Grant Thornton

Financial Statements and Report of Independent Certified Public Accountants

University of Nevada, Las Vegas Foundation

June 30, 2011

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Report of Independent Certified Public Accountants

Board of Trustees
University of Nevada, Las Vegas Foundation

We have audited the accompanying statement of net assets of the University of Nevada, Las Vegas Foundation (a nonprofit organization) (the "Foundation") as of June 30, 2011, and the related statements of support and revenue, expenses and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Foundation's 2010 financial statements, and in our report dated October 6, 2010, we expressed an unqualified opinion on the respective basic financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants 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 of material misstatement. An audit 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 Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University of Nevada, Las Vegas Foundation as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 11, 2011 on our consideration of the 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 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 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 and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 5 through 9 is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Grant Thornton LLP

Reno, Nevada
October 11, 2011

University of Nevada, Las Vegas Foundation

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

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 years ended June 30, 2011 and 2010. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with, and is qualified in its entirety by, the financial statements and footnotes.

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 UNLV'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 assets, statements of revenues, expenses and changes in net assets, and cash flows. The statements of net assets present the financial position of the UNLV Foundation as of June 30, 2011 and 2010. The statements of revenues, expenses and changes in net assets summarize the UNLV Foundation's financial activity for the years ended June 30, 2011 and 2010.

The following schedules are prepared from the UNLV Foundation's basic financial statements.

Statements of Net Assets

This statement is presented with three major categories: assets, liabilities, and net assets. The assets are classified as either current assets or noncurrent assets. The current assets include cash and cash equivalents, prepaid expenses and other assets, due from UNLV accrued interest receivable, net pledges receivable, and investment in marketable securities at fair value. The noncurrent 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. These liabilities represent obligations due within one year. Noncurrent liabilities include liability under charitable remainder trusts and other liabilities.

Net assets are divided into three major categories. Invested in capital assets represents the UNLV Foundation's purchased capital assets, net of accumulated depreciation. Restricted net assets are 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 A, Endowments section below. Expendable restricted resources consist of donations which are restricted to be used for purposes determined by the donors. Unrestricted net assets represent the portion of assets over which the UNLV Foundation retains full control.

Statement of Net Assets

Current assets increased to $52.5 million at June 30, 2011, from $31.7 million at June 30, 2010, due primarily to an increase in cash and cash equivalents and investments. Investment decisions are made by the UNLV Foundation portfolio managers within the guidelines set by the UNLV Foundation Investment Committee. The increase in total noncurrent assets to $168.8 million at June 30, 2011, from $152.3 million at June 30, 2010, was due primarily to the impact of market improvements related to assets held in charitable remainder trusts and investments in marketable securities at fair value.

Total noncurrent liabilities increased to $4.3 million at June 30, 2011 from $4.1 million at June 30, 2010. The increase is due primarily to an increase in liabilities under charitable gift annuities in the form of new gifts.

Total net assets increased to $214.9 million at June 30, 2011, from $179.9 million at June 30, 2010, as a result of the excess of operating and nonoperating revenues over operating expenses of approximately $35.0 million.

Statements of Revenues, Expenses and Changes in Net Assets

This statement reflects the effect of revenues and expenses on net assets. Net assets increased from the prior year by $35.0 million. Total net assets were $214.9 and $179.9 million, respectively, at June 30, 2011 and 2010.

The statement contains three categories: Operating Support and Revenues, Operating Expenses and Nonoperating Revenues. Operating Support and Revenues include donor cash and pledge contributions, donor non-cash contributions, university support, and other income and fees. Operating Expenses includes administrative, development, and other expenses, program expenses, and scholarship expenses. Nonoperating revenues primarily include investment income and gifts of permanent endowments.

Total contributions increased $5.2 million to $23.9 million for the year ended June 30, 2011 from $18.7 million for the year ended June 30, 2010, attributable primarily to gifts for the Lincy Institute at UNLV in 2011. Cash gifts increased by $7.9 million and noncash gifts decreased by $2.7 million.

