for investment of the pooled endowment with an objective to provide uniform, stable, sustainable, and predictable distributions to support donor and Board purposes while exceeding performance benchmarks. The primary benchmark is 75% MSCI All Country World Index and 25% Bloomberg US Aggregate Bond Index. The total return of the pool is evaluated on a five-year rolling basis and should be equal to an amount sufficient to maintain the purchasing power of the assets and provide necessary capital to fund distributions, fees, and other withdrawals. The distribution rate for spending is currently set at 5.5% of the pool's average market value per unit for the trailing 13 quarters multiplied by the total number of units.

The endowment in aggregate (which comprises the consolidated endowment and other separately invested assets), long term capital and operating reserves, and UVM Foundation assets are invested in a balanced portfolio consisting of traditional equities (domestic and international) and fixed income/debt; marketable alternatives (hedge funds); private investments (venture capital and private equity); and a diversified portfolio of public real assets (real estate and commodities). The consolidated endowment's asset allocation allowable range and actual percentages at June 30 are presented in the following tables:

	2026	
Unaudited	**Target %**	**Actual %**
Public Global Equity	30 - 80	53.3 %
Marketable Alternatives	0 - 15	9.3
Private Investments	0 - 30	26.0
Fixed Income/Debt	0 - 30	7.6
Cash and Cash Equivalents	0 - 10	3.8
Total		100.0 %

	2025	
Unaudited	**Target %**	**Actual %**
Public Global Equity	45.0	49.2 %
Marketable Alternatives	10.0	9.0
Private Investments	35.0	27.0
Fixed Income/Debt	8.0	8.0
Cash and Cash Equivalents	2.0	6.8
Total		100.0 %

The majority of endowment fund assets are pooled for investment purposes. Each individual fund subscribes to or disposes of units on the basis of the value per unit at fair value at the beginning of the

(Continued)

month within which the transaction takes place. Income is distributed on a per unit basis. Of the total units (each having a fair value of $85.17), 5,902.4089 units were owned by endowment funds and 6,096.2783 units by quasi endowment funds at June 30, 2026 ($77.92, 5,822.8165 and 5,759.5295 respectively, at June 30, 2025).

The University of Vermont Foundation (UVMF) participates in the UVM pooled endowment. The UVMF owned 3,279.0584 units with a market value of $279,267 as of June 30, 2026 and 3,083.1045 units with a market value of $240,223 as of June 30, 2025.

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) requires the institution define an overall prudent approach both to distribution of funds for spending and long-term preservation and growth of capital. The University policy allows distributions from endowments that are temporarily underwater in accordance with the statute. The Budget, Finance, and Investment Committee of the Board of Trustees reviews the income distribution rate annually.

The table below summarizes changes in relationships between cost and fair values of the pooled endowment, which includes the University of Vermont Foundation's share:

	Fair Value	Cost	Net Change
June 30, 2026	$ 1,021,889	797,721	224,168
June 30, 2025	902,449	682,418	220,031
Unrealized net gain			4,137
New gifts and transfers			29,642
Realized net gain			118,687
Net income			1,270
Withdrawn for spending			(34,297)
Total Net Change			$ 119,439

(Continued)

	Fair Value	Cost	Net Change
June 30, 2025	$ 902,449	682,418	220,031
June 30, 2024	860,887	669,847	191,040
Unrealized net gain			28,991
New gifts and transfers			(6,611)
Realized net gain			55,471
Net income			(2,289)
Withdrawn for spending			(34,000)
Total Net Change			$ 41,562

(9) Commitments

Major plant projects include commitments as follows:

Project	Estimated Project Cost	Project-to-Date Expenditures 2026	Project-to-Date Expenditures 2025
Multipurpose Center	$ 95,000	66,972	66,972

Obligations under lease agreements are detailed in footnote 5.

The University is obligated under certain of its investments to make future capital contributions in the amount of $100,164 as of June 30, 2026.

The University entered into agreements with the State of Vermont Department of Vermont Health Access in both 2026 and 2025, to make payments to support the Graduate Medical Education (GME) program. The GME program helps ensure access to quality and essential professional health services for Medicaid beneficiaries through the care provided by teaching physicians and teaching hospitals. The University uses general fund state appropriation dollars to fund the GME payments through an inter-governmental transfer to the State. GME payments totaling $27,437 and $25,243 were made in 2026 and 2025, respectively, and are recorded on the Statements of Revenues, Expenses, and Changes in Net Position under Intergovernmental transfers in the Noncapital subsidies section. For 2027 the University will make a payment to the State of Vermont Department of Vermont Health Access totaling $25,035.

The University is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters and business interruption. The University manages these risks through a combination of self-insurance and commercial insurance purchased in the name of the University. The University's annual self-insured obligation for general liability is $500 per occurrence and $25 per occurrence for automobile liability. Its assumption of risk for property losses is $250 per occurrence. Educator's legal liability risks are subject to a $300 per loss retention.

(Continued)

Worker's compensation is subject to a $650 per occurrence retention. None of these lines of coverage have an annual self-insured aggregate or stop-gap. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The University is a member of a Vermont captive, Pinnacle Consortium of Higher Education. The captive covers two insurance lines, general liability and automobile liability. All members are required to participate in the captive general liability program which provides $5,000 excess limit and the group purchase liability program that provides a $20,000 excess limit. The University has purchased an additional $75,000 from the commercial liability insurance market to bring the total excess limit to $100,000.

The University follows the policy of self-insuring risks up to certain limits. At year end, the University had open claims valued at $2,845 in 2026 and $3,286 in 2025; $145 and $95 of this is covered by excess insurance in 2026 and 2025, respectively. The University paid claims of $2,937 in 2026 and $1,944 in 2025. Reserves for property and casualty liabilities are included in accrued liabilities (including incurred but not reported) in the amount of $24,886 at June 30, 2026 and $24,059 at June 30, 2025.

In conducting its activities, the University from time to time is the subject of various claims and has claims against others. The ultimate resolution of such claims is not expected to have a material adverse or favorable effect on the financial position, operating performance or cash flows of the University.

Five groups of University employees are represented by collective bargaining units. The University participates in contract negotiations with these groups periodically.

The University receives significant financial assistance from federal and state agencies in the form of grants and contracts. Expenditures of funds under these programs require compliance with the grant agreements and are subject to audit. Any disallowed expenditures resulting from such audits become a liability of the University. In the opinion of management such adjustments, if any, are not expected to materially affect the financial condition, operating performance or cash flows of the University.

(10) Retirement Plans

Faculty, staff and post-doctoral employees at the University of Vermont may participate in the University's 403(b) defined contribution plan and a 457(b) deferred compensation plan provided the following criteria are met:

- faculty and staff in 9-, 10-, 11-, or 12-month appointments must have a full-time equivalency of .75 or greater. These individuals may become eligible for UVM contributions;
- faculty, staff and post-doctoral employees with less than .75 full-time equivalency are not eligible for 10% UVM contributions;
- non-represented staff, Staff United and United Electrical staff must be employed three years before they qualify for University contributions to their retirement plan, or, to waive this waiting period, they must have a vested interest in the retirement plan of their previous nonprofit employer;
- staff represented by the New England Benevolent Association Union are eligible for the 10% UVM contribution after the successful completion of their probationary period;

- part-time faculty members that have taught a total of 24 credits or more as a bargaining unit member within the last eight years and has been a member of the bargaining unit for greater than two consecutive years will be eligible for matching university contributions up to 2% of the unit members salary per payroll in the academic year;
- non tenure-track faculty and faculty under the rank of assistant professor must wait one year to qualify for University contributions to their retirement plan, or, to waive this waiting period, they must have a vested interest in the retirement plan of their previous nonprofit employer;
- officers of administration or tenure track faculty at the level of assistant professor or above receive University contributions to their retirement plan immediately upon enrolling in the plan.

To obtain University contributions, faculty members and officers of administration must contribute 3% of their salary, and staff must contribute 2%. The University's contribution to the retirement fund of qualified faculty and staff is 10% of salary and this amount is immediately vested.

The University also offers a 457(b) deferred compensation plan. Faculty and staff can participate provided they are participating in the 403(b) plan. The University makes no contributions to this plan.

The University's 403(b) and 457(b) contributory retirement plans are administered by the Teachers Insurance Annuity Association of America (TIAA), the College Retirement Equities Fund (CREF), and Fidelity Investments.

Since both faculty and staff are immediately vested in all retirement contributions made on their behalf, the University has no control of, responsibility for, or ownership of retirement funds, except that employees may not withdraw employer funds contributed to either their 403(b) or 457(b) plan while employed at the University. Retirement funds may be transferred among the investment alternatives at the discretion of the employee.

Upon leaving the University, employees may remain in the UVM plan but may no longer make contributions, withdraw funds from their accounts, or transfer the funds to other investment alternatives subject to the limitations of 403(b) and/or 457(b) regulations and the contractual provisions of their investment alternative.

For the years ended June 30, 2026 and 2025, the University had total payroll expense of $408,876 and $402,283, respectively, of which $279,299 in 2026 and $261,537 in 2025 was covered by the University's 403(b) retirement plan. Total employee and employer contributions for 403(b) pension benefits for the year were $25,866 and $27,930, respectively, for 2026 and $23,438 and $26,154, respectively, for 2025. The University's contribution for 403(b) pension benefits is 10% of the covered payroll. Total employee contributions to the 457(b) retirement plan were $9,114 in fiscal year 2026 and $7,718 in fiscal year 2025.

(11) Post-employment Benefits Other Than Pensions (OPEB)

The University accounts for its post-employment benefit plan in accordance with GASB Statement 75, *Accounting and Financial* Reporting *for Postemployment Benefits Other Than Pensions*. GASB Statement 75 prescribes a methodology which requires the employer to recognize a total OPEB liability on the Statements of Net Position. Changes in the total OPEB liability will immediately be recognized as

OPEB expense on the Statements of Revenues, Expenses, and Changes in Net Position or reported as deferred outflows or deferred inflows of resources depending on the nature of the changes.

(a) Plan Description

The University's OPEB plan covers medical, (base) dental, life insurance, and tuition remission benefits provided to eligible University retirees and their dependents. The plan was established under the authority of and may be amended by the University. It is a single employer defined benefit OPEB plan administered by the University. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. Effective January 1, 2026, the University eliminated its group retiree Medicare medical insurance plan and transitioned to a model that allows Medicare-eligible participants to choose individual coverage through the Medicare marketplace. The University will contribute to the cost of coverage for eligible participants through a Health Reimbursement Arrangement (HRA) using the inverse of the retiree cost-share percentage applied to the University's standard premium calculation. The University's standard premium calculation includes consideration of current market costs for comparable medical and prescription drug coverage on the marketplace.

Plan provisions include two levels of eligibility based on whether the employee was at least 65 years of age at June 30, 2014:

1) Pre-65 retirees that met the retirement benefit eligibility criteria that were in place at the time of his or her hire date, and retired on or before June 30, 2014, will receive the post-retirement medical benefit and premium contributions will remain unchanged. For employees hired before January 1, 2012, if the employee met the retirement eligibility criteria that were in place at the time of his or her hire date, and did not retire on or before June 30, 2014, then he or she is eligible for the benefit but his or her share of the premium contribution will change based on the employee's salary at the date of retirement. If, by June 30, 2014, the employee has not met the eligibility criteria that were in place at the time of his or her hire date, then he or she will be eligible to enroll in the pre-65 post-retirement medical benefit plan, but will be responsible for 100% of the premium unless the employee has at least fifteen years of service in which case, at the age of 62, the employee will be eligible for the pre-retirement medical benefit and will pay 50% of the premium for Non-United Academic employees, and 60% of the premium for United Academic employees. Employees hired on or after January 1, 2012 will be able to participate in the post-retirement medical plan, but they will be responsible for 100% of the premium.

2) Post-65 retirees that met the retirement benefit eligibility criteria that were in place at the time of his or her hire date, and retired on or before June 30, 2014, will receive the post-retirement medical benefit and premium contributions will remain unchanged. Employees hired before January 1, 2012 who do not retire by June 30, 2014 will be eligible for the post-65 benefit when they reach the age of 65 and have 15 years of service, but the premium will change based on the employee's salary at the date of retirement. Employees hired on or after January 1, 2012 will be able to participate in the post-retirement medical plan, but they will be responsible for 100% of the premium.

Employees who retired under the Voluntary Separation Plan of 1992 or before are not required to contribute to the plan, however, a surviving spouse receives two (2) years of medical and base dental coverage without charge, after which dental terminates (the surviving spouse would be eligible for 36

months of COBRA) and medical coverage is available at 50% of the cost of providing coverage. Retirees under the Voluntary Separation Plan of 2000 pay for their medical benefits based on the contribution system in effect prior to June 30, 2000 (based on 0.5% times 75% of the average final three years' base salary). Retirees hired after June 30, 1992 have the same salary band contribution percentages as active employees, which is based on 75% of their average final three years' base salary. Retirees hired after June 30, 1992 and before July 1, 1997 are required to contribute as above plus a percentage based on the sum of their age at retirement and their years of continuous full-time service. This surcharge is based on a scale that ranges from 65 to 75 and over. A retirement benefit structure was announced in December 2011, affecting employees retiring on or after June 30, 2015. Consideration is given to age and years of service, with employee participation in medical benefit coverage and the costs associated with that coverage.

At the valuation date of January 1, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2,015
Active employees	4,449
Total	6,464

(b) Total OPEB Liability

The University's total OPEB liability of $227,853 in 2026 and $434,826 in 2025 was determined by an actuarial valuation as of January 1, 2021, and then projected forward to the measurement date of December 31, 2025 and December 31, 2024, respectively.

The total OPEB liability as of the December 31, 2025 measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.30 %
Salary Increases	3.00
Discount Rate	4.83

The following percentages have been assumed for election of coverage by future eligible retirees:

Medical and Rx	90 %
Dental	95
Life Insurance	95% for healthy retirees
	50% for disabled retirees

Assumed health care cost trend rates vary by benefit type as follows:

Benefit	Initial Rate	Ultimate Rate	Year Ultimate Rate is Reached
VHP Pre-Medicare	7.3 %	3.7 %	2074
Health Reimbursement Account	6.0	3.7	2074
Medicare Advantage	6.3	3.7	2074
Dental	4.0	3.7	2074
Tuition Remission	2.3	2.3	2024

The discount rate was based on Bond Buyer GO 20-Bond Municipal Index. The discount rate is as of the measurement date.

The mortality rates for 2026 and 2025 were based on the Pri-2012 Retiree/Employee Mortality Table projected with Projection Scale MP-2021 for healthy participants, Pri-2012 Contingent Survivor Table with Scale MP-2021 for current surviving spouses, and Pri-2012 Disabled Mortality Table projected with Projection Scale MP-2021 for disabled participants.

The University's OPEB plan is not large enough to develop credible mortality table based exclusively on plan experience. Therefore, the University has relied on the previously mentioned published mortality table in which credible mortality experience was analyzed.

(c) Changes in Total OPEB Liability

The following table represents changes in Total OPEB Liability for the year ended June 30, 2026 and 2025:

		FY26	FY25
Total OPEB Liability			
Balance at beginning of year	$	434,826	402,125
Changes for the year:			
Service cost		10,588	10,953
Interest on total OPEB liability		17,860	13,355
Effect of plan changes		(193,645)	—
Effect of economic/demographic gains or losses		(3,520)	(2,044)
Effect of assumption changes or inputs		(22,787)	17,299
Benefit payments		(15,469)	(6,862)
Net changes		(206,973)	32,701
Balance at end of year	$	227,853	434,826

(Continued)

The University changed the benefit structure related to Medicare retirees effective January 1, 2026. Prior to that date, participants were eligible to participate in a University subsidized group Medicare Advantage plan sponsored by the University. Effective January 1, 2026, Medicare participants receive a contribution towards a health reimbursement account and can use those proceeds to purchase individual health insurance policies through a private exchange sponsored by the University. This plan change caused the liability to decrease by $193.6 million. The discount rate increased to 4.83% in FY26 from 4.08% in FY25 and medical and dental claims and trend were updated to reflect current premiums, and expectations of future experience. Combined these assumption changes decreased the liability $22.8 million.

The following tables present the total OPEB liability of the University, calculated using the discount rates of 4.83% in FY26 and 4.08% in FY25, as well as what the University's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	Fiscal Year 2026			
		1% Decrease 3.83%	Discount Rate 4.83%	1% Increase 5.83%
Total OPEB liability	$	254,420	227,853	205,588

	Fiscal Year 2025			
		1% Decrease 3.08%	Discount Rate 4.08%	1% Increase 5.08%
Total OPEB liability	$	491,987	434,826	387,504

The following tables present the FY26 and FY25 total OPEB liability for the University, calculated using the current healthcare cost trend rates as well as what the University's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

	Fiscal Year 2026			
		1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	$	180,891	227,853	286,487

(Continued)

	Fiscal Year 2025		
	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	$ 379,812	434,826	502,215

(d) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB expense for the fiscal year ended June 30, 2026 and 2025 is summarized as follows:

	FY26	FY25
OPEB (Credit) Expense		
Service cost	$ 10,588	10,953
Interest on total OPEB liability	17,860	13,355
Effect of plan changes	(193,645)	—
Recognition of deferred outflows/inflows of resources		
Recognition of economic/demographic gains or losses	(18,982)	(33,548)
Recognition of assumption changes or inputs	(16,291)	(3,856)
OPEB (credit) expense	$ (200,470)	(13,096)

Deferred outflows and inflows of resources as of June 30, 2026 and 2025 are summarized as follows:

	2026	
	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	$ (33,589)	111,049
Changes of assumptions	(27,626)	16,011
Contributions after measurement period	—	6,588
Total	$ (61,215)	133,648

(Continued)

UNIVERSITY OF VERMONT
AND STATE AGRICULTURAL COLLEGE

Notes to the Financial Statements

For the Years Ended June 30, 2026 and 2025
(Dollars in thousands)

	2025	
	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	$ (78,903)	140,901
Changes of assumptions	(25,194)	20,075
Contributions after measurement period	—	7,480
Total	$ (104,097)	168,456

Deferred outflows of resources resulting from contributions after the measurement period totaling $6,588 and $7,480 will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2026 and June 30, 2025, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

For the Fiscal Year Ending June 30	OPEB Expense
2027	$ (7,478)
2028	29,819
2029	29,819
2030	21,126
2031	(3,682)
Thereafter *	(3,759)

* Note that additional future inflows and outflows of resources may impact these numbers.

(12) Operating Expenses by Function

Operating expenses by functional classification for the years ended June 30, 2026 and 2025 are summarized as follows:

(Continued)

UNIVERSITY OF VERMONT
AND STATE AGRICULTURAL COLLEGE

Notes to the Financial Statements

For the Years Ended June 30, 2026 and 2025
(Dollars in thousands)

	Year ended June 30, 2026				
Function	Compensation and Benefits	Supplies and Services	Depreciation and Amortization	Scholarships and Fellowships	Total
Instruction	$ 130,347	27,208	—	—	157,555
Research	63,247	60,086	—	—	123,333
Public service	34,430	11,080	—	—	45,510
Academic support	55,668	17,281	—	—	72,949
Student services	28,997	17,882	—	—	46,879
Institutional support	32,691	18,198	—	—	50,889
Operation and maintenance of plant	25,060	25,765	—	—	50,825
Scholarships and fellowships	—	—	—	7,145	7,145
Auxiliary enterprises	25,918	72,268	—	—	98,186
Depreciation and amortization	—	—	43,484	—	43,484
Total	$ 396,358	249,768	43,484	7,145	696,755

	Year ended June 30, 2025				
Function	Compensation and Benefits	Supplies and Services	Depreciation and Amortization	Scholarships and Fellowships	Total
Instruction	$ 177,073	27,050	—	—	204,123
Research	85,976	54,764	—	—	140,740
Public service	54,914	11,862	—	—	66,776
Academic support	78,422	17,513	—	—	95,935
Student services	39,429	16,735	—	—	56,164
Institutional support	51,589	20,155	—	—	71,744
Operation and maintenance of plant	38,772	25,872	—	—	64,644
Scholarships and fellowships	—	—	—	7,754	7,754
Auxiliary enterprises	37,532	71,399	—	—	108,931
Depreciation and amortization	—	—	41,973	—	41,973
Total	$ 563,707	245,350	41,973	7,754	858,784

(Continued)

(13) Subsequent Events

The University considers events or transactions that occur after the statement of net position date, but before the financial statements are issued, to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. These financial statements covering the years ended June 30, 2026 and 2025 were available to be issued on November XX, 2026 and subsequent events have been evaluated through that date.

(14) Combining information for Discretely Presented Component Units

As indicated in footnote 1, the University consolidates certain component units in a discrete presentation. Condensed combining financial information for the years ended June 30, 2026 and 2025 is presented below.

