

## Financial Statements

University of Nevada, Las Vegas Foundation  
Years Ended June 30, 2009 and 2008

University of Nevada, Las Vegas Foundation

Financial Statements

Years Ended June 30, 2009 and 2008

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## Report of Independent Auditors

The Board of Trustees of the  
University of Nevada, Las Vegas Foundation

We have audited the accompanying basic financial statements of the University of Nevada, Las Vegas Foundation (the UNLV Foundation), a component unit of the University of Nevada, Las Vegas, as of and for the years ended June 30, 2009 and 2008. These financial statements are the responsibility of the UNLV Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the UNLV Foundation's internal control over financial reporting. Our audits included 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 UNLV Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and 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 financial position of the UNLV Foundation at June 30, 2009 and 2008, and the changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis on pages 2 through 9 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States. We 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.

*Ernst & Young LLP*

October 19, 2009

# University of Nevada, Las Vegas Foundation

## Management's Discussion and Analysis

### **Overview**

This section of the University of Nevada, Las Vegas Foundation's (the "UNLV Foundation") annual financial report presents our discussion and analysis of the financial performance of the UNLV Foundation during the fiscal years ended June 30, 2009, 2008 and 2007. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with, and is qualified in its entirety by, the financial statements and footnotes.

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

The discussion below refers to the UNLV Foundation's basic financial statements, including the statements of net assets, statements of revenues, expenses and changes in net assets, and cash flows. The statements of net assets present the financial position of the UNLV Foundation as of June 30, 2009, 2008 and 2007. The statements of revenues, expenses and changes in net assets summarize the UNLV Foundation's financial activity for the years ended June 30, 2009, 2008 and 2007.

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

### **Statements of Net Assets**

These statements are presented with three major categories: assets, liabilities, and net assets. The assets are classified as either current assets or noncurrent assets. The current assets include cash and cash equivalents, prepaid expenses and other assets, accrued interest receivable, net pledges receivable, investment in a first trust deed, and investment in securities at fair value. The noncurrent assets includes amounts due from UNLV, net pledges receivable, capital assets (net furniture and equipment, collections, real property), investment in securities at fair value, assets in charitable remainder trusts, and other assets.

# University of Nevada, Las Vegas Foundation

## Management's Discussion and Analysis (continued)

### **Statement of Net Assets (continued)**

Liabilities are also classified as either current or noncurrent. Current liabilities include accounts payable and other liabilities. These liabilities represent obligations due within one year. Noncurrent liabilities include liability under charitable remainder trusts, and other liabilities.

Net assets are divided into three major categories. Invested in capital assets represents the UNLV Foundation's purchased capital assets net of accumulated depreciation. Restricted net assets are listed as nonexpendable or expendable. Nonexpendable restricted resources consist of permanent endowments which are required to be maintained in perpetuity and only income is expendable. Expendable restricted resources consist of donations which are restricted to be used for purposes determined by the donors. Unrestricted net assets represent the portion of assets over which the UNLV Foundation retains full control.

### **Comparison 2009 to 2008**

Current assets increased to \$39.9 million at June 30, 2009, from \$27.2 million at June 30, 2008, due primarily to an increase in investments in marketable securities at fair value and pledges receivable. Investment decisions are made by the UNLV Foundation portfolio managers within the guidelines set by the UNLV Foundation Finance & Investment Committee. The decrease in total noncurrent assets to \$130.0 million at June 30, 2009, from \$137.9 million at June 30, 2008, was due primarily to the impact of market declines in assets held in charitable remainder trusts and investment securities at fair value.

Total liabilities decreased to \$3.0 million at June 30, 2009, from \$6.7 million at June 30, 2008. The decrease is due primarily to a decrease in liabilities under charitable remainder trusts, as a result of decreasing federal funds rates used to discount the liabilities to present value.

Total net assets increased to \$167.0 million at June 30, 2009, from \$158.4 million at June 30, 2008, as a result of the excess of operating and nonoperating revenues over operating expenses and gifts of permanent endowments of approximately \$8.5 million.

## University of Nevada, Las Vegas Foundation

### Management's Discussion and Analysis (continued)

#### **Comparison 2008 to 2007**

Current assets increased to \$27.2 million at June 30, 2008, from \$20.8 million at June 30, 2007, due primarily to the holding of short-term spendable donations until called upon by UNLV. Investment decisions are made by the UNLV Foundation portfolio managers. The increase in total noncurrent assets to \$137.9 million at June 30, 2008, from \$120.4 million at June 30, 2007, is mainly due to a large charitable remainder trust gift received in fiscal 2008.

Total liabilities increased by \$4.9 million from June 30, 2007, due primarily to a charitable remainder trust gift, offset by the pay off of the bonds for the UNLV Foundation building by UNLV in July 2007.