Administrative, development, and other expenses decreased from $13.4 million for the year ended June 30, 2010 to $4.6 million for the year ended June 30, 2011. The decrease was mainly due to a decrease in bad debt expense on pledges.

The UNLV Foundation transfers funds for programs and scholarships only when requested by UNLV. Program expenses (which are transfers from the UNLV Foundation to UNLV in support of University programs) decreased $5.8 million from $18.4 million for the year ended June 30, 2010 to $12.6 million for the year ended June 30, 2011, attributable primarily to the Harrah's Innovation Village Building, Lincy Institute, and Greenspun College of Urban Affairs Building transfers in 2010. An increase of $.5 million of scholarship expenses to $2.3 million for the year ended June 30, 2011, from $1.8 million for the year ended June 30, 2010, was in response to increased scholarship funding requests by UNLV.

Nonoperating (expenses) revenues increased to $19.7 million for the year ended June 30, 2011, from $10.9 million for the year ended June 30, 2010. Interest and dividends on investments net decreased $0.3 million as a result of slightly declining interest rates in the fixed-income portfolios. The over-performance of the investment portfolios resulted in realized capital gains of $3.9 million. Private gifts of permanent endowments decreased by $7.0 million. The decrease was mainly due to a large gift to establish a scholars' program endowment for the year ended June 30, 2010.

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. Nancy Strouse, UNLV's Senior Associate Vice President for Development, serves as the UNLV Foundation's Executive Director.

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.

University of Nevada, Las Vegas Foundation

SUMMARY STATEMENTS OF NET ASSETS

June 30,

	2011	2010
ASSETS		
Current assets	$ 52,535,857	$ 31,732,457
Noncurrent assets		
Capital assets, net of depreciation	212,525	215,004
Other	168,540,260	152,158,368
Total assets	221,288,642	184,105,829
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities	2,075,988	139,044
Noncurrent liabilities	4,276,717	4,079,467
Total liabilities	6,352,705	4,218,511
Net assets		
Invested in capital assets	58,972	61,450
Restricted - nonexpendable	112,322,003	89,838,205
Restricted - expendable	78,071,557	67,456,777
Unrestricted	24,483,405	22,530,886
Total net assets	214,935,937	179,887,318
Total liabilities and net assets	$ 221,288,642	$ 184,105,829
CAPITAL ASSETS, net		
Land	$ 50,699	$ 50,699
Works of art/collections	102,855	102,855
Equipment	642,152	619,519
	795,706	773,073
Less accumulated depreciation	(583,181)	(558,069)
Net capital assets	$ 212,525	$ 215,004

University of Nevada, Las Vegas Foundation

SUMMARY STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Years ended June 30,

	2011	2010
Operating support and revenues		
Donor contributions - cash and pledges	$ 22,072,472	$ 14,171,658
Donor contributions - noncash	1,836,305	4,519,648
University support	2,789,427	1,774,005
Other income and fees	735,566	898,632
Total operating support and revenue	27,433,770	21,363,943
Operating expenses		
Administrative, development and other expenses	4,587,065	13,431,409
Program expenses	12,614,969	18,422,470
Scholarship expenses	2,282,441	1,752,840
Total operating expenses	19,484,475	33,606,719
OPERATING INCOME (LOSS)	7,949,295	(12,242,776)
Nonoperating revenues	19,707,300	10,858,385
Private gifts of permanent endowments	7,392,024	14,367,987
Change in net assets	$ 35,048,619	$ 12,983,596

BASIC FINANCIAL STATEMENTS

University of Nevada, Las Vegas Foundation

STATEMENTS OF NET ASSETS

June 30, 2011
(With comparative totals for the year ended June 30, 2010)

