
Nevada System of Higher Education Financial Statements



June 30, 2011 and 2010

University of Nevada, Reno
College of Southern Nevada
Western Nevada College

University of Nevada, Las Vegas
Great Basin College
Desert Research Institute

Nevada State College
Truckee Meadows Community College
System Administration

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The Nevada System of Higher Education does not discriminate on the basis of sex, race, color, religion, handicap, or national origin in the educational programs or activities which it operates.

Nevada System of Higher Education
Financial Statements and Report of Independent Auditors
As of and for the Years Ended June 30, 2011 and 2010

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Report of Independent Certified Public Accountants

Board of Regents
Nevada System of Higher Education

We have audited the accompanying financial statements of the Nevada System of Higher Education (the “System”), as of and for the years ended June 30, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the System’s management. Our responsibility is to express our opinion on these financial statements based on our audit. We did not audit the financial statements of the DRI Research Foundation, DRI Research Parks, Ltd., Truckee Meadows Community College Foundation, Great Basin College Foundation, College of Southern Nevada Foundation, and the Nevada State College Foundation, which collectively represent 4.6% percent of the assets, 4.5% percent of the net assets and 4.5% percent of the operating revenues of the aggregate discretely presented component units, as of and for the year ended June 30, 2011 and 4.6% percent of the assets, 4.5% percent of the net assets and 5.0% percent of the operating revenues of the aggregate discretely presented component units as of and for the year ended June 30, 2010 as described in Note 22 “System Related Organizations” in the accompanying financial statements as of and for the year ended June 30, 2011. Those financial statements were audited by other auditors whose reports have been furnished to us, and in our opinion, insofar as they relate to the amounts included for those component units is based solely on the reports of other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. 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 System’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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the System, as of June 30, 2011 and 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining schedules of net assets and combining schedules of revenues, expenses and changes in net assets have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Grant Thornton LLP

Reno, Nevada
November 1, 2011

Nevada System of Higher Education

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Nevada System of Higher Education's (the "System") annual financial information presents management's discussion and analysis of the financial standing as of June 30, 2011. This section provides a brief overview of noteworthy financial activity, identifies changes in financial position, and assists the reader in focusing on significant financial issues that occurred during the year ended June 30, 2011, with comparative information as of June 30, 2010 and June 30, 2009.

Since this discussion provides summary level financial information, it should be read in conjunction with the System's financial statements and accompanying footnotes that follow this section. Responsibility for the financial statements, footnotes and this discussion rests with System management. All amounts included in this discussion are presented in thousands of dollars.

SYSTEM AND SYSTEM RELATED ORGANIZATIONS

The System is a consolidation of the following 8 institutions of public higher education in Nevada and the Nevada System of Higher Education Administration entity:

University of Nevada, Reno
Desert Research Institute
Truckee Meadows Community College
Western Nevada College
Great Basin College
University of Nevada, Las Vegas
College of Southern Nevada
Nevada State College

This annual financial report and statements include the above institutions of the System as well as certain other organizations, also called component units, that have a significant relationship with the institutions. These component units are related tax exempt organizations primarily founded to foster and promote the growth, progress, and general welfare of the institutions. They exist to solicit, receive and administer gifts and donations for the institutions or, in the case of the University of Nevada School of Medicine Practice Plans, to facilitate patient care activities. The System component units are as follows:

University of Nevada, Reno Foundation
Athletic Association University of Nevada
Athletic Association University of Nevada Endowment Fund
University of Nevada School of Medicine Practice Plans
Desert Research Institute Foundation
Desert Research Institute Research Parks LTD
Truckee Meadows Community College Foundation
Western Nevada College Foundation
Great Basin College Foundation
University of Nevada, Las Vegas Foundation
College of Southern Nevada Foundation
Nevada State College Foundation

Component units issue separate audited or reviewed financial statements from the System.

SYSTEM FINANCIAL HIGHLIGHTS

- Total net assets increased 4.8% from \$2,150,623 to \$2,253,126;
- Capital Assets increased 0.8% from \$1,969,992 to \$1,986,114;
- Operating revenues increased 4.1% from \$731,406 to \$761,162
- Non-operating revenues increased 2.0% from \$736,304 to \$750,691 ; and
- Operating expenses increased 1.4% from \$1,403,365 to \$1,422,884.

USING THIS REPORT

This report consists of a series of financial statements prepared in accordance with the Governmental Accounting Standards Board Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*. These statements focus on the financial condition of the System, the results of operations, and the cash flows of the System as a whole.

One of the most important questions asked about System finances is whether the System as a whole is better off or worse off as a result of the year's activities. There are three key components to answering this question. They are the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. These statements present financial information in a form similar to that used by corporations. The System's net assets (the difference between assets and liabilities) is an important gauge of the System's financial health when considered with non-financial facts such as enrollment levels and the condition of the facilities.

The Statement of Net Assets includes all assets and liabilities. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when a third party provides the services, regardless of when cash is exchanged.

The Statement of Revenues, Expenses, and Changes in Net Assets presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or non-operating. All things being equal, a public higher education system's dependency on state appropriations will usually result in operating deficits. This is because the financial reporting model classifies State appropriations as non-operating revenues. The utilization of long-lived assets,

referred to as Capital Assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Another important factor to consider when evaluating financial viability is the System's ability to meet financial obligations as they mature and come due. The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, capital financing, non-capital financing, and investing activities.

CONDENSED FINANCIAL INFORMATION

ASSETS AND LIABILITIES

The Statement of Net Assets is a point-in-time financial statement presenting the financial position of the System as of June 30, 2011, with a comparison made to June 30, 2010 and June 30, 2009. This Statement presents end-of-year data for Assets (current and non-current), Liabilities (current and non-current), and Net Assets (assets minus liabilities).

System net assets (in \$1,000's)

	2011	2010	Increase/ (Decrease)	Percent Change	2009	Increase/ (Decrease)	Percent Change
Assets							
Current Assets	\$677,583	\$565,081	\$112,502	20%	\$499,493	\$65,588	13%
Capital Assets	1,986,114	1,969,992	16,122	1%	1,915,412	54,580	3%
Other Assets	309,922	312,497	(2,575)	(1)%	318,258	(5,761)	-2%
Total Assets	2,973,619	2,847,570	126,049	4%	2,733,163	114,407	4%
Liabilities							
Current Liabilities	182,353	174,449	7,904	5%	187,725	(13,276)	-7%
Noncurrent Liabilities	538,140	522,498	15,642	3%	543,557	(21,059)	-4%
Total Liabilities	720,493	696,947	23,546	3%	731,282	(34,335)	-5%
Net Assets							
Invested in Capital							
Assets, Net of Debt	1,449,211	1,450,749	(1,538)	0%	1,382,189	68,560	5%
Restricted,							
nonexpendable	85,288	82,088	3,200	4%	80,211	1,877	2%
Restricted, expendable	245,196	250,762	(5,566)	(2)%	237,217	13,545	6%
Unrestricted	473,431	367,024	106,407	29%	302,264	64,760	21%
Total Net Assets	\$2,253,126	\$2,150,623	\$102,503	5%	\$2,001,881	\$148,742	7%

Assets

Total assets of the System increased by \$126 million, or approximately 4.4%. This increase occurred primarily in current assets. The increase in current assets is primarily due to an increase in the valuation of the short-term investments accounts. The increase in capital assets is reflective of System's ongoing priority of improving and expanding facilities to meet increases in enrollment driven student demand.

Liabilities

Total liabilities for the year increased by \$23.5 million; a \$7.9 million increase in current liabilities and \$15.6 million increase in non-current liabilities. The increase in current liabilities was primarily due to a \$3.6 million increase in deferred revenue caused by a shift in the process as institutions transition to Peoplesoft student information software, changes in the deferred revenue associated with grants and contracts and changes in enrollment levels/patterns. The increase in non-current liabilities was primarily driven by an increase in long-term debt as a result of \$32.7 million issuance of bonds for the UNR Living Learning Center.

Net Assets

Net assets are divided into three major categories. The first category, invested in capital assets - net of debt, provides the System's equity in property, plant, and equipment owned by the System. The next category is restricted net assets, which is presented as two subcategories: nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net assets are available for expenditure by the System, but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net assets that are net assets available to the System for any lawful purpose.

Invested in Capital Assets

Net assets invested in capital assets - net of related debt, represent the System's capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. The \$1.5 million or 0.11% decrease reflects the System's expenditures for development and renewal of its capital assets, offset by depreciation expense on capital assets and a net decrease in long-term debt. The decrease indicates a limited amount of construction of new facilities due to the economic conditions in the State.

Restricted, Nonexpendable/Expendable

The System's endowment funds consist of both permanent endowments and funds functioning as endowments or quasi-endowments.

Permanent endowments are those funds received from donors with the stipulation that the principal remain inviolate and be invested in perpetuity to produce income that is to be expended for the purposes stipulated by the donor.

Unrestricted Net Assets

Unrestricted net assets increased by \$106 million in 2011. Although unrestricted net assets are not subject to externally imposed stipulations, substantially all of the System's unrestricted net assets have been designated for various academic and research programs and initiatives, as well as capital projects. Funds functioning as an endowment consist of unrestricted funds that have been allocated by the System for long-term investment purposes, although amounts are not subject to donor restrictions requiring the System to preserve the principal in perpetuity. Programs supported by the endowment include scholarships, fellowships, professorships, research efforts and other important programs and activities.

System Related Organizations

Component Entity Net Assets (in \$1,000's)							
	2011	2010	Increase/ (Decrease)	Percent Change	2009	Increase/ (Decrease)	Percent Change
Assets							
Current Assets	\$210,991	\$169,182	\$41,809	25%	\$189,677	(20,495)	(11)%
Capital Assets	3,233	2,792	441	16%	6,004	(3,212)	(53)%
Other Assets	220,616	204,685	15,931	8%	158,719	45,966	29%
Total Assets	434,840	376,659	58,181	15%	354,400	22,259	6%
Liabilities							
Current Liabilities	14,060	11,174	2,886	26%	11,421	(247)	(2)%
Non-Current Liabilities	8,806	9,612	(806)	(8)%	8,634	978	11%
Total Liabilities	22,866	20,786	2,080	10%	20,055	731	4%
Net Assets							
Invested in Capital	2,603	1,890	713	38%	2,961	(1,071)	(36)%
Assets Net of Debt							
Restricted, Nonexpendable	170,457	183,692	(13,235)	(7)%	154,267	29,425	19%
Restricted, Expendable	187,860	122,600	64,260	52%	128,335	(4,735)	(4)%
Unrestricted	51,054	46,691	4,363	9%	48,782	(2,091)	(4)%
Total Net Assets	\$411,974	\$355,873	\$56,101	16%	\$334,345	\$21,528	6%

One of the critical factors in continuing the quality of the System's programs is the development and renewal of its capital assets. The eleven campus and athletic foundations, as System Related Organizations, continue to support the campuses in their long-range plans and provide support for construction of facilities. Changes in the above schedule primarily reflect the foundations' increase in investment income. The remaining changes can be attributed to a decrease in operating expenses.

REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. The purpose of the statement is to present the revenues received by the System, both operating and non-operating, and the expenses paid by the System, operating and non-operating, as well as any other revenues, expenses, gains and losses received or spent by the System.

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the System. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the System. Non-operating revenues are revenues received for which goods and services are not provided. For example state appropriations are considered non-operating because they are provided by the Legislature to the institution without the Legislature directly receiving commensurate goods and services for those revenues.

System Revenues, Expenses and Changes in Net Assets (in \$1,000's)

The Statement of Revenues, Expenses, and Changes in Net Assets reflect a positive year with an increase in the net assets at the end of the year.

	2011	2010	Increase/ Decrease	Percent Change	2009	Increase/ Decrease	Percent Change
Operating Revenues							
Student tuition and fees, net	\$328,805	\$302,887	\$25,918	9%	\$284,888	\$17,999	6%
Grants and contracts, Federal	186,353	174,000	12,353	7%	179,466	(5,466)	(3)%
Grants and contracts, Other	80,575	94,512	(13,937)	(15)%	87,624	6,888	8%
Sales and Services	137,189	140,444	(3,255)	(2)%	139,583	861	1%
Other	28,240	19,563	8,677	44%	16,511	3,052	18%
Total Operating Revenues	761,162	731,406	29,756	4%	708,072	23,334	3%
Operating Expenses							
Employees comp/Benefits	(907,282)	(931,296)	24,014	(3)%	(943,615)	12,319	(1)%
Utilities	(34,203)	(37,542)	3,339	(9)%	(38,211)	669	(2)%
Supplies and Services	(287,746)	(263,646)	(24,100)	9%	(283,075)	19,429	(7)%
Scholarship and Fellowships	(101,044)	(77,988)	(23,056)	30%	(51,157)	(26,831)	52%
Other	(52)	(38)	(14)	37%	-	(38)	100%
Depreciation	(92,557)	(92,855)	298	0%	(86,687)	(6,168)	7%
Total Operating Expenses	(1,422,884)	(1,403,365)	(19,519)	1%	(1,402,745)	(620)	0%
Non-Operating Revenues and Expenses							
State Appropriation	549,015	396,748	152,267	38%	619,609	(222,861)	(36)%
Federal Grants	100,769	268,935	(168,166)	(63)%	43,139	225,796	523%
Gifts	34,999	33,694	1,305	4%	34,346	(652)	(2)%
Investment Income (Loss), net	88,117	61,979	26,138	42%	(83,743)	145,722	(174)%
Disposal of Capital Asset	(1,626)	(2,476)	850	(34)%	(2,376)	(100)	4%
Interest Expense	(24,352)	(21,895)	(2,457)	11%	(21,464)	(431)	2%
Other Non-Operating Revenues (Expenses)	3,769	(681)	4,450	653%	14,634	(15,315)	105%
Total Non-Operating Revenues and Expenses	750,691	736,304	14,387	2%	604,145	132,159	22%
Other Revenues (Expenses)	13,534	84,397	(70,863)	(84)%	(13,342)	97,739	733%
Net Assets							
Increase (Decrease) in Net Assets	102,503	148,742	(46,239)	(31)%	(103,870)	252,612	(243)%
Net Assets, Beginning of Year	2,150,623	2,001,881	148,742	7%	2,105,751	(103,870)	(5)%
Total Net Assets, End of Year	\$2,253,126	\$2,150,623	\$102,503	5%	\$2,001,881	\$148,742	7%

Operating revenues increased by \$29.8 million (4.1%) and operating expenses increased by \$19.5 million (1.4%), resulting in a decrease in the operating loss of \$10.2 million (1.5%).

Operating Revenue - Student Tuition and Fees increased 8.6% to \$328.8 million as a result of the Board of Regents approved tuition and fee increases and, to a lesser extent, enrollment growth. Federal grants and contracts experienced an increase of 7.1% to \$186.3 million while State, local and other grants and contracts decreased 14.7% to \$80.6 million.

A slight increase in operating expenses was driven by a large increase in Scholarship expense and Supplies expense being offset by decreases in Employee Compensation and Benefits, and Utilities. These decreases are a result of layoffs, position eliminations and furloughs in response to the budget cuts. The Scholarship expense increased 29.6% to \$101.0 million. This is a result of an

increasing number of students receiving financial aid awards and the institution commitment to providing aid to students during these tough economic times.

Non-operating net revenues increased by \$14.4 million. This was led by a significant increase in appropriations (\$152.3 million) and investment income, net (\$26.1 million) offset by significant decreases in non-operating federal grants (\$168.2 million). The changes in appropriations and non-operating federal grants were a result of Fiscal Year (FY) 10 American Reinvestment and Recovery Act (ARRA) funds being replaced by \$92.4 million in state appropriated general funds by the legislature. Other revenues and expenses decreased by \$70.9 million as a result of a decrease in state appropriations restricted for capital purposes of \$64.9 million and a decrease in capital gifts of \$7.5 million.

System Related Organizations

Component entities increased from 2010 to 2011, as shown in the following schedule.

	2011	2010	Increase/ Decrease	Percent Change	2009	Increase/ Decrease	Percent Change
Operating Revenues							
Patient Revenue	58,614	\$61,334	(\$2,720)	(4)%	\$64,634	(\$3,300)	(5)%
Contract Revenue	7,355	8,848	(1,493)	(17)%	7,794	1,054	14%
Contributions	38,938	44,889	(5,951)	(13)%	62,622	(17,733)	(28)%
Campus Support	5,945	4,216	1,729	41%	6,030	(1,814)	(30)%
Other	5,408	5,476	(68)	(1)%	4,859	617	13%
Total Operating Revenues	116,260	124,763	(8,503)	(7)%	145,939	(21,176)	(15)%
Operating Expenses							
Program Expenses	(34,306)	(37,556)	3,250	(9)%	(53,599)	16,043	(30)%
Other Operating Expenses	(41,442)	(57,000)	15,558	(27)%	(37,992)	(19,008)	50%
Depreciation	(857)	(1,003)	146	(15)%	(1,118)	115	(10)%
Total Operating Expenses	(76,605)	(95,559)	18,954	(20)%	(92,709)	(2,850)	3%
Non-Operating Revenues and Expenses							
Investment Income (Loss), net	40,369	22,446	17,923	80%	(37,725)	60,171	(159)%
Payments to NSHE System	(37,832)	(49,295)	11,463	(23)%	(39,032)	(10,263)	26%
Other Non-Operating Revenues	(41)	119	(160)	(134)%	(1,754)	1,873	(107)%
Total Non-Operating Revenues & Expenses	2,496	(26,730)	29,226	(109)%	(78,511)	51,781	(66)%
Other Revenues							
Other Revenues	13,950	19,054	(5,104)	(27)%	13,242	5,812	44%
Net Assets							
Increase (decrease) in Net Assets	56,101	21,528	34,573	161%	(12,039)	33,567	(279)%
Net Assets, Beginning of Year	355,873	334,345	21,528	6%	346,384	(12,039)	(3)%
Total Net Assets, End of Year	\$411,974	\$355,873	56,101	16%	\$334,345	\$21,528	6%

CASH FLOWS (in \$1,000's)

Net cash flows increased primarily due to an increase in investment income. Cash used in operating activities decreased, reflecting NSHE's aggressive cost saving measures in response to the State budget cuts. Net operating cash flows (amount of cash used in operating activities) decreased 3.7%.