Total net assets increased to \$158.4 million at June 30, 2008, from \$139.4 million at June 30, 2007, as a result of the excess of operating and nonoperating revenues over operating expenses and gifts of permanent endowments of approximately \$19.0 million.

University of Nevada, Las Vegas Foundation

Summary Statements of Net Assets

	2009	June 30 2008	2007
<b>Assets</b>			
Current assets	\$ 39,939,918	\$ 27,208,615	\$ 20,796,772
Noncurrent assets:			
Capital assets, net of depreciation	1,963,059	1,883,505	1,914,178
Other	128,048,515	136,047,672	118,456,066
Total noncurrent assets	130,011,574	137,931,177	120,370,244
Total assets	\$ 169,951,492	\$ 165,139,792	\$ 141,167,016
<b>Liabilities and net assets</b>			
Liabilities:			
Current liabilities	\$ 109,633	\$ 400,887	\$ 326,631
Noncurrent liabilities	2,938,137	6,314,010	1,445,252
Total liabilities	3,047,770	6,714,897	1,771,883
Net assets:			
Invested in capital assets	62,865	74,515	85,507
Restricted – nonexpendable	69,572,204	71,592,523	64,474,689
Restricted – expendable	75,131,312	65,884,566	59,301,777
Unrestricted	22,137,341	20,873,291	15,533,160
Total net assets	166,903,722	158,424,895	139,395,133
Total liabilities and net assets	\$ 169,951,492	\$ 165,139,792	\$ 141,167,016
<b>Capital assets, net</b>			
Land	\$ 785,899	\$ 785,899	\$ 785,899
Works of art/collections	102,855	126,966	126,966
Buildings	1,237,800	1,102,800	1,102,800
Equipment	646,151	627,269	612,228
	2,772,705	2,642,934	2,627,893
Less accumulated depreciation	(809,646)	(759,429)	(713,715)
Net capital assets	\$ 1,963,059	\$ 1,883,505	\$ 1,914,178

## University of Nevada, Las Vegas Foundation

### Management's Discussion and Analysis (continued)

#### **Statements of Revenues, Expenses and Changes in Net Assets**

##### **Comparison 2009 to 2008**

These statements reflect the effect of revenues and expenses on net assets. Net assets increased from the prior year by \$8.5 million. Total net assets were \$166.9 and \$158.4 million, respectively, at June 30, 2009 and 2008.

These statements contain three categories: Operating Support and Revenues, Operating Expenses and Nonoperating Revenues. Operating Support and Revenues include donor cash contributions, donor noncash contributions, university support, and other income and fees. Operating Expenses includes administrative, development, and other expenses, program expenses, and scholarship expenses. Nonoperating revenues primarily includes investment income.

Total contributions increased \$6.4 million to \$29.8 million for the year ended June 30, 2009, from \$23.4 million for the year ended June 30, 2008, attributable primarily to gifts for the Lincy Institute at UNLV. Cash gifts increased by \$7.0 million and noncash gifts decreased by \$0.6 million.

Administrative, development, and other expenses increased from \$4.2 million for the year ended June 30, 2008, to \$4.6 million for the year ended June 30, 2009. The increase was mainly due to a professional service contract entered into for phone solicitation.

The UNLV Foundation transfers funds for programs and scholarships only when requested by the University. Program expenses (which are transfers from the UNLV Foundation to the University in support of University programs) increased \$0.9 million from \$11.1 million for the year ended June 30, 2008, to \$12.0 million for the year ended June 30, 2009, attributable primarily to athletic program funding. An increase of \$0.2 million of scholarship expenses to \$2.4 million for the year ended June 30, 2009, from \$2.2 million for the year ended June 30, 2008, was in response to increased scholarship funding requests by the University.

Nonoperating expenses increased to \$13.3 million for the year ended June 30, 2009, from \$2.9 million for the year ended June 30, 2008. Interest and dividends on investments, net increased \$0.5 million as a result of rising interest rates in the fixed-income portfolios. The underperformance of the investment portfolios resulted in a decrease of realized capital gains of \$9.8 million. Private gifts of permanent endowments decreased by \$6.2 million. The decrease was mainly due to a large charitable remainder trust gift in 2008.

## University of Nevada, Las Vegas Foundation

### Management's Discussion and Analysis (continued)

#### **Comparison 2008 to 2007**

These statements reflect the effect of revenues and expenses on net assets. Net assets increased from the prior year by \$19.0 million. Total net assets were \$158.4 and \$139.4 million, respectively, at June 30, 2008 and 2007.

These statements contain three categories: Operating Support and Revenues, Operating Expenses and Nonoperating Revenues. Operating Support and Revenues include donor cash contributions, donor noncash contributions, university support, and other income and fees. Operating Expenses includes administrative, development, and other expenses, program expenses, and scholarship expenses. Nonoperating revenues primarily include investment income and gifts of permanent endowments.