	2011	2010
ASSETS		
Current assets		
Cash and cash equivalents	$ 19,191,640	$ 9,011,877
Prepaid expenses and other assets	55,130	542,656
Due from UNLV	1,108,598	-
Accrued interest receivable	1,358,158	1,619,291
Pledges receivable, net	4,344,479	2,539,959
Investment in marketable securities - at fair value	26,477,852	18,018,674
Total current assets	52,535,857	31,732,457
Noncurrent assets		
Pledges receivable, net	20,398,030	19,786,795
Capital assets, net of accumulated depreciation of $583,181 and $558,069	212,525	215,004
Investment in marketable securities - at fair value	129,920,167	115,029,855
Assets held in charitable remainder trusts	14,466,500	13,579,048
Investment in First Trust Deed	1,667,900	1,667,900
Investments in real estate	1,591,957	1,591,957
Other assets	495,706	502,813
Total noncurrent assets	168,752,785	152,373,372
Total	$ 221,288,642	$ 184,105,829
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and other liabilities	$ 2,075,988	$ 139,044
Total current liabilities	2,075,988	139,044
Noncurrent liabilities		
Liability under charitable remainder trusts	3,613,334	3,639,791
Other liabilities	663,383	439,676
Total noncurrent liabilities	4,276,717	4,079,467
Net assets		
Invested in capital assets	58,972	61,450
Restricted for:		
Nonexpendable	112,322,003	89,838,205
Expendable	78,071,557	67,456,777
Unrestricted	24,483,405	22,530,886
Total net assets	214,935,937	179,887,318
Total	$ 221,288,642	$ 184,105,829

accompanying notes are an integral part of these statements.

University of Nevada, Las Vegas Foundation

STATEMENT OF SUPPORT AND REVENUE, EXPENSES AND CHANGES IN NET ASSETS

Year ended June 30, 2011
(With comparative totals for the year ended June 30, 2010)

	2011				2010
	Unrestricted	Restricted	Endowment	Total	Total
Operating support and revenue					
Donor contributions - Cash and pledges	$ 803,294	$ 21,269,178	$ -	$ 22,072,472	$ 14,171,658
Donor contributions - non-cash	1,154	1,835,151	-	1,836,305	4,519,648
University support	2,789,427	-	-	2,789,427	1,774,005
Other income and fees	735,566	-	-	735,566	898,632
Total operating support and revenue	4,329,441	23,104,329	-	27,433,770	21,363,943
Operating expenses					
Program expenses					
Administrative, development and other expenses	4,454,428	132,637	-	4,587,065	13,431,409
Program expenses	74,430	12,540,539	-	12,614,969	18,422,470
Scholarships expenses	-	2,282,441	-	2,282,441	1,752,840
Total operating expenses	4,528,858	14,955,617	-	19,484,475	33,606,719
OPERATING INCOME (LOSS)	(199,417)	8,148,712	-	7,949,295	(12,242,776)
Nonoperating revenues (expenses)					
Interest and dividends on investments, net	57,646	1,664,374	1,192,035	2,914,055	3,240,068
Realized gains on investments	68,793	606,722	3,254,508	3,930,023	1,199,138
Change in market value of investments	743,661	(443,131)	13,164,520	13,465,050	7,478,418
Change in value of split-interest agreements	136,467	105,357	(837,248)	(595,424)	(1,053,508)
Decrease in value of life insurance policies	-	(6,404)	-	(6,404)	(5,731)
Total nonoperating revenues (expense)	1,006,567	1,926,918	16,773,815	19,707,300	10,858,385
Additions to permanent and term endowments	-	-	7,392,024	7,392,024	14,367,987
Transfers between funds					
Other	1,142,891	539,150	(1,682,041)	-	-
Total transfers between funds	1,142,891	539,150	(1,682,041)	-	-
NET CHANGE IN NET ASSETS	1,950,041	10,614,780	22,483,798	35,048,619	12,983,596
Net assets at beginning of year	22,592,336	67,456,777	89,838,205	179,887,318	166,903,722
Net assets at end of year	$ 24,542,377	$ 78,071,557	$ 112,322,003	$ 214,935,937	$ 179,887,318

The accompanying notes are an integral part of this statement.