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

Discretely Presented Component Unit's Statements of Net Position

June 30, 2026 and 2025

	UMEA		UVMF		Catamount Run Phase 1		Catamount Run Phase 2		Total	
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
Assets										
Current assets:										
Cash and cash equivalents	$ 1,349	1,046	38,039	36,640	1,868	1,076	5,350	1,009	46,606	39,771
Operating investments	80,152	72,429	51,089	50,668	—	—	—	—	131,241	123,097
Accounts, loan notes, and pledges receivable, net	1,101	937	6,188	8,680	164	111	232	12	7,685	9,740
Inventories and prepaid expenses	13	11	391	693	—	—	—	—	404	704
Total current assets	82,615	74,423	95,707	96,681	2,032	1,187	5,582	1,021	185,936	173,312
Non-current assets:										
Endowment cash, cash equivalents and investments	—	—	362,667	310,465	—	—	—	—	362,667	310,465
Student loans, notes, and pledges receivable, net	—	—	4,027	3,806	—	—	—	—	4,027	3,806
Investments for capital activities	—	—	49	66	—	—	—	—	49	66
Deposits with trustees	—	—	2,113	1,851	—	—	—	—	2,113	1,851
Capital and right of use assets, net	—	—	6,235	6,583	55,484	56,714	77,957	54,189	139,676	117,486
Total non-current assets	—	—	375,091	322,771	55,484	56,714	77,957	54,189	508,532	433,674
Total assets	$ 82,615	74,423	470,798	419,452	57,516	57,901	83,539	55,210	694,468	606,986
Liabilities										
Current liabilities:										
Accounts payable and accrued liabilities	$ 1,158	1,100	11,185	10,439	225	189	1,402	1,449	13,970	13,177
Unearned revenue, deposits, and funds held for others	62,641	57,605	—	—	367	405	438	—	63,446	58,010
Bonds and leases payable	—	—	—	—	551	430	669	175	1,220	605
Total current liabilities	63,799	58,705	11,185	10,439	1,143	1,024	2,509	1,624	78,636	71,792
Non-current liabilities:										
Bonds and leases payable	—	—	3,553	3,775	34,621	33,306	48,244	20,188	86,418	57,269
Total non-current liabilities	—	—	3,553	3,775	34,621	33,306	48,244	20,188	86,418	57,269
Total liabilities	63,799	58,705	14,738	14,214	35,764	34,330	50,753	21,812	165,054	129,061
Net position										
Net investment in capital assets	—	—	2,682	2,808	—	—	—	—	2,682	2,808
Restricted:										
Non-expendable	—	—	281,074	265,836	—	—	—	—	281,074	265,836
Expendable	11,827	10,216	149,295	116,200	—	—	—	—	161,122	126,416
Unrestricted	6,989	5,502	23,009	20,394	21,752	23,571	32,786	33,398	84,536	82,865
Total net position	$ 18,816	15,718	456,060	405,238	21,752	23,571	32,786	33,398	529,414	477,925

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

Discretely Presented Component Unit's Statements of Revenue, Expenses and Changes in Net Position

Years ended June 30, 2026 and 2025

	UMEA		UVMF		Catamount Run Phase 1		Catamount Run Phase 2		Total	
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
Operating revenues:										
Federal, state, and private grants and contracts	$ —	—	993	989	—	—	—	—	993	989
Other operating revenues	214	202	43	38	4,460	1,629	2,501	4	7,218	1,873
Total operating revenues	214	202	1,036	1,027	4,460	1,629	2,501	4	8,211	2,862
Operating expenses:										
Compensation and benefits	(262)	(249)	(12,831)	(12,402)	(207)	(107)	(220)	—	(13,520)	(12,758)
Supplies and services	—	—	(3,916)	(3,110)	(3,359)	(1,324)	(1,722)	(4)	(8,997)	(4,438)
Depreciation and amortization	—	—	(357)	(363)	(2,021)	(836)	(1,169)	—	(3,547)	(1,199)
Total operating expenses	(262)	(249)	(17,104)	(15,875)	(5,587)	(2,267)	(3,111)	(4)	(26,064)	(18,395)
Operating loss	(48)	(47)	(16,068)	(14,848)	(1,127)	(638)	(610)	—	(17,853)	(15,533)
Noncapital subsidies:										
Private gifts	509	1,610	26,390	27,160	—	—	—	—	26,899	28,770
Transfers from UVM to component units	—	—	11,750	13,454	—	—	—	—	11,750	13,454
Transfers to UVM from component units	(1,485)	(2,186)	(33,217)	(31,558)	(339)	—	(1)	—	(35,042)	(33,744)
Total noncapital subsidies	(976)	(576)	4,923	9,056	(339)	—	(1)	—	3,607	8,480
Operating loss and noncapital subsidies	(1,024)	(623)	(11,145)	(5,792)	(1,466)	(638)	(611)	—	(14,246)	(7,053)
Other nonoperating revenues (expenses):										
Net investment income (loss)	4,122	463	48,690	30,832	—	—	—	—	52,812	31,295
Interest on indebtedness	—	—	(30)	(37)	—	—	—	—	(30)	(37)
Gifts for endowment purposes	—	—	13,903	15,242	—	—	—	—	13,903	15,242
Net other non-operating revenue (expense)	—	—	(596)	(649)	(353)	—	(1)	—	(950)	(649)
Total nonoperating revenues (expenses)	4,122	463	61,967	45,388	(353)	—	(1)	—	65,735	45,851
Increase (decrease) in net position	3,098	(160)	50,822	39,596	(1,819)	(638)	(612)	—	51,489	38,798
Net position, beginning of year	15,718	15,878	405,238	365,642	23,571	24,209	33,398	33,398	477,925	439,127
Net position, end of year	$ 18,816	15,718	456,060	405,238	21,752	23,571	32,786	33,398	529,414	477,925

Comparative financials are reclassified for alignment to GASB 103. See Footnote 1 for more information.

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

Required Supplementary Information - Post-employment Benefits

Schedule of Changes in the University's Total OPEB Liability and Related Ratios

Total OPEB Liability		FY26	FY25	FY24	FY23	FY22	FY21	FY20	FY19	FY18
Service cost	$	10,588	10,953	5,933	8,909	15,745	13,582	13,452	15,645	14,434
Interest on total OPEB liability		17,860	13,355	7,057	9,062	10,251	14,661	19,063	17,175	18,066
Changes of benefit terms		(193,645)	—	—	—	—	—	—	—	—
Effect of economic/demographic (gains) or losses		(3,520)	(2,044)	200,605	(213,796)	(9,093)	(117,836)	9,862	1,395	847
Effect of assumption changes or inputs		(22,787)	17,299	8,036	(42,777)	(41,561)	51,272	45,175	(48,429)	4,085
Benefit payments		(15,469)	(6,862)	(6,503)	(10,773)	(13,455)	(17,225)	(17,853)	(18,029)	(16,058)
Net change in total OPEB liability		(206,973)	32,701	215,128	(249,375)	(38,113)	(55,546)	69,699	(32,243)	21,374
Total OPEB liability beginning		434,826	402,125	186,997	436,372	474,485	530,031	460,332	492,575	471,201
Total OPEB liability ending	$	227,853	434,826	402,125	186,997	436,372	474,485	530,031	460,332	492,575
Covered-employee payroll	$	329,175	283,001	283,001	259,184	259,184	258,395	258,395	241,981	241,981
Total OPEB liability as a % of covered-employee payroll		69.22 %	153.65 %	142.09 %	72.15 %	168.36 %	183.63 %	205.12 %	190.23 %	203.56 %

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

UNIVERSITY OF VERMONT
AND STATE AGRICULTURAL COLLEGE

Notes to the Required Supplementary Information

For the Years Ended June 30, 2026 and 2025
(Dollars in thousands)

Notes to Schedule:

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the healthcare assumptions each period. The following are the discount rates used in each period:

2026	4.83 %
2025	4.08
2024	3.26
2023	3.72
2022	2.06
2021	2.12
2020	2.74
2019	4.10
2018	3.44

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University of Vermont and State Agricultural College

Discussion with those charged with governance

Audit results for the year ended June 30, 2026

November 2, 2026

Our technology and quality story

Our Quality Story

- Sustained audit quality is paramount to protecting the capital markets.
- This video walks through our audit quality journey and our forward-looking strategy that remains committed to delivering a high-quality audit.
- Please watch to hear more about our audit quality journey and continuous improvement process, as detailed in our most recent Audit Quality Report.

Our Technology Story

- We are resetting the playing field when it comes to integrating technology into the audit.
- Artificial intelligence represents the most significant transformation in our profession's history. At KPMG, it's not just a new tool it's a fundamental shift in how we deliver quality, trust and value.
- Please watch to learn more about our technology journey, how the audit experience is changing for our clients, and our roadmap for the future.

Link to videos here: Our Quality and Technology Story Videos

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The future of audit | AI-powered. Human-assured.

Phase 1:
Human auditor with assistant
Where we have been

Phase 2:
Human-led. Agent-operated.
Where we are today

Phase 3:
AI-powered, Human-assured
Where we are going starting in 2027



We gave the *Wall Street Journal* an inside look at our AI-powered audit.

Read their take here.

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Audit results: Overview

Outstanding matters

Our audit is substantially complete. The following is a list of outstanding matters related to the financial statement audit as of October 16, 2026:

Anticipated to be completed as of Committee meeting:

1) Finalize partner/manager review process
2) Finalize financial statement tie-out procedures

Final matters to be completed in due course after Committee meeting:

1) Perform down-to-date inquiries and subsequent event review
2) Obtain signed management representation letters

Auditors' report

As of October 16, 2026, we expect to issue an unmodified opinion on the financial statements of the University.

Corrected misstatements

No matters to report.

Uncorrected misstatements

One misstatement was identified related to an existing non-GAAP policy on laggard investment reporting. Refer to page 9 for further information.

Appendix

- GASB 103 and 104 Guidance

Note: KPMG Higher Education 2026 Industry update provided with April 2026 materials

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Deliverables

Current deliverables

- Opinion on the University's financial statements in accordance with U.S. GAAS and *Government Auditing Standards*
    - Unmodified report (clean)
        - Reference to other auditors for one component unit (UMEA)
        - Audit of UVM Foundation is complete with an unmodified opinion
    - Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Future deliverables

- Uniform Guidance Report for the University – Research & Development (R&D), Medicaid and the Fund for the Improvement of Postsecondary Education (Leahy Endowment) are being tested as major programs
    - Anticipated to be issued in February 2027 (due by March 31, 2027)
- Report on Applying Agreed-Upon Procedures in Accordance with National Collegiate Athletic Association (NCAA)
    - Anticipated to be issued in December 2026 (due by January 15, 2027)

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Required communications to those charged with governance

Prepared on: October 16, 2026

Presented on: November 2, 2026

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Audit results required communications and other matters

Matters to communicate		Reference
Significant unusual transactions	X	
Uncorrected audit misstatements	✓	Page 9
Corrected audit misstatements	X	
Financial statement presentation and disclosure omissions	X	
Non-GAAP policies and practices	✓	Page 9
Auditors' report	✓	See auditors' report draft within financial statements.
Changes to our risk assessment and planned audit strategy	X	
Significant accounting policies and practices	✓	Page 11
Significant accounting estimates	✓	Pages 13 & 14
Significant financial statement disclosures	✓	Page 12
Group audit engagement considerations	✓	Page 17

Matters to communicate		Reference
Related parties	X	
Going concern	X	
Other information	X	
Subsequent events	X	
Noncompliance with laws and regulations	X	
Significant difficulties encountered during the audit	X	
Significant findings or issues discussed, or the subject of correspondence with management	X	
Management's consultation with other accountants	X	
Disagreements with management	X	
Other significant matters	X	

✓ = Matters to report X = No matters to report

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Audit results required communications and other matters

Matters to communicate	
Consultations	There were no difficult or contentious matters for which the auditor consulted outside the engagement team that are relevant to those charged with governance's oversight of the financial reporting process.
Illegal acts or fraud	No actual or suspected fraud involving group or component management, employees with significant roles in the group's system of internal control, or where fraud results in a material misstatement in the financial statements were identified during the audit.
Written communications	Engagement letter, management representation letter, including summary of uncorrected misstatements, to be distributed under separate covers.
Independence	We hereby affirm that as of October 16, 2026, the engagement team and others in the firm as appropriate, the firm and its affiliated firms, have complied with relevant ethical requirements regarding independence.
Required inquiries	See page 18.

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Non-GAAP policies and practices

The University has adopted certain accounting policies or practices that, if applied to significant items or transactions, are not in accordance with U.S. generally accepted accounting principles. The University has evaluated the effect of the application of such policies and practices on the financial statements and concluded that such effect is not material to the 2026 financial statements.

Non-GAAP polices and practices	Impact of non-GAAP policies and practices (Dual method)
The identified misstatement is due to an existing non-GAAP policy related to investment funds in the University's pooled endowment, where the fund manager has reported the June 30, 2026 investment value to the University after management has finalized the financial reporting for the year. Management continues to track these investment values, and records the adjustments noted, in the subsequent accounting period. This practice is consistent within the industry and the impact of the non-GAAP policy is considered immaterial to the financial statements as a whole and would not expect to impact the users of the financial statements.	DR. Investments $16,315,698 CR. Net Investment Income $9,200,134 CR. Beginning Net Assets $7,115,564 *Note: Beginning net assets are understated as of July 1, 2025 as this represents the uncorrected misstatement (understatement of investments at June 30, 2025) related to the non-GAAP policy. This balance represents investment returns that were recorded in 2026 that should have been recorded in 2025. As such, the net impact on FY 2026 investment income is understated by approximately $9.2 million.*

Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if we have concluded that the uncorrected misstatements are immaterial to the financial statements under audit.

Significant Risk - Management override of controls

Under professional standards, we are required to plan and perform the audit to obtain reasonable – not absolute – assurance about whether the financial statements are free of material misstatement, whether caused by fraud or error

Significant risk of fraud

Management at all organizations is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities.

Results

No actual or suspected fraud involving management, employees with significant roles in internal control, or where fraud results in a misstatement in the financial statements were identified during the audit.

Our response

Internal controls

- We gain an understanding of the financial reporting process as well as understanding incentives and pressures to manipulate financial results.
- We assessed management's design and implementation of controls over journal entries (JE) and post-closing adjustments, including manual and automated entries.

Substantive procedures

- Evaluated whether we had a complete population of journal entries.
- Consider characteristics of fraudulent journal entries and other adjustments.
- Evaluated all high-risk journal entries identified through risk-based method.
- We remained alert for possible fraudulent journal entries throughout our substantive procedures.
- Evaluated all post closing journal entries for business purpose and support.
- Evaluated the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.
- Assessed the appropriateness of the accounting for significant transactions, including whether transactions are outside normal course of business or are otherwise unusual.

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Significant accounting policies and practices

Description of significant accounting policies and practices	Audit findings
• The University's significant accounting policies are described in Note 1 to the financial statements. • There were two accounting standards that were required to be adopted in FY 2026 by the University; GASB 103, *Financial Reporting Model Improvements*, and GASB 104, *Disclosures of Certain Capital Assets*. Refer to appendix for further information related to these new standards.	**Qualitative aspects** • The related significant accounting policies and practices are adequately disclosed in the financial statements in accordance with generally accepted accounting principles. There are no matters to report relating to the following items: — The initial selection of, or changes in, significant accounting policies or the application of such policies in the current period. — The effect on financial statements or disclosures of significant accounting policies and practices in (i) controversial areas or (ii) areas for which there is a lack of authoritative guidance or consensus, or diversity in practice. — The identification of bias in management's judgments about the amounts and disclosures in the financial statements.

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Significant financial statement disclosures

Description of significant financial statement disclosures	Audit findings
• The University's significant financial statement disclosures are disclosed in the notes to the consolidated financial statements. • Other than adopting GASB 103 and 104, there were no changes in the preparation of these disclosures.	**Qualitative aspects** • The related significant accounting disclosures are adequately disclosed in the financial statements in accordance with generally accepted accounting principles. The information presented within the disclosures was agreed to supporting documentation and to the face of the financial statements as applicable.

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Significant accounting estimate - Investments

Description of significant accounting estimates
• Accuracy, valuation and presentation of investment balances as well as related investment/interest income
Audit findings
Management's process used to develop the estimates Management utilizes a third-party custodian to manage investment portfolios. **Procedures** Perform audit procedures over the June 30, 2026 investment balances held by the University of Vermont, including; - confirming balances with third-party financial institutions, - performing independent pricing on marketable securities (100% of population), - evaluating the use of net asset value (NAV) as a practical expedient, including reconciling December 31, 2025 NAV per the fund's audited financial statements and the related NAV recorded by the University at December 31, 2025 and rolling forward to June 30, 2026, - Reviewed audited financial statement of funds and performed other procedures to conclude on the valuation of a sample of NAV funds, - Tested a sample of purchase and sales, - Reviewed required disclosures, including fair value hierarchy and investment income distributions. **Indicators of possible management bias** • No indications of management bias.
Conclusions
• Determined that the valuation of investments was reasonable in relation to the consolidated financial statements taken as a whole

Significant accounting estimate - OPEB

Description of significant accounting estimates

- Accuracy, valuation and presentation of the University's liability related to other postemployment benefits (OPEB)

Audit findings

Management's process used to develop the estimates

Management utilizes a third-party actuary (Milliman) to assist with the valuation of other postemployment benefits.

Procedures

- Valuation of liability represents a financial reporting risk due to the complexity of calculations and the level of management judgment involved in the selections of assumptions.
- Management's process used to develop the estimate includes various actuarial methods, assumptions and inputs. Management utilizes a third-party actuary to assist in calculation.
- KPMG actuary involved to review the actuarial methods, assumptions and inputs into the calculation performed by the third-party actuary
- Tested the census data utilized by the third-party actuary in their analysis to ensure census data was accurate and complete.
- No identification of management bias was identified.

Indicators of possible management bias

- No indications of management bias.

Conclusions

- Determined that the accuracy, valuation and presentation of OPEB liabilities was reasonable in relation to the financial statements taken as a whole

Other Significant Audit Areas

Description of audit areas	Audit Procedures
Expenses and Payables/Accruals *Appropriateness of expenses and accrued liabilities*	- Performed a substantive analytical over compensation and benefit related expenses - Performed analytical procedures related to general expenses - Performed a search for unrecorded liabilities - Reviewed and tested the property and equipment rollforward
Tuition, fees, scholarship aid, and grant revenues *Appropriateness of tuition, fee and room & board revenue* *Appropriateness of grant revenues*	- Tested a sample of gross tuition and room and board revenue transactions - Tested reasonableness of student financial aid, including substantive testing a sample of student scholarships - Vouched state appropriations recognized to supporting documentation - Tested a sample of grant revenue transactions to ensure revenue recognized appropriately and in the appropriate accounting period
Treasury *Accuracy and existence of cash and cash equivalents* *Accuracy and completeness of debt balances*	- Confirmed cash and cash equivalent balances held as of June 30, 2026 with third-parties. Reviewed bank reconciliations and significant reconciling items. - Confirmed outstanding debt as of June 30, 2026 with third-parties

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Audit of financial statements	Extent of involvement
Internal audit	Although KPMG does not rely on the work of internal audit, in addition to reviewing relevant reports, we had on-going discussions with internal audit to share findings and issues to ensure an efficient, transparent audit approach and for risk assessment purposes.
Actuarial specialists	Actuarial specialists assisted the engagement team in the assessment of the valuation of the other postemployment benefits obligations. All assumptions were deemed reasonable.
Tax specialists	Tax specialists assisted in our review of the University's tax-exempt status. No matters noted to report.

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Group audit engagement considerations

Group audit considerations

No matters to report. KPMG US was the group auditor who audited the financial statements of University of Vermont and State Agricultural College, which included the financial statements of the discretely presented component units and noted the following:

- No instances that gave rise to a concern about the quality of the auditor's work, no limitations on the group audit, and no involvement from a any component auditors other than the other auditors for UMEA;
- No limitations on the group audit, and
- No actual or suspected fraud identified during the audit involving group management, component management, employees who have significant roles in group-wide controls, or others in which a material misstatement of the consolidated financial statements has or may have resulted from fraud.

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Required inquiries

- What are your views about fraud risks, including management override of controls, at the entity and whether you have taken any actions to respond to these risks?
- Are you aware of, or have you identified, any instances of actual, suspected or alleged fraud, including misconduct or unethical behavior related to financial reporting or misappropriation of assets? If so, have the instances been appropriately addressed and how have they been addressed?
- Are you aware of or have you received tips or complaints regarding the entity's financial reporting (including those received through the internal whistleblower program, if such program exists) and, if so, what was your response to such tips and complaints?
- How do you exercise oversight over management's assessment of fraud risk and the establishment of controls to address/mitigate fraud risks?
- Has the entity entered into any significant unusual transactions?
- Have there been any instances of actual or possible violations of laws and regulations, including illegal acts (irrespective of materiality threshold)?
- What is the audit committee's understanding of the entity's relationships and transactions with related parties that are significant to the entity?
- Does any member of the audit committee have concerns regarding relationships or transactions with related parties and, if so, what are the substance of those concerns?
- Have any subsequent events occurred that might affect the financial statements?
- Has there been any correspondence with regulators or licensing authorities?