Cash flows used in capital financing activities indicated an increase of \$62.0 million, reflecting a decrease in the expenditure of cash on capital assets and the issuance of bonds for future asset projects. Cash generated through investing activities decreased by \$74.5 million. This category generally reflects investing activities during the year.

	2011	2010	Increase/ (Decrease)	Percent Change	2009	Increase/ (Decrease)	Percent Change
Operating Activities	(\$562,752)	(\$584,420)	\$21,668	(4)%	(\$613,358)	\$28,938	(5)%
Non-Capital financing	686,107	694,445	(8,338)	(1)%	730,716	(36,271)	(5)%
Capital financing activities	(81,909)	(143,917)	62,008	(43)%	(121,888)	(22,029)	18%
Investing activities	(39,994)	82,164	(122,158)	(149)%	(17,032)	99,196	582%
Net increase (decrease) in cash	1,452	48,272	(46,820)		(21,562)	69,834	
Cash - Beginning of the year	200,835	152,563	48,272		174,125	(21,562)	
Cash- End of the year	\$202,287	\$200,835	\$1,452		\$152,563	\$48,272	

CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2011, the System had invested \$1.986 billion in a broad range of capital assets, including equipment, buildings, machinery and equipment, library books and media, art and other valuable collections, intangible assets and land. This represents a net increase (including additions and deletions) of \$16.1 million over the June 30, 2010, total of \$1.97 billion.

During fiscal year 2011, NSHE issued \$32.7 million of new revenue bonds to fund the UNR Living Learning Center. As of June 30, 2011 the coverage on the University Revenue Bonds (pledged revenues to maximum annual debt service) was 4.41 times. For statutory purposes, the coverage was 1.63 times, above minimum required coverage of 1.10. NSHE issued a total of \$4.0 million in notes payable during fiscal year 2011.

FUTURE FINANCIAL EFFECTS

In the recent years the demand for higher education services has stabilized. In FY 11, the System realized a growth in student full time equivalent (FTE) enrollment of 0.53 percent system-wide compared to FY 10. In FY 11, student FTE enrollment changed from (2.56) to 16.7 percent at the state college and the community colleges. Student FTE enrollments increased at one of the state's two universities and decreased at the other in FY 11 at rates between (1.86) and 4.1 percent. Student enrollment counts are not yet available for the fall 2011 semester, but preliminary figures reflect that system-wide the number of FTE students should decrease slightly from fall 2010 levels, with some institutions growing slightly and some institutions anticipating slight decreases in FTE students.

The Legislatively approved NSHE operating budget includes state appropriations and authorized expenditures (State Supported Operating Budget), plus registration fee surcharges approved by the Board of Regents in June 2011, totals \$725.9 million in FY 12. This compares to a Legislatively approved amount, after budget reductions, of \$798.5 million in FY 11 and represents a 9.1% decrease. General fund only allocations for NSHE, after budget cuts, were \$558.9 million in FY 11 and are \$473.3 million in FY 12. This equals a reduction in general fund support of 18.1%. In FY11, general fund appropriations accounted for approximately 70.0% of the total State Supported Operating Budget and in FY 12 general fund appropriations account for approximately 65.2%. The remaining revenue sources budgeted in the state supported operating budget, including all non-appropriated sources, total \$252.6 million in FY 12 (34.8% of the total). This is an increase in dollars

of \$13.0 million and an increase in percentage of budget supported by non-general fund sources of approximately 5.4% over FY 11 budget.

As was the case in FY 11, student FTE enrollments will likely reflect growth at some of institutions in FY 12 and NSHE will be requesting the Interim Finance Committee, as authorized in Senate Bill 503 (2011), for authority to expend student fee revenues generated in excess of budgeted levels due to enrollments exceeding projections in FY 12. These funds will be utilized to augment existing state budgets for the affected institutions.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information provided by the System, including statements written in this discussion and analysis or made orally by its representatives, may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Other than statements of historical facts, all statements that address activities, events or developments that the System expects or anticipates will or may occur in the future contain forward-looking information.

In reviewing such information it should be kept in mind that actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based upon various factors and was derived using various assumptions. The System does not update forward-looking information contained in this report or elsewhere to reflect actual results, changes in assumptions, or changes in other factors affecting such forward-looking information.

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NEVADA SYSTEM OF HIGHER EDUCATION
 COMBINED STATEMENTS OF NET ASSETS (in \$1,000's)
 AS OF JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>System</u> 2010	<u>System Related Organizations</u>	
			<u>2011</u>	<u>2010</u>
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 186,765	\$ 128,937	\$ 53,922	\$ 43,550
Restricted cash and cash equivalents	151	157	2,027	1,148
Short-term investments	394,017	344,366	137,759	105,506
Accounts receivable, net	37,990	31,165	140	272
Receivable from U.S. Government	38,312	39,397	0	0
Receivable from State of Nevada	2,939	4,295	0	0
Pledges receivable, net	225	0	6,358	7,595
Patient accounts receivable, net	0	0	5,557	6,486
Current portion of loans receivable, net	2,014	1,635	0	78
Inventories	5,948	6,369	0	0
Deposits and deferred expenditures, current	9,222	8,454	1,318	554
Other	0	306	3,910	3,993
Total Current Assets	<u>677,583</u>	<u>565,081</u>	<u>210,991</u>	<u>169,182</u>
<i>Noncurrent Assets</i>				
Cash held by State Treasurer	30,347	64,899	0	0
Restricted cash and cash equivalents	32,711	6,842	1,375	569
Receivable from State of Nevada	3,472	31,809	0	0
Restricted investments	0	0	30,897	30,888
Endowment investments	223,093	192,645	126,533	108,969
Deposits and deferred expenditures	7,557	5,339	0	0
Loans receivable, net	10,581	10,646	0	0
Capital assets, net	1,986,114	1,969,992	3,233	2,792
Pledges receivable	1,865	0	39,074	41,965
Other noncurrent assets	296	317	22,737	22,294
Total Noncurrent Assets	<u>2,296,036</u>	<u>2,282,489</u>	<u>223,849</u>	<u>207,477</u>
TOTAL ASSETS	<u>2,973,619</u>	<u>2,847,570</u>	<u>434,840</u>	<u>376,659</u>
LIABILITIES				
<i>Current Liabilities</i>				
Accounts payable	38,056	36,574	3,752	2,529
Accrued payroll and related liabilities	28,350	27,948	1,406	1,496
Unemployment insurance and workers compensation	4,719	4,123	0	0
Current portion of compensated absences	31,402	30,897	0	13
Current portion of long-term debt	19,829	20,052	87	86
Current portion of obligations under capital leases	1,208	2,077	405	392
Accrued interest payable	11,995	11,140	0	0
Deferred revenue	37,550	33,978	881	518
Funds held in trust for others	8,450	6,642	0	0
Due to affiliates	0	26	6,874	5,310
Other	794	992	655	830
Total Current Liabilities	<u>182,353</u>	<u>174,449</u>	<u>14,060</u>	<u>11,174</u>
<i>Noncurrent Liabilities</i>				
Refundable advances under federal loan programs	7,815	7,074	0	0
Compensated absences	16,977	15,144	0	0
Deferred revenue	0	0	2,121	2,398
Long-term debt	505,961	489,535	99	185
Obligations under capital leases	2,462	5,385	445	859
Due to State of Nevada	4,925	5,360	0	0
Other noncurrent liabilities	0	0	6,141	6,170
Total Noncurrent Liabilities	<u>538,140</u>	<u>522,498</u>	<u>8,806</u>	<u>9,612</u>
TOTAL LIABILITIES	<u>720,493</u>	<u>696,947</u>	<u>22,866</u>	<u>20,786</u>
NET ASSETS				
<i>Net Assets</i>				
Invested in capital assets, net of related debt	1,449,211	1,450,749	2,603	1,890
Restricted - Nonexpendable	85,288	82,088	223,756	183,692
Restricted - Expendable - Scholarships, research and	140,640	116,537	133,974	121,804
Restricted - Expendable - Loans	8,009	7,413	0	0
Restricted - Expendable - Capital projects	82,243	112,828	172	1,634
Restricted - Expendable - Debt service	14,304	13,984	0	0
Restricted - Expendable - Other	0	0	415	162
Unrestricted	473,431	367,024	51,054	46,691
TOTAL NET ASSETS	<u>\$ 2,253,126</u>	<u>\$ 2,150,623</u>	<u>\$ 411,974</u>	<u>\$ 355,873</u>

The accompanying notes are an integral part of these financial statements

NEVADA SYSTEM OF HIGHER EDUCATION
 COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (in \$1,000's)
 FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	System		System Related Organizations	
	2011	2010	2011	2010
Operating Revenues				
Student tuition and fees (net of scholarship allowance of \$91,504 and \$79,721)	\$ 328,805	\$ 302,887	\$ 0	\$ 0
Federal grants and contracts	186,353	174,000	0	0
State grants and contracts	35,345	36,934	0	0
Local grants and contracts	28,122	40,407	0	0
Other grants and contracts	17,108	17,171	0	0
Campus support	16	9	5,945	4,216
Sales and services of educational departments (including \$3,043 and \$3,806 from System related organizations)	59,717	61,594	0	0
Sales and services of auxiliary enterprises (net of scholarship allowances of \$5,464 and \$3,585)	77,472	78,850	0	0
Contributions	0	0	38,938	44,889
Patient revenue	0	0	58,614	61,334
Contract revenue	0	0	7,355	8,848
Special events and fundraising	0	0	1,599	1,587
Interest earned on loans receivable	196	189	0	0
Other operating revenues	28,028	19,365	3,809	3,889
Total Operating Revenues	<u>761,162</u>	<u>731,406</u>	<u>116,260</u>	<u>124,763</u>
Operating Expenses				
Employee compensation and benefits	(907,282)	(931,296)	(27,783)	(28,959)
Utilities	(34,203)	(37,542)	0	0
Supplies and services	(287,746)	(263,646)	(2,736)	(11,877)
Scholarships and fellowships	(101,044)	(77,988)	(134)	(608)
Program expenses, System related organizations	0	0	(34,306)	(37,556)
Depreciation	(92,557)	(92,855)	(857)	(1,003)
Other operating expenses	(52)	(38)	(10,789)	(15,556)
Total Operating Expenses	<u>(1,422,884)</u>	<u>(1,403,365)</u>	<u>(76,605)</u>	<u>(95,559)</u>
Operating (Loss) Income	<u>(661,722)</u>	<u>(671,959)</u>	<u>39,655</u>	<u>29,204</u>
Nonoperating Revenues (Expenses)				
State appropriations	549,083	397,076	0	0
Refund to State	(68)	(328)	0	0
Gifts including \$30,830 and \$30,730 from System related organizations)	34,999	33,694	0	0
Investment income, net	88,117	61,979	40,369	22,446
Loss on disposal of capital assets	(1,626)	(2,476)	0	0
Interest expense	(24,352)	(21,895)	(34)	(13)
Payments to System campuses and divisions	0	0	(37,832)	(49,295)
Other nonoperating revenues (expenses)	3,769	(681)	(7)	132
Federal grants and contracts	100,769	268,935	0	0
Total Nonoperating Revenues (Expenses)	<u>750,691</u>	<u>736,304</u>	<u>2,496</u>	<u>(26,730)</u>
Income before other revenues, expenses	<u>88,969</u>	<u>64,345</u>	<u>42,151</u>	<u>2,474</u>
Other Revenues (Expenses)				
State appropriations restricted for capital purposes	(3,047)	61,868	0	0
Capital grants and gifts including (\$3,060 and \$14,030 from System related organizations)	13,441	20,922	0	0
Additions to permanent endowments (including \$181 and \$78 from System related organizations)	3,140	1,607	13,950	19,054
Total Other Revenues (Expenses)	<u>13,534</u>	<u>84,397</u>	<u>13,950</u>	<u>19,054</u>
Increase in Net Assets	<u>102,503</u>	<u>148,742</u>	<u>56,101</u>	<u>21,528</u>
Net Assets				
Net assets - beginning of year	<u>2,150,623</u>	<u>2,001,881</u>	<u>355,873</u>	<u>334,345</u>
Net Assets - end of year	<u>\$2,253,126</u>	<u>\$2,150,623</u>	<u>\$ 411,974</u>	<u>\$ 355,873</u>

**NEVADA SYSTEM OF HIGHER EDUCATION
COMBINED STATEMENT OF CASH FLOWS (in \$1,000's)
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	System	
	<u>2011</u>	<u>2010</u>
<i>Net Cash used by operating activities</i>		
Tuition and fees	\$327,576	\$301,788
Grants and contracts	281,842	273,855
Payments to suppliers	(301,823)	(274,875)
Payments for utilities	(34,328)	(38,318)
Payments for compensation and benefits	(903,809)	(927,755)
Payments for scholarships and fellowships	(100,808)	(77,938)
Loans issued to students and employees	(1,847)	(1,182)
Collection of loans to students and employees	1,928	1,816
Sales and services of auxiliary enterprises	77,634	77,750
Sales and services of educational departments	61,357	61,340
Other receipts (payments)	29,526	19,099
<i>Net Cash used by operating activities</i>	<u>(562,752)</u>	<u>(584,420)</u>
<i>Cash flows from noncapital financing activities</i>		
State appropriations	549,684	397,280
State appropriations refunded	(324)	(328)
Gifts and grants for other than capital purposes	32,259	31,606
Gifts for endowment purposes	3,114	1,607
Receipts under federal student loan programs	160,857	152,495
Disbursements under federal student loan programs	(160,925)	(152,712)
Other	(1,515)	(2,004)
Agency transactions	1,328	(3,635)
Federal grants and contracts	101,629	270,136
<i>Cash flows from noncapital financing activities</i>	<u>686,107</u>	<u>694,445</u>
<i>Cash flows used in capital financing activities</i>		
Proceeds from capital debt	36,764	9,812
Other	5,680	1,557
Payments for debt issuance costs	(250)	(26)
Capital appropriations	25,280	37,390
Capital grants and gifts received	5,765	14,563
Purchases of capital assets	(107,949)	(153,885)
Proceeds from sale of property and equipment	1,144	76
Principal paid on capital debt and leases	(24,548)	(30,370)
Interest paid on capital debt and leases	(23,864)	(24,452)
Deposits for the acquisition of property and equipment	69	1,418
<i>Cash flows used in capital financing activities</i>	<u>(81,909)</u>	<u>(143,917)</u>
<i>Cash flows from/used in investing activities</i>		
Proceeds from sales and maturities of investments	56,177	222,813
Purchase of investments	(57,664)	(153,671)
Interest and dividends received on investments	8,314	9,833
Net increase in cash equivalents, noncurrent investments	866	3,189
<i>Cash flows from/used in investing activities</i>	<u>7,693</u>	<u>82,164</u>
<i>Net increase in cash</i>	49,139	48,272
<i>Cash and cash equivalents, beginning of year</i>	<u>200,835</u>	<u>152,563</u>
<i>Cash and cash equivalents, end of year</i>	<u>\$ 249,974</u>	<u>\$ 200,835</u>

The accompanying notes are an integral part of these financial statements

NEVADA SYSTEM OF HIGHER EDUCATION
 COMBINED STATEMENT OF CASH FLOWS (in \$1,000's) (CONTINUED)
 FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	SYSTEM	
	2011	2010
Reconciliation of operating loss to net cash used		
Operating Loss	\$(661,722)	\$(671,959)
Adjustments to reconcile operating loss to cash used by operating activities:		
Supplies expense related to noncash gifts	946	1,569
Depreciation and amortization expense	92,557	92,855
Changes in assets and liabilities:		
Accounts receivable, net	2,035	(5,458)
Loans receivable, net	(154)	1,493
Inventories	422	(303)
Deposits and deferred expenditures	(1,031)	(3,613)
Accounts payable	(3,440)	281
Accrued payroll and related liabilities	483	1,469
Unemployment insurance and workers compensation liability	549	(880)
Deferred revenue	3,651	(1,183)
Refundable advances under federal loan	676	(1,577)
Compensated absences	2,276	2,886
Net cash used by operating activities	<u>\$(562,752)</u>	<u>\$ (584,420)</u>
Supplemental noncash activities information		
Loss on disposal of capital assets	<u>\$ 1,194</u>	<u>\$ 2,551</u>
Capital assets acquired by gifts	<u>\$ 401</u>	<u>\$ 3,791</u>
Capital assets acquired by incurring capital lease obligations and accounts payable	<u>\$ 2,446</u>	<u>\$ 1,663</u>
Unrealized gain on investments	<u>\$ 44,118</u>	<u>\$ 50,192</u>

The accompanying notes are an integral part of these financial statements

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEARS ENDED JUNE 30, 2011 and 2010

NOTE 1 – Organization:

The financial statements represent the combined financial statements of the various divisions and campuses of the Nevada System of Higher Education (the “System” or “NSHE”) which include:

- University of Nevada, Reno (“UNR”)
- University of Nevada, Las Vegas (“UNLV”)
- Nevada State College (“NSC”)
- College of Southern Nevada (“CSN”)
- Truckee Meadows Community College (“TMCC”)
- Western Nevada College (“WNC”)
- Great Basin College (“GBC”)
- Desert Research Institute (“DRI”)
- Nevada System of Higher Education Administration

The System is an entity of the State of Nevada (the “State”) and receives significant support from, and has significant assets held by the State as set forth in the accompanying financial statements. The System is a component unit of the State of Nevada in accordance with the provisions of the Governmental Accounting Standards Board (“GASB”) Statement No. 14, *The Financial Reporting Entity*. The System Related Organizations’ columns in these financial statements are comprised of data from the System’s discretely presented campus and athletic foundations and medical school practice plans (see Note 22). These System Related Organizations are included as part of the System’s financial statements because of the nature and the significance of their financial relationship with the System.

