



UNLV | FOUNDATION

A Discrete Component Unit of the Nevada System of
Higher Education

Financial Statements

For the Year Ended June 30, 2019
and Independent Auditor's Report

UNLV Foundation

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Independent Auditor's Report

Management and Board of Trustees
University of Nevada, Las Vegas Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of the University of Nevada, Las Vegas Foundation, a nonprofit organization (the "UNLV Foundation"), and a discrete component unit of the Nevada System of Higher Education, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the UNLV Foundation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the UNLV Foundation's preparation and fair presentation of the financial statements 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 UNLV Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the UNLV Foundation as of June 30, 2019, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Predecessor Auditor

The UNLV Foundation's 2018 basic financial statements were audited by other auditors whose report thereon, dated October 16, 2018, expressed an unmodified opinion on those financial statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis listed in the accompanying table of contents be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America 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 October 2, 2019, on our consideration of the UNLV Foundation'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 UNLV Foundation'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 UNLV Foundation's internal control over financial reporting and compliance.

BDO USA, LLP

October 2, 2019
Las Vegas, Nevada

Management's Discussion and Analysis

University of Nevada, Las Vegas Foundation

Management's Discussion and Analysis

Overview

This section of the University of Nevada, Las Vegas Foundation's (the "UNLV Foundation") annual financial report presents our discussion and analysis of the financial performance of the UNLV Foundation during the fiscal year ended June 30, 2019. This discussion has been prepared by management and should be read in conjunction with the basic financial statements and note disclosures. This discussion and analysis is designed to focus on current activities, resulting change, and currently known facts. The financial statements, notes thereto, and this discussion and analysis are the responsibility of the UNLV Foundation's management.

The UNLV Foundation is a 501(c)(3) nonprofit corporation whose mission includes the cultivation, solicitation, stewardship, and management of gift revenues for the benefit of the University of Nevada, Las Vegas ("UNLV" or "University"); management of endowment and short-term assets on behalf of UNLV and participation as appropriate and as requested in other activities to assist UNLV. The UNLV Foundation's Board of Trustees is appointed by the Nevada System of Higher Education ("NSHE") Board of Regents. Accordingly, the UNLV Foundation is included in NSHE's financial statements as a discrete component unit. Transactions with UNLV relate primarily to the disbursement of gift funds to UNLV and receipt of support from UNLV to fund administrative expenses.

The discussion below refers to the UNLV Foundation's basic financial statements, including the statements of net position, statements of support and revenues, expenses and changes in net position, and cash flows.

Overview of the Financial Statements

The UNLV Foundation's financial statements are prepared on an accrual basis in accordance with accounting principles generally accepted in the United States as promulgated by the Governmental Accounting Standards Board ("GASB"). See the Notes to Financial Statements for a summary of the UNLV Foundation's significant accounting policies.

The *Statement of Net Position* presents information on all of the UNLV Foundation's assets, liabilities and deferred inflows of resources, with the difference between the amounts reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of the UNLV Foundation's financial position; however, other nonfinancial factors such as change in the tax code and legal legislation related to charitable giving should be considered.

The *Statement of Support and Revenues, Expenses, and Changes in Net Position* presents information showing how the UNLV Foundation's net position changed during each year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future periods.

The *Statement of Cash Flows* relates to the flows of cash and cash equivalents. Consequently, only transactions that affect the UNLV Foundation's cash accounts are presented in this statement. A reconciliation is provided at the bottom of the Statements of Cash Flows to assist in the understanding of the difference between cash flows from operating activities and operating income or loss.

University of Nevada, Las Vegas Foundation

Management's Discussion and Analysis (continued)

Statement of Net Position

This statement is presented with four major categories: assets, liabilities, deferred inflows of resources and net position. The assets are classified as either current assets or Non-current assets. The current assets include cash and cash equivalents, prepaid expenses and other assets, accrued interest receivable, net pledges receivable, and investment in marketable securities at fair value. The Non-current assets include net pledges receivable, capital assets (net furniture and equipment, collections, real property), investment in marketable securities at fair value, assets held in charitable remainder trusts, investment in a first trust deed, investments in real estate, and other assets.

Liabilities are also classified as either current or noncurrent. Current liabilities include accounts payable and other liabilities, due to UNLV, and the current portion of liabilities under charitable remainder trusts. These liabilities represent obligations due within one year. Non-current liabilities include liabilities under charitable remainder trusts and other liabilities.

Deferred inflow of resources includes split-interest agreements.

Net position is divided into three major categories. Invested in capital assets represents the UNLV Foundation's capital assets, net of accumulated depreciation. Restricted net position is listed as nonexpendable or expendable. Nonexpendable restricted resources consist of permanent endowments, for which spending is governed by Uniform Prudent Management of Institutional Funds Act (UPMIFA), as described in Note A10, to the financial statements. Expendable restricted resources consist of donations which are restricted to be used for purposes determined by the donors and the accumulated unspent earnings from endowments. Unrestricted net position represents the portion of assets over which the UNLV Foundation retains full control.

University of Nevada, Las Vegas Foundation

Management's Discussion and Analysis (continued)

Following is UNLV Foundation's summary of statements of net position as of June 30, 2019 and 2018.

