



February 17, 2026

To the Board of Regents
Nevada System of Higher Education
Reno, Nevada

We have audited the financial statements of Nevada System of Higher Education (the System) as of and for the year ended June 30, 2025, and have issued our report thereon dated October 30, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards* and our Compliance Audit under the Uniform Guidance

As communicated in our letter dated August 11, 2025, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether the System complied with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Systems major federal programs. Our audit of the financial statements and major program compliance does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the system of internal control of the System solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Our responsibility, as prescribed by professional standards as it relates to the audit of the Systems major federal program compliance, is to express an opinion on the compliance for each of the Systems major federal programs based on our audit of the types of compliance requirements referred to above. An audit of major program compliance includes consideration of internal control over compliance with the types of compliance requirements referred to above as a basis for designing audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, as a part of our major program compliance audit, we considered internal control over compliance for these purposes and not to provide any assurance on the effectiveness of the System's internal control over compliance.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's 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* dated October 30, 2025.

We have also provided our comments regarding compliance with the types of compliance requirements referred to above and internal controls over compliance during our audit in our Independent Auditor's Report on Compliance with Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance dated February 17, 2026.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope we previously communicated to you. The timing for the issuance of the single audit was delayed due to the delayed release of the *OMB Compliance Supplement*, which did not occur until November 2025.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the System is included in Note 2 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended June 30, 2025, except for the adoption of GASB Statement 101, *Compensated Absences*, and GASB Statement 102, *Certain Risk Disclosures*, both of which are disclosed in Note 2 to the financial statements. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Accounting Estimates and Related Disclosures

Accounting estimates and related disclosures are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of the other post-employment benefit plans' actuarial accrued liabilities is based on actuarial valuations. Actuarial valuations are based on the substantive plan and include the types of benefits in force at the valuation date and the pattern of sharing benefits between the System and the plan members. We evaluated the key factors and assumptions used to develop the other postemployment benefit plans' actuarial accrued liabilities in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the pension plan's actuarial accrued liabilities is based on actuarial valuations. Actuarial valuations are based on the employee information submitted by the System to the Public Employees' Retirement System of the State of Nevada (PERS). We evaluated the key factors and assumptions used to develop the pension plan's actuarial accrued liabilities in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the fair value of investments reported at net asset value. We evaluated the key factors and assumptions used to develop the estimate of fair value of investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the compensated absences liability is based on historical leave usage and forfeiture rates by leave type and bargaining unit. We evaluated the key factors and assumptions used to develop the compensated absences liability in determining that it is reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the System's financial statements relate to:

- Note 4 – Disclosures about Fair Value of Investments
- Note 10 – System Long-term Debt
- Note 18 – System Pension Plans
- Note 19 – System Postemployment Benefits Other than Pensions

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us

to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

The following misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management:

UNR – To correct additions to Subscription-Based Information Technology Agreements

Overstatement of SBITA liabilities	\$4,210,923	
Overstatement of SBITA assets		\$3,363,993
Overstatement of SBITA expenses		\$ 846,930

NSU – To correct direct loan revenue and expense

Overstatement of Federal Grants and Contracts revenue	\$8,848,469	
Understatement of Receivables	\$ 26,884	
Overstatement of Student loan expenses		\$8,875,353

NSU – To correct tuition discounting adjustment

Understatement of Financial aid and scholarship expense	\$2,040,244	
Overstatement of Scholarship allowance		\$2,040,244

The following summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

System – prior year reversal related to the OPEB change in proportionate share

Understated OPEB expenses	\$7,418,430	
Overstated beginning net position		\$7,418,430

UNLV – prior year reversal related to a SBITA incorrectly expensed

Understated expenses	\$2,004,700	
Overstated beginning net position		\$2,004,700

NSU – to pass on prior year correction of assets that should have been placed in service

Overstatement of beginning net position	\$1,654,635	
Overstatement of depreciation expense		\$1,654,635

System – to pass on prior year restatement due to the implementation of GASB 101

Overstatement of beginning net position	\$3,738,074	
Overstatement of expenses		\$3,738,074

System – To pass on recording fiduciary activity in a fiduciary fund, including prior year reversal

Overstatement of beginning net position	\$ 930,813	
Overstatement of liabilities	\$ 387,948	
Overstatement of revenues	\$5,911,595	
Overstatement of expenses		\$4,288,418
Overstatement of assets		\$2,941,938

The effect of these uncorrected misstatements, including the effect of the reversal of prior year uncorrected misstatements, as of and for the year ended June 30, 2025, is an overstatement of change in net position of \$5,653,598, and overstatement of net position of \$2,553,990.

Aggregate Discretely Presented Component Units – prior year reversal of passed entries

Overstatement of revenues	\$ 937,238	
Overstatement of beginning net position	\$ 445,411	
Overstatement of expenses		\$1,382,649

Aggregate Discretely Presented Component Units – to pass on adjusting investments to fair value

Understatement of investments	\$3,602,871	
Understatement of revenues		\$3,602,871

For the aggregate discretely presented component units, the effect of these uncorrected misstatements, including the effect of the reversal of prior year uncorrected misstatements, as of and for the year ended June 30, 2025, is an understatement of change in net position of \$4,048,282, and overstatement of net position of \$3,602,871.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor’s report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor’s Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor’s report.

- **Emphasis of Matter:** We included an emphasis of matter paragraph to discuss the implementation of GASB 101, *Compensated Absences*, which is disclosed in Note 2 to the financial statements.
- **Qualified Opinion – Single Audit:** We qualified the opinions of the Research and Development Cluster, Economic Development Cluster, and Gaining Early Awareness Readiness for Undergraduate Programs with respect to various compliance requirements.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated October 30, 2025 for the financial audit and February 17, 2026, for the single audit.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the System, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the System's auditors.

Noncompliance with Laws and Regulations

Matters involving noncompliance with federal regulations are identified in our Independent Auditor's Report on Compliance with Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance dated February 17, 2026.

Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the System's annual reports, does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

Additionally, in accordance with such standards, we have read the background information and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the Board of Regents, Audit Committee, and management of the System and is not intended to be, and should not be, used by anyone other than these specified parties.

Eide Bailly LLP

Reno, Nevada