University of Nevada, Las Vegas Foundation

STATEMENTS OF CASH FLOWS

Years ended June 30, 2011
(With comparative totals for the year ended June 30, 2010)

	2011	2010
Operating activities:		
Cash received from contributions	$ 19,310,482	$ 14,949,605
Distributions to The University of Nevada, Las Vegas	(13,902,707)	(15,708,763)
Payments to vendors for supplies and services	(531,468)	(470,636)
Payments on behalf of employees	(1,187,129)	(1,071,591)
Other - rental income, fees, donor paid benefits liability portion/charitable gift annuity	720,879	755,314
Net cash provided by (used in) operating activities	4,410,057	(1,546,071)
Non-capital financing activities:		
Gifts to permanent endowments	7,392,024	14,367,987
Net cash provided by non-capital financing activities	7,392,024	14,367,987
Capital and related financing activities:		
Purchases of furniture and equipment	(23,358)	(26,212)
Proceeds from sale of fixed assets	8,283	136,536
Net cash (used in) provided by capital and related financing activities	(15,075)	110,324
Investing activities:		
Proceeds from sale of marketable securities	142,109,110	80,741,842
Purchase of marketable securities	(147,196,602)	(108,757,457)
Interest and dividends received, net of fees	3,177,920	2,944,775
Payments received on notes receivable	219,198	29,814
Donation of charitable gift annuities	272,408	527,105
Payments paid to charitable gift annuities	(48,701)	(116,313)
Lending on notes receivable	(140,576)	(76,000)
Net cash used in investing activities	(1,607,243)	(24,706,234)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10,179,763	(11,773,994)
Cash and cash equivalents, beginning of year	9,011,877	20,785,871
Cash and cash equivalents, end of year	$ 19,191,640	$ 9,011,877

University of Nevada, Las Vegas Foundation

STATEMENTS OF CASH FLOWS - CONTINUED

Years ended June 30,

	2011	2010
Reconciliation of operating income (loss) to net cash used in operating activities:		
Operating income (loss)	$ 7,949,295	$ (12,242,776)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	25,837	46,847
Noncash donations less gifts-in-kind	(841,602)	-
(Gain) loss on sale of property	(8,283)	(1,073)
Bad debt expense	346,235	9,157,795
Actuarial assumptions	(2,774,095)	1,141,957
Changes in:		
Prepaid expenses and other assets	408,904	827,891
Pledges receivable, net	5,701	(506,256)
Due from UNLV	(1,108,598)	-
Other assets	7,107	133
Accounts payable and other liabilities	399,556	29,411
Net cash provided by (used in) operating activities	$ 4,410,057	$ (1,546,071)
Supplemental disclosure of noncash information, noncash contributions:		
Donated stock	$ 841,602	$ -
Gifts-in-kind	994,703	4,519,648
Total noncash contributions	$ 1,836,305	$ 4,519,648

The accompanying notes are an integral part of these statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. General

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"). Although the UNLV Foundation receives donations from various sources, a substantial portion of its pledges receivable is concentrated in the Las Vegas area.

2. Basis of Presentation

The UNLV Foundation's financial statements have been prepared on an accrual basis applying all applicable Governmental Accounting Standards Board ("GASB") pronouncements.

In accordance with paragraph 7 of GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the UNLV Foundation has elected not to apply all Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued after November 30, 1989.

3. Net Assets

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

- Invested in capital assets consists of purchased capital assets, net of accumulated depreciation.
- Restricted–nonexpendable net assets include 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 assets include contributions by donors for the purpose of supporting scholarships and programs at UNLV.
- Unrestricted net assets include 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.