<i>June 30,</i>	2019	2018*
Assets		
Current assets	\$ 75,064,810	\$ 83,784,555
Non-current assets		
Capital assets not being depreciated	153,554	153,554
Capital assets being depreciated, net	208,513	157,482
Other	306,484,641	282,394,144
Total Non-current assets	306,846,708	282,705,180
Total Assets	381,911,518	366,489,735
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities	933,173	902,107
Non-current liabilities	856,671	1,012,374
Total Liabilities	1,789,844	1,914,481
Deferred inflows of resources		
Split-interest agreements	857,391	3,996,560
Net position		
Invested in capital assets	362,067	311,036
Restricted - nonexpendable	154,403,327	144,571,710
Restricted - expendable	219,427,869	211,489,788
Unrestricted	5,071,020	4,206,160
Total net position	\$ 379,264,283	\$ 360,578,694

* *Reclassification of \$153,554 was made between the unrestricted net position and the net investment of capital assets. There was no effect on total net position.*

Current assets decreased to \$75.1 million at June 30, 2019, from \$83.8 million at June 30, 2018, due primarily to a higher cash balance held at the end of 2018 than 2019. In addition, in 2018, there was a balance due from UNLV related to amounts held in the salary account whereas in 2019, those balances were kept to a minimum, and resulted in a balance due to UNLV as a result of the end of year salary accrual. The increase in total Non-current assets to \$306.8 million at June 30, 2019, from \$282.7 million at June 30, 2018, was due to a decrease in Non-current pledges receivable, net, offset by an increase in investment in marketable securities - at fair value primarily due to new gifts and market appreciation related to investments in marketable securities at fair value. There was an offset related to a decrease in assets held in charitable remainder trusts as well, due to the expiration of three of seven trusts. Investment decisions are made by the UNLV Foundation portfolio managers within the guidelines set by the UNLV Foundation Investment Committee.

University of Nevada, Las Vegas Foundation

Management's Discussion and Analysis (continued)

During fiscal 2019 and 2018, the UNLV Foundation invested \$0.3 million in each year in land, works of art, and furniture and equipment.

Total current liabilities remained stable at \$0.9 million at June 30, 2019 from 2018.

Total non-current liabilities decreased slightly to \$0.9 million at June 30, 2019 from \$1.0 million at June 30, 2018, also related to the expiration of the charitable remainder trusts discussed above. Deferred inflows declined from \$4.0 million to \$0.9 million due to the expiration of three of the seven charitable remainder trusts.

Total net position increased to \$379.3 million at June 30, 2019 from \$360.6 million at June 30, 2018, as a result of the excess of operating expenses over operating and non-operating revenues of approximately \$18.7 million. Further discussion of this will be noted in the following section.

Following is UNLV Foundation's summary of statements of support and revenues, expenses and changes in net position.

<i>Year Ended June 30,</i>	2019	2018
Operating support and revenues		
Donor contributions - cash and pledges	\$ 25,226,540	\$ 39,852,616
Donor contributions - non-cash	3,698,850	8,178,618
University support	3,064,350	3,246,253
Other income and fees	955,527	899,250
Total operating support and revenue	32,945,267	52,176,737
Operating expenses		
Administrative and other expenses	7,411,934	20,175,764
Development expenses	4,317,311	3,470,458
Program expenses	20,068,010	50,942,311
Scholarship expenses	9,959,804	6,586,367
Total operating expenses	41,757,059	81,174,900
Operating Loss	(8,811,792)	(28,998,163)
Total non-operating revenue	17,869,976	17,989,493
Income (loss) before additions to permanent endowments	9,058,184	(11,008,670)
Additions to permanent endowments	9,627,405	4,619,110
Change in net position	18,685,589	(6,389,560)
Net position at beginning of year	360,578,694	366,968,254
Net position at end of year	\$ 379,264,283	\$ 360,578,694

University of Nevada, Las Vegas Foundation

Management's Discussion and Analysis (continued)

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

This statement contain the following categories: Operating Support and Revenues, Operating Expenses and Non-operating Revenues. Operating Support and Revenues include donor cash and pledge contributions, donor non-cash contributions, university support, and other income and fees. Operating Expenses include administrative and other expenses, development expenses, program expenses, and scholarship expenses. Non-operating revenues primarily include investment income.

Total contributions decreased \$19.0 million to \$29.0 million for the year ended June 30, 2019 from \$48.0 million for the year ended June 30, 2018, attributable primarily to the timing of program and scholarship gifts, as well as non-recurring capital project gifts. Cash gifts decreased by \$14.5 million and non-cash gifts decreased by \$4.5 million.

Administrative, development, and other expenses decreased to \$11.7 million for the year ended June 30, 2019, from \$23.6 million in 2018. The decrease is mainly due to a large pledge write-off in 2018, as well as staffing and operating budget cuts in 2019.

The UNLV Foundation transfers funds for programs and scholarships when requested by UNLV. Program expenses (which are transfers from the UNLV Foundation to UNLV in support of university programs) decreased \$30.8 million from \$50.9 million for the year ended June 30, 2018 to \$20.1 million for the year ended June 30, 2019. This decrease was directly attributed to the opening of the world-class Hospitality Hall in 2018, as well as the ground breaking of the state-of-the-art Fertitta Football Complex, which required large cash transfers to UNLV for those capital improvement projects as the gifts were received. An increase of \$3.4 million of scholarship expenses to \$10.0 million for the year ended June 30, 2019, from \$6.6 million for the year ended June 30, 2018, was in response to increased scholarship funding requests by UNLV.

Non-operating revenues overall remained relatively level with the prior year. Interest and dividends on investments increased slightly to \$4.2 million for the year ended June 30, 2019 from \$3.4 million for the year ended June 30, 2018. The positive performance of the investment portfolios resulted in realized capital gains of \$7.3 million and unrealized gains of \$3.6 million for the year ended June 30, 2019 compared to realized capital gains of \$6.6 million and unrealized gains of \$6.6 million for the year ended June 30, 2018.

Additions to permanent endowments increased \$5.0 million to \$9.6 million for the year ended June 30, 2019 compared to \$4.6 million for the year ended June 30, 2018.

Economic Outlook

The UNLV Foundation's primary sources of revenue are donor contributions, university support and investment income. A trend that continues in our fundraising efforts, which is a nationwide trend as well, is donor preference to give charitable gifts to the restricted and endowment funds rather than to the unrestricted funds that are directed to assist in funding the operational needs of the UNLV Foundation. As such, the UNLV Foundation continues to gather, analyze, and study data from peer and aspirational institutions across the country for sustainable funding models. The UNLV Foundation is actively engaged with UNLV leadership in promoting philanthropy and advocating for the University of Nevada, Las Vegas.