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Questions?

For additional information and audit committee resources, including National Audit Committee Peer Exchange series, a Quarterly webcast, and suggested publications, visit the KPMG Audit Committee Institute (ACI) at www.kpmg.com/ACI

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Newly effective accounting standards

GASB Standards Effective for 2026	Standard Summary	Expected Impact
GASB statement No. 103, *Financial Reporting Model Improvements*	The objective of this Statement is to improve clarity, consistency, and decision usefulness – especially around presentation of the financial statements, the MD&A, and certain note disclosures. This Statement updates the financial reporting model for state and local governments to make annual reports easier to understand and more comparable across governments. The statement places particular emphasis on improving the structure and usefulness of Management's Discussion and Analysis (MD&A) by focusing discussion on the reasons for changes in financial position and results, not simply repeating amounts shown in the statements. It also refines presentation in the government-wide financial statements and certain elements of fund financial statement reporting to improve clarity and linkages between statements. In addition, GASB 103 reinforces a more "essential information" approach to note disclosures, encouraging clearer organization and better alignment between the statements and the related notes.	
GASB statement No. 104, *Disclosures of Certain Capital Assets*	The objective of this Statement is to improve the usefulness and consistency of information governments provide about capital assets. It is primarily a disclosure standard and generally does not change how capital assets are recognized or measured.. This Statement revises note disclosure requirements to improve the clarity and consistency of information governments provide about their capital assets. The statement is aimed at making disclosures more decision-useful by enhancing how capital asset information is organized and disaggregated, helping users better understand what capital assets a government has, how those balances change over time (e.g., additions and disposals), and how capital assets relate to items such as depreciation and service capacity	

Expected impact: high ● **moderate** ● **low** ● **none** ○

AUDIT COMMITTEE

November 2, 2026

Acceptance of fiscal year 2026 audited financial statements

WHEREAS, the financial Statements of the University of Vermont and State Agricultural College for the fiscal year ended June 30, 2026, have been audited by KPMG LLP, Certified Public Accountants, in accordance with 16 V.S.A. Section 2281(a);

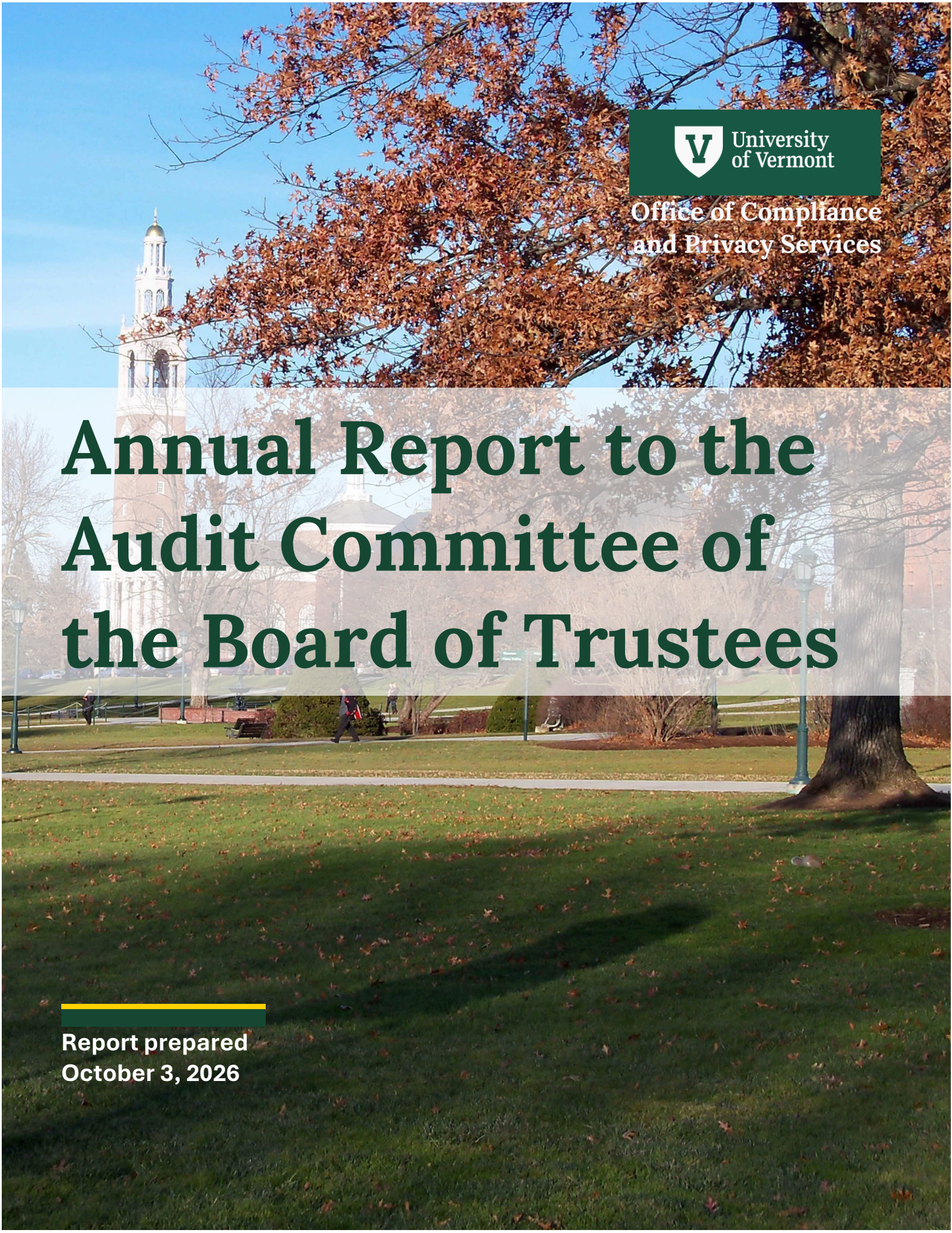
BE IT RESOLVED, the Audit Committee hereby accepts and recommends that the Board of Trustees accept the fiscal year 2026 audited financial statements.

Office of Compliance and Privacy Services

November 2, 2026

Board of Trustees
Audit Committee

Prepared By
Tessa Lucey, Associate Chief Safety and Compliance Officer | Chief Privacy Officer



University of Vermont

Office of Compliance and Privacy Services

Annual Report to the Audit Committee of the Board of Trustees

Report prepared
October 3, 2026

Office *of* Compliance & Privacy Services

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Section I: Introduction

UVM's Commitment to Ethics and Compliance:

The University of Vermont ("UVM") demonstrates its steadfast commitment to ethical conduct and integrity through several foundational statements and principles. These include UVM's mission statement, the strategic vision titled "Amplifying Our Impact", Our Common Ground values statement, the university motto, "Studiis et Rebus Honestis" (loosely translated as "Integrity in Theoretical and Practical Pursuits"), the President's Ethics Statement, and UVM's Code of Conduct and Ethical Standards. Collectively, these elements highlight UVM's longstanding dedication to compliance, integrity, and an unwavering pursuit of what is right and just.

Objectives of the Office of Compliance and Privacy Services:

The Office of Compliance and Privacy Services is tasked with several primary objectives. These include establishing a framework that cultivates a culture of compliance, continually improving and enhancing the university's compliance program, and building upon a robust foundation grounded in the elements of an effective compliance program as outlined in the U.S. Federal Sentencing Guidelines ("FSG"), §8B2.1. The FSG are widely recognized within compliance communities as the most comprehensive and valuable tool for organizations in any industry, including higher education, to prepare for and respond to systemic non-compliance and reduce their overall compliance risk.



Historically, the applicability of the FSG to universities and other public or non-profit entities has been interpreted differently than for for-profit corporations. However, this changed last year with the release of the "Blanche memo," which stated that the False Claims Act ("FCA") may be triggered when a federal contractor or recipient of federal funds knowingly violates civil rights laws (such as Title IV, Title VI, and Title IX of the Civil Rights Act of 1964) and falsely certifies compliance. The memo emphasized that universities accepting federal funds could be in violation if they engage in discriminatory practices. Recent False Claims Act matters involving Georgia Tech, Penn State, and the University of Maryland illustrate the increasingly significant enforcement risks facing universities. In this evolving environment, a compliance and ethics program built on the Federal Sentencing Guidelines provides an essential framework for preventing, identifying, and responding to potential noncompliance.

In practice, the "seven elements" of an effective compliance program within the FSG acknowledge that compliance is not a one-size-fits-all approach. The effectiveness of a compliance program will vary, depending on each organization's unique circumstances. Having a compliance program that incorporates these elements demonstrates organizational responsibility. Further, continuing to position the compliance program at the board level signals institutional commitment to ethical conduct and legal compliance, aligns with federal expectations, empowers trustees to make informed decisions about risk, policy, and strategic direction, and distinguishes individual misconduct from systemic failures.

Strategic Structure and Functions of the Compliance and Ethics Program:

To further the objectives of the Office, the University of Vermont's Compliance and Ethics Program ("the Program") is strategically structured with several key aims:

- To provide members of the UVM community with a roadmap for navigating complex ethical dilemmas;
- To identify instances of misconduct and systemic breaches of laws and regulations;
- To establish mechanisms for reporting suspected wrongdoing, including options for anonymous reporting;
- To offer support and guidance to UVM community members when they encounter situations indicative of non-compliance;
- To remediate misconduct and address wrongdoing; and
- To mitigate the potential adverse impacts, whether financial, human, or reputational, on the institution when instances of wrongdoing are identified.

Oversight and Reporting:

The Audit Committee, in accordance with its charter, plays a pivotal role in assessing the effectiveness of the University's practices related to monitoring compliance with laws and regulations. Additionally, the Federal Sentencing Guidelines explicitly outline the responsibilities of the governing authority in relation to the compliance and ethics program. Chapter 8, Section 2 of the Federal Sentencing Guidelines is provided as Addendum A.

U.S. Federal Sentencing Guidelines §8.B2.1(b)(2)(A)

"The organization's governing authority shall be knowledgeable about the content and operation of the compliance and ethics program and shall exercise reasonable oversight with respect to the implementation and effectiveness of the compliance and ethics program."

Purpose of This Annual Report:

This annual report offers an overview of the Office of Compliance and Privacy Services' activities over the past year. It encompasses programmatic elements, work plan efforts, and newly emerging compliance obligations. The report fulfills a two primary purposes: (i) it provides the Audit Committee with the necessary information to fulfill its obligations under its charter, and (ii) it offers insights and awareness into matters germane to the Program.

Section II: Fiscal Year (FY) 2026 Review and Developments

Year In Review:

Over the past year, the Office of Compliance and Privacy Services continued to strengthen UVM's enterprise risk management, privacy, and institutional compliance programs. Our work focused on helping the University navigate a rapidly evolving regulatory environment while advancing the governance structures, processes, and partnerships needed to manage compliance risk effectively. Key areas of focus included research security, international activities and foreign influence, conflicts of interest, data privacy and protection, and institutional policy modernization.

A significant portion of our FY2026 work centered on the governance and responsible use of institutional data and emerging technologies. We played, and continue to play, an active role in UVM's Data Steward and Data Governance initiatives, helping to establish stewardship responsibilities, improve decision-making and accountability, and advance a coordinated approach to institutional data management. This included participation in the pilot implementation of new data governance policies, standards, and security practices and close collaboration with Enterprise Technology Services and campus partners to align privacy, information security, compliance, and data management objectives.

We also contributed to university-wide artificial intelligence (AI) governance efforts, bringing a compliance, privacy, and risk-management perspective to discussions regarding the responsible adoption and use of AI. Our work emphasized transparency, appropriate data use, accountability, human oversight, information security, accessibility, and practical governance frameworks that support innovation while protecting the University and its community. Collectively, the Data Steward, Data Governance, and AI governance initiatives represent important foundational investments in UVM's ability to manage data and technology-related risks in a rapidly changing environment.

We continued to leverage data-informed approaches to prioritize our work, assess emerging risks, and identify opportunities for program improvement. Our "incubator project" model remains an important strategy for supporting responsible units in designing and testing compliance-related processes and workflows before transitioning long-term ownership and oversight to operational leaders. This approach has enabled the University to more effectively respond to emerging regulatory requirements while building sustainable capacity across campus.

The volume and complexity of federal regulatory activity remained exceptionally high throughout the year. In close partnership with the Office of General Counsel and other university leaders, we served as a resource across the institution by helping units interpret new requirements, assess institutional impacts, and implement risk-based compliance strategies and, when needed, policies and procedures in real time. Federal activity continued to reinforce the importance of effective compliance oversight, whistleblower protections, responsible technology use, access to reliable institutional data, and the integration of lessons learned into organizational processes and training.

Cybersecurity, privacy, and the protection of sensitive institutional and research information remain significant risk areas across higher education. We continued to collaborate closely with Enterprise Technology Services (ETS), Sponsored Project Administration (SPA), the Office of Institutional Research and Administration (OIRA) and other stakeholders to strengthen the alignment among data governance, privacy, information security, accessibility, and compliance. This work has positioned UVM to more effectively address emerging risks while supporting the responsible use of data and technology in furtherance of the University's mission.

Developments:

One of the most significant regulatory shifts that we have seen is not a single regulation, law, or compliance obligation. Rather, it is the unprecedented velocity, volume, and uncertainty of regulatory change itself.

Historically, the higher education regulatory environment has largely followed a predictable pattern. New laws or regulations were proposed, stakeholder feedback was gathered, implementation guidance was published, compliance dates were established, and institutions were afforded reasonable time to assess impacts, coordinate responses, develop controls, and implement necessary changes. While compliance obligations were often complex, institutions generally had sufficient lead time to adapt.

The current environment is markedly different.

Since the change in federal administration, colleges and universities have faced a rapid succession of executive actions, agency directives, new federal award requirements, funding changes, enforcement priorities, policy interpretations, and compliance expectations. In many cases, implementation deadlines have been immediate or accelerated. Guidance has at times been incomplete, evolving, or unavailable. Court challenges and injunctions have further complicated institutional decision-making by creating situations where requirements may be announced, partially implemented, blocked, reinstated, or modified within a matter of weeks. Industry legal briefings and higher education associations have consistently identified uncertainty surrounding Title IX implementation, federal funding conditions, diversity, equity, and inclusion (DEI)-related directives, accreditation reforms, student financial aid changes, foreign funding disclosures, and research compliance requirements as defining characteristics of the current regulatory landscape.

This dynamic was reflected in UVM's 2026 Enterprise Risk Management (ERM) assessment. While the ERM Assessment will be reported separately, it is worth noting here that one of the highest-impact shifts identified by interview participants was the emergence of Federal Research Funding and Compliance Volatility, which combines concerns regarding funding uncertainty, shortened implementation timelines, evolving federal requirements, export control obligations, foreign influence regulations, and internal control expectations. The assessment specifically notes that regulatory volatility has expanded beyond traditional compliance management and now represents an enterprise-level risk requiring rapid institutional response capabilities.

The impact of this environment extends across the university. Today’s environment requires continuous monitoring of federal actions, legal developments, agency guidance, and peer institution responses. Researchers, academic leaders, legal counsel and the compliance team are frequently required to evaluate significant policy shifts under compressed timelines while simultaneously managing existing operational responsibilities. Other areas such as Enrollment Management, Human Resources, Intercultural Excellence, International Education, Financial Services, Enterprise Technology, Accessibility, and so many more are now working in an

environment that places substantial strain on institutional capacity and particularly on front-line staff responsible for implementation.

Importantly, this challenge is not the result of inaction or resistance to change. Across the institution, departments have demonstrated significant collaboration and adaptability. Subject matter experts have worked closely with the governance, risk, and compliance (GRC) offices to interpret emerging requirements and coordinate institutional responses. These partnerships have been critical to maintaining compliance while continuing to support the University's academic, research, and service missions.

Given finite resources and the pace of change, we have increasingly relied on Enterprise Risk Management principles to guide decision-making. Rather than attempting to respond equally to every regulatory development, we are focusing on identifying those changes that present the greatest potential impact to institutional mission, strategic objectives, financial sustainability, research operations, student success, and legal obligations. This risk-based approach allows the institution to concentrate attention and resources where they are most needed while maintaining awareness of emerging developments.

Nevertheless, the Board should recognize that the current environment remains one of the most challenging compliance landscapes ever experienced. The issue is no longer simply understanding and complying with regulations. Increasingly, the challenge lies in determining which requirements ultimately take effect, which may be modified through litigation, what compliance expectations actually apply, and how to operationalize requirements before additional changes occur.

Regulatory volatility is no longer a temporary condition but a factor impacting the institution as a whole. Continued cross-functional coordination, regulatory monitoring, scenario planning, and institutional agility will be essential as UVM navigates an environment characterized not only by regulatory complexity, but by regulatory change at a pace and scale unlike anything experienced in recent memory.

Section III: The University of Vermont's Compliance & Ethics and Privacy Programs

Mission and Goals:

Compliance and Ethics Program Mission Statement: To work proactively and collaboratively with members of the University community to promote an institutional culture of compliance and thus prevent and effectively address violations of law, regulation, and University policy and protocols.

Compliance and Ethics Program Goals: To establish and implement a Compliance and Ethics Program that monitors, communicates and educates the University community about existing and emerging compliance requirements; raises awareness of the importance of ethics and compliance; coordinates institutional compliance activities; assesses and provides consultation on compliance training initiatives; develops compliance work plans; reports periodically to senior leadership and the Audit Committee of the Board of Trustees on progress toward compliance goals; and assists in the development of remediation plans as needed.

Privacy Program Statement: UVM's Privacy Program champions privacy across the University and promotes the University's commitment to safeguarding the personal, protected, sensitive and confidential data that the University and its constituents hold, access, use, and disclose.

Structure:

The Office is operationally housed in the Division of Safety and Compliance and is under the direction of the Chief Safety and Compliance Officer. The Associate Chief Safety and Compliance Officer & Chief Privacy Officer ("ACSCO") is responsible for day-to-day oversight of the University's Compliance & Ethics, Privacy, and Enterprise Risk Management (ERM) Programs. Under the Compliance & Ethics Program, the office oversees the Institutional Policy and the Conflict of Interest Disclosure programs and under the Privacy Program, the Office oversees the Public Records and Records Retention programs. The Office regularly collaborates with other Governance, Risk and Compliance (GRC) areas, including Audit Services, General Counsel, Risk Management, Environmental Health & Safety, and Enterprise Technology Services. Additionally, the ACSCO interfaces with key leaders in areas such as Human Resources, Finance, Sponsored Project Administration, and Student Financial Services that, by their nature, have increased compliance exposure.

Implementation

In light of the Department of Justice's Blanche Memorandum and its clarification that institutions of higher education are now subject to enforcement under the False Claims Act for civil rights violations, the applicability of the U.S. Federal Sentencing Guidelines (FSG) to universities is more than just a best practice. UVM's Compliance Program is built on the foundation of the FSG's "seven elements" of an effective compliance and ethics program. These elements, and how UVM has implemented them, are detailed in this report.

In parallel, the University's Privacy Program is grounded in a complex landscape of privacy regulations that govern the collection, access, use, disclosure, and destruction of non-public protected data (NPPD). These regulations serve as the baseline for UVM's Privacy Program and relevant activities are detailed in this report.

Section IV: Annual Work Plan Status Report

Element I: Standards and Procedures

During the 2024/2025 academic year, the Office launched a multi-year initiative to modernize and enhance UVM's institutional policies, procedures, and the overarching institutional policy governance framework. While each Responsible Official (RO) continues to maintain accountability for the content of the institutional policies and procedures within their purview, the Office plays an active role in coordinating and supporting the overall policy development and review process.

Details on workplan items related to Element I are provided below.

Work Plan Item: Institutional Policies – Policy Process Improvement

Workplan Item Summary: *Further standardization combined with an overall update and modernization of UVM's policy process focusing on streamlining the process, the removal of barriers, and enhancing*

the existing dissemination and communication process will result in increased compliance. The Office will perform an overall assessment and take action to update the existing process.

Status: In Process.

Status Summary: This work plan item directly addressed the 2024 Enterprise Risk Management register risk entitled "Insufficient Knowledge/Understanding of Policy Expectations" and supported the portfolio opportunity "Ensure Efficient Use of Resources/Innovation and Modernization of Systems & Processes". In FY2024, the institutional policy program underwent significant improvements aimed at enhancing clarity, accessibility, and inclusivity. This project is guided by four primary objectives:

(1) Simplify, modernize, and streamline institutional policies.
(2) Implement gender-neutral language across all policy documents.
(3) Refine and simplify language for clarity and ease of understanding for all constituencies.
(4) Improve accessibility through digital transformation.