Total contributions decreased \$10.2 million from \$33.6 million for the year ended June 30, 2007, to \$22.2 million for the year ended June 30, 2008, attributable primarily to gifts for the Greenspun College of Urban Affairs building which was completed in 2007. Cash gifts decreased by \$10.9 million and noncash gifts increased by \$762,000.

Administrative, development, and other expenses decreased from \$4.3 million for the year ended June 30, 2007, to \$4.2 million for the year ended June 30, 2008.

The UNLV Foundation transfers funds for programs and scholarships only when requested by the University. Program expenses (which are transfers from the UNLV Foundation to the University in support of University programs) decreased \$26.9 million from \$38.0 million for the year ended June 30, 2007, to \$11.1 million for the year ended June 30, 2008, attributable primarily to expenditures for the Greenspun College of Urban Affairs building which was completed in 2007. Scholarship expenses remained stable at \$2.2 million for the years ended June 30, 2008 and 2007.

Nonoperating (expenses) revenues decreased to \$(2.9) million for the year ended June 30, 2008, from \$12.7 million for the year ended June 30, 2007. Interest and dividends on investments, net increased \$79,000 as a result of rising interest rates in the fixed-income portfolios. The performance of the investment portfolios resulted in realized capital gains of \$3.3 million, a decrease of \$1.3 million from June 30, 2007, and a decrease in investment fair value of \$14.0 million from June 30, 2007. Private gifts of permanent endowments increased by \$10.0 million. The increase was mainly due to a large charitable remainder trust gift.

University of Nevada, Las Vegas Foundation

Summary Statements of Revenues, Expenses and  
Changes in Net Assets

	Years Ended June 30		
	2009	2008	2007
Operating support and revenues:			
Donor contributions – Cash and pledges	\$ 29,178,355	\$ 22,161,822	\$ 33,077,620
Donor contributions – Noncash	626,586	1,263,512	501,595
University support	3,253,500	2,277,461	1,167,495
Other income and fees	711,210	379,582	104,190
Total operating support and revenue	<b>33,769,651</b>	26,082,377	34,850,900
Operating expenses:			
Administrative, development and other expenses	4,636,914	4,186,099	4,273,544
Program expenses	11,968,373	11,055,731	37,950,560
Scholarship expenses	2,380,571	2,166,027	2,221,672
Total operating expenses	<b>18,985,858</b>	17,407,857	44,445,776
Operating income (loss)	14,783,793	8,674,520	(9,594,876)
Nonoperating (expense) revenues	(13,331,916)	(2,892,841)	12,704,593
Private gifts of permanent endowments	7,026,950	13,248,083	3,233,268
Change in net assets	<b>\$ 8,478,827</b>	\$ 19,029,762	\$ 6,342,985

# University of Nevada, Las Vegas Foundation

## Requests for Information

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

The 13 members of the Board of Regents of the Nevada System of Higher Education serve as the members of the UNLV Foundation and appoint a Board of Trustees to oversee the management and programs of the UNLV Foundation. The membership of the Board of Trustees includes both alumni and community leaders. These people generously support UNLV in many ways and provide important links between UNLV and the community. Nancy Strouse, UNLV's Senior Associate Vice President for Development, serves as the UNLV Foundation's Executive Director.

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

University of Nevada, Las Vegas Foundation

Statements of Net Assets

	June 30	
	2009	2008
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 20,785,871	\$ 18,029,784
Prepaid expenses and other assets	1,324,361	321,031
Accrued interest receivable	1,315,754	603,787
Pledges receivable – net	5,189,547	3,695,097
Investment in First Trust Deed	1,667,900	1,667,900
Investment in marketable securities – at fair value	9,656,485	2,891,016
Total current assets	<u>39,939,918</u>	27,208,615
Noncurrent assets:		
Pledges receivable – net	27,072,949	24,993,302
Capital assets – net of accumulated depreciation of \$809,646 and \$759,429	1,963,059	1,883,505
Investment in marketable securities – at fair value	86,570,604	91,764,156
Assets held in charitable remainder trusts	13,902,016	18,751,422
Other assets	502,946	538,792
Total noncurrent assets	<u>130,011,574</u>	137,931,177
Total	<u>\$ 169,951,492</u>	<u>\$ 165,139,792</u>
<b>Liabilities and net assets</b>		
Current liabilities:		
Accounts payable and other liabilities	\$ 109,633	\$ 400,887
Total current liabilities	<u>109,633</u>	400,887
Noncurrent liabilities:	-	-
Liability under charitable remainder trusts	2,909,253	6,269,557
Other liabilities	28,884	44,453
Total noncurrent liabilities	<u>2,938,137</u>	6,314,010
Net assets:		
Invested in capital assets	62,865	74,515
Restricted for:		
Nonexpendable	69,572,204	71,592,523
Expendable	75,131,312	65,884,566
Unrestricted	22,137,341	20,873,291
Total net assets	<u>166,903,722</u>	158,424,895
Total	<u>\$ 169,951,492</u>	<u>\$ 165,139,792</u>

See accompanying notes.