The System Related Organizations include campus foundations which are related tax-exempt organizations founded to foster and promote the growth, progress, and general welfare of the System, and are reported in separate columns to emphasize that they are Nevada not-for-profit organizations legally separate from the System. During the years ended June 30, 2011 and 2010 the foundations distributed \$37,832 and \$49,295 respectively, to the System for both restricted and unrestricted purposes. Complete financial statements for the foundations can be obtained from Mark Stevens, Vice Chancellor for Finance at NSHE, 2601 Enterprise Rd., Reno, NV 89512.

The System Related Organizations also include three legally separate non-profit organizations, together known as the medical school practice plans. The practice plans include the University of Nevada School of Medicine Multispecialty Group Practice North, Inc., University of Nevada School of Medicine Group Practice South, Inc., and Nevada Family Practice Residency Program, Inc. The practice plans were established for the benefit of the University of Nevada School of Medicine and its faculty physicians who are engaged in patient care activities. During the years ended June 30, 2011 and 2010 the practice plans distributed \$2,976 and \$1,538, respectively, to the System for restricted purposes. Complete financial statements for the practice plans can be obtained from Mark Stevens, Vice Chancellor for Finance at NSHE, 2601 Enterprise Rd., Reno, NV 89512.

NOTE 2 – Summary of Significant Accounting Policies:

The significant accounting policies followed by the System are described below to enhance the usefulness of the financial statements to the reader.

BASIS OF PRESENTATION

For financial statement reporting purposes, the System is considered a special purpose government engaged only in business-type activities. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the GASB, including Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and Statement No. 35, *Basic Financial Statements and Management’s Discussion and Analysis of Public Colleges and Universities*.

The financial statements required by Statement No. 35 are the Statements of Net Assets, the Statements of Revenues, Expenses and Changes in Net Assets and the Statements of Cash Flows. Financial reporting requirements also include Management’s Discussion and Analysis of the System’s financial position and results of operations.

BASIS OF ACCOUNTING

The financial statements have been prepared on the accrual basis of accounting whereby all revenues are recorded when earned and all expenses are recorded when incurred. All significant transactions between various divisions and campuses of the System have been eliminated. The System has the option to apply all Financial Accounting Standards Board (“FASB”) pronouncements issued after

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEARS ENDED JUNE 30, 2011 and 2010

NOTE 2 – Summary of Significant Accounting Policies (continued):

November 30, 1989, unless FASB conflicts with GASB. The System has elected not to apply FASB pronouncements issued after the applicable date. The financial statements are presented using the economic resources measurement focus.

CASH AND CASH EQUIVALENTS

All highly liquid investments with an original maturity of three months or less are considered to be cash equivalents. Cash held by State Treasurer represents the funds from certain state appropriations, which were enacted to provide the System with the funds necessary for the construction of major assets. Such amounts are controlled by the Nevada Public Works Board. These amounts are included in cash and cash equivalents in the Statements of Cash Flows.

INVESTMENTS

Investments are stated at fair value. Fair value of investments is determined from quoted market prices, quotes obtained from brokers or reference to other publicly available market information. Interests in private equity partnerships and commingled funds are based upon the latest valuations provided by the general partners or fund managers of the respective partnerships and funds adjusted for cash receipts, cash disbursements and securities distributions through June 30. The System believes the carrying amount of these financial instruments is a reasonable estimate of fair value. Because the private equity partnerships and private commingled funds are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ significantly from the value that would have been used had a ready market for such investments existed. Investment transactions are recorded on the date the securities are purchased or sold (trade-date). Realized gains or losses are recorded as the difference between the proceeds from the sale and the average cost of the investment sold. Dividend income is recorded on the ex-dividend date and interest income is accrued as earned.

INVENTORIES

Inventories consist primarily of bookstore and agricultural inventories, and other items held for sale and are stated at lower of estimated cost or market. Cost is calculated primarily on the first-in, first-out method.

PLEDGES

In accordance with GASB Statement No. 33, *Accounting and Reporting for Non-Exchange Transactions*, private donations are recognized when all eligibility requirements are met, provided that the pledge 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 collection history and is netted against the gross pledges receivable.

CAPITAL ASSETS

Capital assets are defined as assets with an initial unit cost of \$5 in the year ended June 30, 2011 and 2010 and an estimated useful life in excess of one year. Such assets are stated at cost at the date of acquisition or fair market value at date of donation in the case of gifts. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets acquired through federal grants and contracts where the federal government retains a reversionary interest are capitalized and depreciated. Interest in the amount of \$472 and \$2,759 was capitalized during the years ended June 30, 2011 and 2010, respectively. Depreciation is computed on a straight-line basis over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	6 to 40
Land improvements	10 to 15
Machinery and equipment	3 to 18
Library books	5
Leasehold improvements	shorter of useful life or lease term
Intangible assets	5 to 10

Collections are capitalized at cost or fair value at the date of donation. The System's collections are protected, preserved and held for public exhibition, education or research and include art and rare book collections which are considered inexhaustible and are therefore not depreciated.

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEARS ENDED JUNE 30, 2011 and 2010

NOTE 2 – Summary of Significant Accounting Policies (continued):

DEFERRED REVENUE

Deferred revenue primarily includes amounts received from grant and contract sponsors that have not been earned under the terms of the agreement and other revenue billed in advance of the event, such as student tuition and fees and fees for housing and dining services, and advanced ticket sales for athletic and other events.

COMPENSATED ABSENCES

The System accrues annual leave for employees at rates based upon length of service and job classification and compensatory time based upon job classification and hours worked. Such accrued expenses have been classified as a component of employee compensation and benefits in the accompanying Statements of Revenues, Expenses and Changes in Net Assets.

FEDERAL REFUNDABLE LOANS

Certain loans to students are administered by the System campuses, with funding primarily supported by the federal government. The System's Statements of Net Assets include both the notes receivable and the related federal refundable loan liability representing federal capital contributions owed upon termination of the program.

NET ASSETS

Net Assets are classified as follows:

Invested in capital assets, net of related debt: This represents the total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted net assets – nonexpendable: Nonexpendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purposes of producing present and future income, which may either be expended or added to principal.

Restricted net assets – expendable: Restricted expendable net assets include resources which must be expended in accordance with restrictions imposed by external third parties.

Unrestricted net assets: Unrestricted net assets represent resources that are not subject to externally imposed restrictions. These resources are used for transactions relating to educational and general operations and may be used to meet current expenses for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, restricted resources are applied first.

RELATED PARTY TRANSACTIONS

UNLV Singapore, Limited (UNLVS) is a public company limited by guaranty, incorporated in the Republic of Singapore. UNLVS is a registered charity under the Singapore Charities Act that is organized to provide educational programs in the Republic of Singapore. UNLVS delivers undergraduate and graduate hospitality degree programs under agreement with the UNLV main campus as well as other workforce training and certificate programs under contract with Singapore governmental agencies. UNLV Singapore, Limited is not a component unit of NSHE, however, certain expenses (primarily salary and fringe benefits for several employees and instructors) are incurred by UNLV and reimbursed by UNLVS. For the year ended June 30, 2011 and June 30, 2010, expenses reimbursed to UNLV by UNLVS were approximately \$366 and \$285 of which \$16 was receivable at June 30, 2011 and \$18 was a receivable at June 30, 2010.

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEARS ENDED JUNE 30, 2011 and 2010

NOTE 2 – Summary of Significant Accounting Policies (continued):

OPERATING AND NONOPERATING REVENUES AND EXPENSES

SYSTEM

Revenues and expenses are classified as operating if they result from providing services and producing and delivering goods. They also include other events that are not defined as capital and related financing, noncapital financing, or investing activities. Grants and contracts representing an exchange transaction are considered operating revenues.

Revenues and expenses are classified as nonoperating if they result from capital and related financing, noncapital financing, or investing activities. Appropriations received to finance operating deficits are classified as noncapital financing activities, therefore, they are reported as nonoperating revenues. Grants and contracts representing nonexchange receipts are treated as nonoperating revenues.

Functional classification of expenses is determined when an account is established and is assigned based on the functional definitions by the National Association of College and Business Officers Financial Accounting and Reporting Manual.

PRACTICE PLANS

Net patient service revenue is reported when services are provided to patients at the estimated net realizable amounts from patients, third-party payors including Medicare and Medicaid, and others for services rendered, including estimated retroactive audit adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Contractual adjustments are recorded as deductions from professional fee revenue to arrive at net professional revenues. Contractual adjustments include differences between established billing rates and amounts reimbursable under various contractual agreements. Normal differences between final reimbursements and estimated amounts accrued in previous years are recorded as adjustments of the current year's contractual and bad debt adjustments.

Substantially all of the operating expenses are directly or indirectly related to patient care.

FOUNDATIONS

Donations, gifts and pledges are recognized as income when all eligibility requirements are met, provided that the promise to give is verifiable, the resources are measurable and collection is probable

SCHOLARSHIP ALLOWANCES

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the Statements of Revenues, Expenses and Changes in Net Assets. Scholarship allowances are the difference between the stated charge for goods and services provided by the institutions, and the amount that is paid by students and/or third parties making payments on the students' behalf. Payments of financial aid made directly to students are classified as scholarships and fellowships expenses.

GRANTS-IN-AID

Student tuition and fees revenue include grants-in-aid charged to scholarships and fellowships and grants-in-aid for faculty and staff benefits charged to the appropriate expenditure programs to which the applicable personnel relate. Grants-in-aid for fiscal years 2011 and 2010 were \$8,973 and \$9,551, respectively.

TAX EXEMPTION

The System and its discretely presented System related organizations are qualified tax-exempt organizations under the provisions of Section 501(c) (3) of the Internal Revenue Code and are exempt from federal and state income taxes on related income.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets 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 reporting period. Actual amounts could differ from those estimates.

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEARS ENDED JUNE 30, 2011 and 2010

NOTE 2 – Summary of Significant Accounting Policies (continued):

COMPARITIVE INFORMATION

Certain reclassifications have been made to the 2010 financial information in order to conform to 2011 presentation. The reclassifications are neither significant nor material to the 2010 financial information.

NOTE 3 – System Cash and Cash Equivalents:

Cash and cash equivalents of the System are stated at cost, which approximates market, and consists of deposits in money market funds, which are not federally insured, and cash in the bank. At June 30, 2011 and 2010 the System's deposits in money market funds totaled \$172,313 and \$117,128 respectively, and cash in bank was \$15,551 and \$7,390, respectively. Of these balances, \$250 each year, are covered by the Federal Depository Insurance Corporation ("FDIC"), the remaining deposits are uncollateralized and uninsured. Restricted cash represents the unexpended bond proceeds held for construction of major assets.

NOTE 4 – System Investments:

Board of Regents policies include the Statement of Investment Objectives and Policies for the Endowment and Operating funds of the System. This policy governs the investment management of both funds. The Board of Regents is responsible for establishing the investment policies; accordingly, the Board of Regents has promulgated these guidelines in which they have established permitted asset classes and ranges.

Investments are stated at fair value. The historical cost and market value (fair value) of System investments at June 30, 2011 and 2010 is as follows:

	<u>2011</u>		<u>2010</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Mutual funds publicly traded	\$261,345	\$279,452	\$208,503	\$204,983
Partnerships	94,578	171,493	111,029	186,154
Equities	3,868	4,849	5,883	6,191
Endowment cash and cash equivalents	2,031	2,031	1,406	1,406
Trust(s)	4,583	5,880	4,590	5,264
Private commingled funds	<u>124,330</u>	<u>153,405</u>	<u>123,342</u>	<u>133,013</u>
	<u>\$490,735</u>	<u>\$617,110</u>	<u>\$454,753</u>	<u>\$537,011</u>

As of June 30, 2011, the System had entered into various investment agreements with private equity partnerships and private commingled funds. Under the terms of certain of these investment agreements, the System is obligated to make additional investments in these partnerships of \$4,204. Generally, partnership investments do not have a ready market and ownership interests in some of these investment vehicles may not be traded without the approval of the general partner or fund management. These investments are subject to the risks generally associated with equities with additional risks due to leverage and the lack of a ready market for acquisition or disposition of ownership interests.

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statement of net assets.

Credit risk and interest rate risk

Certain securities with fixed income are subject to credit risk which is the risk that an issuer of an investment will not fulfill its obligations. Other securities, including obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are not considered to have credit risk. Credit quality is an assessment of the issuer's ability to pay interest on the investment, and ultimately, to pay the principal. Credit quality is evaluated by one of the independent rating agencies, for example Moody's Investors Service or Standard and Poor's. For the types of investments that are subject to rating, the System's policy for reducing its exposure to credit risk is to maintain a weighted average credit rating of AA or better, and never below A, for investments with credit risk within both the endowment and operating investment pools. With regard to the trusts included in endowment investments, the System is not the trustee of these investments and, therefore, it currently has no policies with regard to credit risk for these investments.

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEARS ENDED JUNE 30, 2011 and 2010

NOTE 4 – System Investments (continued):

The credit risk profile for the System's operating and endowment investments at June 30, 2011 is as follows:

	<u>Fair Value</u>	<u>Not Rated</u>
Mutual funds publicly traded	\$ 279,452	\$ 279,452
Partnerships	171,493	171,493
Equities	4,849	4,849
Endowment cash and cash equivalents	2,031	2,031
Trust(s)	5,880	5,880
Private commingled funds	<u>153,405</u>	<u>153,405</u>
	<u>\$617,110</u>	<u>\$617,110</u>

Interest rate risk is the risk that the value of fixed income securities will decline because of changing interest rates. The prices of fixed income securities with a shorter duration to maturity tend to be more sensitive to changes in interest rates, and, therefore, more volatile than those with longer investment lives. The System's policy for reducing its exposure to interest rate risk is to have an average investment life of at least two years for fixed income securities within both the endowment and operating investment pools. With regard to the trusts included in endowment investments, the System is not the trustee of these investments and, therefore, it currently has no policies with regard to interest rate risk for these investments.

Investments included in the above table have been identified as having interest rate risk and are principally invested in mutual funds and private commingled funds. The segmented time distribution for these investments at June 30, 2011 is as follows:

Less than 1 year	\$554,348
1 to 5 years	24,474
6 to 10 years	14,618
More than 10 years	<u>23,670</u>
	<u>\$617,110</u>

Custodial credit risk

Custodial credit risk is the risk that in the event of a failure of the custodian, the System may not be able to recover the value of the investments held by the custodian as these investments are uninsured. This risk typically occurs in repurchase agreements where one transfers cash to a broker-dealer in exchange for securities, but the securities are held by a separate trustee in the name of the broker-dealer. The System does not have a specific policy with regard to custodial credit risk.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the System's investments within any one issuer. For the fixed portion of the endowment pool, the System'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 System does not have a specific policy with regard to the operating pool or the remainder of the endowment pool. At June 30, 2011 there were no investments within any one issuer in an amount that would constitute a concentration of credit risk to the System.

Foreign currency risk

Foreign currency risk is the risk of investments losing value due to fluctuations in foreign exchange rates. The System does not directly invest in foreign currency investments and is therefore not subject to foreign currency risk. However, the System has \$91,599 and \$71,151 in mutual funds in both the operating and endowment pools that are primarily invested in international equities at June 30, 2011 and 2010, respectively.

NOTE 5 – System Endowment Pool:

Approximately \$217,212 and \$187,380 of endowment fund investments at June 30, 2011 and 2010, respectively, are pooled on a unit market value basis. As of June 30, 2011, the endowment pool is comprised of investments in mutual funds (38%), partnerships (43%), private commingled (16%) and stocks (3%). As of June 30, 2010, the endowment pool is comprised of investments in mutual funds (37%), partnerships (44%), private commingled (16%) and stocks (3%). Each individual endowment fund acquires or disposes of units on the basis of the market value per unit on the preceding quarterly valuation date. The unit market value at June 30, 2011 and 2010 was \$553.11 and \$460.96, respectively. The System follows the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) with respect to prudent investing and spending of donor-restricted endowments.