The Office launched a new policy review process app (the "policy app") for the 2025/26 academic year to support a more transparent, consistent, and trackable review process. The policy app allows Responsible Officials to continue serving a central role in policy review and development while giving the Office of Compliance and Privacy Services better visibility into the status of each policy in the review cycle, what steps remain, and what follow-up may be needed. This improvement supports more active coordination of policy updates while preserving Responsible Officials' subject-matter ownership and accountability for the policies within their areas.

We also rolled out a second app designed for the President. This app replaces an old paper and email process and has streamlined the review and approval process for those policies under the President's responsibility.

The Office continues to track policy access on our website. Between January 1, 2025 and January 1, 2026, the five most frequently accessed policies are:

- Discrimination, Harassment, and Sexual Misconduct (5787 hits)
- Travel (5157 hits)
- Code of Academic Integrity (3584 hits)
- Code of Student Conduct (2200 hits)
- I-9 (2028 hits)

Of note, with the upgrade of both UVM's website platform and the transition from static PDF's to HTML pages, this data is more accurate and captures hits that previously were not available to us. These metrics reflect increased engagement with core institutional policies and underscore the importance of continued modernization and transparency in policy governance.

Work Plan Item: Privacy – Data Governance Policies and Procedures

Workplan Item Summary: *Under the leadership of the CIO and the Executive Director of the Office of Institutional Research and Assessment (OIRA), the University launched a campus-wide data governance*

initiative. The Data Governance Program at the University of Vermont is designed to promote data quality, security, compliance, and effective management of data across university operations. By introducing centralized oversight, this program aims to optimize resources, manage risks, and enhance communication related to data governance across the institution. The Office of Compliance and Privacy Services is spearheading the creation of university-wide policies and procedures to support these efforts.

Status: In Process.

Status Summary: The Office of Compliance and Privacy Services continued to support the University's development and implementation of a coordinated data governance framework in collaboration with Enterprise Technology Services (ETS), the Office of Institutional Research and Assessment (OIRA), and other campus partners. During FY2026, the Office participated in the pilot implementation of new data governance guiding documents that included standards, privacy, oversight, and security practices; helped develop data stewardship roles and responsibilities; and provided privacy and compliance guidance to align institutional data management with applicable legal, regulatory, and policy requirements. The Office is also exploring the feasibility of a data classification tool that would be available to members of the campus community to assist with governance efforts. This work remains in process as the University evaluates the pilot, refines governance documents and workflows, and prepares for broader implementation across the institution.

Work Plan Item: Research – Research Data Security

Workplan Item Summary: *Federal regulations such as the National Security Presidential Memorandum 33 (NSPM-33) and the Creating Helpful Incentives to Produce Semiconductors and Science Act (CHIPS and Science Act) require universities to standardize disclosure, security protocols, other research security measures (including foreign travel, export controls, and annual foreign financial disclosures), and annual research security training. The Office is assisting units develop policies, procedures, and protocols to ensure compliance.*

Status: In Process.

Status Summary: The Office of Compliance and Privacy Services convened and led a cross-functional workgroup to advance the University's implementation of federal research security requirements under NSPM-33, the CHIPS and Science Act, and related agency guidance. In collaboration with responsible campus partners, the Office supported the documentation, development, and coordination of policies, procedures, and protocols addressing disclosure requirements, research data security, foreign travel, export controls, foreign financial interests, and research security training. Following the retirements of the Executive Director for Research Integrity and Administration and the UVMClick Project Manager, the Associate Chief Safety and Compliance Officer assumed an expanded role to maintain continuity and momentum. This work remains in process as federal requirements and agency expectations continue to evolve and the University further aligns its practices, systems, and training with applicable requirements.

Work Plan Item: Campus Safety – Web Accessibility

Workplan Item Summary: *For public entities such as UVM, compliance with WCAG 2.1 (Web Content Accessibility Guidelines) Level A and AA standards is required by April 24, 2026. The Office will work with the newly established Office of Accessibility Services (OAS) and the Office of General Counsel to develop standard policies, procedures, and protocols to ensure compliance.*

Status: Closed.

Status Summary: The Office of Compliance and Privacy Services continued to support the University's preparation for the April 24, 2026, deadline for compliance with the federal Title II digital accessibility requirements. The Office of Accessibility Services took the lead on implementation with the Office of Compliance and Privacy Services consulting and assisting with policy development and update. The ACSCO sits on the Digital Accessibility Executive Team and continues to monitor emerging federal guidance and higher education developments, including concerns regarding the financial and operational impact of compliance, to help inform the University's risk-based implementation strategy. From a workplan item perspective, this is being closed. However, operationally, this work remains in process as UVM continues remediation efforts, strengthens accountability and training, and works toward sustained compliance across websites, mobile applications, electronic documents, and other digital content.

Element II: Oversight

The Audit Committee plays a critical role in promoting the development and overseeing the effectiveness of UVM's institutional systems for risk management, internal controls, and accounting procedures. It also monitors the University's practices related to compliance with laws and regulations. The Chief Safety and Compliance Officer (CSCO), to whom the Associate Chief Safety and Compliance Officer (ACSCO) reports, reports directly to the President. The ACSCO provides formal updates to the Audit Committee at least twice annually, or more frequently as needed.

The Chief Internal Auditor, with whom the ACSCO works closely with, reports directly to the Chair of the Audit Committee of the Board of Trustees. Through this close collaboration and existing reporting structure, the ACSCO will continue to have a direct reporting pathway to the Chair of the Audit Committee through the CSCO, the Chief Audit Executive, or the General Counsel. Day-to-day oversight and operational responsibility for the Compliance Program remains delegated to the ACSCO.

Work Plan Item: Compliance Program: Assessment

Workplan Item Summary: *In May, 2019, the Department of Justice (DOJ) updated its 2017 guidance document on evaluating effective compliance programs. As such, the Office will assess the DOJ's core topics as they relate to UVM's current steps and then evaluate, test, and update UVM's Code of Conduct.*

Status: Carry Forward.

Status Summary: This work plan item was initially placed on hold pending updates to the Department of Justice's *Evaluation of Corporate Compliance Programs* (ECCP) guidance. The March 2023 and September 2024 updates addressed several significant areas, including the use of personal devices and messaging applications, compensation structures and clawback provisions, artificial intelligence risks, data analytics for compliance monitoring, and whistleblower protections. The office has addressed, or is actively advancing, several of these individual areas, artificial intelligence, data analytics, and whistleblower protections. However, the comprehensive assessment has been extended again due to competing institutional priorities and projects and is expected to be reconsidered during FY'28.

Element III: Avoid Delegation of Authority to Unethical Individuals

UVM conducts background checks for all new employees as part of the onboarding process and for existing employees who transfer into new positions. The University also conducts background checks when required by law or by the terms of a contract or grant; as part of credentialing, licensure or program accreditation; or when necessary to protect campus safety and security, or the University's reputation. Restricted-party screening is incorporate into the university's background-check process and is also conducted separately for research subrecipients and other parties named in sponsored awards and agreements that meet established criteria. In response to evolving federal funding and international collaboration requirements, UVM is assessing the feasibility of expanding its restricted-party screening practices.

Work Plan Item: Access for Non-UVM Employees

Workplan Item Summary: *The University of Vermont values affiliations with external organizations whose missions are compatible with those of UVM and whose activities assist the University in advancing its strategic goals. UVM may, under certain circumstances, make its research facilities, land, and equipment available for use by external entities. These affiliations and openness must be balanced with the campus safety posture that includes the provision of access to our facilities and systems. As such, this work plan item will look at the way UVM provides access to affiliates and other third-parties such as vendors, contractors, visitors, and volunteers to update and modernize our processes.*

Status: In-Process.

Status Summary: Working in collaboration with Enterprise Technology Services (ETS), Real Estate Operations, Human Resources, and other campus partners, the Office helped advanced a scalable, risk-based model for providing non-UVM personnel access to facilities, networks, systems, and credentials. The model distinguishes non-employees from UVM personnel, limits access to operational needs, and supports periodic revalidation. Work remains underway to finalize the organizational structure, reassign tenant records, clarify oversight responsibilities, and align these efforts with broader identity-management improvements.

Element IV: Education & Training

At the start of each semester, the Office distributes a newsletter highlighting key compliance topics; the most recent edition is attached as Addendum B. Additional compliance and privacy newsletters are issued as concerns arise, and sample off-cycle Compliance and Privacy Alerts are attached as Addendum C. The Office also offers virtual and in-person training on the compliance program and identified or requested compliance and privacy topics, including recurring "Policy Fridays" sessions.

While the Office continues to provide opportunities for education and training related to compliance, ethics, and privacy, the lack of an institutional learning management system for employees hinders the Office's ability to require and track training. In the meantime, the Office continues to provide in-person training upon request and continually expands its "Compliance Training Library".

Work Plan Item: Privacy Training

Workplan Item Summary: *The University is subject to multiple federal and international privacy laws. Most of these laws require some level of training. Currently, all required privacy training is done at the local level; however, these laws impact the entire university. In addition, as individuals take a "privacy as a right" approach, the University needs to consider mandatory, standardized privacy training for its employees. This work plan item will determine the feasibility of mandating privacy training for all employees.*

Status: Closed.

Status Summary: Privacy awareness and a privacy and confidentiality agreement have been incorporated into new employee onboarding. The confidentiality agreement will also be included in information security refresher training and is now referenced in the semester notification distributed campus-wide each spring and fall.

Element V: Reporting, Monitoring & Auditing

The Office continues to administer the Ethics and Compliance Reporting & HelpLine (the "HelpLine"). UVM's Whistleblower Policy outlines the University's multiple reporting mechanisms. As an additional monitoring tool, our office collaborates with University leaders to address regulatory reporting requirements. Under the Compliance Calendar University Operating Procedure, the Office works with responsible officials annually to update their calendars. One goal of the calendar is to mitigate non-compliance associated with reporting obligations.

The Office also maintains a close partnership with the Office of Audit Services to identify and address compliance areas necessitating internal audits. Likewise, the Office of Audit Services will refer potential compliance-related matters to the Office. This collaboration enables UVM to conduct audits of critical compliance areas while preserving operational independence. Both the Office of Audit Services and our Office of Compliance and Privacy Services report any significant findings from their audit and monitoring activities to the Audit Committee throughout the year.

Work Plan Item: Health and Safety – Workplace Safety

Workplan Item Summary: *In collaboration with the Director of Environmental Health and Safety, the Office will assist with the development and implementation of an institutional workplace safety policy informed by national guidance such as the Association of Public and Land-Grant Universities' (APLU) Guide to Implementing Safety Culture. The Office will also help develop training tailored to different roles and environments as needed.*

Status: New.

Status Summary: UVM currently maintains policies addressing specific workplace safety areas, including bloodborne pathogens, laboratory safety, emergency management and continuity of operations, and fire safety. Development of a comprehensive institutional workplace safety policy has been deferred to FY'27 due to assessed risk, competing priorities and resource limitations.

Work Plan Item: Privacy Program – Contingent: Records Retention Schedule Review

Workplan Item Summary: *Managing University records, including their creation, maintenance, protection, and destruction, is essential for meeting compliance requirements. The Office will oversee the 5-year cyclical review and update of the Records Retention Policy and accompanying retention schedule. Efforts planned also include updating guidance for departments to assist them in meeting their responsibilities for records and potentially updating the content and structure of UVM's online records retention schedule.*

Status: Planned.

Status Summary: Pending.

Work Plan Item: Compliance Program – Operational: HelpLine Oversight

Workplan Item Summary: *The Federal Sentencing Guidelines, §8B2.1(b)(5)(C) states, "The organization shall take reasonable steps to have and publicize a system, which may include mechanisms that allow for anonymity or confidentiality, whereby the organization's employees and agents may report or seek guidance regarding potential or actual criminal conduct without fear of retaliation."*

Status: Contingent.

Status Summary: The Office continues to track HelpLine reports. The detailed HelpLine Report is attached as Addendum D.

Element VI: Enforcement & Discipline

Many University Policies and UOPs outline disciplinary procedures for violations, typically following a progressive discipline process. Disciplinary procedures for represented staff and faculty adhere to terms specified in their respective collective bargaining agreement. Our office receives regular notifications of all terminations, voluntary and involuntary. If someone who filed a compliance report is involuntarily terminated,

we conduct a review of the circumstances. There have been no such terminations since our last committee report.

Work Plan Item: Compliance Program – Promote Accountability for Compliance

Workplan Item Summary: *In the Department of Justice's 2019 guidance document on evaluating effective compliance programs, one area of focus is with accountability in the event of a compliance violation. This Work Plan item looks to provide a system to promote accountability for compliance within our decentralized environment.*

Status: Planned.

Status Summary: Pending.

Element VII: Response & Prevention

The Office provides consultations for a diverse mix of compliance issues. Overall, this diversity of operational areas illustrates the Office's continuous cross-organizational support regarding compliance issues. Consult data is detailed below.

Most consultations are provided to university operating departments upon request. Others are provided through various intake methods such as audit findings and results, identification of a new compliance risk, and/or when new regulation is proposed or promulgated. Risks can be identified through a variety of sources including, but not limited to, ERM interviews, HelpLine calls, government agency press-releases and publications, industry newsletter articles, compliance list serves, UVM's external audit partner presentations, professional association meetings and conferences.

The ACSCO participates in various workgroups and subcommittees designed to develop and implement corrective action plans when noncompliance is suspected or identified. Lastly, the Office coordinates and monitors external government reviews as well as voluntary reports and/or self-disclosures of noncompliance. The ACSOC's close collaboration with the Chief Internal Auditor provides a sufficient level of synergy between audit findings, ERM identified risks, and compliance and regulatory requirements and an inherent reduction in the duplication of efforts.

This monitoring and auditing approach affords the University with a formal mechanism designed to identify emerging high-risk areas, trends of noncompliance, and a centralized coordination for responses to government reviews. UVM's monitoring and auditing approach also provides greater focus on those areas where increased compliance efforts may be needed to prevent future or repeat non-compliance.

Work Plan Item: Compliance Program – Contingent: Consults, New Compliance Issues, Government Reviews, Data Incidents

Workplan Item Summary: *The Office provides continuous support across the enterprise in matters related to compliance and privacy. As identified, the Office is available for consultation in all compliance and privacy matters. In addition, university policy requires that the ACSCO be notified of all government reviews and data incidents.*

Status: Continuous.

Status Summary:

Consults & New Compliance Issues: The Office continues to provide compliance consultations upon request or in response to new regulatory requirements. During FY 2026, the Office performed 143 distinct compliance consultations. The Office tracks consult requests that relate to ERM risks. The Dashboard (Addendum E) provides a breakdown of consults by category and fiscal year as well as a crosswalk between consults and heat map risks and opportunities.

Government Reviews: According to UVM Policy, employees who are notified of a government review are required to notify the ACSCO as soon as possible. The ACSCO will then ensure that there is an appropriate response including the development of a corrective action plan if the review results in findings. In accordance with the Audit Committee Charter, the Audit Committee is responsible to, "Review with the Office of Compliance and Privacy Services and management, findings of government agency audits, investigations, reviews and monitoring activities that the ACSCO considers significant, that are initiated by a government agency as a result of a whistleblower report, or on a for-cause basis, or that result in a fine, penalty, refund, disallowance or questioned cost in excess of $10,000." The Office continues to track government reviews. More details can be found in the Dashboard (Addendum E).

Data Incidents: The Office also tracks data incidents. In FY 2026, it logged seven inadvertent disclosures: six internal and one external. None required notification to affected individuals; however, the University used its discretion to notify individuals in three cases. Detailed data is included in the Dashboard (Addendum E).

Work Plan Item: Records Program – Contingent: Public Records Response

Workplan Item Summary: *The Office serves as the central processing unit for all requests received by the University and works closely with the Office of General Counsel and with department responsible officials to reduce the risk of non-compliance with the Vermont Public Records Act.*

Status: Continuous.

Status Summary: In FY26, the Office processed 224 requests, up from 168 the prior year. Recent requests reflect a growing national trend: increased use of public-records laws by commercial data aggregators, AI-related organizations, and other entities seeking information for commercial or potentially nefarious purposes. These developments raise concerns that publicly disclosed financial and vendor information could facilitate fraud or misuse. Similar concerns have been identified nationally (see this article) and by the Town of Colchester in a presentation to legislative committees. UVM remains committed to transparency and compliance with public-records requirements; however, these trends may warrant legislative consideration of requester transparency, commercial use, privacy, and safeguards against misuse while preserving appropriate public access. Data related to UVM's public records requests can be found in the Dashboard (Addendum E).

Section V: Enterprise Risk Management Program

The 2026 Enterprise Risk Management Assessment is in it's final stages of review. Refer to the separate report on the status of the 2026 Assessment. The Office continues to utilize the results of the ERM assessment to help inform its 2025 workplan.

Section VI: Statement on the Effectiveness of the Compliance and Ethics Program

Universities operate in a complex regulatory environment. By its nature, being in such an environment carries inherent risks related to regulatory requirements. The financial challenges and the decrease in resources, including staffing, that are prevalent across higher education continue to impact workload which can often result in operational deficiencies and challenges. The framework of UVM's compliance and ethics program provides a roadmap reduce the risk of non-compliance even in these challenging times. As such, the Office has not identified any systemic misconduct or patterns of willful noncompliance in FY 2026.

Section VII: Conclusion

The UVM Office of Compliance and Privacy Services has modeled UVM's Compliance and Privacy Programs on the Seven Elements of an Effective Compliance Program as outlined by the United States Federal Sentencing Guidelines. The Compliance and Privacy Programs are designed to be dynamic with the ability to evolve, change and adapt to the ever-changing environment. The Compliance Program is also designed to reduce UVM's risk as regulatory oversight and government enforcement for institutes of higher learning continues. This year's efforts continue to move the Office forward in its alignment with the seven elements. Our on-going practices and existing program elements continue to evolve as we look for ways to improve and provide better service to our community. Both the Compliance and Privacy Programs emphasize communication, collaboration, and teamwork by including multiple reporting and contact options, one of which is anonymous (the HelpLine). These are available to all employees (faculty, staff, temporary employees, paid graduate students) of the University. Through the University's Compliance and Ethics Program and the foundation that has been put in place, the University is situated to respond to current and future regulatory and compliance challenges. Through its Privacy Program, the University is poised to continue to build upon a system designed to continually improve the University's ability to safeguard personal or otherwise protected information.

Addendum A - United States Federal Sentencing Guidelines (USFSG), Chapter 8, § 2

* * * * *

2. EFFECTIVE COMPLIANCE AND ETHICS PROGRAM

Historical Note	Effective November 1, 2004 (amendment 673).

§8B2.1. Effective Compliance and Ethics Program

(a) To have an effective compliance and ethics program, for purposes of subsection (f) of §8C2.5 (Culpability Score) and subsection (b)(1) of §8D1.4 (Recommended Conditions of Probation — Organizations), an organization shall—

(1) exercise due diligence to prevent and detect criminal conduct; and

(2) otherwise promote an organizational culture that encourages ethical conduct and a commitment to compliance with the law.

Such compliance and ethics program shall be reasonably designed, implemented, and enforced so that the program is generally effective in preventing and detecting criminal conduct. The failure to prevent or detect the instant offense does not necessarily mean that the program is not generally effective in preventing and detecting criminal conduct.

(b) Due diligence and the promotion of an organizational culture that encourages ethical conduct and a commitment to compliance with the law within the meaning of subsection (a) minimally require the following:

(1) The organization shall establish standards and procedures to prevent and detect criminal conduct.

(2) (A) The organization's governing authority shall be knowledgeable about the content and operation of the compliance and ethics program and shall exercise reasonable oversight with respect to the implementation and effectiveness of the compliance and ethics program.

(B) High-level personnel of the organization shall ensure that the organization has an effective compliance and ethics program, as described in this guideline. Specific individual(s) within high-level personnel shall be assigned overall responsibility for the compliance and ethics program.

(C) Specific individual(s) within the organization shall be delegated day-to-day operational responsibility for the compliance and ethics program. Individual(s) with operational responsibility shall report periodically to high-level personnel and, as appropriate, to the governing authority, or an appropriate subgroup of the governing authority, on the effectiveness of the compliance and ethics program. To carry out such operational responsibility, such individual(s) shall be given adequate resources, appropriate authority, and direct access to the governing authority or an appropriate subgroup of the governing authority.

(3) The organization shall use reasonable efforts not to include within the substantial authority personnel of the organization any individual whom the organization knew, or should have known through the exercise of due diligence, has engaged in illegal activities or other conduct inconsistent with an effective compliance and ethics program.

(4) (A) The organization shall take reasonable steps to communicate periodically and in a practical manner its standards and procedures, and other aspects of the compliance and ethics program, to the individuals referred to in subparagraph (B) by conducting effective training programs and otherwise disseminating information appropriate to such individuals' respective roles and responsibilities.

(B) The individuals referred to in subparagraph (A) are the members of the governing authority, high-level personnel, substantial authority personnel, the organization's employees, and, as appropriate, the organization's agents.