University of Nevada, Las Vegas Foundation

Statements of Revenues, Expenses and Changes in Net Assets

	<b>Years Ended June 30</b>	
	<b>2009</b>	<b>2008</b>
Operating support and revenues:		
Donor contributions – Cash and pledges	\$ 29,178,355	\$ 22,161,822
Donor contributions – Noncash	626,586	1,263,512
University support	3,253,500	2,277,461
Other income and fees	711,210	379,582
Total operating support and revenues	<b>33,769,651</b>	26,082,377
Operating expenses:		
Administrative, development and other expenses	4,636,914	4,186,099
Program expenses	11,968,373	11,055,731
Scholarship expenses	2,380,571	2,166,027
Total operating expenses	<b>18,985,858</b>	17,407,857
Operating income	<b>14,783,793</b>	8,674,520
Nonoperating revenues (expenses):		
Interest and dividends on investments, net	3,733,598	3,232,361
Realized (loss) gains on investments	(6,562,744)	3,258,814
Change in market value of investments	(9,014,496)	(9,329,109)
Change in value of split-interest agreements	(1,489,101)	(57,651)
Increase in value of life insurance policies	827	2,744
Total nonoperating expenses	<b>(13,331,916)</b>	(2,892,841)
Income before other changes in net assets	<b>1,451,877</b>	5,781,679
Private gifts of permanent endowments	<b>7,026,950</b>	13,248,083
Increase in net assets	<b>8,478,827</b>	19,029,762
Net assets – beginning of year	<b>158,424,895</b>	139,395,133
Net assets – end of year	<b>\$ 166,903,722</b>	\$ 158,424,895

*See accompanying notes.*

University of Nevada, Las Vegas Foundation

Statements of Cash Flows

	<b>Years Ended June 30</b>	
	<b>2009</b>	<b>2008</b>
<b>Operating activities</b>		
Cash received from contributions	\$ 20,813,447	\$ 15,269,942
Distributions to The University of Nevada, Las Vegas	(14,348,945)	(13,221,759)
Payments to vendors for supplies and services	(1,325,600)	(4,220,193)
Payments for employee compensation and benefits	(3,341,299)	(3,267,231)
Other – Rental income, fees, donor paid benefits liability portion/charitable gift annuity	742,268	384,958
Net cash provided by (used in) operating activities	2,539,871	(5,054,283)
<b>Noncapital financing activities</b>		
Gifts to permanent endowments	7,026,950	4,629,754
Net cash provided by noncapital financing activities	7,026,950	4,629,754
<b>Capital and related financing activities</b>		
Purchases of furniture and equipment	(24,722)	(22,804)
Net cash used in capital and related financing activities	(24,722)	(22,804)
<b>Investing activities</b>		
Proceeds from sale of marketable securities	104,475,625	102,189,979
Purchase of marketable securities	(115,829,997)	(98,965,360)
Proceeds from sale fixed assets	14,305	-
Interest and dividends received, net of fees	3,031,660	3,302,387
Payments received on notes receivable	66,863	63,240
Payments paid to charitable gift annuity beneficiaries	1,473,532	(16,053)
Net cash (used in) provided by investing activities	(6,768,012)	6,574,193
Net increase in cash and cash equivalents	2,756,087	6,126,860
Cash and cash equivalents, beginning of year	18,029,784	11,902,924
Cash and cash equivalents, end of year	\$ 20,785,871	\$ 18,029,784

*See accompanying notes.*

University of Nevada, Las Vegas Foundation

Statements of Cash Flows (continued)

	<b>Years Ended June 30</b>	
	<b>2009</b>	<b>2008</b>
<b>Reconciliation of operating income to net cash provided by (used in) operating activities</b>		
Operating income	\$ 14,783,793	\$ 8,674,520
Adjustments to reconcile operating income to net cash (used in) operating activities:		
Depreciation and amortization	66,084	65,767
Noncash donations less gifts-in-kind	356,586	(8,380,097)
Loss on sale of property	15,647	-
Changes in:		
Prepaid expenses and other assets	(1,003,330)	(240,826)
Accrued interest receivable	(711,967)	(57,736)
Pledges receivable-net	(3,574,097)	(6,869,355)
Actuarial assumptions	(7,139,868)	1,465,168
Other assets	35,846	44,020
Accounts payable and other liabilities	(306,823)	244,256
Net cash provided by (used in) operating activities	<u>\$ 2,521,871</u>	<u>\$ (5,054,283)</u>
<b>Supplemental disclosure of noncash information - noncash contributions</b>		
Marketable securities contributed	\$ -	\$ 8,380,097
Gifts-in-kind	491,586	750,873
Donated real estate	135,000	-
Total noncash contributions	<u>\$ 626,586</u>	<u>\$ 9,130,970</u>