University of Nevada, Las Vegas Foundation

Management's Discussion and Analysis (continued)

Requests for Information

The UNLV Foundation, incorporated in November 1981, is a 501(c)(3) organization that serves as the primary fundraising, community relations, and gift management agency for UNLV. The UNLV Foundation manages fundraising activities, donor stewardship programs, and community development and community outreach activities to foster a culture of philanthropy to UNLV. The UNLV Foundation also manages a variety of assets for the benefit of UNLV. Among all of these, annual giving programs, scholarship giving programs, facilities support, and estate planning services are particularly important to UNLV.

The 13 members of the Board of Regents of the Nevada System of Higher Education serve as the members of the UNLV Foundation and appoint a Board of Trustees to oversee the management and programs of the UNLV Foundation. The membership of the Board of Trustees includes both alumni and community leaders. These people generously support UNLV in many ways and provide important links between UNLV and the community. The UNLV Foundation is currently seeking a permanent President. Tiffany L. Vickers, CPA, serves as the Senior Associate Vice President for Finance and Administration and Chief Financial Officer.

The UNLV Foundation Building is located on campus north of the Judy Bailey Theatre. For additional information about the UNLV Foundation, please call (702) 895-3641 or visit our Web site at Foundation.UNLV.edu.

Basic Financial Statements

University of Nevada, Las Vegas Foundation

Statement of Net Position

June 30,	2019
Assets	
Current Assets:	
Cash and cash equivalents	\$ 10,485,722
Prepaid expenses and other assets	286,204
Accrued interest receivable	676,648
Pledges receivable, net	17,205,286
Investment in marketable securities - at fair value	46,410,950
Total Current Assets	75,064,810
Non-current Assets	
Pledges receivable, net	22,396,464
Capital assets not being depreciated	153,554
Capital assets being depreciated, net	208,513
Investment in marketable securities - at fair value	271,765,958
Assets held in charitable remainder trusts	1,215,478
Investment in First Trust Deed	1,667,900
Investment in real estate	9,000,000
Other assets	438,841
Total Non-current assets	306,846,708
Total assets	381,911,518
Liabilities, Deferred Inflows of Resources and Net Position	
Current Liabilities:	
Accounts payable and other liabilities	\$ 312,388
Due to UNLV	592,126
Current portion of liabilities under charitable remainder trust	28,659
Total current liabilities	933,173
Non-current liabilities	
Liability under charitable remainder trusts	149,481
Other liabilities	707,190
Total Non-current liabilities	856,671
Total liabilities	1,789,844
Deferred Inflows of Resources	
Split-interest agreements	\$ 857,391
Net Position	
Invested in capital assets	362,067
Restricted for:	
Non-expendable	154,403,327
Expendable	219,427,869
Unrestricted	5,071,020
Total Net Position	\$ 379,264,283

See accompanying independent auditor's report and notes to financial statements.

University of Nevada, Las Vegas Foundation
Statement of Support and Revenues, Expenses and Changes in Net Position

<i>Year Ended June 30</i>	<i>2019</i>
Operating support and revenue	
Donor contributions - cash and pledges	\$ 25,226,540
Donor contributions - non-cash	3,698,850
University support	3,064,350
Other income and fees	955,527
Total operating support and revenue	32,945,267
Operating expenses	
Administrative and other expenses	7,411,934
Development expenses	4,317,311
Program expenses	20,068,010
Scholarship expenses	9,959,804
Total operating expenses	41,757,059
Operating loss	(8,811,792)
Nonoperating revenue	
Interest and dividends on investments, net	4,183,828
Realized income on split interest agreements	2,752,256
Realized gains on investments	7,304,331
Change in market value of investments	3,629,561
Total nonoperating revenue	17,869,976
Income before additions to permanent endowments	9,058,184
Additions to permanent endowments	9,627,405
Change in net position	18,685,589
Net position at beginning of year	360,578,694
Net position at end of year	\$ 379,264,283

See accompanying independent auditor's report and notes to financial statements.

University of Nevada, Las Vegas Foundation

Statement of Cash Flows

<i>Year Ended June 30,</i>	<i>2019</i>
Operating activities:	
Cash received from contributions	\$ 28,534,937
Distributions to The University of Nevada, Las Vegas	(29,413,252)
Payments to vendors for supplies and services	(4,391,782)
Cash received from related party	98,510
Other - rental income, fees, donor paid benefits liability portion/charitable gift annuity, split-interest agreements	1,545,334
Net cash used in operating activities	(3,626,253)
Net cash provided by non-capital financing activities:	
Gifts to permanent endowments	9,627,405
Net cash used in capital and related financing activities:	
Purchases of furniture and equipment	(117,959)
Investing Activities:	
Proceeds from sale of marketable securities	355,070,079
Purchase of marketable securities	(372,703,418)
Interest and dividends received, net of fees	4,084,474
Payments paid to charitable gift annuities	(147,842)
Cash received on split interest agreements	2,911,878
Net cash provided by investing activities	(10,784,829)
Net decrease in Cash and Cash Equivalents	(4,901,636)
Cash and Cash Equivalents	
Beginning of year	15,387,358
End of year	\$ 10,485,722

See accompanying independent auditor's report and notes to financial statements.