(5) The organization shall take reasonable steps—

(A) to ensure that the organization's compliance and ethics program is followed, including monitoring and auditing to detect criminal conduct;

(B) to evaluate periodically the effectiveness of the organization's compliance and ethics program; and

(C) to have and publicize a system, which may include mechanisms that allow for anonymity or confidentiality, whereby the organization's employees and agents may report or seek guidance regarding potential or actual criminal conduct without fear of retaliation.

(6) The organization's compliance and ethics program shall be promoted and enforced consistently throughout the organization through (A) appropriate incentives to perform in accordance with the compliance and ethics program; and (B) appropriate disciplinary measures for engaging in criminal conduct and for failing to take reasonable steps to prevent or detect criminal conduct.

(7) After criminal conduct has been detected, the organization shall take reasonable steps to respond appropriately to the criminal conduct and to prevent further similar criminal conduct, including making any necessary modifications to the organization's compliance and ethics program.

(c) In implementing subsection (b), the organization shall periodically assess the risk of criminal conduct and shall take appropriate steps to design, implement, or modify each requirement set forth in subsection (b) to reduce the risk of criminal conduct identified through this process.

Addendum B – Semester Notification

https://www.uvm.edu/compliance/news/message-about-your-compliance-program-2

University of Vermont

THE OFFICE OF COMPLIANCE & PRIVACY SERVICES
Division of Safety and Compliance

Important Announcements,
Fall 2026



A Message About Your Compliance Program

As we begin a new semester, it is important that all employees (faculty, staff, temporary employees) and graduate students in roles such as teaching/research or who receive stipends, be aware of UVM's compliance program and of our shared responsibility to continually build upon and improve UVM's culture of compliance. The cornerstone of your compliance program is the Code of Conduct and Ethical Standards (***the Code***). The intent of ***the Code*** is to communicate the principles and standards that the university has identified as most relevant to the university's stated values, Our Common Ground.

Please review this information carefully and if you have any questions, reach out to the contact person listed in the policy. Alternatively, you can always email the Office of Compliance Services directly if you have questions.

Learn More

COMPLIANCE PROGRAM IMPORTANT LINKS

You can find more information about your compliance program by clicking the "Learn More" button above. Here are a few additional important links:

Code of Conduct and Ethical Standards

Our Common Ground

Whistleblower Policy: Reporting, Protections & Non-retaliation

While ***the Code*** identifies those policies that are most relevant to Our Common Ground, UVM's institutional policies and procedures extend beyond those named in ***the Code***. All members of the university community need to be familiar with those policies and procedures applicable to their roles. You can find a full list of UVM's policies and procedures on the Institutional Policy Website.

HERE ARE SOME POLICIES THAT EVERYONE SHOULD KNOW ABOUT:

Conflict of Interest and Conflict of Commitment	Safeguarding Personal and Protected Information (*Data Privacy and Information Security*)	Protection of Minors & Vulnerable Adults
		
According to UVM's Conflict of Interest and Conflict of Commitment Policy, *all* UVM employees, whether full-time or part-time, whether faculty, staff, administrators, or others identified by the President, must disclose potential conflicts of interest/commitment as they arise. All **exempt staff** (salaried) and all **faculty involved in sponsored research**** are required to file an annual conflict disclosure	UVM has developed controls designed to safeguard all types of university information that includes non-public protected data (NPPD). If we are collecting, accessing, using, disclosing, storing, or destroying university information, especially if that information is NPPD as defined in UVM's Privacy Policy, we must do our part to protect it. Do you know whether the data you collect is at high-risk? If you do not, you should	The University of Vermont hosts, sponsors, manages, and oversees events and programs in which minors and vulnerable adults take part. The university must provide a safe environment for those minors and vulnerable adults while they are taking part in these programs. As such, UVM has established policies and procedures that set forth requirements related to programs involving minors and vulnerable adults.

form using UVM's electronic disclosure system (UVMClick). **Faculty not involved in sponsored research** currently have the choice to either disclose in UVMClick or disclose using another approved method (check with your chair or dean). **Non-exempt staff** (hourly) do not use UVMClick but must still disclose potential conflicts to their manager or supervisor prior to entering an arrangement that could pose a conflict. You can find examples of potential conflicts and individual requirements in UVM's policy. **Read More »**	take a moment to review UVM's Data Classification Matrix. Controls and safeguards include those specified in UVM's Computer, Communication, and Network Technology Acceptable Use Policy, Privacy Policy, Information Security Policy and Information Security Procedures. All members of the university community who have access to university information and systems are responsible for the proper handling of this information. UVM has made available an Introduction to UVM's Privacy Program** training and has developed this Confidentiality Statement as tools to help us all comply with these regulations and policies. For more information, visit UVM's Privacy Program webpage and UVM's Information Security webpage. ***Visit our Compliance Training Library and scroll down to the Privacy section.*	One of these requirements is that anyone who is responsible for the care, custody, and control of one or more minors/vulnerable adults must undergo a background check (fingerprint-supported for minors, HR initiated for vulnerable adults) and must complete training prior to their involvement in the program. In addition, depending on the nature and scope of the program, there may be other contractual or notification requirements. If your department, division, school, college, unit, or program interacts with minors or vulnerable adults, you are responsible to meet UVM's policy requirements. See Protection of Minors, Minors, Reporting Abuse or Neglect of and Crimes, Minors in Laboratories, and Vulnerable Adults, Reporting Abuse, Neglect or Exploitation of, and Crimes policies and procedures. **Read More »**

NEED TO REPORT A COMPLIANCE OR ETHICS CONCERN?

Report suspected workplace compliance, ethics, or policy violations with ease using the Ethics and Compliance Reporting and HelpLine.

For all other reports, visit UVM's Campus Reporting Portal.

POLICY SPOTLIGHT

AMERICANS WITH DISABILITIES ACT (ADA) & EQUAL OPPORTUNITY	HAZING	COMBATTING HUMAN TRAFFICKING
		

Did you know that UVM has an online form for reporting accessibility barriers? Go to UVM's ADA webpage and click on "Report an ADA Barrier".

As it relates to equal opportunity, remember that all public materials, whether web, print, or non-print, must contain UVM's reasonable accommodation statement and non-discrimination language. If you are responsible for updating your unit's website, if you send out electronic newsletters or other materials, whether via email, the internet, or the regular mail, make sure that these statements are included.

If you're not sure, contact UVM's ADA/504 Coordinator for more information.

The Stop Campus Hazing Act is the new federal law requiring all institutions of higher education that receive federal student aid to report hazing incidents and information on student organizations that violated the school's anti-hazing policy in their annual security reports and on their websites, effective January 1, 2025. This law provides a federal definition of hazing and strengthens national transparency and accountability to help prevent future tragedies.

For more information, visit UVM's Title IX and Sexual Misconduct website.

The U.S. government has implemented a zero-tolerance policy prohibiting trafficking in persons, including sex trafficking, forced labor, and related activities. As recipients of federal funds, either directly or through subcontracts or subawards, the University of Vermont is obligated to ensure that employees and contractors are informed about these regulations. While individuals working on research may be more likely to encounter potential red flags, these rules apply to everyone. Human trafficking can be suspected in many contexts, and anyone who suspects it must report it.

For more information, visit UVM's Combatting Human Trafficking website.

COMPLIANCE IN THE HEADLINES



COMPLIANCE & ETHICS	PRIVACY & CYBERSECURITY
Former TCAT Elizabethton Employees Misappropriated More Than $1 Million	Columbia to settle June 2025 data breach lawsuit for $16.1 million

Fraudsters hit Missoula College in national financial aid 'ghost student' scheme SIUE lecturer charged $100K in personal items to university credit card, feds say	Stanford faces backlash after AI turns Latino student into Black woman in promotional image Dartmouth to Pay $750,000 to Settle Suit Over Oracle Data Breach

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Addendum C – Sample Compliance and Privacy Alerts

https://www.uvm.edu/compliance/news/compliance-alert-2

University of Vermont

THE OFFICE OF COMPLIANCE & PRIVACY SERVICES

Inside UVM – June 2, 2026



Federal Restrictions on Foreign-Manufactured Drones (UAS)

If you use drones for your funded research OR if you are involved in the purchase of drones or other unmanned aircraft systems (UAS)… research-related or not, READ THIS!

This ***Compliance Alert*** provides information regarding the federal government's recent prohibition against the purchase or use of certain foreign-manufactured drones. This applies to both the *purchase* of these drones using federal funds as well as the *use* of these drones on sponsored awards or any activities funded in whole or in part by the federal government. In order to remain in compliance, we must avoid acquiring or using drones manufactured by those companies specified by the federal government.

WHAT CHANGED?

Recent federal laws (including the NDAA, FY2024, and the American Security Drone Act) restrict the use of certain drones in federally funded activities.

KEY RULE

Effective December 22, 2025, federal funds cannot be used to purchase, operate, or use in any way, drones manufactured or assembled by "covered foreign entities".

WHO IS COVERED?

This new rule applies to drones produced by entities tied to countries of concern which include:

- China
- Russia
- Iran
- North Korea

WHO ARE SOME OF THE PROHIBITED MANUFACTURERS?

Unless an exception applies or the funded agency has issued a waiver, the most common manufacturers that are now prohibited for use on anything funded federally are:

- Da-Jiang Innovations/DJI
- Autel Robotics
- Aerospace CH UAV Co., Ltd.
- Chengdu JOUAV Automation Tech Co., Ltd. (JOUAV)
- AEE

WHAT COUNTS AS A "COVERED DRONE"?

To be covered, a drone must either be fully manufactured by a prohibited entity or be custom-built with foreign components, such as cameras, radios, flight controllers, or software.

DOES THIS MEAN THAT I CAN NOT USE MY DRONE ANYMORE?

No, but you need to be very careful. The prohibition is for anything that is federally funded. You can use one of these drones if (1) you, your department, or the university already own it AND (2) it is not being used for anything federally funded.

As long as all of the other requirements of UVM's Unmanned Aircraft UOP are met, covered drones can be used for university operations such as the creation of marketing materials or promotional videos and natural disaster recovery efforts (to name a couple).

Be sure to read the policy and make sure you've met all the requirements before flying your drone.

CAN I STILL PURCHASE A COVERED DRONE OR CAN I USE MY PERSONAL DRONE EVEN IF IT IS COVERED?

Because the University receives federal funding for more than just sponsored research, while this regulation is in effect, the University will no longer purchase prohibited drones. If you already own one, it is your responsibility to ensure that it is not being used on a federally funded award… even if it's your own personal drone. If you choose to purchase one using your own money, you are still prohibited from using it on a federal award and you must still meet all the other requirements under UVM's Unmanned Aircraft UOP.

WHAT SHOULD I DO NOW?

If you use drones in your work, you should do the following:

1. Inventory what you have/what you use. Identify all drones used in research or for other work-related purposes.
2. Ensure that your drone (or other UAS including model aircraft) has been registered and that the use of your drone has been approved according to UVM's Unmanned Aircraft UOP. Contact the Office of Emergency Management if your drones are not registered or if you are not sure.
3. Flag any equipment from a prohibited manufacturer.
4. Transition federally funded projects to compliant drones.
5. Check before you buy and make sure that the manufacturer is not prohibited.

If you are using drones on a federal award, you must stop immediately and contact the UAS Working Group to determine next steps.

ARE THERE ANY COMPLIANT OPTIONS CURRENTLY?

Yes, with multiple tiers of compliance depending on requirements of the federal funding source:

NDAA-Compliant

- These systems are noted as compliant with NDAA FY24 regulations. There is no central database of NDAA-compliant UAS and sensors.
- These may be suitable for various federally funded research projects; however, you would need to confirm this with your funding agency.

AUVSI Green List

- Ensures product/device security and supply chain risk management compliance.
- All systems and components on Green UAS list are NDAA-compliant.

DCMA Blue List

- Primarily focused on US Defense Innovation Unit (DIU) Authority to Operate (ATO).
- Strictest security standards that meet qualifications for use by DoD. May be required for projects funded by USACE or other DOW departments.
- All systems and components on DCMA Blue List are NDAA-compliant.

WHERE CAN I FIND OUT MORE INFORMATION?

The text of the public law can be found here. Search for "1709" and then find 1709(a)(1). You can also use the "Consolidated Sanction List" and search for the drone or component manufacturer there. UVM's Emergency Manager, the Assistant Director for UAS, Spatial Analysis Laboratory, the Assoc. Chief Safety & Compliance Officer, and the Executive Director of Research Administration and Integrity are all good resources to get information related to drone usage on campus or for university activities including research.

https://www.uvm.edu/compliance/news/fraud-alert

University of Vermont

THE OFFICE OF COMPLIANCE & PRIVACY SERVICES

Inside UVM – July 7, 2026



Protecting UVM: What To Do If You Suspect Fraud

Fraud against the University, faculty, staff, and students can take many forms but it almost always involves money. We all need to be diligent, transparent, and open when or if we suspect fraud of any type. Read this to learn what you can do…

Fraud risks facing universities are increasing in scale and sophistication, driven by advances in AI and technology, and pose significant financial and reputational threats to UVM and to you.

While the University has taken proactive steps to mitigate these risks, including coordinated institutional efforts, timely reporting by faculty, staff, and students remains critical to preventing and responding to fraud. This ***Compliance Alert*** provides information on what else you should do if you suspect fraud.

THE THREAT IS REAL… AND IS GROWING!

From AI-generated phishing emails nearly indistinguishable from legitimate communications, to automated schemes targeting financial aid, procurement systems, and research data, to chemically washing paper checks to change the "Pay To" or the amount, the volume and complexity of fraud attempts directed at universities is growing. UVM is not exempt from this reality.

The University has taken a number of proactive steps to reduce fraud risk, including the establishment of a "Fraud Task Force" that brings together expertise from across the institution. But institutional safeguards are only part of the equation.

You are one of our most important lines of defense!!

WHAT FRAUD AGAINST RESEARCH UNIVERSITIES LOOKS LIKE

Fraud against universities includes any intentional deception or misrepresentation intended to result in an unauthorized benefit at the institution's expense. It can take many forms… many of which cross multiple categories (list not all encompassing):

- **Financial and accounting fraud** – falsifying financial records, misappropriating University funds, embezzling, failing to enter PTO or otherwise falsifying payroll data, manipulating paper checks and other financial transactions, or tricking employees into providing DUO codes so bad actors can change direct deposit information and steal employee paychecks
- **Procurement and vendor fraud** – creating fictitious vendors, billing for services not rendered, changing legitimate routing and account numbers to accounts owned by the bad actors, posing as vendor or banking employees in order to gain or change critical financial information, or kickback arrangements
- **Financial aid and tuition fraud** – submitting fraudulent enrollment applications then applying for financial aid after being accepted, using false address information to get in-state tuition, or misrepresenting eligibility for student aid
- **Institutional research fraud** – submitting false grant applications, misusing sponsored funds, research misconduct, or misrepresenting effort on research projects
- **Research participant fraud** – setting up "bots" to respond to paid research surveys thus collecting payment for numerous fake responses, providing false information to enroll in research projects for payment or to skew results
- **Technology-enabled fraud** – phishing schemes, fraudulent digital submissions, or other cyber-facilitated deception targeting University systems or resources

These are not hypothetical risks and UVM is not immune. Research survey fraud, attempts to re-route employee paychecks and vendor payments, phishing schemes, and more have occurred at UVM. Additionally, other institutions of higher education have faced all of these scenarios, some resulting in the loss of millions of dollars.

Fraud can originate internally or externally, involve large or small amounts, can be perpetrated through individual attempts as well as through the use of bots and other technology that blasts out thousands of attempts at one time, and they can carry serious financial, legal, and reputational consequences.

WHAT YOU SHOULD DO IF YOU SUSPECT FRAUD AGAINST UVM

You do not need to be certain that fraud has occurred. If something doesn't look right, please SPEAK UP and speak up IMMEDIATELY!! The sooner we act, the better chance we have to prevent the fraudster(s) from being successful. Report your concern promptly using the appropriate channel:

Type of Suspected Fraud	Who to Notify
Cyber-enabled fraud (phishing, hacking, digital identity theft targeting UVM systems, etc.)	Information Security Office: iso@uvm.edu uvm.edu/it/information-security-office
Non-cyber fraud (financial, procurement, research, vendor, aid, etc.)	Office of Compliance & Privacy Services: compliance@uvm.edu uvm.edu/compliance Via the *HELP*Line: uvm.edu/compliance/helpline

When you make a report, try to include as much detail as you can. Let us know what you observed, when, who may be involved, and any supporting documentation including emails and attachments. Our team will take it from there.

A NOTE ABOUT PERSONAL FRAUD

The University's fraud prevention efforts are focused on fraud directed at UVM… its funds, systems, research, and operations. If you believe you have personally been the victim of fraud or identity theft unrelated to University business, we encourage you to reach out to the Vermont Attorney General's Consumer Assistance Program, the Federal Trade Commission (www.reportfraud.ftc.gov), your financial institution, or to law enforcement for guidance. While these matters fall outside the University's purview, we are always happy to help point you in the right direction.

WHERE CAN I FIND OUT MORE INFORMATION?

- **Federal Trade Commission (FTC)**
- **Federal Bureau of Investigation (FBI)**
- **Department of Education**
- **UVM has also developed internal guidance regarding research survey fraud that can be found here.**

We will continue to provide guidance as scams are identified.

Contact the Office of Compliance and Privacy Services at compliance@uvm.edu or 802-656-3086 with questions or if you would like us to come talk about this at one of your staff meetings.

https://www.uvm.edu/compliance/news/privacy-matters-2

University of Vermont

THE OFFICE OF COMPLIANCE & PRIVACY SERVICES

Inside UVM – February 6, 2026



Understanding The Department of Justice's Final "Bulk Data Rule"

If you work with Bulk "Sensitive Personal Data" (biometric identifiers, human 'omic data, precise geolocation, personal health and financial data, and covered personal identifiers) or "U.S. Government-Related Data" (sensitive data linked to former federal employees or contractors, and geolocation data tied to sensitive government locations)... or if you're not sure whether you work with Bulk Data and want to know more... READ THIS!

In alignment with Executive Order 14117 and the U.S. Department of Justice's Final Rule (effective April 8, 2025), the University of Vermont is issuing this ***privacy matters*** to reinforce institutional safeguards against unauthorized access to covered data by foreign entities or individuals affiliated with countries of concern.

Failure to comply with the requirements of this rule could result in criminal, civil, and/or administrative penalties, loss of federal funding or UVM's ability to enter into contracts and may result in significant reputational harm. To prevent violations, we

must ensure that we adhere to the rules and regulations as it relates to the sharing of covered data with foreign entities or individuals from countries of concern.

WHAT IS COVERED DATA?

According to the rule, **bulk sensitive personal data** includes biometric identifiers, human genomic and 'omic data, precise geolocation, personal health and financial data, and covered personal identifiers (e.g., SSNs, passport numbers). The threshold for defining a dataset as "bulk" is determined separately for each data category. It also includes **government-related data** that is linked to former federal employees or contractors and geolocation data tied to sensitive government facilities. There is no threshold for bulk volume for government-related data.

WHO ARE COVERED PERSONS?

Under this rule, "**Covered Persons**" are entities or individuals:

- Based in or operating from China (including Hong Kong and Macau), Cuba, Iran, North Korea, Russia, or Venezuela
- Employed by or majority-owned by entities in these countries
- Designated by the U.S. Attorney General as a national security risk

WHAT IS CONSIDERED A PROHIBITED TRANSACTION?

If a member of UVM's workforce (faculty, staff, researchers, contractors) licenses, transfers, or provides access to covered data to covered persons, engages in research collaborations or cloud services that could expose such data, or uses third-party vendors or platforms that do not meet federal cybersecurity standards, they have engaged in a prohibited transaction.

SHOULD I WORRY?

Yes, but…

Currently, we are not aware of any transactions classified as Restricted Transactions under this regulation. However, if you are working with "bulk data" or partnering with "covered entities," it is important to evaluate whether a data security framework is required. Should any Restricted Transactions arise in the future, you are required to establish a robust Data Security Program (DSP), including the following, before moving forward:

- Meeting Cybersecurity and Infrastructure Security Agency (CISA) guidelines, such as implementing access restrictions, conducting risk assessments, and applying controls at the data level;
- Maintaining a Data Compliance Program, which sets forth processes for risk-based evaluations and requires yearly certifications; and
- Fulfilling audit and documentation obligations.

Any UVM faculty or staff member interested in pursuing Restricted Transactions must promptly contact UVM's Information Security Officer to verify whether such activity is permissible.

WHAT DO I NEED TO DO?

To remain compliant with the regulations, start by examining your data use contracts and vendor partnerships. Consider whether you handle any data types governed by these rules—such as large-scale U.S. Sensitive Data or U.S. government-related information. Assess if you share this data with people or organizations based in, or owned by entities from, the Countries of Concern (Cuba, China, Hong Kong, Macau, Russia, Venezuela, Iran, and North Korea). For further assistance or clarification, reach out to UVM's Research Security Program.