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEARS ENDED JUNE 30, 2011 and 2010

NOTE 5 – System Endowment Pool (continued):

The System utilizes a spending rule for its pooled endowments, which determines the endowment income to be distributed currently for spending. For the years ended June 30, 2011 and 2010, the endowment spending policy, as approved by the Board of Regents, authorized a distribution of 4.5% of the average unit market value for the previous twenty (20) calendar quarters. Under the provisions of this spending rule, during 2011, \$21.22 was distributed to each time-weighted eligible unit for a total spending rule distribution of \$10,411 and, during 2010, \$21.05 was distributed to each time-weighted unit for a total spending rule distribution of \$10,062. The 2011 and 2010 distributions were made from investment income of \$4,195 and \$5,010, respectively, and \$6,216 and \$5,052, respectively from cumulative gains of pooled investments.

The System's policy is to retain the endowment's realized and unrealized appreciation with the endowment after the annual income distribution has been made. Such realized and unrealized appreciation retained in endowment investments was \$117,958 and \$116,541 at June 30, 2011 and 2010, respectively, is reflected within the restricted expendable for scholarships, research and instruction net asset category and is available to meet future spending needs subject to the approval of the Board of Regents.

Effective July 1, 2009 the Board of Regents has suspended distribution on all underwater accounts.

NOTE 6 – System Accounts Receivable:

System accounts receivable consist primarily of amounts due from students for tuition and fees and from local and private sources for grant and contract agreements. System accounts receivable are presented on the accompanying Statements of Net Assets net of allowances for uncollectible amounts of \$14,844 and \$12,638, respectively, as of June 30, 2011 and 2010.

	<u>2011</u>	<u>2010</u>
Accounts receivable:		
Student tuition and fees	\$21,034	\$17,249
Sales and services	6,175	7,164
Local and private grants and contracts	10,300	11,156
Other	<u>15,325</u>	<u>8,234</u>
	52,834	43,803
Less: Allowance for doubtful accounts	<u>(14,844)</u>	<u>(12,638)</u>
Net accounts receivable	<u>\$37,990</u>	<u>\$31,165</u>

NOTE 7 – System Loans Receivable:

Loans receivable from students bear interest primarily between 3% and 15% per annum and are generally repayable in installments to the various campuses over a five to ten year period commencing nine months from the date of separation from the institution. Student loans made through the Federal Perkins Loan Program comprise substantially all of the loans receivable at June 30, 2011 and 2010. A provision for possible uncollectible amounts is recorded on the basis of the various institutions' estimated future losses for such items. The loans receivable and corresponding allowance for uncollectible loan balances as of June 30, 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Loans receivable	\$13,892	\$13,844
Less: Allowance for doubtful loans	<u>(1,297)</u>	<u>(1,563)</u>
Net loans receivable	12,595	12,281
Less current portion	<u>(2,014)</u>	<u>(1,635)</u>
Noncurrent loans receivable	<u>\$10,581</u>	<u>\$10,646</u>

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NEVADA SYSTEM OF HIGHER EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEARS ENDED JUNE 30, 2011 and 2010**

NOTE 8 – System Capital Assets:

System capital asset activity for the years ended June 30, 2011 and 2010 is as follows:

	<u>Beginning Balance</u>	<u>2011 Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Construction in progress	\$ 117,996	\$ 66,827	(\$109,047)	\$ 75,776
Land	81,682	961	(16)	82,627
Intangibles	808	-	-	808
Collections	<u>11,369</u>	<u>80</u>	<u>(145)</u>	<u>11,304</u>
Total capital assets not being depreciated	<u>211,855</u>	<u>67,868</u>	<u>(109,208)</u>	<u>170,515</u>
Capital assets being depreciated:				
Buildings	2,155,067	87,549	(830)	2,241,786
Land improvements	104,457	8,816	(545)	112,728
Machinery and equipment	313,523	26,263	(15,203)	324,583
Intangibles	11,630	25,209	-	36,839
Library books and media	<u>117,541</u>	<u>4,662</u>	<u>(834)</u>	<u>121,369</u>
Total	<u>2,702,218</u>	<u>152,499</u>	<u>(17,412)</u>	<u>2,837,305</u>
Less accumulated depreciation for:				
Buildings	(545,559)	(54,442)	565	(599,436)
Land improvements	(77,995)	(3,876)	111	(81,760)
Machinery and equipment	(210,491)	(26,300)	13,429	(223,362)
Intangibles	(5,155)	(2,099)	-	(7,254)
Library books and media	<u>(104,881)</u>	<u>(5,840)</u>	<u>827</u>	<u>(109,894)</u>
Total accumulated depreciation	<u>(944,218)</u>	<u>(92,557)</u>	<u>14,932</u>	<u>(1,021,706)</u>
Total capital assets being depreciated, net	<u>1,758,137</u>	<u>59,942</u>	<u>(2,480)</u>	<u>1,815,599</u>
Capital assets, net	<u>\$1,969,992</u>	<u>\$127,810</u>	<u>(\$111,688)</u>	<u>\$1,986,114</u>
	<u>Beginning Balance</u>	<u>2010 Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Construction in progress	\$ 126,858	\$ 87,078	(\$ 95,940)	\$ 117,996
Land	81,821	122	(261)	81,682
Intangibles	-	808	-	808
Collections	<u>9,697</u>	<u>1,686</u>	<u>(14)</u>	<u>11,369</u>
Total capital assets not being depreciated	<u>218,376</u>	<u>89,694</u>	<u>(96,215)</u>	<u>211,855</u>
Capital assets being depreciated:				
Buildings	2,049,840	106,566	(1,339)	2,155,067
Land improvements	100,648	4,972	(1,163)	104,457
Machinery and equipment	301,212	30,681	(18,370)	313,523
Intangibles	-	10,521	1,109	11,630
Library books and media	<u>113,118</u>	<u>5,100</u>	<u>(677)</u>	<u>117,541</u>
Total	<u>2,564,818</u>	<u>157,840</u>	<u>(21,549)</u>	<u>2,702,218</u>
Less accumulated depreciation for:				
Buildings	(494,231)	(51,428)	100	(545,559)
Land improvements	(75,180)	(3,754)	939	(77,995)
Machinery and equipment	(199,270)	(27,180)	15,959	(210,491)
Intangibles	-	(4,046)	(1,109)	(5,155)
Library books and media	<u>(99,101)</u>	<u>(6,447)</u>	<u>667</u>	<u>(104,881)</u>
Total accumulated depreciation	<u>(867,782)</u>	<u>(92,855)</u>	<u>17,665</u>	<u>(944,081)</u>
Total capital assets being depreciated, net	<u>1,697,036</u>	<u>64,985</u>	<u>(3,884)</u>	<u>1,758,137</u>
Capital assets, net	<u>\$1,915,412</u>	<u>\$154,679</u>	<u>(\$100,099)</u>	<u>\$1,969,992</u>

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEARS ENDED JUNE 30, 2011 and 2010

NOTE 9 – System Long-Term Debt:

The long-term debt of the System consists of revenue bonds payable, certificates of participation, capital lease obligations, notes payable and other minor obligations.

The Board of Regents issues revenue bonds to provide funds for the construction and renovation of major capital facilities. In addition, revenue bonds have been issued to refund other revenue bonds. In general, the long-term debt is issued to fund projects that would not be funded through State Appropriations, such as dormitories, dining halls and parking garages.

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NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEARS ENDED JUNE 30, 2011 and 2010

NOTE 9 – System Long-Term Debt (continued):

System long-term debt activity for the years ended June 30, 2011 and 2010 is as follows:

	Annual Interest Rate	Fiscal Year Final Payment Date	2011			Ending	
			Beginning Balance	Additions	Reductions	Balance	Current
Universities Revenue Bonds, Series 1995	3.90% to 5.25%	2011	\$ 130	\$ -	(\$ 130)	\$ -	\$ -
Universities Revenue Bonds, Series 1998	4.00% to 5.25%	2014	3,180	-	(740)	2,440	775
Universities Revenue Bonds, Series April 2000	5.00% to 5.88%	2011	355	-	(355)	-	-
Universities Revenue Bonds, Series December 2000	5.00% to 5.375%	2011	1,310	-	(1,310)	-	-
Shadow Lane – Dental School Bond, Series 2001	4.25% to 5.25%	2012	880	-	(430)	450	450
Universities Revenue Bonds, Series 2002A	3.87% to 5.40%	2032	25,655	-	(770)	24,885	805
Universities Revenue Bonds, Series 2002B	4.75% to 5.00%	2033	10,905	-	-	10,905	-
Taxable University Revenue Bonds, Series 2002C	4.00% to 5.50%	2023	6,240	-	(410)	5,830	425
Universities Revenue Bonds, Series 2003A	2.00% to 5.00%	2017	10,710	-	(1,790)	8,920	1,885
Universities Revenue Bonds, Series 2003B	2.00% to 5.00%	2034	46,970	-	(1,150)	45,820	1,180
Universities Revenue Bonds, Series 2004A	2.00% to 4.50%	2034	25,790	-	(1,420)	24,370	1,450
Universities Revenue Bonds, Series 2004B	3.00% to 4.75%	2035	4,565	-	(225)	4,340	235
Universities Revenue Bonds, Series 2005A	3.00% to 5.00%	2036	30,830	-	(275)	30,555	375
Universities Revenue Bonds, Series 2005B	3.25% to 5.00%	2036	166,080	-	(2,875)	163,205	3,705
Universities Revenue Bonds, Series 2008A	3.00% to 5.00%	2039	58,970	-	(1,030)	57,940	1,075
Universities Revenue Bonds, Series 2009A	2.00% to 5.25%	2039	18,140	-	(555)	17,585	565
Certificates of Participation, Series 2006A	4.00% to 5.00%	2026	11,015	-	-	11,015	547
Certificates of Participation, Series 2006B	4.81% to 4.98%	2011	515	-	(515)	-	-
Universities Revenue Bonds, Series 2010A	2.00% to 7.90%	2041	-	29,455	-	29,455	-
Universities Revenue Bonds, Series 2010B	4.00%	2018	-	3,275	-	3,275	-
SNSC Phase II Lease Revenue Bonds	7.58%	2023	6,835	-	(330)	6,505	350
Prepaid Interest in Advance of Refunding			(1,307)	-	102	(1,205)	(102)
Premiums			10,735	155	(476)	10,414	479
Total Bonds Payable			438,503	32,885	(14,684)	456,704	14,199
Notes Payable			71,084	4,010	(6,008)	69,086	5,630
Total			\$509,587	\$36,895	(\$20,692)	\$525,790	\$19,829

NEVADA SYSTEM OF HIGHER EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEARS ENDED JUNE 30, 2011 and 2010**

NOTE 9 – System Long-Term Debt (continued):

System notes payable activity is as follows:

	<u>2011</u>				
	Interest Rate	Date Issued	Final Payment Date	Original Amount	Outstanding Balance
Bank of America N. A. Commercial Markets, UNLV – T&M Chiller and Refunding	3.7249%	12/20/06	06/01/21	\$21,376	\$18,692
Sun Trust Banks, Inc., UNLV – Refunding	3.93%	12/20/06	07/01/26	16,713	15,659
Bank of America, UNR Medical Learning Lab	6.12%	10/29/09	7/1/16	9,812	9,657
Other notes payable	1.07% - 6.30%	Various	Various	Various	<u>25,078</u>
					<u>\$69,086</u>

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEARS ENDED JUNE 30, 2011 and 2010

NOTE 9 – System Long-Term Debt (continued):

	<u>2010</u>						
	Annual Interest Rate	Fiscal Year Final Payment Date	Beginning Balance	Additions	Reductions	Ending Balance	Current
Universities Revenue Bonds, Series 1995	3.90% to 5.25%	2011	\$ 250	\$ -	(\$ 120)	\$ 130	\$ 130
Universities Revenue Bonds, Series 1998	4.00% to 5.25%	2014	3,885	-	(705)	3,180	740
Universities Revenue Bonds, Series 2000	5.10% to 5.88%	2010	715	-	(715)	-	-
Universities Revenue Bonds, Series April 2000	5.00% to 5.88%	2011	690	-	(335)	355	355
Universities Revenue Bonds, Series December 2000	5.00% to 5.375%	2011	2,565	-	(1,255)	1,310	1,310
Shadow Lane – Dental School Bond, Series 2001	4.25% to 5.25%	2012	1,290	-	(410)	880	430
Universities Revenue Bonds, Series 2002A	3.87% to 5.40%	2032	26,395	-	(740)	25,655	770
Universities Revenue Bonds, Series 2002B	4.75% to 5.00%	2033	10,905	-	-	10,905	-
Taxable University Revenue Bonds, Series 2002C	4.00% to 5.50%	2023	6,630	-	(390)	6,240	410
Universities Revenue Bonds, Series 2003A	2.00% to 5.00%	2017	12,410	-	(1,700)	10,710	1,790
Universities Revenue Bonds, Series 2003B	2.00% to 5.00%	2034	48,085	-	(1,115)	46,970	1,150
Universities Revenue Bonds, Series 2004A	2.00% to 4.50%	2034	27,175	-	(1,385)	25,790	1,420
Universities Revenue Bonds, Series 2004B	3.00% to 4.75%	2035	9,785	-	(5,220)	4,565	225
Universities Revenue Bonds, Series 2005A	3.00% to 5.00%	2036	31,010	-	(180)	30,830	275
Universities Revenue Bonds, Series 2005B	3.25% to 5.00%	2036	168,015	-	(1,935)	166,080	2,875
Universities Revenue Bonds, Series 2008A	3.00% to 5.00%	2039	60,135	-	(1,165)	58,970	1,030
Universities Revenue Bonds, Series 2009A	2.00% to 5.25%	2039	18,140	-	-	18,140	555
Certificates of Participation, Series 2006A	4.00% to 5.00%	2026	11,015	-	-	11,015	-
Certificates of Participation, Series 2006B	4.81% to 4.98%	2011	1,005	-	(490)	515	515
SNSC Phase II Lease Revenue Bonds	7.58%	2023	7,140	-	(305)	6,835	330
Prepaid Interest in Advance of Refunding			(1,560)	-	253	(1,307)	(102)
Premiums			<u>11,210</u>	<u>-</u>	<u>(475)</u>	<u>10,735</u>	<u>474</u>
Total Bonds Payable			456,890	-	(18,387)	438,503	14,682
Notes Payable			<u>70,395</u>	<u>9,814</u>	<u>(9,125)</u>	<u>71,084</u>	<u>5,370</u>
Total			<u>\$527,285</u>	<u>\$9,814</u>	<u>(\$27,512)</u>	<u>\$509,587</u>	<u>\$20,052</u>

NEVADA SYSTEM OF HIGHER EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEARS ENDED JUNE 30, 2011 and 2010**

NOTE 9 – System Long-Term Debt (continued):

System notes payable activity is as follows:

	<u>2010</u>				
	Interest Rate	Date Issued	Final Payment Date	Original Amount	Outstanding Balance
Bank of America N. A. Commercial Markets, UNLV – T&M Chiller and Refunding	3.7249%	12/20/06	06/01/21	\$21,376	\$20,377
Sun Trust Banks, Inc., UNLV – Refunding	3.93%	12/20/06	07/01/26	16,713	15,943
Bank of America, UNR Medical Learning Lab	6.12%	10/29/09	7/1/16	9,812	9,812
Other notes payable	1.07% - 6.30%	Various	Various	Various	<u>24,952</u>
					<u>\$71,084</u>

NEVADA SYSTEM OF HIGHER EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEARS ENDED JUNE 30, 2011 and 2010**

NOTE 9 – System Long-Term Debt (continued):

The revenue bonds are collateralized by tuition and fees, auxiliary enterprises revenues and certain other revenues as defined in the bond indentures. The Certificates of Participation are secured by any and all available revenues as defined in the bond indentures. There are a number of limitations and restrictions contained in the various bond indentures. The most restrictive covenants of the various bond indentures require the various divisions and campuses of the System to maintain minimum levels of revenues, as defined in the indentures. The system is in compliance with all covenants.

Scheduled maturities of long-term debt for the years ending June 30 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 19,829	\$ 24,749	\$ 44,578
2013	21,076	23,856	44,932
2014	22,350	22,956	45,306
2015	22,236	21,983	44,219
2016	21,903	21,043	42,946
2017-2021	111,361	89,238	200,599
2022-2026	93,607	65,517	159,124
2027-2031	96,486	42,286	138,772
2032-2036	94,829	17,536	112,365
2037-2041	<u>22,113</u>	<u>2,790</u>	<u>24,903</u>
Total	<u>\$525,790</u>	<u>\$331,954</u>	<u>\$857,744</u>

The Due to State represents the balance of a State General Obligation Bond on behalf of TMCC.

NOTE 10 – System Obligations Under Capital Leases:

The System has entered into various non-cancellable lease agreements of land, buildings and improvements, and machinery and equipment expiring at various dates from fiscal year 2011 to 2016.