4. Investment Gains and Losses

Gains and losses arising from the sale, collection, or disposition of investments and other noncash 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. Operating Support and Revenues

Operating support and revenues include contributions (cash, noncash, 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 receipting and stewardship services provided on behalf of the contributions made to UNLV through the Board of Regents. University support includes financial support towards administrative and accounting functions 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 pledges receivable. 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.

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 - Noncash

Noncash 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 assets as capital assets, is held pending sale or other disposition by the UNLV Foundation and is valued at the lower of fair value or most recent appraised value at the date donated.

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

8. Operating Expenses

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

9. Endowments

The UNLV Foundation records two types of endowments. Permanent or true endowments are funded by gifts and bequests. Quasi-endowments are funds designated as endowments by the UNLV Foundation Board of Trustees, and included in unrestricted net assets on the statements of net assets.

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 July 2006. 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, as permitted by individual donor agreements. The annual payout rate is determined by the UNLV Foundation Investment Committee and is applied to the average market value of the endowment investment pool on a rolling twelve quarter basis.

10. 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. Substantially all cash equivalents at June 30, 2011 were invested in U.S. Treasury bills and Treasury notes. The fair value of cash equivalents approximates its carrying value at June 30, 2011. Cash from all accounts are pooled for investment purposes.

11. Investments in Marketable 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 assets. 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. Alternative investments are presented in the financial statements at net asset value.

12. Capital Assets

Capital assets are recorded at cost for purchased assets, or fair 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

13. 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 and liabilities 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.

14. Reclassification

Certain prior year reclassifications have been made to conform to classifications made in the current period. These reclassifications did not have an impact on previously reported financial positions, cash flows or results of operations.

NOTE B - CASH AND INVESTMENT IN SECURITIES - FAIR VALUE

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

During the year ended June 30, 2011, the UNLV Foundation recognized $20,309,128 in investment gains. Earnings included $3,731,234 from interest and dividends, $3,930,023 from net realized gains on the sale of investments, and $13,465,050 from the unrealized gains in investment fair value. 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 $814,447 and amortization of bond discounts of $2,732 were netted against earnings.

Investments consist of the following at June 30, 2011:

	Unrestricted Investments	Restricted Investments	Endowment Investments	Total Investments
Mutual funds	$ -	$ 5,978,781	$ 162,732	$ 6,141,513
Certificates of deposit	-	-	907,436	907,436
Equities	3,988,496	-	66,869,296	70,857,792
Mortgage-backed securities	-	-	863,657	863,657
U.S. government obligations	-	25,439,615	11,764,712	37,204,327
U.S. corporate bonds	43,019	15,739,536	13,232,114	29,014,669
Alternative investments	-	-	6,660,212	6,660,212
Non-U.S. corporate bonds	-	2,774,820	1,973,593	4,748,413
Investment in securities at fair value	$4,031,515	$49,932,752	$102,433,752	$156,398,019

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

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, 2011, the total balance for the UNLV Foundations cash and money market funds was $19,191,640. Of this balance, $500,000 was covered by the Federal Deposit Insurance Corporation. $600,018 was covered by Securities Investor Protection Corporation (SIPC). The amount of $18,091,622 was uninsured.

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, 2011 follow:

	Total	AAA	AA	A	BBB	Below Investment Grade
Mutual funds	$ 6,141,513	$ 20,260	$ -	$ 310,945	$ 1,581,769	$4,228,539
U.S. corporate bonds	29,014,669	3,466,364	3,286,906	8,401,190	13,554,603	305,606
Non-U.S. corporate bonds	4,748,413	411,489	850,719	1,597,490	1,888,575	140

In accordance with GASB Statement No. 40, U.S. government obligations, mortgage-backed securities, cash, and money market funds backed by the full faith and credit of the federal government are not included in the above tables. Alternative investments are not rated by industry rating agencies.

3. 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.