WHERE CAN I FIND MORE INFORMATION?

The International Association of Privacy Professionals (IAPP) has created a cheat sheet that provides additional information.

UVM has developed "Internal Guidance on the DOJ Bulk Data Rule". Go to UVM's Research Data Management page and scroll down to the DOJ Bulk Data Rule section. From there, you can find the internal guidance.

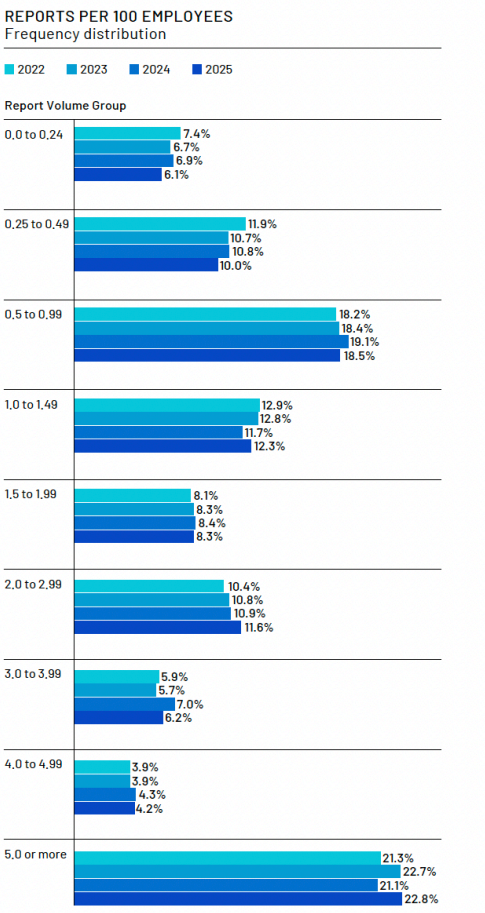
If you have questions, please reach out to the Information Security Office at iso@uvm.edu, the Office of Compliance & Privacy Services at privacy@uvm.edu, or to Research Administration and Integrity at rai@uvm.edu.

Addendum D – HelpLine Report

In Fiscal Year 2026, UVM received 17 HelpLine reports, a decrease from 27 the previous fiscal year. However, calendar year-to-date reports rose to 24, up from 7 in CY'25. Since inception through September 14, 2026, UVM has logged 307 reports, with 301 closed. Of the 6 open cases, 5 are under further investigation or audit, and 1 is in pre-investigation.

The Office actively monitors trends and benchmarks against Navex Global's 2026 Hotline & Incident Management Benchmark Report ("the benchmark report"). This analysis of reporting trends is essential to interpreting emerging risks and cultural implications. UVM's reporting rate stands at 0.65 per 100 employees. When comparing this to organizations of our size (2,500 – 50,000 employees) across all industries, this rate places us on the lower end of the spectrum. According to the benchmark report, volume across all industries shows that 18.5% of organizations receive between .5 and .99 reports per 100 employees. Chart 1-1 below affirms that we are in-line with other industries in this respect.

CHART 1-1

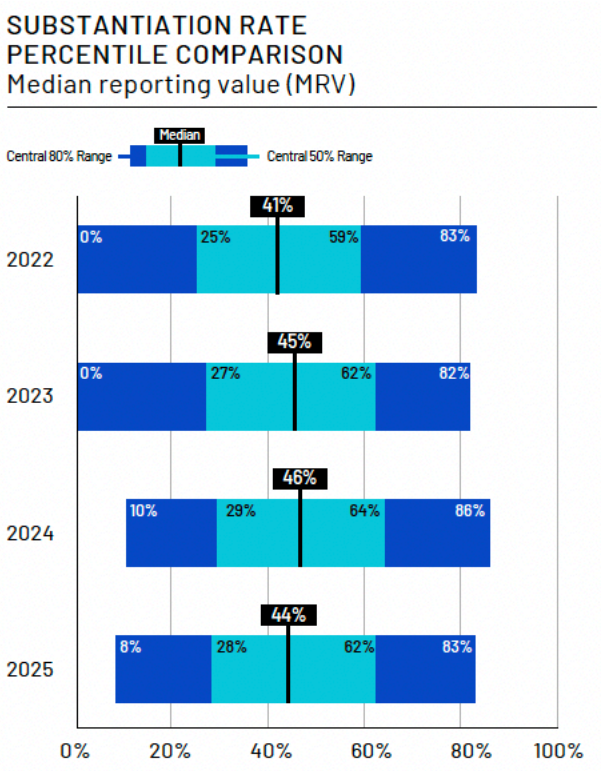


The charts that follow illustrate that the HelpLine reports span a wide array of issue categories, reflecting the complex regulatory landscape of higher education. UVM's HelpLine tool enables nuanced classification of report outcomes beyond simple substantiation, including "undetermined", "partially substantiated", and "other". At UVM,

reports classified as “other" are those that fall outside the scope of the HelpLine such as reports that were intended to go to UVM Medical Center. The “undetermined” category typically represents those that did not contain sufficient detail to investigate and, despite attempts to obtain more information from the reporter, we did not receive the requested information.

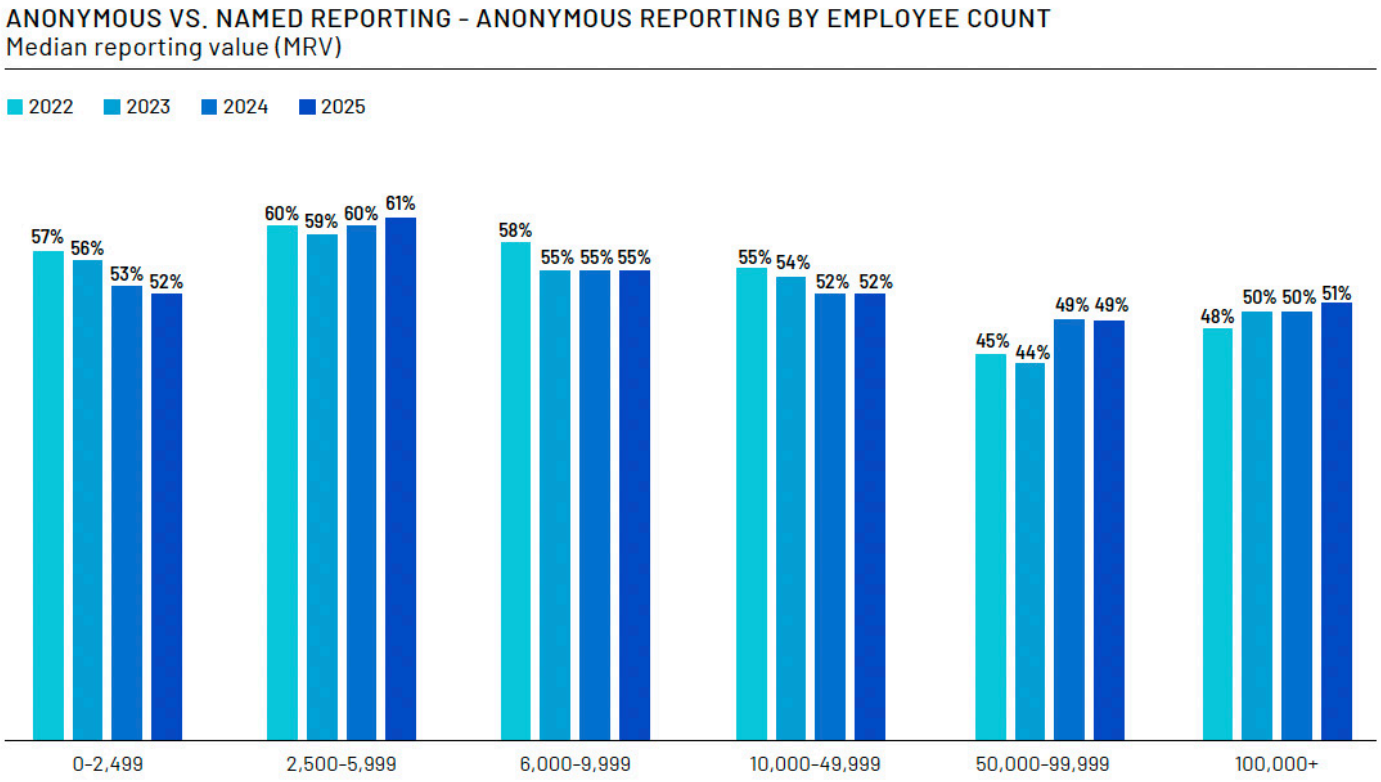
UVM’s Overall Substantiation Rate was 36.42%, rising to 48.08% when excluding reports that were received in error, insufficient, or inquiry-only reports. Compared to other institutions of our size, UVM is in the middle of the median (Chart 1-2). These figures suggest strong program communication and proper use by community members.

Chart 1-2

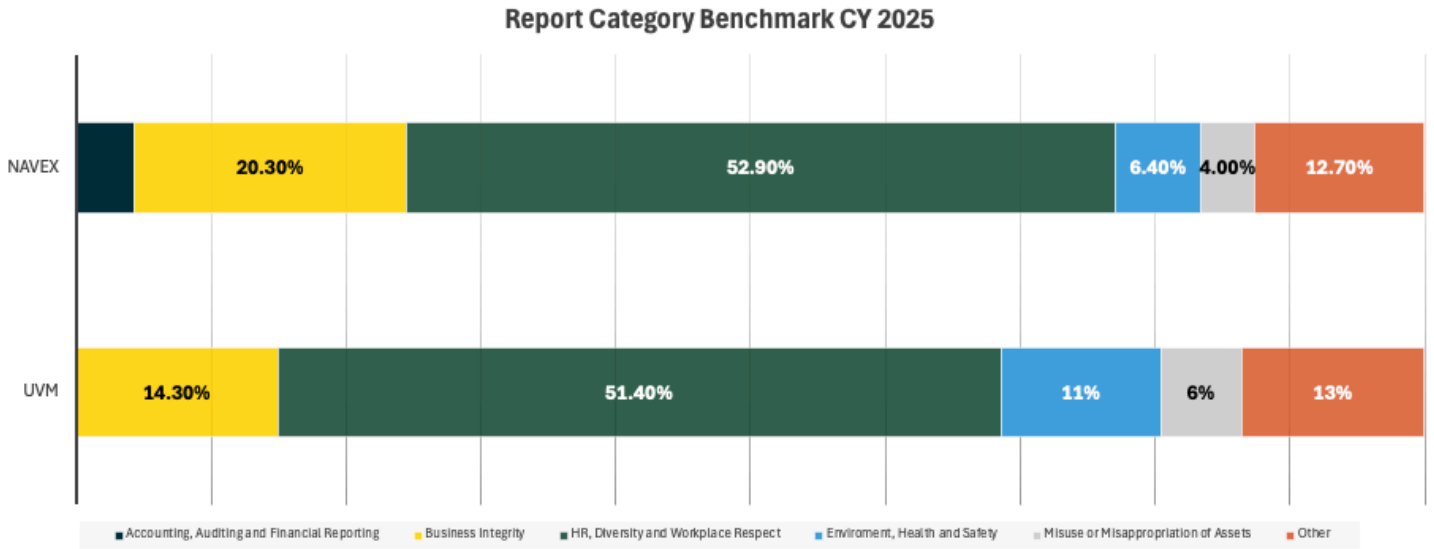


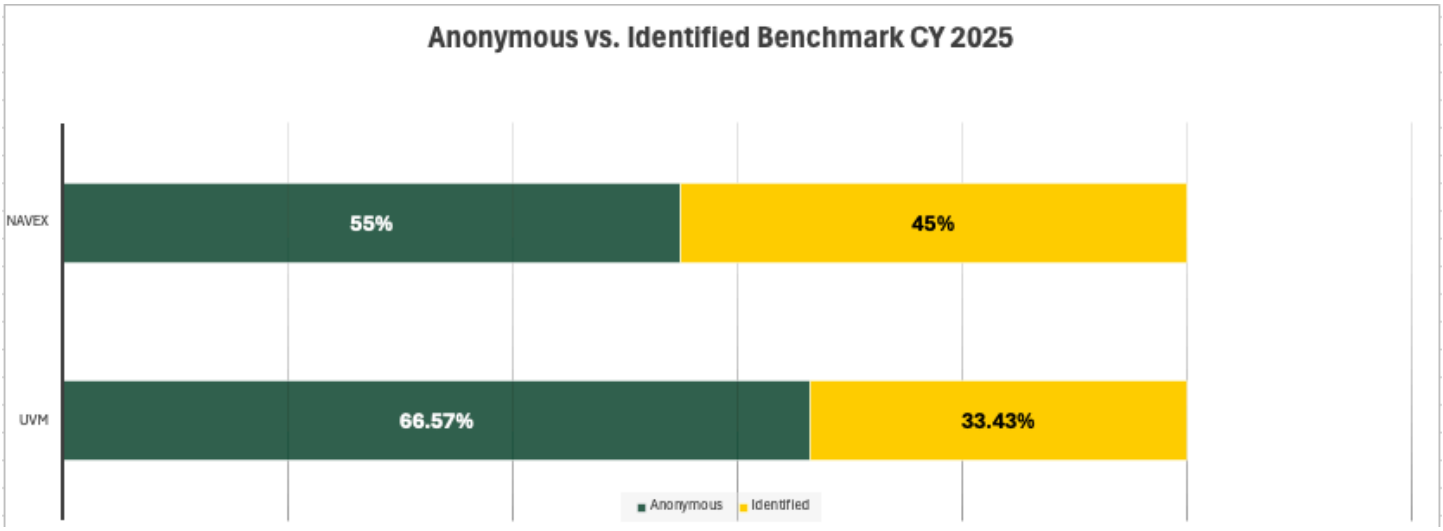
Anonymous reports remain more difficult to investigate because anonymous reporters often do not check back in after they have filed their report. The result is that obtaining follow-up information can be challenging, if not impossible. In 2025, 65.71% of UVM reports were anonymous or partially anonymous, approximately 1% lower than the prior year. The combined rate increased from 3.5% to 66.57%, exceeding the 61% median for midsize organizations. Although the benchmark report does not present higher education statistics separately, informal peer comparisons suggest UVM remains below the approximately 75% rate reported by other institutions. Organizations with 2,500–5,999 employees also report the highest anonymous-reporting rate across industries at 60%, providing additional context for UVM’s results (Chart 1-3).

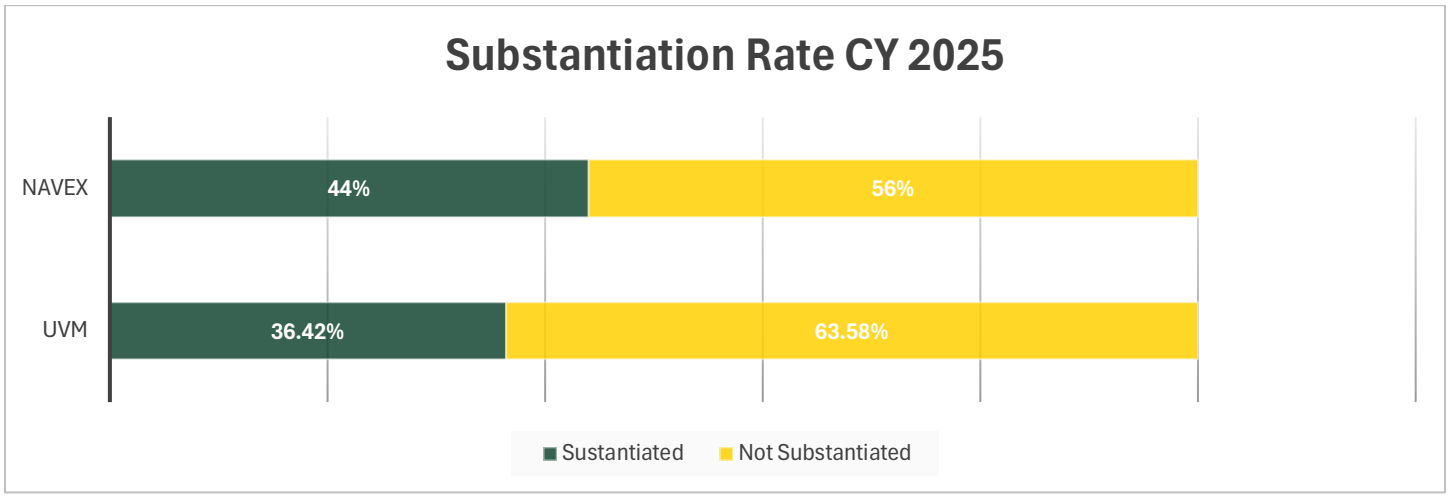
Chart 1-3



UVM HelpLine Data

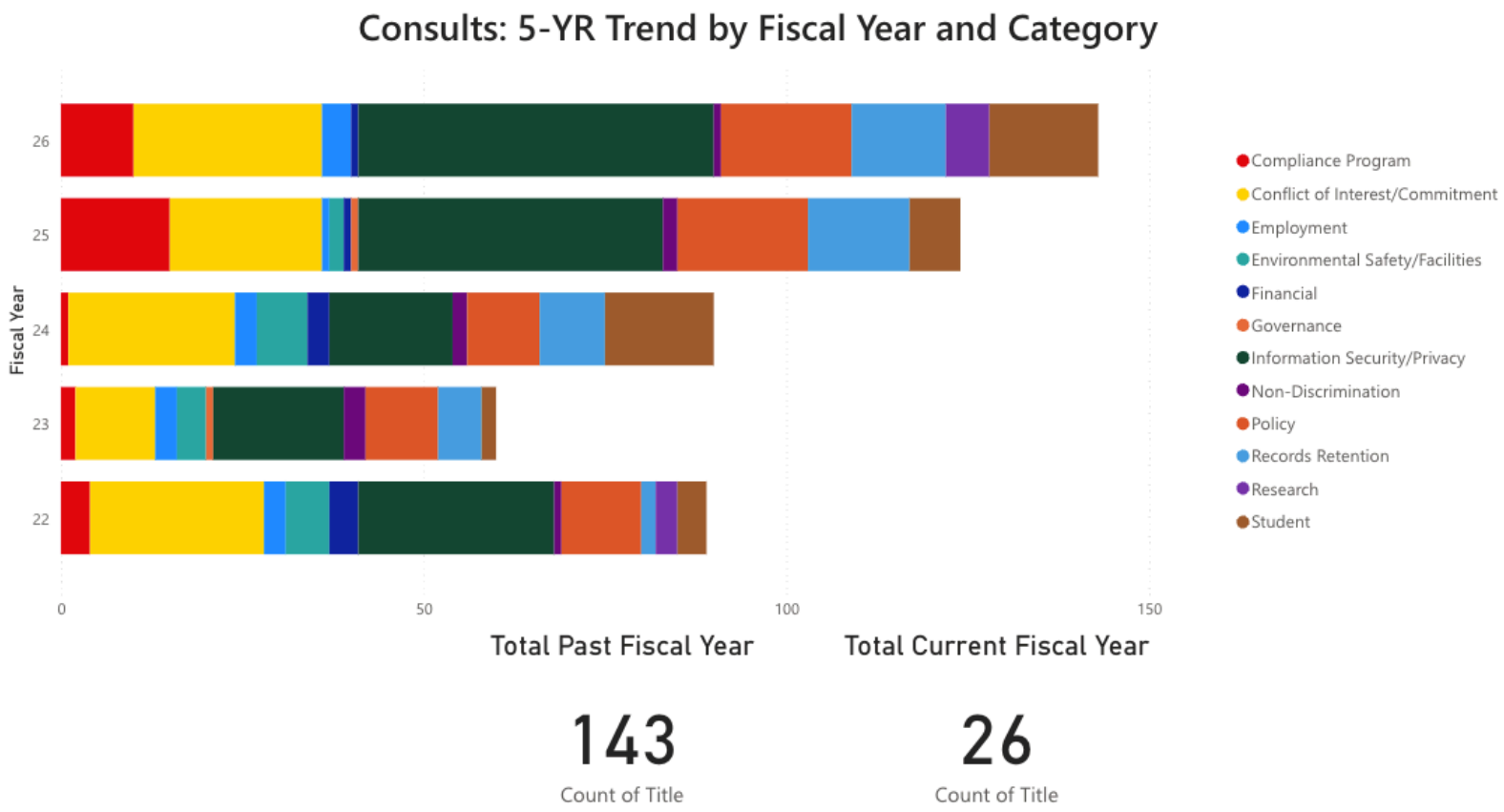



Anonymous vs. Identified Benchmark CY 2025
NAVEX
55%
45%
UVM
66.57%
33.43%
Anonymous
Identified