System obligations under capital leases were as follows for the year ended June 30, 2011 and 2010:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>2011</u>		<u>Ending Balance</u>	<u>Current</u>
			<u>Reductions</u>			
Capital lease obligations	<u>\$7,462</u>	<u>\$24</u>	<u>(\$3,816)</u>		<u>\$3,670</u>	<u>\$1,208</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>2010</u>		<u>Ending Balance</u>	<u>Current</u>
Capital lease obligations	<u>\$10,062</u>	<u>\$177</u>	<u>(\$2,777)</u>		<u>\$7,462</u>	<u>\$2,077</u>

The following System property included in the accompanying financial statements was leased under capital leases as of June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Buildings and improvements	\$10,528	\$11,699
Machinery and equipment	<u>5,722</u>	<u>8,821</u>
Total	16,250	20,520
Less accumulated depreciation	<u>(9,249)</u>	<u>(9,757)</u>
Total	<u>\$7,001</u>	<u>\$10,763</u>

NEVADA SYSTEM OF HIGHER EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEARS ENDED JUNE 30, 2011 and 2010**

NOTE 10 – System Obligations Under Capital Leases (continued):

Future net minimum rental payments, which are required under the System leases for the years ending June 30, are as follows:

2012	\$1,306
2013	1,320
2014	927
2015	210
2016	104
2017-2021	<u>0</u>
Total minimum lease payments	3,867
Less amount representing interest	<u>(197)</u>
Obligations under capital leases	<u>\$3,670</u>

Total interest expense under the System capital leases and included in the accompanying financial statements was \$131 and \$407, respectively, during the years ended June 30, 2011 and 2010. Depreciation of the capital lease assets is included in depreciation expense of the Statements of Revenues, Expenses and Changes in Net Assets.

NOTE 11– Operating Leases:

The System has entered into various noncancellable operating lease agreements covering certain buildings and equipment. The lease terms range from one to ten years. The expense for operating leases was \$6,090 and \$5,723, respectively, for years ended June 30, 2011 and 2010.

Future minimum lease payments on noncancellable operating leases for the years ending June 30, are as follows:

2012	\$ 4,483
2013	3,560
2014	2,676
2015	1,601
2016	1,586
2017-2021	<u>767</u>
Total future minimum obligation	<u>\$14,673</u>

NOTE 12– Unemployment Insurance and Workers Compensation:

The System is self-insured for unemployment insurance and workers compensation. These risks are subject to various claim and aggregate limits, with excess liability coverage provided by an independent insurer. Liabilities are recorded when it is probable a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate for claims that have been incurred, but not reported. The estimated liabilities are based upon an independent actuarial determination of the present value of the anticipated future payments.

Changes in unemployment and workers compensation for the years ended June 30, 2011 and 2010 are as follows:

	<u>2011</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Unemployment insurance	\$1,055	\$ 2,719	(\$2,074)	\$1,700
Workers compensation	<u>3,068</u>	<u>6,444</u>	<u>(6,493)</u>	<u>3,019</u>
Total	<u>\$4,123</u>	<u>\$9,163</u>	<u>(\$8,567)</u>	<u>\$4,719</u>

	<u>2010</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Unemployment insurance	\$1,936	\$ 1,420	(\$2,301)	\$1,055
Workers compensation	<u>3,068</u>	<u>6,523</u>	<u>(6,523)</u>	<u>3,068</u>
Total	<u>\$5,004</u>	<u>\$7,943</u>	<u>(\$8,824)</u>	<u>\$4,123</u>

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEARS ENDED JUNE 30, 2011 and 2010

NOTE 13– System Other Noncurrent Liability Activity:

The activity with respect to System other noncurrent liabilities for the years ended June 30, 2011 and 2010 was as follows:

	Beginning Balance	2011		Ending Balance	Current
		Additions	Reductions		
Refundable advances under					
federal loans program	\$ 7,074	\$ 1,047	(\$ 306)	\$ 7,815	\$ -
Compensated absences	46,041	31,056	(28,718)	48,379	31,402
Deferred revenue	33,978	37,395	(33,823)	37,550	37,550
Other non-current liabilities -					
Due to State	<u>5,775</u>	<u>-</u>	<u>(415)</u>	<u>5,360</u>	<u>435</u>
Total	<u>\$92,868</u>	<u>\$69,498</u>	<u>(\$63,262)</u>	<u>\$99,104</u>	<u>\$69,387</u>

	Beginning Balance	2010		Ending Balance	Current
		Additions	Reductions		
Refundable advances under					
federal loans program	\$ 7,545	\$ 392	(\$ 863)	\$ 7,074	\$ -
Compensated absences	43,072	30,290	(27,321)	46,041	30,897
Deferred revenue	35,377	33,600	(34,999)	33,978	33,978
Other non-current liabilities -					
Due to State	<u>6,190</u>	<u>-</u>	<u>(415)</u>	<u>5,775</u>	<u>415</u>
Total	<u>\$92,184</u>	<u>\$64,282</u>	<u>(\$63,598)</u>	<u>\$92,868</u>	<u>\$65,290</u>

NOTE 14– Extinguishment of Debt:

During 2011, no debt was considered to be extinguished through refunding of prior issues by a portion of the current issues. In prior years, NSHE defeased revenue bonds by placing the proceeds of new bonds in an irrevocable escrow account to provide for all future debt service payments on the old bonds. Accordingly, the escrow account assets and the liability for the defeased bonds are not included in NSHE's financial statements. At June 30, 2011, \$20,725 of bonds outstanding are considered defeased.

NOTE 15– Irrevocable Letter of Credit:

In connection with its worker's compensation liability coverage, the System is required to maintain a \$400 standby letter of credit. An additional letter of credit was established in April 2004 in connection with the System's self-insured workers' compensation liability; the amount as of June 30, 2011 was \$1,618. A letter of credit was established in July 2003 in connection with the DRI Lease Revenue Bond in the amount of \$2,100. No advances were made under the letters of credit during the years ended June 30, 2011 and 2010.

NOTE 16– System Pension Plans:

Substantially all permanent employees of the System are covered by retirement plans. Classified employees are covered by the State of Nevada Public Employees Retirement System ("PERS"), a cost-sharing multiple-employer public employee retirement system. Professional employees are covered under PERS or up to three Alternative Retirement Plans.

All permanent System classified employees are mandated by State law to participate in PERS. PERS is a defined benefit plan. Employees who retire with 5 or more years of service at age 65, 10 or more years of service at age 60 or with 30 years or more of service at any age are entitled to a retirement benefit, payable monthly for life, equal to 2.67% percent of the employee's average compensation for each year of service up to 30 years, with a maximum of 75 percent. An employee's average compensation is the average of the employee's highest compensation for 36 consecutive months. A diminished benefit is provided to all eligible employees upon early retirement, if such employees have achieved the years of service required for regular retirement. PERS also provides death and disability benefits. Benefits for employees hired after January 1, 2010 have a slightly reduced benefit structure. Benefits are established by State statute.

The authority for establishing and amending the obligation to make contributions is provided by statute. Contribution rates are also established by statute. Active employees contribute to PERS at a rate of either 11.25% or 0% of annual covered wages depending on the contribution option selected. The System is required to contribute to PERS at a rate of either 11.25% or 21.5% of annual covered wages, depending on the option selected by the employee. The System is not liable for any unfunded liabilities of PERS.

PERS issues a comprehensive annual financial report that includes financial statements and required supplementary information. The report may be obtained by writing to PERS at 693 W. Nye Lane, Carson City, NV 89703-1599.

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEARS ENDED JUNE 30, 2011 and 2010

NOTE 16– System Pension Plans(continued):

In addition to PERS, certain exempt employees have the option of participating in various retirement plans provided through the Teachers Insurance and Annuity Association and the College Retirement Equities Fund, the American Century Family of Funds, VALIC, and Fidelity Investments. Under these defined contribution plans, the System and participants make annual contributions to purchase individual, fixed or variable annuities equivalent to retirement benefits earned or to participate in a variety of mutual funds.

System employees may elect to participate in voluntary tax sheltered annuity and deferred compensation programs subject to maximum contribution limits established annually by the Internal Revenue Service. The employee contributions are not matched by the System.

The System's contribution to all retirement plans for the years ended June 30, 2011 and 2010 was approximately \$72,683 and \$75,784, respectively, equal to the required contribution for each year.

NOTE 17– System Postemployment Benefits Other than Pensions:

In June 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, which requires accrual-based measurement, recognition and disclosure of other postemployment benefits (OPEB) expense, such as retiree medical and dental costs, over the employees' years of service, along with the related liability, net of any plan assets.

Public employees who meet the eligibility requirements for retirement and at the time of retirement are participants in the program, have the option upon retirement to continue group insurance including medical, dental, vision, accidental death and dismemberment, travel accident, long-term disability, mental health, substance abuse and life insurance benefits. Nevada Administrative Code 287.530 established this benefit upon the retiree. Monthly contributions are deducted from pension checks. The cost varies depending on which health plan the retiree chooses, as well as the amount of the State subsidy they receive.

The Public Employees Benefits Program administers these benefits as a multiple employer cost sharing plan. The State Retirees' Health and Welfare Benefits Trust Fund has been created to provide benefits to retirees and their beneficiaries. The unfunded actuarial accrued liability for the trust, as of the most recent valuation on July 1, 2010, is \$947,000. This compares to \$1,850,000 on July 1, 2009. This is recorded on the financial statements of the trust and the State as a fiduciary fund, but not on the financial statements of the System.

Complete financial statements for the State Retirees' Health and Welfare Benefits Fund can be obtained from the Accounting Department at the Public Employees Benefit Program, 901 S. Stewart St., Carson City, NV 89701.

The System's contribution for the retired employee group insurance assessment for the years ended June 30, 2011 and 2010 was approximately \$3,355 and \$12,277, respectively, equal to the required contribution each year. This significant reduction resulted from a lowering of the contribution rate by the legislature during the 26th special session.

NOTE 18 - System Commitments and Contingent Liabilities:

The System is a defendant or co-defendant in legal actions. Based on present knowledge and advice of legal counsel, System management believes any ultimate liability in these matters, in excess of insurance coverage, will not materially affect the net assets, changes in net assets or cash flows of the System.

The System has an actuarial study of its workers' compensation losses completed every other year. The study addresses the reserves necessary to pay open claims from prior years and projects the rates needed for the coming year. The System uses a third party administrator to adjust its workers' compensation claims.

The System is self-insured for its unemployment liability. The System is billed by the State each quarter based the actual unemployment benefits paid by the State. Each year the System budgets resources to pay for the projected expenditures. The amount of future benefits payments to claimants and the resulting liability to the System cannot be reasonably determined as of June 30, 2011.

The estimated cost to complete property authorized or under construction at June 30, 2011 is \$76,082. These costs will be financed by State appropriations, private donations, available resources and/or long-term borrowings.

NOTE 19– Risk Management:

The System is an entity created by the Constitution of the State of Nevada. The System transfers its tort liabilities (other than Medical Malpractice) to the Tort Claims Fund of the State of Nevada (State). The State retains the first \$2,000 of loss and purchases excess liability in the amount of \$10,000 excess of a \$2,000 self insured retention (SIR).

The System purchases the following commercial insurance:

Coverage for direct physical loss or damage to the System's property with limits of \$500,000 per occurrence and a \$500 SIR.

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEARS ENDED JUNE 30, 2011 and 2010

NOTE 19– Risk Management (continued):

Worker's compensation (foreign and domestic) with statutory limits excess of a \$750 SIR.
Employee dishonesty with limits of \$1,250 and a deductible of \$50.

Medical malpractice with limits of \$1,000 per occurrence and \$3,000 aggregate.
Allied health malpractice with limits of \$1,000 per occurrence and \$3,000 aggregate.

The System purchases other commercial insurance for incidental exposures where prudent. The amount of claim settlements did not exceed the insurance coverage for any of the past three years.

The System is charged an assessment to cover its portion of the State's cost of the Tort Claims fund.

NOTE 20– Subsequent Events:

At the September 2011 Board of Regents meeting, the Board of Regents approved the issuance of up to \$75,000 in long term, fixed rate tax exempt revenue bonds. The purpose of the bond issue would be to refinance various outstanding debts. The transaction is expected to be completed no later than December 31, 2011.

NOTE 21– Functional Classification of System Expenses:

The following is the functional classifications of expenses as reported on the Statements of Revenues, Expenses and Changes in Net Assets for the years ended June 30, 2011 and 2010.

	<u>2011</u>	<u>2010</u>
Instruction	496,288	\$ 501,483
Research	109,222	113,167
Public service	63,165	63,187
Academic support	115,115	115,104
Institutional support	143,879	143,211
Student services	108,381	107,795
Operation and maintenance of plant	122,190	112,960
Scholarships and fellowships	101,044	77,988
Auxiliary enterprises	70,328	75,615
Other expenditures	715	-
Depreciation	<u>92,557</u>	<u>92,855</u>
Total	<u>\$1,422,884</u>	<u>\$1,403,365</u>

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NEVADA SYSTEM OF HIGHER EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEARS ENDED JUNE 30, 2011 and 2010**

NOTE 22 - System Related Organizations:

As described in Note 1, the System Related Organizations columns in the financial statements includes the financial data of the System's discretely presented campus foundations and medical school practice plans. Due to the condensed nature of this information, the individual line items may not necessarily agree with the financial statements of the system related organization, although the totals agree with the financial statements. Condensed combining financial data of the System related organizations is as follows:

**NEVADA SYSTEM OF HIGHER EDUCATION SYSTEM RELATED ORGANIZATIONS
NET ASSETS AS OF JUNE 30, 2011 (in \$1,000)**

<u>ASSETS</u>	<u>UNR Foundation</u>	<u>UNR AAUN</u>	<u>UNR AAUN Endowment</u>	<u>Practice Plans</u>	<u>DRI Foundation</u>
<i>Current Assets</i>					
Cash and cash equivalents	\$26,911	\$ 1,339	\$ 4	\$ 3,763	\$ 200
Short-term investments	97,840	-	5,371	4,445	-
Other current assets	<u>2,453</u>	<u>324</u>	<u>1</u>	<u>7,238</u>	<u>2</u>
Total Current Assets	<u>127,204</u>	<u>1,663</u>	<u>5,376</u>	<u>15,446</u>	<u>202</u>
<i>Noncurrent Assets</i>					
Capital assets, net	44	62	-	2,373	486
Endowment investments	20,354	-	-	-	-
Other noncurrent assets	<u>19,815</u>	<u>1,003</u>	<u>-</u>	<u>984</u>	<u>-</u>
Total Noncurrent Assets	<u>40,213</u>	<u>1,065</u>	<u>-</u>	<u>3,357</u>	<u>486</u>
TOTAL ASSETS	<u>167,417</u>	<u>2,728</u>	<u>5,376</u>	<u>18,803</u>	<u>688</u>
<u>LIABILITIES</u>					
<i>Current Liabilities</i>					
Due to affiliates	5,100	302	-	1,462	-
Current portion of long-term debt	-	-	-	-	87
Other current liabilities	<u>42</u>	<u>310</u>	<u>11</u>	<u>3,755</u>	<u>2</u>
Total Current Liabilities	<u>5,142</u>	<u>612</u>	<u>11</u>	<u>5,217</u>	<u>89</u>
<i>Noncurrent Liabilities</i>					
Long-term debt	-	-	-	-	99
Other noncurrent liabilities	<u>1,995</u>	<u>1,864</u>	<u>-</u>	<u>445</u>	<u>-</u>
Total Noncurrent Liabilities	<u>1,995</u>	<u>1,864</u>	<u>-</u>	<u>445</u>	<u>99</u>
TOTAL LIABILITIES	<u>7,137</u>	<u>2,476</u>	<u>11</u>	<u>5,662</u>	<u>188</u>
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	44	62	-	1,896	486
Restricted:					
Nonexpendable	100,749	100	3,770	-	-
Expendable	47,750	-	1,523	-	20
Unrestricted	<u>12,037</u>	<u>90</u>	<u>72</u>	<u>11,245</u>	<u>(6)</u>
TOTAL NET ASSETS	<u>\$160,280</u>	<u>\$252</u>	<u>\$5,365</u>	<u>\$13,141</u>	<u>\$ 500</u>

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEARS ENDED JUNE 30, 2011 and 2010

DRI Research Park	TMCC Foundation	WNC Foundation	GBC Foundation	UNLV Foundation	CSN Foundation	NSC Foundation	Total System Related Organizations
\$ 1	\$1,098	\$1,051	\$ 407	\$ 19,192	\$ 632	\$ 1,351	\$ 55,949
-	-	-	811	26,478	2,814	-	137,759
-	68	58	17	6,866	252	4	17,283
<u>1</u>	<u>1,166</u>	<u>1,109</u>	<u>1,235</u>	<u>52,536</u>	<u>3,698</u>	<u>1,355</u>	<u>210,991</u>
-	-	-	56	212	-	-	3,233
-	389	1,514	4,072	129,920	1,181	-	157,430
-	-	92	102	38,621	862	1,707	63,186
-	<u>389</u>	<u>1,606</u>	<u>4,230</u>	<u>168,753</u>	<u>2,043</u>	<u>1,707</u>	<u>223,849</u>
<u>1</u>	<u>1,555</u>	<u>2,715</u>	<u>5,465</u>	<u>221,289</u>	<u>5,741</u>	<u>3,062</u>	<u>434,840</u>
-	-	-	10	-	-	-	6,874
-	-	-	-	-	-	-	87
<u>3</u>	<u>879</u>	-	<u>2</u>	<u>2,076</u>	<u>19</u>	-	<u>7,099</u>
<u>3</u>	<u>879</u>	-	<u>12</u>	<u>2,076</u>	<u>19</u>	-	<u>14,060</u>
-	-	-	-	-	-	-	99
<u>126</u>	-	-	-	<u>4,277</u>	-	-	<u>8,707</u>
<u>126</u>	-	-	-	<u>4,277</u>	-	-	<u>8,806</u>
<u>129</u>	<u>879</u>	-	<u>12</u>	<u>6,353</u>	<u>19</u>	-	<u>22,866</u>
-	-	-	56	59	-	-	2,603
-	395	597	3,266	112,322	1,988	569	223,756
-	-	2,102	1,177	78,072	1,944	2,273	134,561
<u>(128)</u>	<u>281</u>	<u>16</u>	<u>954</u>	<u>24,483</u>	<u>1,790</u>	<u>220</u>	<u>51,054</u>
<u>(\$128)</u>	<u>\$676</u>	<u>\$2,715</u>	<u>\$5,453</u>	<u>\$214,936</u>	<u>\$5,722</u>	<u>\$3,062</u>	<u>\$411,974</u>