*See accompanying notes.*

# University of Nevada, Las Vegas Foundation

## Notes to Financial Statements

June 30, 2009 and 2008

### 1. Summary of Significant Accounting Policies

#### General

University of Nevada, Las Vegas Foundation (the “UNLV Foundation”) was incorporated November 2, 1981, to solicit donations and to hold and manage them for the exclusive benefit of the University of Nevada, Las Vegas (“UNLV” or “University”). Although the UNLV Foundation receives donations from various sources, a substantial portion of its pledges receivable is concentrated in the Las Vegas area.

#### Basis of Presentation

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

In accordance with paragraph 7 of GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the UNLV Foundation has elected to apply all Financial Accounting Standards Board (“FASB”) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

#### Net Assets

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

- Invested in capital assets consists of purchased capital assets, net of accumulated depreciation.
- Restricted-nonexpendable net assets include permanent or true endowments. Such amounts are generally subject to donor restrictions that the principal be invested in perpetuity for the purpose of producing income that may be expended or added to principal in accordance with the donor’s wishes.
- Restricted-expendable net assets include contributions by donors for the purpose of supporting scholarships and programs at the University.

# University of Nevada, Las Vegas Foundation

## Notes to Financial Statements (continued)

### **1. Summary of Significant Accounting Policies (continued)**

#### **Net Assets (continued)**

- Unrestricted net assets include assets not subject to donor-imposed restrictions and quasi-endowments created with Board restricted resources and income from endowment investments, unless otherwise specified by the donor.

#### **Investment Gains and Losses**

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

#### **Operating Support and Revenues**

Operating support and revenues include contributions (cash, noncash, and pledges), University support, and other income. Included in other income is the management fee from the NSHE Board of Regents for the gift receipting and stewardship services provided on behalf of the contributions made to UNLV through the Board of Regents and the change in value in charitable remainder trusts. University support includes financial support towards administrative and accounting functions of the UNLV Foundation.

#### **Donor Contributions**

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, private donations are recognized when all eligibility requirements are met, provided that the promise is verifiable, the resources are measurable and collection is probable. Pledges receivable are recorded at net present value using an appropriate discount rate. An allowance for uncollectible pledges is estimated based on the UNLV Foundation's collection history and is netted against the gross pledges receivable. From time to time, a donor may amend the terms of a pledge agreement to redirect the use of pledged funds. When this occurs, management reassesses the pledge to determine whether it meets the applicable revenue recognition criteria.

# University of Nevada, Las Vegas Foundation

## Notes to Financial Statements (continued)

### **1. Summary of Significant Accounting Policies (continued)**

#### **Donor Contributions (continued)**

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

#### **Donor Contributions — Noncash**

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

Donated real property, included in the accompanying statements of net assets as capital assets, is held pending sale or other disposition by the UNLV Foundation and is valued at the lower of fair value or most recent appraised value at the date donated.

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

#### **Operating Expenses**

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

#### **Endowments**

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

# University of Nevada, Las Vegas Foundation

## Notes to Financial Statements (continued)

### **1. Summary of Significant Accounting Policies (continued)**

#### **Endowments (continued)**

Endowment investments are managed in a unitized investment pool. Monthly transactions within each individual endowment in the pool are based on the unit market value at the end of the month. The UNLV Foundation Endowment Fund's primary objective is to generate a stream of earnings for funding current programs and student services with the stated payout policy. A secondary objective is to have its assets grow in value to provide for future needs of UNLV. The UNLV Foundation complies with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) adopted by the state of Nevada in July 2006. UPMIFA abolished the historic dollar value limitation on annual spending (payout), whereas the prior act, the Uniform Management of Institutional Funds (UMIFA) did not allow spending from a fund that was below historic dollar value. UPMIFA enables trustees to spend as much as they deem prudent, where prudence is presumed to not exceed 7 percent. The annual payout rate is determined by the UNLV Foundation Finance and Investment Committee and is applied to the average market value of the endowment investment pool on a rolling three-year basis.

#### **Cash and Cash Equivalents**

The UNLV Foundation considers all highly liquid, short-term, interest-bearing investments purchased with a maturity of three months or less to be cash equivalents. Substantially all cash equivalents at June 30, 2009 and 2008, were invested in U.S. Treasury bills and Treasury notes. The fair value of cash equivalents approximates its carrying value at June 30, 2009 and 2008. Cash from all accounts are pooled for investment purposes.