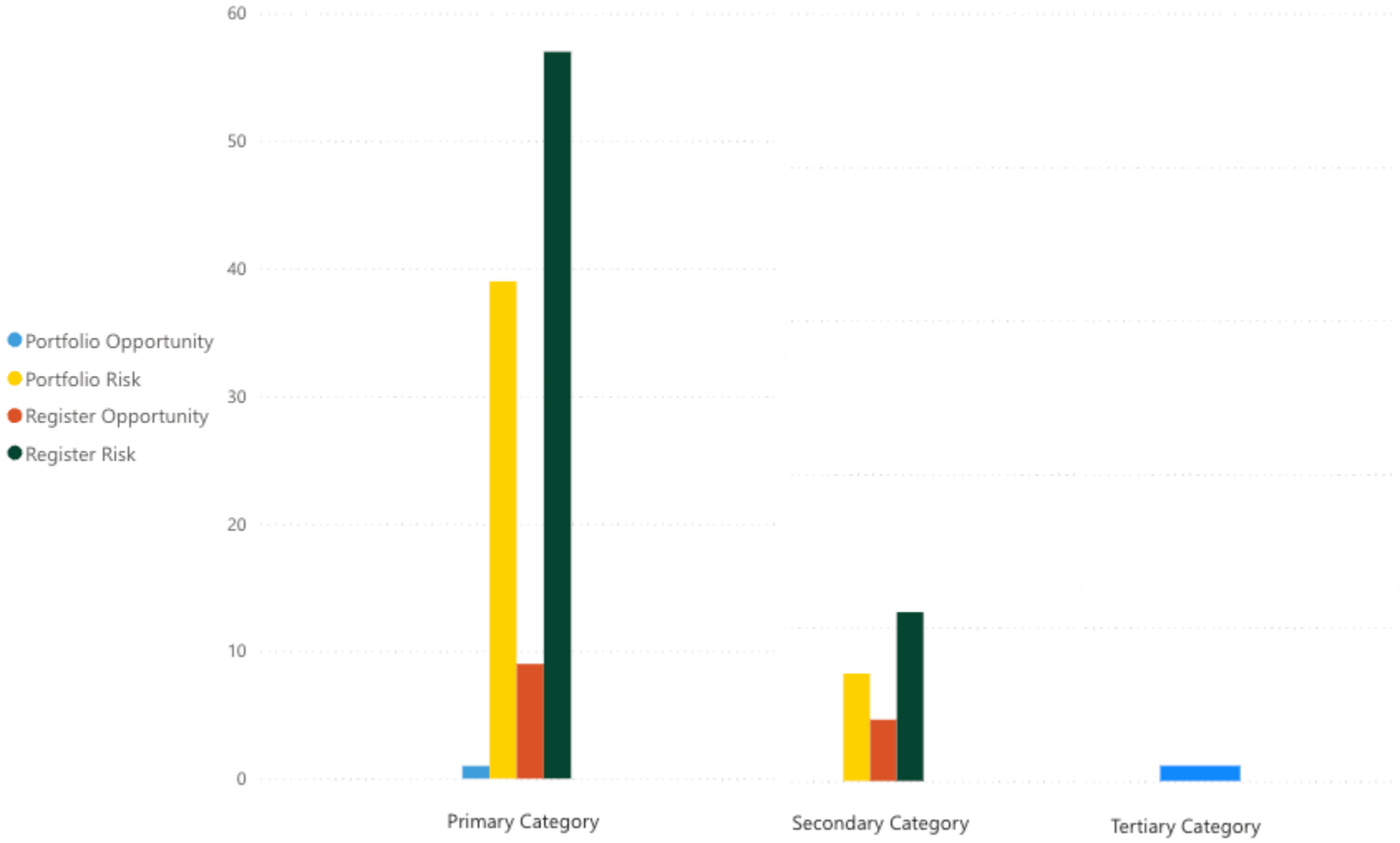

Substantiation Rate CY 2025
NAVEX
44%
56%
UVM
36.42%
63.58%
Sustantiated
Not Substantiated

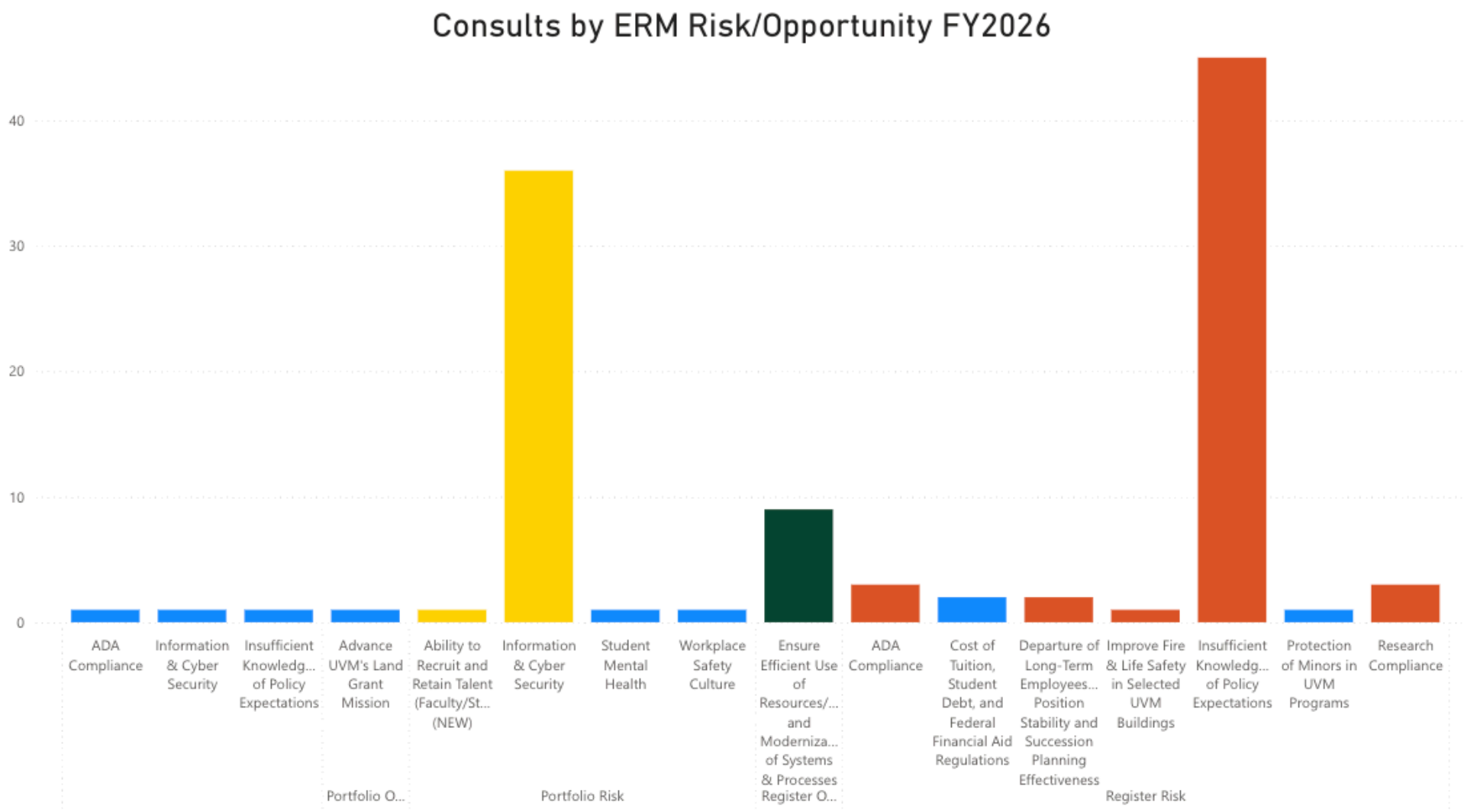
Addendum E – Dashboard

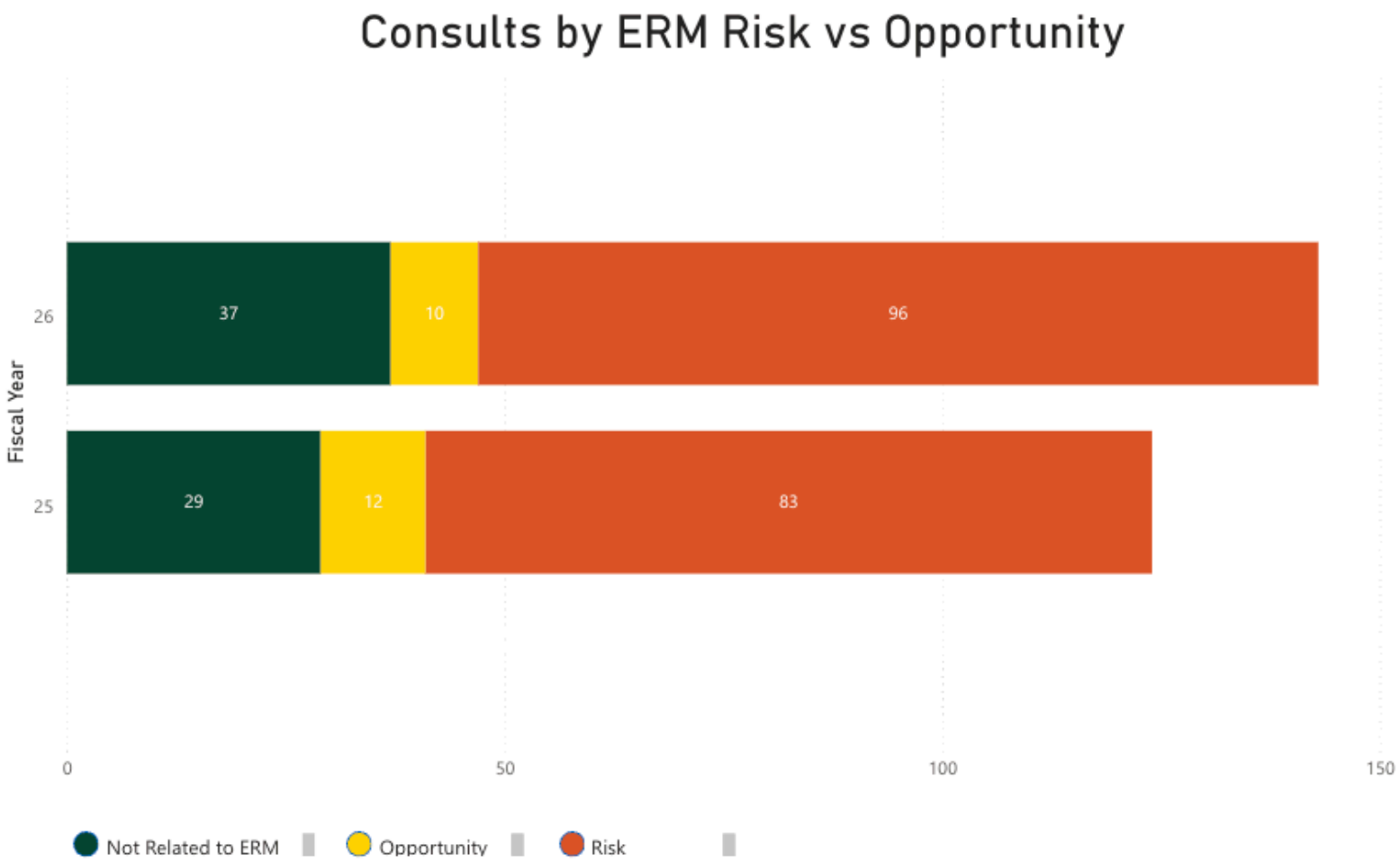
PROGRAM ELEMENT	STATUS	TOTAL	TIMEFRAME	COMMENTS/PLAN
CONTINGENT: CONSULTS, NEW COMPLIANCE ISSUES & COMPLIANCE PROGRAM OPERATIONAL ACTIVIES				
CONSULTS	TOTAL FY 2025	124	7/1/2024 – 6/30/2025	
	TOTAL FY 2026	143	7/1/2025 – 6/30/2026	



Consults ERM Crosswalk FY 2026




Consults by ERM Risk/Opportunity FY2026
40
30
20
10
0
ADA Compliance
Information & Cyber Security
Insufficient Knowledg... of Policy Expectations
Advance UVM's Land Grant Mission
Ability to Recruit and Retain Talent (Faculty/St... (NEW)
Information & Cyber Security
Student Mental Health
Workplace Safety Culture
Ensure Efficient Use of Resources/... and Moderniza... of Systems & Processes
ADA Compliance
Cost of Tuition, Student Debt, and Federal Financial Aid Regulations
Departure of Long-Term Employees... Position Stability and Succession Planning Effectiveness
Improve Fire & Life Safety in Selected UVM Buildings
Insufficient Knowledg... of Policy Expectations
Protection of Minors in UVM Programs
Research Compliance
Portfolio O...
Portfolio Risk
Register O...
Register Risk



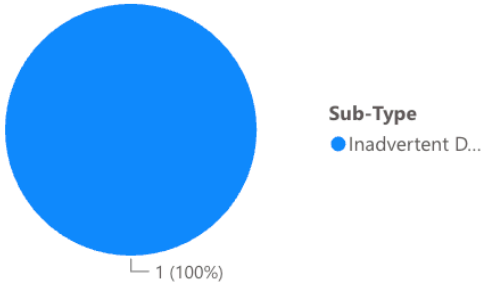
96
Risks

10
Opportunities

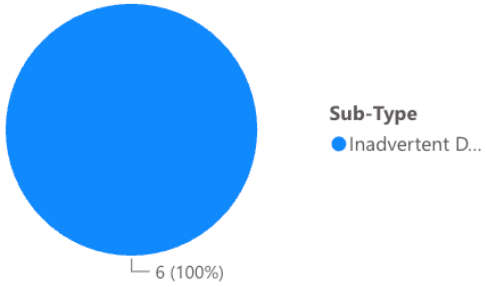
Data Incidents FY2026

Total for FY 26: 7

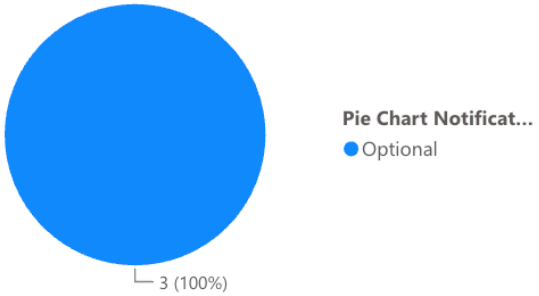
External



Internal

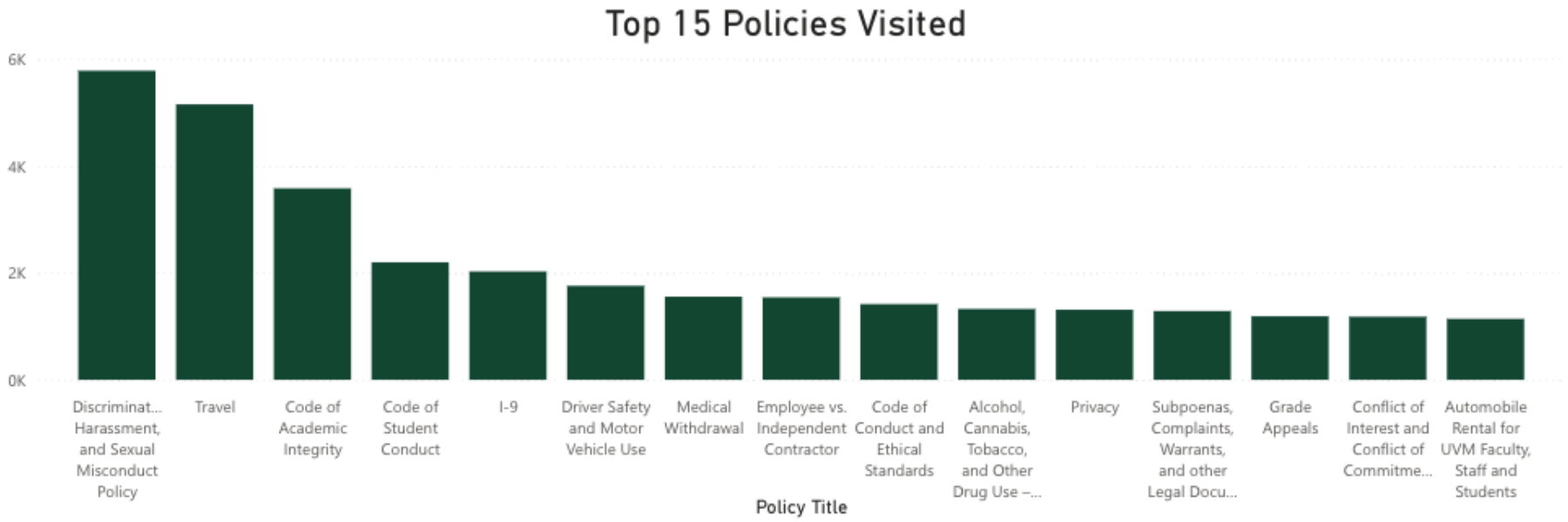


Notification Type



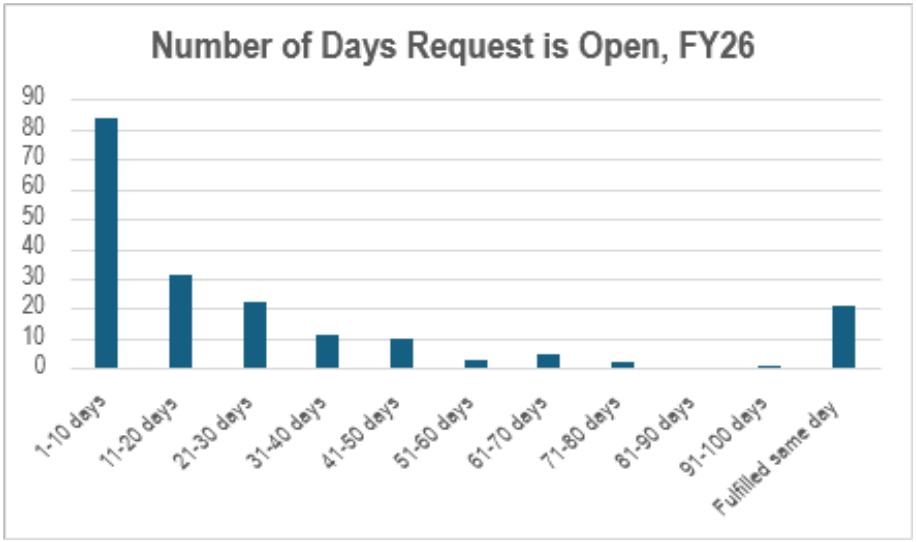
Addendum F – Policies

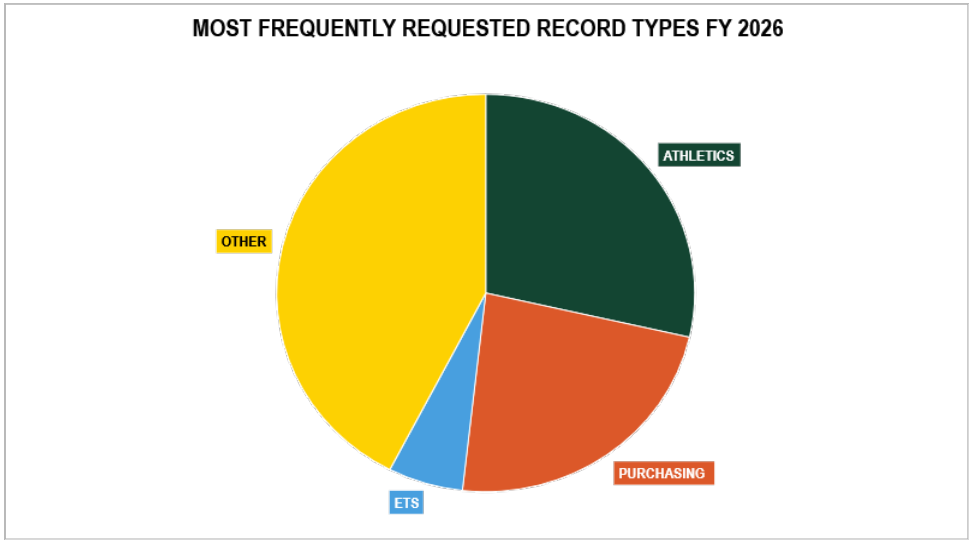
PROGRAM ELEMENT	STATUS	TOTAL	TIMEFRAME	COMMENTS/PLAN
CONTINGENT: CONSULTS, NEW COMPLIANCE ISSUES & COMPLIANCE PROGRAM OPERATIONAL ACTIVIES				
POLICIES	New Policies or UOPs, FY 2026	1	7/1/2025 – 6/30/2026	
	Revised Policies or UOPs, FY 2026	13	7/1/2025 – 6/30/2026	
	Total Policies	99	7/1/2025 – 6/30/2026	
	Total Operating Procedures	62	7/1/2025 – 6/30/2026	



PROGRAM ELEMENT	STATUS	FY25	FY26	COMMENTS/PLAN
CONTINGENT: CONSULTS, NEW COMPLIANCE ISSUES & COMPLIANCE PROGRAM OPERATIONAL ACTIVITIES				
Government Reviews	**Total FY 2026**	**2**	**7/1/2025 - 6/30/2026**	
Date	**Compliance Category**	**Review Description**	**Comments**	**Outcome Synopsis**
9/11/2025	Research	FDA IRB site visit	Review of all research clinical trials under purview of the FDA for investigational drugs and devices in the last three years.	Closed
8/21/2025	Student	CAP (Consumer Assistance Program) Audit	The State of Vermont is conducting an audit on its own program, the Consumer Assistance Program, which partners with UVM. UVM is not the subject of the audit, but is providing supporting documentation upon request.	Closed

PROGRAM ELEMENT	STATUS	FY25	FY26	COMMENTS/PLAN
CONTINGENT: PUBLIC RECORDS REQUESTS				
Public Records Requests	Total Requests	168	224	
	Median # of Days Open	8	27	
	Total Appeals	4	1	


Number of Days Request is Open, FY26
90
80
70
60
50
40
30
20
10
0
1-10 days
11-20 days
21-30 days
31-40 days
41-50 days
51-60 days
61-70 days
71-80 days
81-90 days
91-100 days
Fulfilled same day


MOST FREQUENTLY REQUESTED RECORD TYPES FY 2026
ATHLETICS
OTHER
PURCHASING
ETS

2027 Draft Compliance Work Plan

November 2, 2026

Board of Trustees
Audit Committee

Prepared By

Tessa Lucey, Associate Chief Safety and
Compliance Officer | Chief Privacy Officer

Calendar Year 2027

Office of Compliance & Privacy Services

Annual Work Plan



Prepared for the Audit Committee of the Board of Trustees

Office *of* Compliance & Privacy Services

Michael Schirling
Chief Safety and Compliance Officer

Tessa Lucey
Associate Chief Safety & Compliance Officer and Chief Privacy Officer

Maureen Jennings
Records Custodian and Compliance Coordinator

Danielle Slauzis
Institutional Policy Manager and Compliance Coordinator

Amy Vile
Administrative Assistant

Executive Summary



CY2027 Direction

A focused, risk-based portfolio that preserves critical carry-forward work while increasing UVM's capacity to respond to research, data, AI, fraud, and regulatory volatility.