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEARS ENDED JUNE 30, 2011 and 2010

NOTE 22 - System Related Organizations (continued):

NEVADA SYSTEM OF HIGHER EDUCATION SYSTEM RELATED ORGANIZATIONS
NET ASSETS AS OF JUNE 30, 2010 (in \$1,000)

<u>ASSETS</u>	<u>UNR Foundation</u>	<u>UNR AAUN</u>	<u>UNR AAUN Endowment</u>	<u>Practice Plans</u>	<u>DRI Foundation</u>
<i>Current Assets</i>					
Cash and cash equivalents	\$23,001	\$ 1,401	\$ 5	\$ 6,536	\$ 320
Short-term investments	78,706	-	4,528	742	-
Other current assets	<u>3,422</u>	<u>580</u>	<u>-</u>	<u>8,187</u>	<u>104</u>
Total Current Assets	<u>105,129</u>	<u>1,981</u>	<u>4,533</u>	<u>15,465</u>	<u>424</u>
<i>Noncurrent Assets</i>					
Capital assets, net	12	64	-	2,415	16
Endowment investments	19,434	-	-	-	-
Other noncurrent assets	<u>23,673</u>	<u>1,232</u>	<u>-</u>	<u>1,120</u>	<u>-</u>
Total Noncurrent Assets	<u>43,119</u>	<u>1,296</u>	<u>-</u>	<u>3,535</u>	<u>16</u>
TOTAL ASSETS	<u>148,248</u>	<u>3,277</u>	<u>4,533</u>	<u>19,000</u>	<u>440</u>
<u>LIABILITIES</u>					
<i>Current Liabilities</i>					
Due to affiliates	3,579	607	-	1,084	-
Current portion of long-term debt	-	-	-	-	86
Other current liabilities	<u>47</u>	<u>284</u>	<u>-</u>	<u>4,439</u>	<u>107</u>
Total Current Liabilities	<u>3,626</u>	<u>891</u>	<u>-</u>	<u>5,523</u>	<u>193</u>
<i>Noncurrent Liabilities</i>					
Long-term debt	-	-	-	-	185
Other noncurrent liabilities	<u>2,268</u>	<u>2,090</u>	<u>-</u>	<u>859</u>	<u>-</u>
Total Noncurrent Liabilities	<u>2,268</u>	<u>2,090</u>	<u>-</u>	<u>859</u>	<u>185</u>
TOTAL LIABILITIES	<u>5,894</u>	<u>2,981</u>	<u>-</u>	<u>6,382</u>	<u>378</u>
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	12	64	-	1,667	16
Restricted:					
Nonexpendable	84,916	204	3,170	-	-
Expendable	47,516	-	1,287	-	-
Unrestricted	<u>9,910</u>	<u>28</u>	<u>76</u>	<u>10,951</u>	<u>46</u>
TOTAL NET ASSETS	<u>\$142,354</u>	<u>\$296</u>	<u>\$4,533</u>	<u>\$12,618</u>	<u>\$ 62</u>

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEARS ENDED JUNE 30, 2011 and 2010

DRI Research Park	TMCC Foundation	WNC Foundation	GBC Foundation	UNLV Foundation	CSN Foundation	NSC Foundation	Total System Related Organizations
\$ 1	\$ 940	\$1,131	\$ 425	\$ 9,012	\$ 714	\$ 1,212	\$ 44,698
-	151	-	1,663	18,019	1,697	-	105,506
-	49	63	108	4,701	1,345	419	18,978
<u>1</u>	<u>1,140</u>	<u>1,194</u>	<u>2,196</u>	<u>31,732</u>	<u>3,756</u>	<u>1,631</u>	<u>169,182</u>
-	-	-	70	215	-	-	2,792
-	304	1,254	2,694	115,030	1,141	-	139,857
-	-	83	24	37,129	80	1,487	64,828
-	<u>304</u>	<u>1,337</u>	<u>2,788</u>	<u>152,374</u>	<u>1,221</u>	<u>1,487</u>	<u>207,477</u>
<u>1</u>	<u>1,444</u>	<u>2,531</u>	<u>4,984</u>	<u>184,106</u>	<u>4,977</u>	<u>3,118</u>	<u>376,659</u>
-	-	31	9	-	-	-	5,310
-	-	-	-	-	-	-	86
<u>3</u>	<u>558</u>	<u>-</u>	<u>163</u>	<u>139</u>	<u>3</u>	<u>35</u>	<u>5,778</u>
<u>3</u>	<u>558</u>	<u>31</u>	<u>172</u>	<u>139</u>	<u>3</u>	<u>35</u>	<u>11,174</u>
-	-	-	-	-	-	-	185
<u>130</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,080</u>	<u>-</u>	<u>-</u>	<u>9,427</u>
<u>130</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,080</u>	<u>-</u>	<u>-</u>	<u>9,612</u>
<u>133</u>	<u>558</u>	<u>31</u>	<u>172</u>	<u>4,219</u>	<u>3</u>	<u>35</u>	<u>20,786</u>
-	-	-	70	61	-	-	1,890
-	310	568	2,976	89,838	1,141	569	183,692
-	-	1,895	804	67,457	2,281	2,360	123,360
<u>(132)</u>	<u>576</u>	<u>37</u>	<u>962</u>	<u>22,531</u>	<u>1,552</u>	<u>154</u>	<u>46,691</u>
<u>(\$132)</u>	<u>\$886</u>	<u>\$2,500</u>	<u>\$4,812</u>	<u>\$179,887</u>	<u>\$4,974</u>	<u>\$3,083</u>	<u>\$355,873</u>

NEVADA SYSTEM OF HIGHER EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEARS ENDED JUNE 30, 2011 and 2010**

NOTE 22 - System Related Organizations (continued):

**NEVADA SYSTEM OF HIGHER EDUCATION SYSTEM RELATED ORGANIZATIONS
REVENUES, EXPENSES AND CHANGES IN NET ASSETS (in \$1,000)
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>UNR Foundation</u>	<u>UNR AAUN</u>	<u>UNR AAUN Endowment</u>	<u>Practice Plans</u>	<u>DRI Foundation</u>
<i>Operating Revenues</i>					
Patient revenue	\$ -	\$ -	\$ -	\$58,614	\$ -
Contract revenue	-	-	-	7,355	-
Contributions	10,819	371	1	-	743
Campus support	2,349	-	-	-	317
Other operating revenues	<u>1,350</u>	<u>103</u>	<u>-</u>	<u>2,637</u>	<u>1</u>
Total operating revenues	<u>14,518</u>	<u>474</u>	<u>1</u>	<u>68,606</u>	<u>1,061</u>
<i>Operating Expenses</i>					
Program expenses	343	-	-	33,657	-
Depreciation	12	-	-	806	-
Other operating expenses	<u>3,308</u>	<u>202</u>	<u>12</u>	<u>30,616</u>	<u>357</u>
Total operating expenses	<u>3,663</u>	<u>202</u>	<u>12</u>	<u>65,079</u>	<u>357</u>
Operating income (loss)	<u>10,855</u>	<u>272</u>	<u>(11)</u>	<u>3,527</u>	<u>704</u>
<i>Nonoperating Revenues (Expenses)</i>					
Payments to System campuses and divisions	(17,170)	(393)	-	(2,976)	(260)
Other nonoperating revenues (expenses)	<u>18,253</u>	<u>77</u>	<u>843</u>	<u>(28)</u>	<u>(6)</u>
Total nonoperating expenses	<u>1,083</u>	<u>(316)</u>	<u>843</u>	<u>(3,004)</u>	<u>(266)</u>
Income (loss) before other revenue, expenses gains or losses	<u>11,938</u>	<u>(44)</u>	<u>832</u>	<u>523</u>	<u>438</u>
Additions to permanent endowments	5,988	-	-	-	-
Other revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other revenues (expenses)	<u>5,988</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	17,926	(44)	832	523	438
Net assets - beginning of year	<u>142,354</u>	<u>296</u>	<u>4,533</u>	<u>12,618</u>	<u>62</u>
Net assets - end of year	<u>\$160,280</u>	<u>\$ 252</u>	<u>\$5,365</u>	<u>\$13,141</u>	<u>\$500</u>

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEARS ENDED JUNE 30, 2011 and 2010

DRI Research Park	TMCC Foundation	WNC Foundation	GBC Foundation	UNLV Foundation	CSN Foundation	NSC Foundation	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,614
-	-	-	-	-	-	-	7,355
-	544	791	227	23,908	1,079	455	38,938
55	142	-	293	2,789	-	-	5,945
<u>3</u>	<u>-</u>	<u>129</u>	<u>57</u>	<u>738</u>	<u>385</u>	<u>5</u>	<u>5,408</u>
<u>58</u>	<u>686</u>	<u>920</u>	<u>577</u>	<u>27,435</u>	<u>1,464</u>	<u>460</u>	<u>116,260</u>
-	-	253	53	-	-	-	34,306
-	-	-	13	26	-	-	857
<u>54</u>	<u>453</u>	<u>489</u>	<u>368</u>	<u>4,561</u>	<u>778</u>	<u>244</u>	<u>41,442</u>
<u>54</u>	<u>453</u>	<u>742</u>	<u>434</u>	<u>4,587</u>	<u>778</u>	<u>244</u>	<u>76,605</u>
<u>4</u>	<u>233</u>	<u>178</u>	<u>143</u>	<u>22,848</u>	<u>686</u>	<u>216</u>	<u>39,655</u>
-	(530)	(114)	(425)	(14,897)	(830)	(237)	(37,832)
<u>-</u>	<u>87</u>	<u>151</u>	<u>628</u>	<u>19,706</u>	<u>617</u>	<u>-</u>	<u>40,328</u>
<u>-</u>	<u>(443)</u>	<u>37</u>	<u>203</u>	<u>4,809</u>	<u>(213)</u>	<u>(237)</u>	<u>2,496</u>
<u>4</u>	<u>(210)</u>	<u>215</u>	<u>346</u>	<u>27,657</u>	<u>473</u>	<u>(21)</u>	<u>42,151</u>
-	-	-	295	7,392	275	-	13,950
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>295</u>	<u>7,392</u>	<u>275</u>	<u>-</u>	<u>13,950</u>
4	(210)	215	641	35,049	748	(21)	56,101
<u>(132)</u>	<u>886</u>	<u>2,500</u>	<u>4,812</u>	<u>179,887</u>	<u>4,974</u>	<u>3,083</u>	<u>355,873</u>
<u>(\$128)</u>	<u>\$676</u>	<u>\$ 2,715</u>	<u>\$5,453</u>	<u>\$214,936</u>	<u>\$ 5,722</u>	<u>\$3,062</u>	<u>\$411,974</u>

NEVADA SYSTEM OF HIGHER EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEARS ENDED JUNE 30, 2011 and 2010**

NOTE 22 - System Related Organizations (continued):

**NEVADA SYSTEM OF HIGHER EDUCATION SYSTEM RELATED ORGANIZATIONS
REVENUES, EXPENSES AND CHANGES IN NET ASSETS (in \$1,000)
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>UNR Foundation</u>	<u>UNR AAUN</u>	<u>UNR AAUN Endowment</u>	<u>Practice Plans</u>	<u>DRI Foundation</u>
<i>Operating Revenues</i>					
Patient revenue	\$ -	\$ -	\$ -	\$61,334	\$ -
Contract revenue	-	-	-	8,848	-
Contributions	21,345	363	-	-	623
Campus support	1,859	-	-	-	280
Other operating revenues	<u>1,245</u>	<u>110</u>	<u>-</u>	<u>2,542</u>	<u>67</u>
Total operating revenues	<u>24,449</u>	<u>473</u>	<u>-</u>	<u>72,724</u>	<u>970</u>
<i>Operating Expenses</i>					
Program expenses	224	-	-	37,042	-
Depreciation	7	1	-	932	-
Other operating expenses	<u>3,177</u>	<u>207</u>	<u>660</u>	<u>35,205</u>	<u>447</u>
Total operating expenses	<u>3,408</u>	<u>208</u>	<u>660</u>	<u>73,179</u>	<u>447</u>
Operating income (loss)	<u>21,041</u>	<u>265</u>	<u>(660)</u>	<u>(455)</u>	<u>523</u>
<i>Nonoperating Revenues (Expenses)</i>					
Payments to System campuses and divisions	(16,054)	(1,134)	-	(1,538)	(555)
Other nonoperating revenues (expenses)	<u>10,425</u>	<u>124</u>	<u>447</u>	<u>(120)</u>	<u>125</u>
Total nonoperating expenses	<u>(5,629)</u>	<u>(1,010)</u>	<u>447</u>	<u>(1,658)</u>	<u>(430)</u>
Income (loss) before other revenue, expenses gains or losses	<u>15,412</u>	<u>(745)</u>	<u>(213)</u>	<u>(2,113)</u>	<u>93</u>
Additions to permanent endowments	4,038	-	-	-	-
Other revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other revenues (expenses)	<u>4,038</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	19,450	(745)	(213)	(2,113)	93
Net assets - beginning of year	<u>122,904</u>	<u>1,041</u>	<u>4,746</u>	<u>14,731</u>	<u>(31)</u>
Net assets - end of year	<u>\$142,354</u>	<u>\$ 296</u>	<u>\$4,533</u>	<u>\$12,618</u>	<u>\$62</u>

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEARS ENDED JUNE 30, 2011 and 2010

DRI Research Park	TMCC Foundation	WNC Foundation	GBC Foundation	UNLV Foundation	CSN Foundation	NSC Foundation	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,334
-	-	-	-	-	-	-	8,848
-	1,009	547	174	18,692	826	1,310	44,889
40	144	-	119	1,774	-	-	4,216
<u>3</u>	<u>1</u>	<u>131</u>	<u>77</u>	<u>898</u>	<u>377</u>	<u>25</u>	<u>5,476</u>
<u>43</u>	<u>1,154</u>	<u>678</u>	<u>370</u>	<u>21,364</u>	<u>1,203</u>	<u>1,335</u>	<u>124,763</u>
-	-	243	47	-	-	-	37,556
2	-	-	10	47	4	-	1,003
<u>45</u>	<u>220</u>	<u>434</u>	<u>372</u>	<u>13,385</u>	<u>662</u>	<u>2,186</u>	<u>57,000</u>
<u>47</u>	<u>220</u>	<u>677</u>	<u>429</u>	<u>13,432</u>	<u>666</u>	<u>2,186</u>	<u>95,559</u>
<u>(4)</u>	<u>934</u>	<u>1</u>	<u>(59)</u>	<u>7,932</u>	<u>537</u>	<u>(851)</u>	<u>29,204</u>
-	(988)	(139)	(1,905)	(20,175)	(6,681)	(126)	(49,295)
-	<u>60</u>	<u>142</u>	<u>351</u>	<u>10,858</u>	<u>153</u>	-	<u>22,565</u>
-	<u>(928)</u>	<u>3</u>	<u>(1,554)</u>	<u>(9,317)</u>	<u>(6,528)</u>	<u>(126)</u>	<u>(26,730)</u>
<u>(4)</u>	<u>6</u>	<u>4</u>	<u>(1,613)</u>	<u>(1,385)</u>	<u>(5,991)</u>	<u>(977)</u>	<u>2,474</u>
-	-	-	74	14,368	574	-	19,054
-	-	-	-	-	-	-	-
-	-	-	<u>74</u>	<u>14,368</u>	<u>574</u>	-	<u>19,054</u>
(4)	6	4	(1,539)	12,983	(5,417)	(977)	21,528
<u>(128)</u>	<u>880</u>	<u>2,496</u>	<u>6,351</u>	<u>166,904</u>	<u>10,391</u>	<u>4,060</u>	<u>334,345</u>
<u>(\$132)</u>	<u>\$886</u>	<u>\$ 2,500</u>	<u>\$4,812</u>	<u>\$179,887</u>	<u>\$ 4,974</u>	<u>\$3,083</u>	<u>\$355,873</u>

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEARS ENDED JUNE 30, 2011 and 2010

NOTE 22 - System Related Organizations (continued):

UNR Foundation:

Cash and cash equivalents at June 30, 2011 and 2010, consists of:

	<u>2011</u>	<u>2010</u>
Cash	\$7,224	\$ 2,279
Money funds	726	1,462
Commingled funds	17,561	18,829
Certificates of deposit	0	331
Treasury bills and notes	<u>1,400</u>	<u>100</u>
	<u>\$26,911</u>	<u>\$23,001</u>

The fair value of investments at June 30, 2011 and 2010, are as follows:

	<u>2011</u>	<u>2010</u>
Equity Investments	\$ 614	\$ 480
Bonds	14,215	16,874
Commingled funds	79,879	65,345
Certificates of deposit	4,166	4,392
U.S. Government Securities	<u>19,320</u>	<u>11,049</u>
	<u>\$118,194</u>	<u>\$98,140</u>

At June 30, 2011, the Foundation investments had the following maturities:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 – 5	6 – 10	11-38
Equity investments	\$ 614	\$ 614	\$ -	\$ -	\$ -
Bonds	14,215	970	3,285	2,921	7,039
Commingled funds	79,879	79,879	-	-	-
Certificates of deposit	4,166	2,553	1,613	-	-
U.S. Government securities	<u>19,320</u>	<u>13,825</u>	<u>41</u>	<u>4,681</u>	<u>773</u>
	<u>\$118,194</u>	<u>\$97,841</u>	<u>\$4,939</u>	<u>\$ 7,602</u>	<u>\$7,812</u>

The Foundation's investment policy for cash and cash equivalents is to exercise sufficient due diligence to minimize investing cash and cash equivalents in instruments that will lack liquidity. The Foundation, through its Investment Managers considers the operating funds to be two discrete pools of funds: a short-term pool and an intermediate-term pool. The short-term pool shall be funded in an amount sufficient to meet the expected daily cash requirements of the Foundation. The goals of the investments are to maintain the principal in the account while maximizing the return on the investments. The short-term pool is staggered in 30, 60, and 90 day investments. Appropriate types of investments are money market funds, certificates of deposit, commercial paper, U.S. Treasury bills and notes, mortgage backed securities (U.S. Government) and internal loans to the University of Nevada, Reno secured by a promissory note with an appropriate interest rate. The intermediate-term pool is invested in fixed income securities generally having an average maturity of three years or less in order to take advantage of higher yields.