For investments in donor-restricted endowment funds, the UNLV Foundation uses the Lehman Aggregate Bond Index average as the benchmark; maturity as of June 30, 2011, was 7.2 years. The fixed-income portfolio's average maturity was 7.2 years. Interest rates range from 0.08% to 10.38%.

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

3. **Interest Rate Risk** - Continued

For investments in donor-restricted expendable funds, the UNLV Foundation uses the Lehman Aggregate Index average as the benchmark; maturity as of June 30, 2011, was 7.4 years. The fixed-income portfolio's average maturity was 7.0 years. Interest rates range from 0% to 19.00%.

	Maturity under 1 Year	Maturity 1-5 Years	Maturities 5-10 Years	Maturities over 10 Years	Total
Mutual funds	$ 6,141,513	$ -	$ -	$ -	$ 6,141,513
Certificates of deposit	-	806,851	100,585	-	907,436
Mortgage-backed securities	-	-	-	863,657	863,657
U.S. government obligations	18,528,396	4,159,055	1,938,026	12,578,850	37,204,327
U.S. corporate bonds	1,513,584	7,827,471	12,220,443	7,453,171	29,014,669
Non-U.S. corporate bonds	294,359	1,129,627	2,830,423	494,004	4,748,413
Investment in securities at fair value	$26,477,852	$13,923,004	$17,089,477	$21,389,682	$78,880,015

4. **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 - 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. As such, the donor of the original gift has guaranteed the principal balance of $1,667,900 to the Foundation, as well as any fees incurred with this investment.

NOTE D - 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, net. At the end of the lease, the UNLV Foundation has the reversionary right to the property, including any building on the site.

NOTE E - PLEDGES RECEIVABLE-NET

Pledges receivable, net are comprised of the following balances:

	June 30, 2011
Gross pledges receivable	$25,059,517
Present value discount of 0.09%	(970)
Allowance for uncollectible pledges	(316,038)
Pledges receivable, net	$24,742,509

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 pledges receivable at June 30, 2011, will be received as follows for fiscal years ending June 30:

Fiscal years ending June 30,	
2012	$ 4,639,921
2013	2,305,944
2014	1,874,313
2015	1,232,279
2016	1,005,415
Thereafter	14,001,645
	$25,059,517

For the year ended June 30, 2011, pledge write-offs were $346,235 and is included in administrative, development and other expenses on the Statement of Support and Revenues, Expenses and Changes in Net Assets. The significant decrease was related to an isolated circumstance with a major donor in the year ended June 30, 2010.

The UNLV Foundation has certain pledges receivable, not included in the accompanying financial statements, totaling $4,019,705 as of June 30, 2011, which stipulates that the UNLV Foundation establish an endowment, invest the gift, and maintain the principal intact in perpetuity. Consistent with the requirements of GASB No. 33, such pledges are not recorded until such time as the gifts are received.

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

NOTE F - CAPITAL ASSETS

The following is a summary of capital asset activity during the fiscal year ended June 30, 2011:

	Balance at July 1, 2010	Increases	Decreases	Balance at June 30, 2011
Capital assets not being depreciated				
Land	$ 50,699	$ -	$ -	$ 50,699
Works of art/collections	102,855	-	-	102,855
Total capital assets not being depreciated	153,554	-	-	153,554
Other capital assets				
Furniture and equipment	619,519	23,358	(725)	642,152
Total other capital assets at historical cost	619,519	23,358	(725)	642,152
Less accumulated depreciation for				
Furniture and equipment	(558,069)	(25,837)	725	(583,181)
Total accumulated depreciation	(558,069)	(25,837)	725	(583,181)
Capital assets, net	$215,004	($2,479)	$ -	$212,525

NOTE G - CHARITABLE REMAINDER TRUSTS

The UNLV Foundation serves as trustee of three charitable remainder unitrusts and one charitable reminder annuity trust as of June 30, 2011. 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, 2011, the related assets were $10,937,757 and liabilities were $5,150,723 for these unitrusts and annuity trust.