The Office of Compliance and Privacy Services (OCPS) partners closely with the University community to foster a culture of compliance, integrity, and accountability. Through proactive engagement, OCPS aims to identify, prevent, and address violations of laws, regulations, and University policy and protocols.

To support this mission, OCPS develops an annual Work Plan that guides priorities and resource allocation. The 2027 Work Plan supersedes prior versions shared with management and the Audit Committee of the Board of Trustees. The Work Plan establishes a risk-based framework to ensure the effective deployment of limited staff resources toward high-impact activities. Work Plan priorities are aligned to address financial, operational, regulatory, and privacy compliance across the institution.

CY2027 Compliance & Privacy Work Plan List

This chart provides a summary of the proposed 2027 Work Plan items.

WORKPLAN ITEM	TYPE	STATUS	2026 ERM TITLE	STRATEGIC PILLAR
Data Governance Policy & Standards Program	**Carry Forward**	**In Progress**	Cybersecurity, Data Governance, and Fraud Exposure	Pillar 4 - Enable Excellence
Research Security Program Maturation	**Carry Forward**	**In Progress**	Federal Research Funding Uncertainty and Research Compliance Burden	Pillar 2 – Study What Matters
Artificial Intelligence Governance Framework	**New**	**In Progress**	Institutional AI Adoption, Governance, and Capability	Pillar 4 – Enable Excellence
Compliance Program Effectiveness Assessment	**Carry-Forward**	**Planned**	Compliance Process Improvement Including Accessibility and Improved Training Systems	Pillar 4 - Enable Excellence
Regulatory Change Management Program	**New**	**Planned**	Federal Policy Volatility and Institutional Compliance Capacity	Pillar 4 - Enable Excellence
Policy Process Improvement/Modernization	**Carry-Forward**	**In Progress**	Decentralized Operating Model, Process Ownership and Decision Authority; Administrative and Technology Process Modernization	Pillar 4 - Enable Excellence
Incubator Project: UVM Volunteer Program Framework	**New**	**Planned**	Compliance Process Improvement Including Accessibility and Improved Training Systems	Pillar 4 - Enable Excellence
Non-UVM Physical and Technological Access Governance	**Carry-Forward**	**In Progress**	Cybersecurity, Data Governance, and Fraud Exposure	Pillar 4 - Enable Excellence
Workplace Safety Culture Initiative	**Carry-Forward**	**Planned**	Safety, Security, and Emergency Preparedness Capability	Pillar 1 - Forge Bold Futures

Records Retention Schedule Review	**Carry Forward**	**Planned**	Cybersecurity, Data Governance, and Fraud Exposure	Pillar 4 - Enable Excellence
Higher-Education Fraud Risk Assessment	**New**	**Planned**	Cybersecurity, Data Governance, and Fraud Exposure	Pillar 4 - Enable Excellence
Compliance Risk Intelligence & Dashboard Program	**New**	**Planned**	Risk Tolerance Calibration and Process Efficiency; Federal Policy Volatility and Institutional Compliance Capacity	Pillar 4 - Enable Excellence
Compliance Training Framework	**New**	**In Progress**	Compliance Process Improvement Including Accessibility and Improved Training Systems	Pillar 4 - Enable Excellence
AI, Privacy & Research Compliance Education	**New**	**Planned**	Institutional AI Adoption, Governance, and Capability; Cybersecurity, Data Governance, and Fraud Exposure; Federal Research Funding Uncertainty and Research Compliance Burden	Pillar 2 - Study What Matters
Compliance Accountability Framework	**Carry-Forward**	**Planned**	Decentralized Operating Model, Process Ownership and Decision Authority	Pillar 4 - Enable Excellence
Compliance & Privacy Programmatic Operations	**Programmatic/ Operational**	**Ongoing**	Federal Policy Volatility and Institutional Compliance Capacity	Pillar 4 - Enable Excellence

Methodology



The Seven Elements

UVM's Compliance and Ethics Program and annual Work Plan are grounded in the seven elements of an effective compliance program established in Chapter 8 of the U.S. Federal Sentencing Guidelines. The Work Plan also incorporates institutional and strategic priorities and emerging risks.

The following inputs were incorporated into the development of the 2027 Compliance Work Plan:

1. **Enterprise Risk Management (ERM) Assessment:** Results from the 2024 and 2026 biennial ERM assessment were integrated to align compliance activities with identified institutional risks.
2. **Issue and Trend Analysis:** OCPS reviewed internal and external reports, compliance consults, HelpLine and reporting data, government reviews, peer institution focus areas, and other sources to identify patterns and emerging issues.
3. **Industry Benchmarking:** Publications from professional organizations, best practice guidance, and external audit findings were analyzed to inform planning.
4. **Drafting and Review:** This preliminary Work Plan was created based on these inputs. The Audit Committee has the opportunity to review and recommend changes to the identified Work Plan items.
5. **Finalization:** The final Work Plan will be used guide resource allocation and compliance priorities for the coming year.

Resources and Allocation



Budget and Staffing

Roughly 96% of OCPS's operating budget is dedicated to the salaries and benefits of the 3.5 full-time equivalents (FTE) in the department.

The Compliance Work Plan allocates staff capacity using an annual baseline of 1,950 hours per FTE (260 workdays at 7.5 hours per day). Direct hours support planned and unplanned compliance initiatives, while indirect hours cover administration, professional development, leave, and holidays.

For calendar year 2027, OCPS has 6,825 available hours, allocated across the categories below to align resources with institutional priorities and risk-based planning.

Categories	Total	%
Direct hours	4,368	64%
Indirect hours	2,457	36%
Total Compliance	**6,825**	**100%**

CY 2027 Compliance Work Plan

New for 2027, the Work Plan organizes initiatives into three tiers. Tier 1 includes high-risk priorities reported to the Audit Committee and highlighted for senior leadership. These initiatives generally require sustained executive sponsorship, cross-functional governance, and regular Audit Committee oversight. Tier 2 includes defined risk-reduction projects with accountable partners, measurable deliverables, and actively managed dependencies Tier 3 includes contingent, operational, and program-maturity initiatives that strengthen infrastructure, consistency, evidence, reporting, and long-term sustainability. The proposed 2027 Work Plan includes 16 initiatives, distributed as follows:

16	5	6	5
TOTAL WORK PLAN ITEMS	TIER 1 ITEMS	TIER 2 ITEMS	TIER 3 ITEMS

Risk and Planning Context

As described in the Methodology section, the 2027 Work Plan draws on multiple planning inputs that point to a common conclusion: compliance risks are increasingly interconnected. Research funding, data use, AI, third parties, fraud, workforce capacity, and public trust can no longer be managed in isolation. Reducing non-compliance risk requires repeatable processes, reliable operational systems, and clearly assigned responsibilities.

Internal Signals

This section reflects individual planning inputs and source activities, some of which are consolidated into broader Work Plan initiatives; accordingly, the number of listed inputs does not correspond one-to-one with the 16 Work Plan items.



FY2026 Carry-Forward Work Plan Items

The following items remain unfinished or deferred:

- Policy Process Improvement/Modernization
- Data Governance Policy & Standards Program (formerly “Data Governance Policies and Procedures”)
- Research Security Program Maturation (formerly “Research Data Security”)
- Non-UVM Physical and Technological Access Governance (formerly “Access for Non-UVM Employees”)
- Workplace Safety Culture Initiative (formerly “Workplace Safety Policy”)
- Compliance Accountability Framework (formerly “Promote Accountability for Compliance”)
- Compliance Program Assessment



Contingent/Operational Work Plan Items

These items reflect OCPS’s routine work and areas of on-going oversight:

- Contingent: Records Retention Schedule Review
- Contingent: Consults, New Compliance Issues, Government Reviews, Data Incidents
- Contingent: Public Records Response
- Operational: HelpLine Oversight



2026 ERM Identified Work Plan Items:

The following Work Plan items were derived from the ERM assessment and were identified due to the presence of compliance risk:

- Artificial Intelligence Governance Framework
- UVM Volunteer Program Framework
- Compliance Data Collection, Visualization, and Reporting
- Compliance Training Framework
- AI, Privacy, & Research Compliance Education
- Higher-Education Fraud Risk
- Regulatory Change Management Program

External Signals

Higher-education benchmarking consistently emphasizes AI governance, cybersecurity and data governance, regulatory volatility, third-party risk, fraud, accessibility, federal research compliance, enrollment and financial pressure, and institutional capacity. These external themes reinforce, rather than replace, UVM's internally identified priorities.

Work Plan Prioritization Principles

- Alignment with high-scoring ERM risks and opportunities
- Material legal, financial, operational, human, or reputational exposure
- Need for enterprise coordination across decentralized units
- Ability to produce durable, repeatable, and sustainable governance, controls, training, or monitoring
- Realistic sequencing within available staff capacity

2027 Draft Internal Audit Work Plan

November 2, 2026

Board of Trustees
Audit Committee

Prepared By
Sara Timmerman, Chief Internal Auditor

2027 Internal Audit Work Plan

Introduction

The Office of Audit Services develops its annual risk-based work plan to direct limited resources toward the risks and strategic objectives where independent assurance and advisory services can provide the greatest value. The 2027 plan is informed by UVM's Enterprise Risk Management process, the Green, Gold & Bold strategic plan, input from senior leadership and the Audit Committee, prior assurance results, compliance and claims trends, emerging risks and the work of other assurance providers.

Available resources do not permit annual coverage of every significant institutional risk. The plan therefore prioritizes higher-risk areas, mandated responsibilities, and topics where control weaknesses could significantly affect UVM's mission, operations, compliance obligations, or public trust. The plan will remain dynamic, and significant changes or resource constraints affecting assurance coverage will be communicated to the Audit Committee for approval.

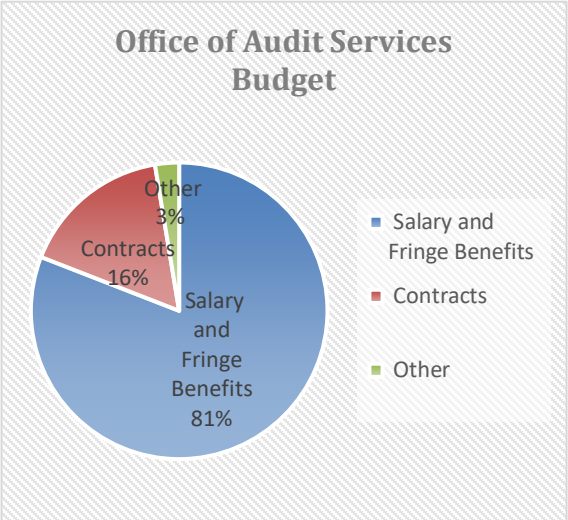
Methodology for Development of the Internal Audit Work Plan

1. Considered the University's strategies, objectives, and risks, including results from the Enterprise Risk Management process and the Green, Gold & Bold strategic plan.
2. Considered input from the Audit Committee, senior leaders, and other key stakeholders regarding significant risks and potential audit priorities.
3. Evaluated issue trends identified through internal and external audit reports, Ethics and Compliance Reporting and Helpline reports, claims data, regulatory developments, and emerging risks.
4. Considered coverage provided by external auditors, Compliance and Privacy Services, Risk Management, and other assurance and monitoring functions to reduce unnecessary duplication and identify potential assurance gaps.
5. Considered coverage of information technology governance, fraud risk, compliance and ethics programs, and other significant institutional risks.
6. Prioritized proposed assurance and advisory engagements based on risk significance, strategic alignment, regulatory or operational importance, available resources, and the value that independent review could provide.

Available Resources and Allocation of Staff Hours

Budget

Approximately 81 percent of the Office's operating budget is dedicated to the salaries and benefits of four audit and administrative professionals, 16 percent to the internal audit co-sourcing contract, and 3 percent to operating.



Staff Allocation

The allocation of staff hours is based on full-time work year equivalent to 1,950 hours per person. Direct hours are allocated to planned and contingent assurance and advisory engagements, investigations, data analytics and audit recommendation follow up. Indirect hours support Audit Committee activities, administration, staff development, quality assurance and improvement activities, and other responsibilities necessary to manage the Internal Audit Function. The Office expects 5,362 total hours available as follows:

Categories	Total	%
Audit Direct hours	**3,485**	**65%**
Audit Indirect hours	**1,877**	**35%**
Total Audit	**5,362**	**100%**

2027 Internal Audit Work Plan

Based on our annual risk assessment, stakeholder input, strategic alignment, existing assurance coverage, and available resources, the following projects are proposed for inclusion in the 2027 Internal Audit Work Plan.

Audit, Advisory or Other Project	Green, Gold & Bold Pillar	Portfolio ERM Risk Category	Planned Coverage
Enterprise Cybersecurity Audit	Enable Excellence	Information, Data & Cybersecurity	Co-sourced audit engagement with Baker Tilly to assess UVM's cybersecurity governance, risk management and control environment
Research Cost Allocation & Related Sponsored Award Controls Audit	Study What Matters	Research, Innovation & Mission Advancement; Financial Stability & Resource Stewardship	The audit will evaluate if cost allocation processes and related sponsored project controls support accurate, consistent and compliant allocation of project costs and the effective stewardship of sponsored funding
Laboratory Safety Governance and Oversight Audit	Study What Matters	Regulatory, Legal and Compliance Environment; People, Talent & Leadership Continuity	The audit will evaluate governance, accountability, oversight and selected key controls supporting laboratory safety programs
Research Security Compliance Awareness and Training Audit	Study What Matters	Research, Innovation & Mission Advancement; Regulatory, Legal & Compliance Environment	The audit will assess whether training, awareness, and monitoring, and related accountability processes support compliance with applicable research security, foreign influence, export control, and disclosure requirements
Performance Review Audit	Enable Excellence	People, Talent & Leadership Continuity	The audit will assess whether employee performance evaluations are completed timely and consistently and in accordance with applicable University requirements

Audit, Advisory or Other Project	Green, Gold & Bold Pillar	Portfolio ERM Risk Category	Planned Coverage
Human Resource Process Advisory Project	Enable Excellence	People, Talent and Leadership Continuity; Regulatory, Legal & Compliance Environment	The advisory project will include process reviews and gap analyses of employee off-boarding and FMLA administration processes
President's Official Residence Report	Enable Excellence	Financial Stability & Resource Stewardship	Required annual review of expenses associated with the President's Official Residence in accordance with the University operating procedure
Contingent Work and Unplanned Requests	All Strategic Pillars	Cross-Cutting and Emerging ERM Risks	Reserved capacity for investigations, consultations, emerging risks, significant management or Audit Committee requests, and other matters requiring timely Internal Audit attention
Data Analytics & Fraud Monitoring	Enable Excellence	Financial Stability & Resource Stewardship	Risk-based data analytics and monitoring of purchasing cards, vendors and duplicate payments and other transactions presenting elevated fraud, error or financial stewardship risk
Audit Recommendation Follow-up	All Strategic Pillars	ERM Categories Associated with Underlying Recommendations	Ongoing follow up to assess and report the status of management actions addressing significant and essential audit recommendations
Internal Audit Quality and Standards Initiative	Enable Excellence	Internal Audit Governance and Quality	Continue to align internal audit methodology, workpapers, engagement supervision templates, and Quality Assurance and Improvement Program with the Global Internal Audit Standards

Alignment note: The strategic pillar and ERM category assignments identify each project's primary alignment. Certain engagements may support multiple strategic objectives or address risks across more than one ERM category.

2026 Audit Committee Work Plan (As of ~~11/03/2025~~11/02/2026)

Meeting Dates	Financial Statement Audit	Internal Audit	Compliance	Other Agenda Items	Committee Responsibilities
February (5th) 3:00-4:30 p.m. (coincide with full board meeting)	Present the FY 2025 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) Present the FY 2025 NCAA Agreed-Upon Procedures Presentation of FY 2025 IT observations	Internal Audit Update	Compliance Annual Survey Results		Annual performance review of the external auditor
April (13th) 10:00-11:30 a.m.	Presentation of the FY 2026 External Audit Engagement Plan Resolution Authorizing Retention of External Audit Firm for the FY 2026 Mandatory Annual Audits		Compliance Update	Higher Education Update Enterprise risk management (ERM) program status update	Authorize selection of the external auditor Note: Committee will receive Orientation Manual
September (21st) 10:00-11:30 a.m.	Status Report	Internal Audit Update Report on expenses incurred by the University under the President's Official Residence UOP		Review of Audit Committee Charter Review of Audit Committee Charge CFO report on Presidential Travel Expenses (if it meets $25K threshold) Gramm-Leach-Bliley Act (GLBA)annual report	Approve revisions to the Audit Committee Charter and Charge (if any) for recommendation to the Board. President & Chair to conduct performance evaluation and set salary of Chief Internal Auditor.

November (2nd) 10:00-11:30 a.m.	Present FY 2026 financial statement audit Present FY 2026 management letter and management response Resolution accepting the FY 2026 Audited Financial Statements	2027 Draft Internal Audit and Compliance Work Plans	Compliance Annual Update	ERM update	Accept the FY 2026 financial statement audit; recommends to the full board for acceptance. Review the 2026 and 2027 Audit Committee work plans.

2027 Audit Committee Work Plan

Meeting Dates	Financial Statement Audit	Internal Audit	Compliance	Other Agenda Items	Committee Responsibilities
February (4th) 3:00-4:30 p.m. (coincide with full board meeting)	Present the FY 2026 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) Present the FY 2026 NCAA Agreed-Upon Procedures Presentation of FY 2026 IT observations	Internal Audit Update	Compliance Annual Survey Results		Annual performance review of the external auditor
April (12th) 10:00-11:30 a.m.	Presentation of the FY 2027 External Audit Engagement Plan Resolution Authorizing Retention of External Audit Firm for the FY 2027 Mandatory Annual Audits		Compliance Update	Higher Education Update	Authorize selection of the external auditor Note: Committee will receive Orientation Manual
September (20st) 10:00-11:30 a.m.	Status Report	Internal Audit Update Report on expenses incurred by the University under the President's Official Residence UOP		Review of Audit Committee Charter Review of Audit Committee Charge CFO report on Presidential Travel Expenses (if it meets $25K threshold) Gramm-Leach-Bliley Act (GLBA)annual report	Approve revisions to the Audit Committee Charter and Charge (if any) for recommendation to the Board. President & Chair to conduct performance evaluation and set salary of Chief Internal Auditor.

November (4nd) 10:00-11:30 a.m.	Present FY 2027 financial statement audit Present FY 2027 management letter and management response Resolution accepting the FY 2027 Audited Financial Statements	2028 Draft Internal Audit and Compliance Work Plans	Compliance Annual Update	Enterprise risk management (ERM) Update	Accept the FY 2027 financial statement audit; recommends to the full board for acceptance. Review the 2027 and 2028 Audit Committee work plans.