University of Nevada, Las Vegas Foundation

Statement of Cash Flows (continued)

<i>Year Ended June 30,</i>	<i>2019</i>
Reconciliation of Operating loss to Net Cash used by operating activities:	
Operating loss	\$ (8,811,792)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	66,928
Non-cash contributions	(3,698,850)
Non-cash program expense	614,562
Life insurance policy	(11,022)
Bad debt expense	1,871,834
Actuarial assumptions	1,370,085
Changes in:	
Prepaid expenses and other assets	(264,304)
Pledges receivable, net	1,938,312
Due to UNLV	3,473,654
Other assets	1,228
Accounts payable and other liabilities	(176,888)
Net Cash used in operating activities	(3,626,253)
Supplemental disclosure of non-cash information:	
Fair market value adjustments	
Investments	3,629,561
Split-interest agreements	(119,626)
Total fair market value adjustments	\$ 3,509,935

See accompanying independent auditor's report and notes to financial statements.

University of Nevada, Las Vegas Foundation

Notes to Financial Statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. General

The University of Nevada, Las Vegas Foundation (the "UNLV Foundation") was incorporated November 2, 1981, to solicit donations and to hold and manage them for the exclusive benefit of the University of Nevada, Las Vegas ("UNLV" or "University"). The UNLV Foundation's Board of Trustees is appointed by the Nevada System of Higher Education ("NSHE") Board of Regents. Accordingly, the UNLV Foundation is included in NSHE's financial statements as a discrete component unit due to the nature and significance of their financial relationship with the University. Although the UNLV Foundation receives donations from various sources, a substantial portion of its pledge receivables are concentrated in the Las Vegas area.

2. Basis of Presentation

The UNLV Foundation's financial statements have been prepared on an accrual basis of accounting applying all applicable Governmental Accounting Standards Board ("GASB") pronouncements. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when incurred.

3. Net Position

To facilitate observance of limitations and restrictions placed on the use of resources available to the UNLV Foundation, net position is classified and reported as follows, based on the existence or absence of donor-imposed restrictions:

- Invested in capital assets consists of capital assets, net of accumulated depreciation.
- Restricted-nonexpendable net position includes the principal value of permanent or true endowments. Such amounts are generally subject to donor restrictions that the principal be invested in perpetuity for the purpose of producing income that may be expended or added to principal in accordance with the donor's wishes.
- Restricted-expendable net position include contributions by donors for the purpose of supporting scholarships and programs at UNLV and the accumulated unspent earnings from endowments.
- Unrestricted net position includes assets not subject to donor-imposed restrictions and quasi- endowments created with Board restricted resources and income from endowment investments, unless otherwise specified by the donor.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, UNLV Foundation's policy is to first apply restricted resources.

University of Nevada, Las Vegas Foundation

Notes to Financial Statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. Investment Gains and Losses

Gains and losses arising from the sale, collection, or disposition of investments and other Non-cash assets are accounted for in accordance with any donor restrictions. Interest income derived from investments, receivables, and similar assets is allocated between restricted and unrestricted accounts. Investment earnings, net of fees and generated from non-endowed money, are used by the UNLV Foundation for the purpose of partially defraying the cost of development program operations at UNLV.

5. Operating Support and Revenues

Operating support and revenues include contributions (cash, Non-cash, and pledges), university support, and other income and fees. Included in other income is the management fee from the Nevada System of Higher Education ("NSHE") Board of Regents for the gift receiving and stewardship services provided on behalf of the contributions made to UNLV through the Board of Regents. University support includes financial support from UNLV towards salaries and benefits of the UNLV Foundation.

6. Donor Contributions

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, private donations are recognized when all eligibility requirements are met, provided that the promise is verifiable, the resources are measurable, and collection is probable. Pledges receivable are recorded at net present value using the appropriate discount rate. An allowance for uncollectible pledges is estimated based on the UNLV Foundation's collection history and is netted against the gross pledge receivables. From time to time, a donor may amend the terms of a pledge agreement to redirect the use of pledged funds. When this occurs, management reassesses the pledge to determine whether it meets the applicable revenue recognition criteria. As the eligibility requirements for endowment gifts cannot be met until funds are invested, endowment pledges are not recorded as revenue until cash or other assets are received.

Donor contributions with conditions and contingencies are recorded as liabilities. Once met, the contributions are recorded as contributions and recognized as revenue.

7. Donor Contributions - Non-cash

Non-cash assets contributed to the UNLV Foundation are recorded at fair value (if determinable) at the date of gift. If no independent third-party appraisal is available, the asset is recorded at an amount that, in the judgment of the UNLV Foundation management, is an estimate of fair value.

Donated real property, included in the accompanying Statement of Net Position as investments in real estate, is held at fair value based on the most recent appraisal.

Marketable securities contributed to the UNLV Foundation are recorded at fair value on the date of the gift.

University of Nevada, Las Vegas Foundation

Notes to Financial Statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

8. Operating Expenses

Operating expenses include disbursements in support of UNLV and expenses incurred to operate the UNLV Foundation.

9. Non-operating Revenue

Non-operating revenue includes interest and dividends on investments, net of investment expenses, as well as realized gains (losses) and unrealized gains (losses) on investments. In accordance with GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements* income on split-interest agreements is reported as Non-operating revenue.

10. Endowments

The UNLV Foundation records three types of endowments. Permanent or true endowments are funded by gifts and bequests. The principal is reported in restricted-nonexpendable net position and any accumulated earnings is reported in restricted-expendable net position on the Statement of Net Position. Restricted quasi-endowments are funds designated as endowments by UNLV for a specific use or program, and both the principal and accumulated earnings are included in restricted-expendable net position on the Statement of Net Position. Unrestricted quasi-endowments are funds designated as endowments by the UNLV Foundation Board of Trustees, and both the principal and accumulated earnings are included in unrestricted net position on the Statement of Net Position.