#### **Investments in Marketable Securities**

The UNLV Foundation accounts for investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires governmental entities to report investments at fair value in the statement of net assets. Investments in marketable securities are presented in the financial statements in the aggregate and at fair value for the particular fund. These amounts are recorded net of discounts. The cost of the securities sold is based on the average cost and/or first-in, first-out basis of all the shares of each security held at the time of sale. Alternative investments are presented in the financial statements at net asset value.

# University of Nevada, Las Vegas Foundation

## Notes to Financial Statements (continued)

### **1. Summary of Significant Accounting Policies (continued)**

#### **Capital Assets**

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

#### **Estimates and Assumptions**

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

### **2. Cash and Investment in Securities — Fair Value**

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

During the years ended June 30, 2009 and 2008, the UNLV Foundation recognized \$(11,843,641) and \$(2,837,934), respectively, in investment losses. Earnings included \$4,267,542 and \$3,853,747 respectively, from interest and dividends, \$(6,562,744) and \$3,258,814, respectively, from net realized (losses) gains on the sale of investments, and \$(9,014,496) and \$(9,329,109), respectively, from the unrealized loss in investment fair value. The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in prior years. Investment expenses of \$523,916 and \$609,096, respectively, and amortization of bond discounts of \$10,028 \$12,290, respectively, were netted against earnings.

# University of Nevada, Las Vegas Foundation

## Notes to Financial Statements (continued)

### 2. Cash and Investment in Securities — Fair Value (continued)

#### 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. The UNLV Foundation does not have a deposit policy for custodial credit risk. At June 30, 2009 and 2008, the total balance for the UNLV Foundation's cash and money market funds was \$11,102,623 and \$7,733,648, respectively. At June 30, 2009, \$498,411 in cash was held in one bank of which \$250,000 was covered by the Federal Deposit Insurance Corporation ("FDIC") and \$248,411 was uninsured. At June 30, 2008, \$1,646,529 in cash was held in two banks of which \$200,000 was covered by FDIC and \$1,446,529 was uninsured.

The money market balance at June 30, 2009 and 2008 of \$3,622,657 and \$615,756, respectively, held in the banks was uninsured. Of the cash and money market balance held by brokerage firms, \$200,000 was covered by Securities Investor Protection Corporation ("SIPC") and \$6,781,555 at June 30, 2009, and \$5,271,362 at June 30, 2008, was covered by the Customer Asset Protection Company ("CAPCO"), excess protection provided by the two brokerages. Investments in the custody of the two brokerages are covered by CAPCO. Investments in the custody of the bank are in the nominee name of the bank and held by the Depository Trust Company.

As of June 30, 2009, the following securities were held by one custodial bank and two brokerages:

	<b>Unrestricted Investments</b>	<b>Restricted Investments</b>	<b>Endowment Investments</b>	<b>Total Investments</b>
Mutual funds	\$ —	\$ 2,429,701	\$ 555,900	\$ 2,985,601
Equities	2,971,823	—	43,340,287	46,312,110
Mortgage-backed securities	—	9,341,420	6,732,528	16,073,948
U.S. government obligations	—	17,158,002	3,045,440	20,203,442
U.S. corporate bonds	42,061	7,839,381	9,938,981	17,820,423
Alternative investments	—	—	6,583,165	6,583,165
Non-U.S. corporate bonds	—	1,932,020	950,793	2,882,813
	<b>3,013,884</b>	<b>38,700,524</b>	<b>71,147,094</b>	<b>112,861,502</b>
Net appreciation/(depreciation)	<b>(501,508)</b>	<b>98,161</b>	<b>(6,571,888)</b>	<b>(6,975,235)</b>
Investment in securities at fair value	<b>\$ 2,512,376</b>	<b>\$ 38,798,685</b>	<b>\$ 64,575,206</b>	<b>\$ 105,886,267</b>

University of Nevada, Las Vegas Foundation

Notes to Financial Statements (continued)

**2. Cash and Investment in Securities — Fair Value (continued)**

**Custodial Credit Risk (continued)**

Cash and cash equivalents in current U.S. government obligations and U.S. corporate bonds was \$9,474,910 and \$208,337, respectively, as of June 30, 2009.