The cumulative net appreciation (depreciation) of investments at June 30, 2011 and 2010 was \$1,417 and \$(8,623), respectively.

Investment Risk Factors

There are many factors that can affect the value of investments. Some factors, such as credit risk and concentrations of credit risk may affect fixed income securities, which are particularly sensitive to credit risks and changes in interest rates. The Investment Committee of the Foundation has policies regarding acceptable levels of risk. The committee meets quarterly to review the investments. Significant amounts of the investments are held with Commonfund which also has policies regarding acceptable levels of risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

The Foundation restricts investment of cash and cash equivalents and investments to financial institutions with high credit standing and The Commonfund, a nonprofit membership corporation operated by and for its member colleges, universities and independent schools. The Foundation currently purchases certificates of deposit of less than two hundred fifty thousand dollars per bank or institution. Commercial

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEARS ENDED JUNE 30, 2011 and 2010

NOTE 22 - System Related Organizations (continued):

paper is limited to a maximum of 10% of the total cash available. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents and investments.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

	AAA	AA	A	BBB	Not Rated
Equity investments	\$ -	\$ -	\$ -	\$ -	\$ 614
Bonds	4,984	251	714	570	7,696
Commingled funds	-	-	-	-	79,879
Certificates of deposit	-	-	-	-	4,166
U.S. Government securities	-	-	-	-	19,320
	<u>\$4,984</u>	<u>\$251</u>	<u>\$714</u>	<u>\$ 570</u>	<u>\$111,675</u>

Fixed income securities to obligations of the U.S. Government are not considered to have credit risk. In addition, investments held by the Commonfund are not rated by statistical rating organizations.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Foundation's investment policy limits the maturities of U.S. Treasury instruments and certificates of deposit to no more than 90 days unless the rate justifies the return and the current liquidity requirements are met.

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. Foreign investments are managed by the Commonfund who has policies in place to address foreign currency risk.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Foundation's deposits exceed FDIC limits and as a result may not be returned to the Foundation. All cash deposits are primarily on deposit with two financial institutions and several investment companies. The Foundation does not have a deposit policy for custodial credit risk. As of June 30, 2011, the Foundation's bank balances totaled \$17,112. Of this balance, \$1,350 was covered by depository insurance and/or collateralized and \$7,756 is held by the Commonfund government Securities Fund and subject to their investment policies. The remaining \$8,005 was subject to custodial credit risk and as a result was uninsured at June 30, 2011.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments consist primarily of open-end mutual funds through a single custodian. Debt and equity securities other than open-end mutual funds are uncollateralized.

UNLV Foundation:

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*.

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 \$19,192. Of this balance, \$2,433 in cash was held at one bank of which \$250 was covered by the Federal Deposit Insurance Corporation, and \$2,183, was uninsured.

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEARS ENDED JUNE 30, 2011 and 2010

NOTE 22 - System Related Organizations (continued):

Of the cash and money market balances of \$16,759 held by brokerage firms at June 30, 2010, \$850 was covered by Securities Investor Protection Corporation (SIPC) and \$15,909 was uninsured.

Investments include the following at June 30, 2010:

	<u>2011</u>	<u>2010</u>
Mutual funds	\$ 6,142	\$ 5,797
Certificates of deposit	907	701
Equities	70,858	55,129
U.S. government obligations	37,204	24,405
Corporate obligations	33,763	30,565
Mortgage-backed securities	864	10,045
Alternative investments	<u>6,660</u>	<u>6,407</u>
Total marketable securities at fair value	<u>\$156,398</u>	<u>\$133,049</u>

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, 2010 follow:

	<u>Total</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>Below Investment Grade</u>
Mutual funds	\$ 6,142	\$ 20	\$ -	\$ 311	\$1,582	\$ 4,229
U.S. corporate bonds	29,015	3,466	3,287	8,401	13,555	306
Non-U.S. corporate bonds	4,748	411	851	1,597	1,889	-

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 table. Alternative investments are not rated by industry rating agencies.

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%.

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 7.1 years. The fixed income-portfolio's average maturity was 7.0 years. Interest rates range from 0% to 19.0%.

	<u>Maturity Under 1 Year</u>	<u>Maturity 1 - 5 Years</u>	<u>Maturity 5 - 10 Years</u>	<u>Maturity Over 10 Years</u>	<u>Maturity Total</u>
Mutual funds	\$ 6,142	\$ -	\$ -	\$ -	\$ 6,142
Certificates of deposit	-	807	100	-	907
Mortgage backed securities	-	-	46	864	864
U.S. government obligations	18,528	4,159	1,938	12,579	37,204
U.S. corporate bonds	1,514	7,827	12,221	7,453	29,015
Non-U.S. corporate bonds	<u>294</u>	<u>1,130</u>	<u>2,830</u>	<u>494</u>	<u>4,748</u>
Investment in securities at fair value	<u>\$26,478</u>	<u>\$ 13,923</u>	<u>\$ 17,089</u>	<u>\$ 21,390</u>	<u>\$ 78,880</u>

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEARS ENDED JUNE 30, 2011 and 2010

NOTE 22 - System Related Organizations (continued):

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.

During the year ended June 30, 2011 and 2010, the UNLV Foundation recognized \$20,309 and \$11,918, respectively, in investment gains. Earnings included \$3,731 and \$3,865, respectively, from interest and dividends, \$3,930 and \$1,199, respectively, from net realized gains on the sale of investments, and \$13,465 and \$7,478, respectively, from the change in investment fair value. Investment expenses of \$814 and \$616, respectively, and amortization of bond discounts of \$2 and \$8, respectively, were netted against earnings.

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SUPPLEMENTAL INFORMATION

NEVADA SYSTEM OF HIGHER EDUCATION
 COMBINING SCHEDULE OF NET ASSETS (in \$1,000's)
 AS OF JUNE 30, 2011

	<u>UNR</u>	<u>System</u>	<u>DRI</u>	<u>TMCC</u>	<u>WNC</u>
<u>ASSETS</u>					
<i>Current Assets</i>					
Cash and cash equivalents	\$ 35,280	\$ 49,780	\$ 7,676	\$ 7,991	\$ 770
Restricted cash and cash equivalents	0	0	151	0	0
Short-term investments	88,193	12,397	19,416	21,706	4,123
Accounts receivable, net	25,680	472	2,978	1,391	495
Receivable from U.S. Government	20,366	1,850	3,616	465	1,028
Receivable from State of Nevada	1,672	0	212	11	5
Pledges receivable, net	225	0	0	0	0
Current portion of loans receivable, net	977	245	0	12	7
Inventories	2,865	131	0	14	0
Deposits and deferred expenditures, current	635	36	14	4	0
Total Current Assets	<u>175,893</u>	<u>64,911</u>	<u>34,063</u>	<u>31,594</u>	<u>6,428</u>
<i>Noncurrent Assets</i>					
Cash held by State Treasurer	16,728	0	193	0	1,326
Restricted cash and cash equivalents	26,916	0	0	0	0
Receivable from State of Nevada	0	0	0	0	0
Endowment investments	120,841	10,575	27,292	8,967	225
Deposits and deferred expenditures	5,201	513	0	0	0
Loans receivable, net	6,172	1,029	0	234	0
Capital assets, net	703,666	30,857	70,338	60,430	34,921
Pledges receivable	1,865	0	0	0	0
Other noncurrent assets	0	296	0	0	0
Total Noncurrent Assets	<u>881,389</u>	<u>43,270</u>	<u>97,823</u>	<u>69,631</u>	<u>36,472</u>
TOTAL ASSETS	<u>1,057,282</u>	<u>108,181</u>	<u>131,886</u>	<u>101,225</u>	<u>42,900</u>
<u>LIABILITIES</u>					
<i>Current Liabilities</i>					
Accounts payable	18,708	2,345	630	1,176	202
Accrued payroll and related liabilities	8,356	478	799	1,100	501
Unemployment insurance and workers compensation liability	1,744	43	121	180	88
Current portion of compensated absences	11,584	1,706	3,161	1,136	506
Current portion of long-term debt	8,282	0	608	0	0
Current portion of obligations under capital leases	621	0	5	0	0
Accrued interest payable	7,236	0	83	62	0
Deferred revenue	14,199	1,600	3,032	793	27
Funds held in trust for others	2,191	0	195	87	146
Other	0	0	359	435	0
Total Current Liabilities	<u>72,921</u>	<u>6,172</u>	<u>8,993</u>	<u>4,969</u>	<u>1,470</u>
<i>Noncurrent Liabilities</i>					
Refundable advances under federal loan programs	4,746	0	0	282	0
Compensated absences	8,292	358	862	534	285
Long-term debt	277,076	0	8,604	0	0
Obligations under capital leases	1,257	0	0	0	0
Due to State of Nevada	0	0	0	4,925	0
Total Noncurrent Liabilities	<u>291,371</u>	<u>358</u>	<u>9,466</u>	<u>5,741</u>	<u>285</u>
TOTAL LIABILITIES	<u>364,292</u>	<u>6,530</u>	<u>18,459</u>	<u>10,710</u>	<u>1,755</u>
<u>NET ASSETS</u>					
<i>Net Assets</i>					
Invested in capital assets, net of related debt	412,441	30,806	61,272	55,070	34,921
Restricted - Nonexpendable	37,972	7,201	20,645	4,728	226
Restricted - Expendable - Scholarships, research and instruction	77,341	3,081	8,622	4,837	54
Restricted - Expendable - Loans	5,168	1,865	0	(13)	0
Restricted - Expendable - Capital projects	52,682	55	598	5,778	1,326
Restricted - Expendable - Debt service	6,865	0	0	(56)	0
Unrestricted	<u>100,521</u>	<u>58,643</u>	<u>22,290</u>	<u>20,171</u>	<u>4,618</u>
TOTAL NET ASSETS	<u>\$ 692,990</u>	<u>\$101,651</u>	<u>\$113,427</u>	<u>\$90,515</u>	<u>\$41,145</u>

<u>GBC</u>	<u>UNLV</u>	<u>CSN</u>	<u>NSC</u>	<u>TOTAL</u>
\$ 954	\$ 68,265	\$ 13,647	\$ 2,402	\$ 186,765
0	0	0	0	151
3,969	194,537	42,783	6,893	394,017
572	3,230	2,719	453	37,990
139	10,121	158	569	38,312
135	638	258	8	2,939
0	0	0	0	225
18	698	57	0	2,014
0	1,973	695	270	5,948
68	7,615	678	172	9,222
<u>5,855</u>	<u>287,077</u>	<u>60,995</u>	<u>10,767</u>	<u>677,583</u>
55	5,880	3,803	2,362	30,347
0	5,043	752	0	32,711
0	2,511	961	0	3,472
216	49,809	5,168	0	223,093
0	1,806	37	0	7,557
0	3,133	13	0	10,581
43,198	797,061	216,560	29,083	1,986,114
0	0	0	0	1,865
0	0	0	0	296
<u>43,469</u>	<u>865,243</u>	<u>227,294</u>	<u>31,445</u>	<u>2,296,036</u>
<u>49,324</u>	<u>1,152,320</u>	<u>288,289</u>	<u>42,212</u>	<u>2,973,619</u>
194	11,523	2,485	793	38,056
167	14,548	2,251	150	28,350
306	1,710	492	35	4,719
434	9,608	2,708	559	31,402
126	10,813	0	0	19,829
0	238	344	0	1,208
13	4,601	0	0	11,995
128	14,372	2,754	645	37,550
83	5,207	538	3	8,450
0	0	0	0	794
<u>1,451</u>	<u>72,620</u>	<u>11,572</u>	<u>2,185</u>	<u>182,353</u>
0	2,784	3	0	7,815
254	4,875	1,217	300	16,977
1,467	218,814	0	0	505,961
0	805	400	0	2,462
0	0	0	0	4,925
<u>1,721</u>	<u>227,278</u>	<u>1,620</u>	<u>300</u>	<u>538,140</u>
<u>3,172</u>	<u>299,898</u>	<u>13,192</u>	<u>2,485</u>	<u>720,493</u>
41,605	568,197	215,816	29,083	1,449,211
216	11,960	2,340	0	85,288
620	40,649	5,335	101	140,640
23	966	0	0	8,009
677	13,249	5,516	2,362	82,243
494	7,001	0	0	14,304
<u>2,517</u>	<u>210,400</u>	<u>46,090</u>	<u>8,181</u>	<u>473,431</u>
<u>\$ 46,152</u>	<u>\$ 852,422</u>	<u>\$ 275,097</u>	<u>\$ 39,727</u>	<u>\$ 2,253,126</u>

NEVADA SYSTEM OF HIGHER EDUCATION
 COMBINING SCHEDULES OF NET ASSETS (in \$1,000's)
 AS OF JUNE 30, 2009

	<u>UNR</u>	<u>System</u>	<u>DRI</u>	<u>TMCC</u>	<u>WNC</u>
<u>ASSETS</u>					
<i>Current Assets</i>					
Cash and cash equivalents	\$ 29,437	\$ 2,502	\$ 6,705	\$ 7,061	\$ 2,099
Restricted cash and cash equivalents	0	0	157	0	0
Short-term investments	84,654	10,150	16,062	18,546	4,719
Accounts receivable, net	20,525	277	3,002	1,027	239
Receivable from U.S. Government	15,797	1,116	3,702	1,061	552
Receivable from State of Nevada	1,472	515	145	270	867
Pledges receivable, net	0	0	0	0	0
Current portion of loans receivable, net	1,190	61	0	10	13
Inventories	3,378	147	0	11	0
Deposits and deferred expenditures, current	2,297	36	83	0	6
Total Current Assets	<u>158,750</u>	<u>14,804</u>	<u>29,856</u>	<u>27,986</u>	<u>8,495</u>
<i>Noncurrent Assets</i>					
Cash held by State Treasurer	48,736	0	974	2	1,495
Restricted cash and cash equivalents	0	0	0	0	0
Receivable from State of Nevada	16,919	0	0	0	0
Endowment investments	103,644	9,206	23,466	7,752	197
Deposits and deferred expenditures	2,850	550	0	0	0
Loans receivable, net	6,157	1,133	0	276	4
Capital assets, net	670,637	29,171	71,995	61,348	35,983
Pledges receivable	0	0	0	0	0
Other noncurrent assets	0	317	0	0	0
Total Noncurrent Assets	<u>848,943</u>	<u>40,377</u>	<u>96,435</u>	<u>69,378</u>	<u>37,679</u>
TOTAL ASSETS	<u>1,007,693</u>	<u>55,181</u>	<u>126,291</u>	<u>97,364</u>	<u>46,174</u>
<u>LIABILITIES</u>					
<i>Current Liabilities</i>					
Accounts payable	15,906	2,203	820	1,442	320
Accrued payroll and related liabilities	8,388	590	760	1,364	367
Unemployment insurance and workers compensation liability	1,235	38	76	180	45
Current portion of compensated absences	11,069	1,686	3,247	1,152	584
Current portion of long-term debt	7,444	0	576	0	0
Current portion of obligations under capital leases	556	0	114	0	108
Accrued interest payable	6,125	0	91	66	0
Deferred revenue	12,700	1,627	1,707	752	242
Funds held in trust for others	1,266	0	316	97	139
Other	0	0	577	415	0
Total Current Liabilities	<u>64,689</u>	<u>6,144</u>	<u>8,284</u>	<u>5,468</u>	<u>1,805</u>
<i>Noncurrent Liabilities</i>					
Refundable advances under federal loan programs	4,726	0	0	227	0
Compensated absences	7,392	340	714	520	244
Long-term debt	249,102	0	9,212	0	0
Obligations under capital leases	2,444	0	5	0	1,149
Due to State of Nevada	0	0	0	5,360	0
Total Noncurrent Liabilities	<u>263,664</u>	<u>340</u>	<u>9,931</u>	<u>6,107</u>	<u>1,393</u>
TOTAL LIABILITIES	<u>328,353</u>	<u>6,484</u>	<u>18,215</u>	<u>11,575</u>	<u>3,198</u>
<u>NET ASSETS</u>					
<i>Net Assets</i>					
Invested in capital assets, net of related debt	412,121	29,171	62,244	55,573	34,726
Restricted - Nonexpendable	36,848	6,523	20,622	3,539	197
Restricted - Expendable - Scholarships, research and instruction	64,564	2,639	4,494	4,760	173
Restricted - Expendable - Loans	4,877	1,410	0	67	0
Restricted - Expendable - Capital projects	69,013	308	1,470	5,108	1,495
Restricted - Expendable - Debt service	5,672	0	0	(66)	169
Unrestricted	<u>86,245</u>	<u>8,646</u>	<u>19,523</u>	<u>16,801</u>	<u>6,226</u>
TOTAL NET ASSETS	<u>\$ 679,340</u>	<u>\$48,697</u>	<u>\$108,353</u>	<u>\$85,782</u>	<u>\$42,986</u>