Endowment investments are managed in a unitized investment pool. Monthly transactions within each individual endowment in the pool are based on the unit market value at the end of the month. The UNLV Foundation Endowment Fund's primary objective is to generate a stream of earnings for funding current programs and student services with the stated payout policy. A secondary objective is to have its assets grow in value to provide for future needs of UNLV. The UNLV Foundation complies with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) adopted by the State of Nevada in 2007. UPMIFA abolished the historic dollar value limitation on annual spending (payout), whereas the prior act, the Uniform Management of Institutional Funds (UMIFA) did not allow spending from a fund that was below historic dollar value. UPMIFA enables trustees to spend as much as they deem prudent, where prudence is presumed to not exceed 7 percent of the fair market value, as permitted by individual donor agreements. The annual payout rate is determined by the UNLV Foundation Investment Committee and is applied to the average fair market value of the endowment investment pool on a rolling twelve quarter basis.

11. Cash and Cash Equivalents

The UNLV Foundation considers all highly liquid, short-term, interest-bearing investments purchased with a maturity of three months or less to be cash equivalents.

University of Nevada, Las Vegas Foundation

Notes to Financial Statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

12. Investments in Securities

The UNLV Foundation accounts for investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires governmental entities to report investments at fair value in the statement of net position and GASB Statement No. 72, *Fair Value Measurement and Application*, which requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Investments in marketable securities are presented in the financial statements in the aggregate and at fair value for the particular fund. These amounts are recorded net of discounts. The cost of the securities sold is based on the average cost and/or first-in, first-out basis of all the shares of each security held at the time of sale. Investments that do not have readily available market values are stated at fair value as reported by UNLV Foundation's Investment Manager. These investments include a diverse range of investment vehicles ("alternative investments"), including private equity, real estate and commodity funds.

The valuation of these investments is based on the most recent value provided by the Investment Manager, usually with a June 30 "as of" date. To evaluate the overall reasonableness of the valuation and resulting carrying value, management obtains and considers the audited financial statements of such investments. Management believes this method provides a reasonable estimate of fair value. However, the recorded value may differ from the market value had a readily available market existed for such investments, and those differences could be material.

13. Capital Assets

Capital assets are recorded at cost for purchased assets, or acquisition value at the date of donation for donated assets. Depreciation is computed using the straight-line method. Estimated lives range from five to seven years for furniture and equipment. The policy of the UNLV Foundation is to capitalize asset purchases with costs of \$500 or more, and a life greater than one year. Artwork and various other collectibles are not depreciated; rather, they are reviewed annually for any impairment.

14. Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant estimates made by management include depreciable lives of capital assets, amounts collectible under pledges receivable, and liabilities under Charitable Remainder Trusts. Actual results may differ from estimates.

University of Nevada, Las Vegas Foundation

Notes to Financial Statements

NOTE B - CASH AND INVESTMENT IN SECURITIES - FAIR VALUE

The UNLV Foundation discloses its deposits with financial institutions and investments in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures— an amendment of GASB Statement No. 3*.

The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of investments. Realized gains and losses on investments that had been held more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in prior years. Investment expenses of \$766,448 for the year ended June 30, 2019 was netted against interest and dividends on the accompanying Statements of Support and Revenues, Expenses and Changes in Net Position. Investments are recorded on the date of the trade.

Investments consist of the following at June 30:		2019
Mutual funds	\$	34,892,558
Certificates of deposit		2,431,052
Equities		14,260,043
Collateralized securities		36,936,273
U.S. government obligations		54,105,163
U.S. corporate bonds		27,094,413
Alternative investments		141,358,819
Non-U.S. corporate bonds		7,098,587
Investment in securities at fair value	\$	318,176,908

Investment in securities at fair value		2019
Investment in marketable securities - Current	\$	46,410,950
Investment in marketable securities- Non-Current		271,765,958
Investment in securities at fair value	\$	318,176,908

1. Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the UNLV Foundation will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2019, the total balance for the UNLV Foundation's cash and money market funds was \$10,485,722. Of this balance, \$665,408 was covered by the Federal Deposit Insurance Corporation, and \$9,820,314 was uninsured. Cash balances in United States banks are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per bank.

University of Nevada, Las Vegas Foundation

Notes to Financial Statements

NOTE B - CASH AND INVESTMENT IN SECURITIES - FAIR VALUE - Continued

The custodial credit risk for investments is the risk that, in the event of a failure of the custodian, the UNLV Foundation may not be able to recover the value of the investments held by the custodian as these investments are uninsured. The UNLV Foundation does not have a specific policy with regard to custodial credit risk.

2. Credit Risk

Credit risk is the risk that an issuer will not fulfill its obligations. The UNLV Foundation reduces its exposure to credit risk with policy guidelines that instruct money managers to purchase securities rated investment grade or better. However, up to 25% of the fixed-income portfolios may be allocated to below investment grade. The credit ratings of fixed income investments at June 30, 2019 follows:

	Total	AAA	AA	A	BBB	Below Investment Grade
Collateralized securities	\$ 36,936,273	\$ 32,413,079	\$ 4,498,363	\$ -	\$ -	\$ 24,831
U.S. corporate bonds	27,094,413	-	613,550	5,658,860	18,155,022	2,666,981
Non-U.S. corporate bonds	7,098,587	-	631,159	2,614,323	3,359,458	493,647
Total	\$ 71,129,273	\$ 32,413,079	\$ 5,743,072	\$ 8,273,183	\$ 21,514,480	\$ 3,185,459

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures— an amendment of GASB Statement No. 3*, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality and they are not rated. The UNLV Foundation's mutual funds and certificates of deposit are not rated.

3. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Foundation's investments within any one issuer. For the fixed income portion of the endowment pool, the Foundation's policy for reducing its exposure to concentration of credit risk is to limit the investments within any one issuer to a maximum of 5% of the fixed income portfolio, provided that issues of the U.S. Government or agencies of the U.S. Government may be held without limitation and provided further that issues of agencies of the U.S. Government shall be limited to the extent set forth in the manager-specific guidelines. The Foundation does not have a specific policy with regard to the operating pool or the remainder of the endowment pool. At June 30, 2019, there were no investments over 5% within any one issuer in an amount that would constitute a concentration of credit risk to the Foundation.

4. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The UNLV Foundation's policy guidelines on maturity parameters state that the fixed-income portfolio's average weighted duration is to remain within 20% of the benchmark duration.

University of Nevada, Las Vegas Foundation

Notes to Financial Statements

NOTE B - CASH AND INVESTMENT IN SECURITIES - FAIR VALUE - Continued

For investments in donor-restricted endowment funds, the UNLV Foundation uses the Bloomberg Barclays Aggregate U.S. Bond Index average as the benchmark; maturity as of June 30, 2019 was 7.75 years. The fixed-income portfolio's average maturity was 7.75 years. Interest rates range from 2.52% to 3.46%.

For investments in donor-restricted expendable funds, the UNLV Foundation uses the Bloomberg Barclays Aggregate U.S. Bond Index average as the benchmark; maturity as of June 30, 2019 was 7.8 years. The fixed-income portfolio's average maturity was 7.9 years. Interest rates range from 0% to 9.4%.

Investments	Maturity under 1 Year	Maturity 1-5 Years	Maturity 6-10 Years	Maturities Over 10 Years	Total
Mutual funds	\$ 30,627,835	\$ 4,264,723	\$ -	\$ -	\$ 34,892,558
Certificates of deposit	350,206	2,080,846	-	-	2,431,052
Collateralized securities	509,948	7,864,502	4,012,127	24,549,696	36,936,273
U.S. Government obligations	10,786,114	27,110,593	9,772,499	6,435,957	54,105,163
U.S. corporate bonds	3,045,282	15,184,518	3,322,872	5,541,741	27,094,413
Non-U.S. corporate bonds	1,091,566	3,836,831	1,171,348	998,842	7,098,587
Investment in securities at fair value	\$ 46,410,951	\$ 60,342,013	\$ 18,278,846	\$ 37,526,236	\$ 162,558,046

5. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. All non-U.S. corporate bonds are traded in U.S. dollars. The UNLV Foundation investment managers have policies that address foreign currency risk.

NOTE C - FAIR VALUE MEASUREMENTS

The Foundation has valued their investments based on the following level of inputs:

Level 1 - Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market.

Level 2 - Observable inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs which are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

University of Nevada, Las Vegas Foundation

Notes to Financial Statements

NOTE C - FAIR VALUE MEASUREMENTS - Continued

Level 3 - Unobservable inputs that are supported by little or no market activities and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes private equity, real estate, assets held in charitable remainder trusts and commingled investments where independent pricing information was not able to be obtained for a significant portion of the underlying assets.

Net asset value ("*NAV*") - The amount of net assets attributable to each share of capital stock (other than senior equity securities; that is, preferred stock) outstanding at the close of the period.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any 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 following is a description of the valuation methodologies used for assets measured at fair value:

- *Alternative investments* - Valued at NAV.
- *Real estate* - Assets held in commingled funds are valued at NAV. Assets held in trust represents the Foundation's beneficial interest in real estate, where fair value is estimated based on appraised value.
- *Mutual funds, U.S. corporate bonds, non-U.S. corporate bonds, equities, certificates of deposit, U.S. Government securities, and Collateralized securities* - Valued at the closing price reported on the active market on which the security is traded, if available.
- *Assets held in charitable remainder trusts* - Assets held in trust represents the Foundation's beneficial interest in equities held in the trusts, fair value of the equities is based on closing prices reported on the active market on which the security is traded. The Foundation's interest in those assets is estimated based on models using various estimates from management, including date assets will be received.

The methods described above may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, while the Foundation 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 estimate of fair value at the reporting date.

University of Nevada, Las Vegas Foundation

Notes to Financial Statements

NOTE C - FAIR VALUE MEASUREMENTS - Continued

Assets measured at fair value on a recurring basis at June 30, 2019 are:

Investments	Level 1	Level 2	Level 3	NAV	Total
Alternative investment	\$ -	\$ -	\$ -	\$ 141,358,819	\$ 141,358,819
Mutual funds	34,892,558	-	-	-	34,892,558
Collateralized securities	-	36,936,273	-	-	36,936,273
U.S. corporate bonds	27,094,413	-	-	-	27,094,413
Non-U.S. corporate bonds	7,098,587	-	-	-	7,098,587
Equities	14,260,043	-	-	-	14,260,043
Certificate of deposit	2,431,052	-	-	-	2,431,052
U.S. Government obligations	54,105,163	-	-	-	54,105,163
	<u>\$ 139,881,816</u>	<u>\$ 36,936,273</u>	<u>\$ -</u>	<u>\$ 141,358,819</u>	<u>\$ 318,176,908</u>
Investment in real estate	\$ -	\$ -	\$ 9,000,000	\$ -	\$ 9,000,000
Assets held in charitable remainder trusts					
Equities	\$ -	\$ -	\$ 1,215,478	\$ -	\$ 1,215,478

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University of Nevada, Las Vegas Foundation

Notes to Financial Statements

NOTE D - NET ASSET VALUE (NAV)

The following table is a summary of the NAV in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, as of June 30, 2019:

Investments	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
MS Infrastructure Partners (North Haven)	\$ 244,011	\$ 59,845	N/A	N/A
Heitman Real Estate Trust (Open End RE Fund)	23,923,961	N/A	Quarterly	90 days after the quarter the notice was submitted
Grosvenor (HF FOF)	16,445,595	N/A	Quarterly	70 days' notice
Drum Capital	331,703	88,791	N/A	N/A
Arrowstreet ACWI ex-US Fiduciary	4,429,925	N/A	N/A	N/A
Arrowstreet ACWI ex-US Endowment	19,496,675	N/A	N/A	N/A
SSGA S&P 500 Index (Non-QP Strategy) Fiduciary	7,618,152	N/A	N/A	N/A
SSGA S&P 500 Index (Non-QP Strategy) Endowment	49,012,120	N/A	N/A	N/A
Mondrian All Countries	16,110,693	N/A	N/A	N/A
Pathway Capital Fund 9 (PE)	3,745,984	10,957,449	N/A	N/A
Total investments measured at the NAV	\$ 141,358,819	\$11,106,085		