As of June 30, 2008, the following securities were held by one custodial bank and two brokerages:

	<b>Unrestricted Investments</b>	<b>Restricted Investments</b>	<b>Endowment Investments</b>	<b>Total Investments</b>
Mutual funds	\$ —	\$ 1,811,601	\$ 543,750	\$ 2,355,351
Equities	3,274,906	—	46,052,783	49,327,689
Mortgage-backed securities	—	9,034,782	6,860,668	15,895,450
U.S. government obligations	—	10,152,663	2,970,732	13,123,395
U.S. corporate bonds	95,425	7,620,678	11,906,939	19,623,042
Alternative investments	—	—	705,015	705,015
Non-U.S. corporate bonds	—	1,416,692	441,999	1,858,691
	<u>3,370,331</u>	<u>30,036,416</u>	<u>69,481,886</u>	<u>102,888,633</u>
Net appreciation/(depreciation)	78,048	(328,084)	2,289,294	2,039,258
Investment in securities at fair value	<u>\$ 3,448,379</u>	<u>\$ 29,708,332</u>	<u>\$ 71,771,180</u>	<u>\$ 104,927,891</u>

Cash and cash equivalents in current U.S. government obligations and U.S. corporate bonds was \$10,094,460 and \$201,778, respectively, as of June 30, 2008.

**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. Investment in corporate bonds at June 30, 2009, follows:

University of Nevada, Las Vegas Foundation

Notes to Financial Statements (continued)

**2. Cash and Investment in Securities — Fair Value (continued)**

**Credit Risk (continued)**

	<b>Total</b>	<b>AAA</b>	<b>AA</b>	<b>A</b>	<b>BBB</b>	<b>Below Investment Grade</b>
Tradewinds—NWQ	\$ 458,076	\$ —	\$ —	\$ —	\$ —	\$ 458,076
Payden & Rygel	11,247,500	523,593	1,904,711	4,264,230	3,522,388	1,032,578
Wachovia	1,450,952	101,541	625,900	622,840	100,671	—
Loomis Sayles	12,837,761	2,883,482	525,777	2,894,802	5,212,565	1,321,135

Investment in corporate bonds at June 30, 2008, follows:

	<b>Total</b>	<b>AAA</b>	<b>AA</b>	<b>A</b>	<b>BBB</b>	<b>Below Investment Grade</b>
Schafer Cullen	\$ 20,206	\$ —	\$ —	\$ —	\$ —	\$ 20,206
Payden & Rygel	8,061,973	456,877	1,247,566	2,860,448	3,450,514	46,568
Wachovia	1,634,866	—	920,708	614,389	99,769	—
Loomis Sayles	10,650,326	1,670,501	749,089	1,722,736	3,817,000	2,691,000
Tradewinds-NWQ	393,712	—	—	—	—	393,712

The credit risk tables above show investments at fair value. Appreciation in value was \$8,173,866 and \$1,138,041 for June 30, 2009 and 2008, respectively.

University of Nevada, Las Vegas Foundation

Notes to Financial Statements (continued)

**2. Cash and Investment in Securities — Fair Value (continued)**

**Credit Risk (continued)**

Investments other than U.S. corporate bonds at June 30, 2009, were as follows:

	<b>Total</b>	<b>Mutual Funds</b>	<b>Equities</b>	<b>Alternative Investments</b>	<b>Foreign Bonds</b>
Uniplan	\$ 328,859	\$ —	\$ 328,859	\$ —	\$ —
Davis Advisors	428,992	—	428,992	—	—
Tradewinds - NWQ	21,803,489	—	21,803,489	—	—
Schafer Cullen	826,700	—	826,700	—	—
Payden & Rygel	4,024,849	2,053,050	—	—	1,971,799
Bank of America	396,845	213,086	183,759	—	—
Oakridge	13,407,235	—	13,407,235	—	—
Loomis & Sayles	1,001,315	—	14,564	—	986,751
Bank of Mellon	4,906,249	—	—	4,906,249	—
Wentworth Hauser	2,300,778	—	2,300,778	—	—
MS Infrastructure	383,651	—	—	383,651	—
Drum Capital	589,131	—	—	589,131	—
Wachovia	1,211,273	203,011	1,008,262	—	—

Investments other than U.S. corporate bonds at June 30, 2008, were as follows:

	<b>Total</b>	<b>Mutual Funds</b>	<b>Equities</b>	<b>Alternative Investments</b>	<b>Foreign Bonds</b>
Uniplan	\$ 556,370	\$ —	\$ 556,370	\$ —	\$ —
Davis Advisors	597,488	—	597,488	—	—
Tradewinds - NWQ	27,604,051	—	27,604,051	—	—
Schafer Cullen	1,088,812	—	1,088,812	—	—
Payden & Rygel	3,053,031	1,661,865	—	—	1,391,166
Bank of America	486,740	245,169	241,571	—	—
Oakridge	17,050,985	—	17,050,985	—	—
Loomis & Sayles	632,169	—	207,546	—	424,623
Wentworth Hauser	3,943,699	—	3,943,699	—	—
MS Infrastructure	1,153,513	—	—	1,153,513	—
Drum Capital	536,011	—	—	536,011	—
Wachovia	1,621,103	299,919	1,321,184	—	—

# University of Nevada, Las Vegas Foundation

## Notes to Financial Statements (continued)

### 2. Cash and Investment in Securities — Fair Value (continued)

#### Credit Risk (continued)

The credit risk tables for other than U.S. Corporate Bonds show investments at fair value. Depreciation in value was \$15,175,237 for June 30, 2009. Appreciation in value was \$939,259 for June 30, 2008.