<u>GBC</u>	<u>UNLV</u>	<u>CSN</u>	<u>NSC</u>	<u>TOTAL</u>
\$ 829	\$ 62,832	\$ 15,409	\$ 2,063	\$ 128,937
0	0	0	0	157
3,525	158,836	42,189	5,685	344,366
434	2,862	2,249	550	31,165
573	15,887	361	348	39,397
112	664	138	112	4,295
19	288	54	0	1,635
0	1,960	542	331	6,369
22	5,659	222	129	8,454
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>306</u>
<u>5,514</u>	<u>248,988</u>	<u>61,164</u>	<u>9,218</u>	<u>565,081</u>
514	7,720	3,021	2,437	64,899
0	6,842	0	0	6,842
0	3,149	11,741	0	31,809
188	43,730	4,462	0	192,645
0	1,939	0	0	5,339
0	3,061	15	0	10,646
42,655	819,366	209,483	29,354	1,969,992
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>317</u>
<u>43,357</u>	<u>885,807</u>	<u>228,722</u>	<u>31,791</u>	<u>2,282,489</u>
<u>48,871</u>	<u>1,134,795</u>	<u>289,886</u>	<u>41,009</u>	<u>2,847,570</u>
279	9,154	5,110	1,340	36,574
188	14,246	1,931	114	27,948
137	1,973	421	18	4,123
461	9,584	2,657	457	30,897
121	11,911	0	0	20,052
0	978	321	0	2,077
14	4,844	0	0	11,140
216	13,117	3,046	571	33,978
98	4,249	471	6	6,642
0	0	0	0	26
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>992</u>
<u>1,514</u>	<u>70,056</u>	<u>13,957</u>	<u>2,506</u>	<u>174,449</u>
0	2,118	3	0	7,074
248	4,196	1,161	329	15,144
1,593	229,628	0	0	489,535
0	1,043	744	0	5,385
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,360</u>
<u>1,841</u>	<u>236,985</u>	<u>1,908</u>	<u>329</u>	<u>522,498</u>
<u>3,355</u>	<u>307,041</u>	<u>15,865</u>	<u>2,835</u>	<u>696,947</u>
40,942	578,200	208,418	29,354	1,450,749
188	11,880	2,291	0	82,088
394	34,532	4,220	761	116,537
26	1,033	0	0	7,413
890	17,345	14,762	2,437	112,828
372	7,837	0	0	13,984
<u>2,704</u>	<u>176,927</u>	<u>44,330</u>	<u>5,622</u>	<u>367,024</u>
<u>\$45,516</u>	<u>\$827,754</u>	<u>\$274,021</u>	<u>\$38,174</u>	<u>\$2,150,623</u>

NEVADA SYSTEM OF HIGHER EDUCATION
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (in \$1,000's)
 FOR THE YEAR ENDED JUNE 30, 2011

	UNR	System	DRI	TMCC	WNC
Operating Revenues					
Student tuition and fees (net of scholarship allowance of \$91,504)	\$ 97,066	\$ 0	\$ 0	\$ 13,429	\$ 4,490
Federal grants and contracts	91,381	3,478	29,001	19,342	76
State grants and contracts	13,377	0	373	1,069	982
Local grants and contracts	26,234	0	286	0	12
Other grants and contracts	12,382	682	1,797	504	0
Campus support	0	0	0	0	16
Sales and services of educational departments (including \$3,043 from System related organizations)	28,081	3,678	0	846	415
Sales and services of auxiliary enterprises (net of scholarship allowances of \$5,464)	29,991	0	0	1,164	868
Interest earned on loans receivable	147	0	0	2	0
Other operating revenues	2,552	8,392	10,296	183	160
Total Operating Revenues	<u>301,211</u>	<u>16,230</u>	<u>41,753</u>	<u>36,539</u>	<u>7,019</u>
Operating Expenses					
Employee compensation and benefits	(321,672)	(19,797)	(32,485)	(43,131)	(21,710)
Utilities	(10,499)	(1,641)	(1,281)	(1,314)	(675)
Supplies and services	(124,495)	(15,065)	(11,534)	(9,740)	(5,978)
Scholarships and fellowships	(20,585)	(720)	0	(11,697)	(4,758)
Program expenses, System related organizations	0	0	0	0	0
Depreciation	(29,540)	(3,204)	(4,908)	(3,092)	(1,421)
Other operating expenses	0	0	0	0	(52)
Total Operating Expenses	<u>(506,791)</u>	<u>(40,427)</u>	<u>(50,208)</u>	<u>(68,974)</u>	<u>(34,594)</u>
Operating (Loss) Income	<u>(205,580)</u>	<u>(24,197)</u>	<u>(8,455)</u>	<u>(32,435)</u>	<u>(27,575)</u>
Nonoperating Revenues (Expenses)					
State appropriations	173,315	23,970	9,303	35,231	18,204
Refund to State	0	0	0	0	0
Transfers to/from System Administration	(12,984)	49,089	(2,145)	(2,658)	(525)
Gifts including \$30,830 from System related organizations)	15,691	1,639	239	592	283
Investment income, net	33,273	2,545	6,809	4,249	799
Loss on disposal of capital assets	217	(92)	(52)	(12)	(21)
Interest expense	(12,981)	0	(646)	(258)	(61)
Other nonoperating revenues (expenses)	(1,486)	0	0	0	0
Federal grants and contracts	13,681	0	0	0	7,055
Total Nonoperating Revenues (Expenses)	<u>208,726</u>	<u>77,151</u>	<u>13,508</u>	<u>37,144</u>	<u>25,734</u>
Income before other revenues, expenses	<u>3,146</u>	<u>52,954</u>	<u>5,053</u>	<u>4,709</u>	<u>(1,841)</u>
Other Revenues (Expenses)					
State appropriations restricted for capital purposes	(3,047)	0	0	0	0
Capital grants and gifts including (\$2,958 from System related organizations)	10,533	0	0	(2)	0
Additions to permanent endowments (including \$181 from System related organizations)	3,018	0	21	26	0
Total Other Revenues (Expenses)	<u>10,504</u>	<u>0</u>	<u>21</u>	<u>24</u>	<u>0</u>
Increase (Decrease) in Net Assets	<u>13,650</u>	<u>52,954</u>	<u>5,074</u>	<u>4,733</u>	<u>(1,841)</u>
Net Assets					
Net assets - beginning of year	<u>679,340</u>	<u>48,697</u>	<u>108,353</u>	<u>85,782</u>	<u>42,986</u>
Net Assets - end of year	<u>\$ 692,990</u>	<u>\$101,651</u>	<u>\$113,427</u>	<u>\$90,515</u>	<u>\$41,145</u>

GBC	UNLV	CSN	NSC	Eliminations	Total 2011
\$ 2,978	\$ 154,525	\$ 50,073	\$ 6,244	\$ 0	\$ 328,805
1,874	47,999	1,271	1,603	(9,672)	186,353
474	12,219	6,428	423	0	35,345
779	332	465	14	0	28,122
66	1,470	60	147	0	17,108
0	0	0	0	0	16
488	23,777	2,409	23	0	59,717
673	41,875	1,681	1,220	0	77,472
0	47	0	0	0	196
0	5,456	961	28	0	28,028
<u>7,332</u>	<u>287,700</u>	<u>63,348</u>	<u>9,702</u>	<u>(9,672)</u>	<u>761,162</u>
(18,941)	(324,146)	(112,071)	(13,329)	0	(907,282)
(801)	(13,484)	(4,155)	(353)	0	(34,203)
(3,743)	(83,199)	(36,451)	(7,213)	9,672	(287,746)
(897)	(27,232)	(31,883)	(3,272)	0	(101,044)
0	0	0	0	0	0
(1,587)	(37,253)	(10,493)	(1,059)	0	(92,557)
0	0	0	0	0	(52)
<u>(25,969)</u>	<u>(485,314)</u>	<u>(195,053)</u>	<u>(25,226)</u>	<u>9,672</u>	<u>(1,422,884)</u>
<u>(18,637)</u>	<u>(197,614)</u>	<u>(131,705)</u>	<u>(15,524)</u>	<u>0</u>	<u>(661,722)</u>
16,291	169,727	90,154	12,888	0	549,083
0	0	0	(68)	0	(68)
(541)	(23,798)	(5,609)	(829)	0	0
492	14,969	857	237	0	34,999
596	32,400	6,622	824	0	88,117
0	(1,630)	(36)	0	0	(1,626)
(93)	(10,249)	(64)	0	0	(24,352)
(264)	5,573	0	(54)	0	3,769
<u>2,792</u>	<u>32,421</u>	<u>40,843</u>	<u>3,977</u>	<u>0</u>	<u>100,769</u>
<u>19,273</u>	<u>219,413</u>	<u>132,767</u>	<u>16,975</u>	<u>0</u>	<u>750,691</u>
<u>636</u>	<u>21,799</u>	<u>1,062</u>	<u>1,451</u>	<u>0</u>	<u>88,969</u>
0	0	0	0	0	(3,047)
0	2,810	(2)	102	0	13,441
0	59	16	0	0	3,140
<u>0</u>	<u>2,869</u>	<u>14</u>	<u>102</u>	<u>0</u>	<u>13,534</u>
<u>636</u>	<u>24,668</u>	<u>1,076</u>	<u>1,553</u>	<u>0</u>	<u>102,503</u>
<u>45,516</u>	<u>827,754</u>	<u>274,021</u>	<u>38,174</u>	<u>0</u>	<u>2,150,623</u>
<u>\$46,152</u>	<u>\$ 852,422</u>	<u>\$ 275,097</u>	<u>\$ 39,727</u>	<u>\$ 0</u>	<u>\$ 2,253,126</u>

NEVADA SYSTEM OF HIGHER EDUCATION
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (in \$1,000's)
 FOR THE YEAR ENDED JUNE 30, 2010

	UNR	System	DRI	TMCC	WNC
Operating Revenues					
Student tuition and fees (net of scholarship allowance of \$79,721)	\$ 81,775	\$ 0	\$ 0	\$13,578	\$ 4,776
Federal grants and contracts	88,140	2,657	28,242	3,524	1,332
State grants and contracts	13,847	0	153	1,715	1,055
Local grants and contracts	37,250	0	340	0	60
Other grants and contracts	11,755	895	2,444	111	0
Campus support	0	0	0	0	9
Sales and services of educational departments (including \$3,806 from System related organizations)	28,809	4,322	0	973	216
Sales and services of auxiliary enterprises (net of scholarship allowances of \$3,585)	28,304	0	0	1,161	874
Interest earned on loans receivable	126	0	0	2	0
Other operating revenues	2,759	251	9,193	45	151
Total Operating Revenues	<u>292,765</u>	<u>8,125</u>	<u>40,372</u>	<u>21,109</u>	<u>8,473</u>
Operating Expenses					
Employee compensation and benefits	(326,510)	(20,411)	(31,348)	(42,727)	(21,316)
Utilities	(12,417)	(1,717)	(1,407)	(1,524)	(693)
Supplies and services	(112,221)	(11,846)	(9,675)	(9,491)	(4,652)
Scholarships and fellowships	(15,616)	(492)	0	(10,034)	(4,270)
Program expenses, System related organizations	0	0	0	0	0
Depreciation and amortization expense	(27,110)	(2,786)	(4,972)	(3,087)	(1,304)
Other operating expenses	0	0	0	0	(38)
Total Operating Expenses	<u>(493,874)</u>	<u>(37,252)</u>	<u>(47,402)</u>	<u>(66,863)</u>	<u>(32,273)</u>
Operating (Loss) Income	<u>(201,109)</u>	<u>(29,127)</u>	<u>(7,030)</u>	<u>(45,754)</u>	<u>(23,800)</u>
Nonoperating Revenues (Expenses)					
State appropriations	134,644	26,967	8,666	22,138	11,419
Refund to State	0	0	0	0	0
Transfers to/from System Administration	(10,940)	36,324	(1,502)	(1,857)	(475)
Gifts including \$30,730 from System related organizations)	16,686	352	556	206	252
Investment income, net	23,165	2,160	4,599	2,887	830
Loss on disposal of capital assets	(797)	(165)	(201)	(17)	(6)
Interest expense	(9,798)	0	(686)	(341)	(66)
Other nonoperating revenues (expenses)	(1,603)	(1)	(139)	0	305
Federal grants and contracts	58,007	0	0	27,538	12,118
Total Nonoperating Revenues (Expenses)	<u>209,364</u>	<u>65,637</u>	<u>11,293</u>	<u>50,554</u>	<u>24,377</u>
Income before other revenues, expenses, gains or losses	<u>8,255</u>	<u>36,510</u>	<u>4,263</u>	<u>4,800</u>	<u>577</u>
Other Revenues (Expenses)					
State appropriations restricted for capital purposes	43,278	325	383	657	0
Capital grants and gifts including (\$14,030 from System related organizations)	3,664	0	0	0	0
Additions to permanent endowments (including \$78 from System related organizations)	1,277	3	15	39	0
Total Other Revenues (Expenses)	<u>48,219</u>	<u>328</u>	<u>398</u>	<u>696</u>	<u>0</u>
Increase (Decrease) in Net Assets	<u>56,474</u>	<u>36,838</u>	<u>4,661</u>	<u>5,496</u>	<u>577</u>
Net Assets					
Net assets - beginning of year	<u>622,866</u>	<u>11,859</u>	<u>103,692</u>	<u>80,286</u>	<u>42,409</u>
Net Assets - end of year	<u>\$ 679,340</u>	<u>\$48,697</u>	<u>\$108,353</u>	<u>\$85,782</u>	<u>\$42,986</u>

GBC	UNLV	CSN	NSC	Eliminations	Total 2010
\$ 2,989	\$ 146,854	\$ 47,410	\$ 5,505	\$ 0	\$ 302,887
1,737	56,584	1,850	1,310	(11,376)	174,000
376	13,383	6,047	358	0	36,934
1,994	589	151	23	0	40,407
65	1,747	83	71	0	17,171
0	0	0	0	0	9
481	24,568	2,208	17	0	61,594
622	45,042	1,695	1,152	0	78,850
0	60	1	0	0	189
0	6,655	282	29	0	19,365
<u>8,264</u>	<u>295,482</u>	<u>59,727</u>	<u>8,465</u>	<u>(11,376)</u>	<u>731,406</u>
(19,650)	(345,198)	(111,166)	(12,970)	0	(931,296)
(1,147)	(13,872)	(4,381)	(384)	0	(37,542)
(5,948)	(79,296)	(35,587)	(6,306)	11,376	(263,646)
(864)	(21,022)	(23,494)	(2,196)	0	(77,988)
0	0	0	0	0	0
(1,875)	(40,092)	(10,710)	(919)	0	(92,855)
0	0	0	0	0	(38)
<u>(29,484)</u>	<u>(499,480)</u>	<u>(185,338)</u>	<u>(22,775)</u>	<u>11,376</u>	<u>(1,403,365)</u>
<u>(21,220)</u>	<u>(203,998)</u>	<u>(125,611)</u>	<u>(14,310)</u>	<u>0</u>	<u>(671,959)</u>
10,010	118,347	56,936	7,949	0	397,076
0	0	0	(328)	0	(328)
(440)	(16,806)	(3,761)	(543)	0	0
504	14,289	714	135	0	33,694
466	22,839	4,490	543	0	61,978
0	(1,349)	59	0	0	(2,476)
(99)	(10,819)	(86)	0	0	(21,895)
340	491	0	(74)	0	(681)
9,171	85,411	68,919	7,771	0	268,935
<u>19,952</u>	<u>212,403</u>	<u>127,271</u>	<u>15,453</u>	<u>0</u>	<u>736,304</u>
<u>(1,268)</u>	<u>8,405</u>	<u>1,660</u>	<u>1,143</u>	<u>0</u>	<u>64,345</u>
0	3,422	13,803	0	0	61,868
0	9,748	7,049	461	0	20,922
0	257	16	0	0	1,607
0	13,427	20,868	461	0	84,397
<u>(1,268)</u>	<u>21,832</u>	<u>22,528</u>	<u>1,604</u>	<u>0</u>	<u>148,742</u>
<u>46,784</u>	<u>805,922</u>	<u>251,493</u>	<u>36,570</u>	<u>0</u>	<u>2,001,881</u>
<u>\$ 45,516</u>	<u>\$ 827,754</u>	<u>\$ 274,021</u>	<u>\$ 38,174</u>	<u>\$ 0</u>	<u>\$ 2,150,623</u>