- MS Infrastructure Partners (North Haven Infrastructure Partners): This is an investment in North Haven Infrastructure Partners I, a Private Infrastructure Fund managed by Morgan Stanley. The fund had its initial closing in May 2008 and made its final investment in May 2013. The fund is in its wind-down period, and has four remaining investments in the United States, India and China as of June 30, 2019.
- Heitman America Real Estate Trust ("HART"): The Heitman America Real Estate Trust is an open-ended real estate fund investing in a diversified, high-quality, income-producing real estate across property types and geographies. The Trust is managed by Heitman Capital Management. HART invests in apartments, industrial, office, retail, and self-storage assets across America. The Trust had 110 investments as of June 30, 2019.
- Grosvenor Institutional Partners LP ("GIP"): Grosvenor Institutional Partners LP is a multi-strategy hedge fund-of-funds managed by Grosvenor Capital Management. GIP was invested in a diversified basket of 23 underlying hedge funds as of June 30, 2019. These hedge funds follow multiple investment strategies, including Relative Value, Multi-Strategy, Credit, Equity, Quantitative, Macroeconomic and Strategic funds.

University of Nevada, Las Vegas Foundation

Notes to Financial Statements

NOTE D - NET ASSET VALUE (NAV) - Continued

- Drum Special Situation Partners II (“SSP II”): Drum Special Situation Partners II is a closed-end limited partnership managed by Drum Capital Management. It is designed to invest in stressed, distressed, and turnaround-focused private equity funds. Launched in 2006, SSP II ultimately made 13 fund investments and 4 co-investments, predominantly in North America. As of June 30, 2019, SSP II is in its wind-down stage, with all 10 remaining fund investments going through liquidation.
- Arrowstreet International Equity ACWI ex US Trust Fund: Arrowstreet International Equity ACWI ex US Trust Fund is a commingled vehicle investing in publicly traded non-U.S. equity securities, managed by Arrowstreet Capital. The Fund invests in securities from both developed and emerging markets. As of June 30, 2019, the Arrowstreet International Equity ACWI ex US Trust Fund held 419 securities.
- State Street Global Advisors S&P 500 Index Fund: The State Street Global Advisors S&P 500 Index Fund is a passively-managed commingled investment vehicle designed to track the performance of the Standard & Poor’s 500 index. The fund is managed by State Street Global Advisors. The fund uses a full replication methodology to reproduce the performance of the target index over time.
- Mondrian All Countries World ex-US Equity Fund LP: The Mondrian All Countries World ex-US Equity Fund LP is a commingled investment vehicle managed by Mondrian Investment Group. The strategy invests in publicly traded non-U.S. equity securities from both developed and emerging markets. The commingled fund held 122 equity securities as of June 30, 2019.
- Pathway Private Equity Fund Investors 9 (“PPEF Investors 9”): PPEF Investors 9 is a private equity fund managed by Pathway Capital Management. PPEF Investors 9 was launched in 2017.

NOTE E - INVESTMENT IN FIRST TRUST DEED

On May 8, 2006, the UNLV Foundation invested \$1,667,900 in an \$11,575,000 trust deed in a 44.52-acre parcel of vacant land located in the northern portion of the City of Las Vegas, Nevada. On May 1, 2008, the UNLV Foundation reinvested the \$1,667,900 in principal in the same trust deed with a maturity date of November 2009, pursuant to a Forbearance Agreement; however, investors collectively voted to foreclose on the property and that default was recorded in November 2009. In December 2012, a bankruptcy plan was approved and the title to the property was transferred to a newly formed LLC C-SWDE348 LLC, of which the UNLV Foundation holds a membership interest. The donor of the original gift continues to guarantee the principal balance of \$1,667,900 to the Foundation, as well as any fees incurred with this investment.

NOTE F - INVESTMENT IN REAL ESTATE

In December 1997, the UNLV Foundation received a contribution of approximately 3 acres of land in Denver, Colorado. The land is under a 99-year lease that terminates on May 10, 2055. The UNLV Foundation’s land is improved with a 175-room motel. The lease calls for level rent payments of \$15,000 per year. At the end of the lease, the UNLV Foundation has the reversionary right to the property, including any building on the site. The appraised value of the land is reflected in the accompanying Statements of Net Position and valued in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*.

University of Nevada, Las Vegas Foundation

Notes to Financial Statements

NOTE G - PLEDGES RECEIVABLE-NET

Pledges receivable, net are comprised of the following balances:

June 30,	2019
Gross pledges receivable	\$ 44,246,680
Present value discount of 2.38%	(2,450,694)
Allowance for uncollectible pledges	(2,194,236)
Pledges receivable, net	\$ 39,601,750

	2019
Pledges receivable - Current	\$ 17,205,286
Pledges receivable - Non-current	22,396,464
Pledges receivable, net	\$ 39,601,750

The discount rate is based on the Federal funds discount rate as of June 30 for pledges that exceed \$25,000 and with terms that exceed one year from the date of the financial statements.

The UNLV Foundation estimates that payments on the gross pledge receivables at June 30, 2019, will be received as follows for fiscal years ending June 30:

Fiscal years ending June 30,

2020	\$ 19,361,160
2021	8,544,115
2022	4,181,833
2023	2,471,420
2024	9,688,152
	\$ 44,246,680

For the year ended June 30, 2019, bad debt expense totaled \$1,871,834, and is included in administrative and other expenses in the accompanying Statement of Support and Revenues, Expenses and Changes in Net Position.