The UNLV Foundation has recorded as future gifts five 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 investment income (loss). At June 30, 2011, the balance of these charitable remainder trusts was $3,528,743.

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).

NOTE G - CHARITABLE REMAINDER TRUSTS - Continued

The discount rates 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 according to the provisions of the Internal Revenue Code (the "Code").

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 year ended June 30, 2011.

NOTE H - RELATED PARTIES AND RELATED-PARTY TRANSACTIONS

UNLV contributes to the administrative and accounting support of the UNLV Foundation. This support totaled $2,789,427 for the year ended June 30, 2011.

On March 12, 2010, the Executive Committee approved of a line of credit for the UNLV Research Foundation not to exceed $450,000 for the purpose of covering approved reimbursable Economic Development Administration ("EDA") grant expenditures, to be drawn upon as the need occurs from March 20, 2010 until August 31, 2010. The balance of the line of credit will be paid back to the UNLV Foundation by December 31, 2010. As of June 30, 2011, no funds have been requested.

On April 21, 2010, the Executive Committee approved a line of credit for the UNLV Solar Innovation and Technology Initiative not to exceed $120,000 for the purpose of assisting with the start up of the initiative and to be drawn upon as the need occurs between May 1, 2010 through October 1, 2010. As of June 30, 2011, $120,000 has been drawn and repaid.

On June 9, 2010 the Executive Committee approved the utilization of the UNLV Foundation's previously encumbered reserves to provide a $250,000 stipend for Carol C. Harter, in her role as Director of the Black Mountain Institute, without retirement or other benefits, for additional professional services in connection with donor, agency and community relations, in her role as President Emerita. This stipend began on January 1, 2010 and ends on December 31, 2012, and will be paid equally over 36 months.

On November 10, 2010, in response to UNLV's request, the Executive Committee approved annual funding for a car allowance in the amount of $7,200, plus no more than $200 for the fringe benefit costs associated with that allowance, for Dr. William Boldt, UNLV Vice President for Advancement, through the conclusion of this contract ending June 30, 2013. This funding may be taken out of UNLV Foundation operating reserves, if necessary. Dr. Boldt also received $8,000 annually for hosting purposes.

NOTE H - RELATED PARTIES AND RELATED-PARTY TRANSACTIONS - Continued

At the December 13, 2010 Executive Committee meeting, it was approved, based on a request by the Nevada System of Higher Education, upon the permanent appointment of Neal Smatresk as President of UNLV, that the UNLV Foundation provide an annual salary supplement for the term of his 3.5 year contract and that the annual salary supplement of $51,573, approved y the UNLV Executive Committee on June 9, 2010 for the fiscal year 2011, be increased effective January 1, 2011 for the remainder of the fiscal year by the amount of $8,425 and an annual supplement of $68,424 be provided each year through fiscal year 2014. In addition, it was requested that a reserve fund be established by the UNLV Foundation in the amount of $50,000 annually for 3.5 years beginning January 1, 2011 to be paid according to the terms of the UNLV President's employment agreement as deferred compensation.

NOTE I - 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.

COMPLIANCE SECTION

Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters

Board of Trustees
University of Nevada, Las Vegas Foundation

We have audited the financial statements of University of Nevada, Las Vegas Foundation (the "Foundation") as of and for the year ended June 30, 2011, and have issued our report thereon dated October 11, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Foundation's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion.

A deficiency in internal control over financial reporting 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 over financial reporting, such that there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control would not necessarily identify all deficiencies in internal control over financial reporting that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in the Foundation's internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

This report is intended solely for the information and use of management and the Board of Trustees, others within the Foundation and is not intended to be and should not be used by anyone other than these specified parties.

Grant Thornton LLP

Reno, Nevada
October 11, 2011