Bad debt is estimated based on an average of write-offs for the previous five years. Management also adjusts the estimate based on any other factors known at the time of estimation.

University of Nevada, Las Vegas Foundation

Notes to Financial Statements

NOTE H - CAPITAL ASSETS

The following is a summary of capital asset activity during the fiscal year ended June 30, 2019:

	Balance at July 1, 2018	Increases	Decreases	Balance at June 30, 2019
<u>Capital Assets not being depreciated</u>				
Land	\$ 50,699	\$ -	\$ -	\$ 50,699
Works of art/collections	102,855	-	-	102,855
<i>Total capital assets not being depreciated</i>	<i>153,554</i>	<i>-</i>	<i>-</i>	<i>153,554</i>
<u>Capital Assets being depreciated</u>				
Furniture and equipment	1,041,780	117,959	-	1,159,739
Total capital assets being depreciated	1,041,780	117,959	-	1,159,739
<u>Less accumulated depreciation for</u>				
Furniture and equipment	(884,298)	(66,928)	-	(951,226)
Total accumulated depreciation	(884,298)	*(66,928)	-	(951,226)
<i>Total capital assets being depreciated, net</i>	<i>157,482</i>	<i>51,031</i>	<i>-</i>	<i>208,513</i>
Total capital assets being depreciated and not being depreciated, net	\$ 311,036	\$ 51,031	\$ -	\$ 362,067

*Depreciation expense is included in administrative and other expenses on the Statement of Support and Revenues, Expenses and Changes in Net Position.

NOTE I - CHARITABLE REMAINDER TRUSTS

In accordance with GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, the UNLV Foundation recognizes assets, liabilities, and deferred inflows of resources at the inception of the irrevocable split-interest agreement, as well as recognize the assets representing its beneficial interests in the irrevocable split-interest agreements that are administered by a third party, if the UNLV Foundation controls the present service capacity of the beneficial interests.

The UNLV Foundation serves as trustee for two charitable remainder unitrusts as of June 30, 2019. The assets held in these trusts are recorded at fair value when received, and the liabilities to the donors are recorded at the present value of the estimated future payments to be distributed over the donors' expected lives. At June 30, 2019, the related assets were \$544,402, and liabilities were \$178,140 for these unitrusts.

The UNLV Foundation has recorded as future gifts two charitable remainder trusts for which the UNLV Foundation has irrevocable beneficiary interests but does not serve as trustee. The present value of the estimated future benefits to be received when the trust assets are distributed is recorded as an asset. Changes in the present value are recorded as an increase or decrease in the related deferred inflow of resources. At June 30, 2019, the balance of these charitable remainder trusts was \$671,076.

University of Nevada, Las Vegas Foundation

Notes to Financial Statements

NOTE I - CHARITABLE REMAINDER TRUSTS - Continued

Trusts are established by donors to provide income, generally for life, to designated beneficiaries. Upon termination of each trust, its assets will be distributed to the UNLV Foundation for the purpose designated in the trust agreements. Each year, beneficiaries receive payments as specified in the trust agreement: a fixed payment (annuity trusts) or a percentage of the trust's fair market value (standard unitrust).

The discount rates, ranging from 3.6% to 9.5%, and actuarial assumptions used in calculating the present value of the estimated future benefits to be received by the UNLV Foundation are those in effect at the date the gifts were recorded.

The trusts are separate legal entities created under the provisions of the Code and applicable Nevada law. Each trust has a calendar year as required by the Code. The charitable remainder trusts are exempt from federal income taxes, except in any year in which they receive unrelated business taxable income. The trusts for which the UNLV Foundation serves as trustee received no unrelated business taxable income for the years ended June 30, 2019.

NOTE J - RELATED PARTIES AND RELATED-PARTY TRANSACTIONS

UNLV contributes to the administrative and accounting support of the UNLV Foundation. This support totaled \$3,064,350 for the year ended June 30, 2019, and is included as University Support on the accompanying Statement of Support and Revenues, Expenses and Changes in Net Position.

The UNLV Foundation transfers funds for programs and scholarships as requested by UNLV and its affiliated foundations, as appropriate or approved. Program expenses in the amount of \$20.1 million were transferred to UNLV and its affiliated foundations for the years ended June 30, 2019. Scholarship expenses were \$10.0 million for the year ended June 30, 2019. Both are included in operating expenses accompanying Statement of Support and Revenues, Expenses and Changes in Net Position.

The UNLV Foundation transfers funds for salaries and benefits to UNLV. Due to the timing of payroll, position vacancies, and salary reassignments, the amount in the UNLV Foundation account at UNLV is treated as a Due To UNLV or a Due to the UNLV Foundation. As of June 30, 2019, due to the timing of year end accruals, the UNLV Foundation had a Due To UNLV of \$592,126, which was included in current liabilities in the accompanying Statement of Net Position.

NOTE K - TAX-EXEMPT STATUS

The UNLV Foundation is classified under Section 501(c)(3) (Nonprofit Educational Organization) of the Code. The UNLV Foundation is exempt from federal income tax, qualifies for the 50% charitable contribution deduction, and is classified as an organization that is not a private foundation under Section 509(a) of the Code.

NOTE L - SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 2, 2019, the date the financial statements were available to be issued. Based on that evaluation, there were no matters identified that had a significant impact on the financial statements as presented.

OTHER REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*



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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*

Management and Board of Trustees
University of Nevada, Las Vegas Foundation
Las Vegas, Nevada

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the University of Nevada, Las Vegas Foundation (the "UNLV Foundation"), a discrete component unit of the Nevada System of Higher Education, as of and for the year ended June 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated October 2, 2019.

Our report includes a reference to other auditors who audited the 2018 basic financial statements of the Foundation, as described in our report on the Foundation's basic financial statements.

Internal control over financial reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

BDO USA, LLP

October 2, 2019
Las Vegas, Nevada