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

#### 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, 2009, was 6.71 years. The fixed-income portfolio's average maturity was 9.60 years. Interest rates range from 0.399% to 9.95%.

Maturity Under 1 Year	Maturity 1-5 Years	Maturity 5-10 Years	Maturity Over 10 Years	Total
<b>\$ 2,394,000</b>	<b>\$ 7,262,000</b>	<b>\$ 6,918,000</b>	<b>\$ 3,075,000</b>	<b>\$ 19,649,000</b>

For investments in donor-restricted expendable funds, the UNLV Foundation uses the Lehman Aggregate Index average as the benchmark; maturity as of June 30, 2009, was 6.26 years. The fixed-income portfolio's average maturity was 6.34 years. Interest rates range from 0.875% to 9.875%.

Maturity Under 1 Year	Maturity 1-5 Years	Maturity 5-10 Years	Maturity Over 10 Years	Total
<b>\$ 1,302,860</b>	<b>\$ 7,813,384</b>	<b>\$ 4,696,842</b>	<b>\$ 11,905,109</b>	<b>\$ 25,718,195</b>

# University of Nevada, Las Vegas Foundation

## Notes to Financial Statements (continued)

### 2. Cash and Investment in Securities — Fair Value (continued)

#### Interest Rate Risk (continued)

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, 2008, was 7.17 years. The fixed-income portfolio's average maturity was 9.60 years. Interest rates range from 2.625% to 8.875%.

Maturity Under 1 Year	Maturity 1-5 Years	Maturity 5-10 Years	Maturity Over 10 Years	Total
\$ 995,000	\$ 5,918,000	\$ 8,795,000	\$ 4,178,000	\$ 19,886,000

For investments in donor-restricted expendable funds, the UNLV Foundation uses the Lehman Aggregate Index average as the benchmark; maturity as of June 30, 2008, was 7.81 years. The fixed-income portfolio's average maturity was 7.93 years. Interest rates range from 3.25% to 9.875%.

Maturity Under 1 Year	Maturity 1-5 Years	Maturity 5-10 Years	Maturity Over 10 Years	Total
\$ 1,614,037	\$ 5,992,043	\$ 4,540,270	\$ 11,773,597	\$ 23,919,947

#### 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 investments are traded in U.S. dollars. The UNLV Foundation investment managers have policies that address foreign currency risk.

Funds invested by Payden & Rygel include \$1,932,020 of foreign bonds which makes up 4.27% and 4.73%, respectively, of that portfolio. Funds invested by Loomis, Sayles & Co. include \$950,793 of foreign bonds, which makes up 4.84% and 2.22%, respectively, of that portfolio.

# University of Nevada, Las Vegas Foundation

## Notes to Financial Statements (continued)

### 3. Investment in First Trust Deed

On May 8, 2006, the UNLV Foundation invested \$1,667,900 in an \$11,575,000 trust deed in a 44.52 acre parcel of vacant land located in the northern portion of the City of Las Vegas, Nevada. On May 1, 2008, the UNLV Foundation reinvested the \$1,667,900 in principal in the same trust deed with a maturity date of November 2009, pursuant to a Forbearance Agreement. The investment has a term of 12 months paying 12% interest with a yield of 11.75%.

### 4. Pledges Receivable-Net

The UNLV Foundation estimates that payments on the gross pledges receivable at June 30, 2009, will be received as follows for fiscal years ending June 30:

2010	\$ 5,509,543
2011	2,856,381
2012	1,897,006
2013	2,478,206
2014	1,875,400
Thereafter	18,538,000
	<u>\$33,154,536</u>

Pledges receivable-net are comprised of the following balances:

	June 30	
	2009	2008
Gross pledges receivable	\$ 33,154,536	\$ 33,977,469
Present value discount of 0.21% and 2.00%, respectively	(561,484)	(4,959,251)
Allowance for uncollectible pledges	(330,556)	(329,819)
Pledges receivables-net	<u>\$ 32,262,496</u>	<u>\$ 28,688,399</u>

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

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

The UNLV Foundation has certain pledges receivable, not included in the accompanying financial statements, totaling \$23,134,000 and \$23,613,450 as of June 30, 2009 and 2008, respectively, which stipulates that the UNLV Foundation establish an endowment, invest the gift and

University of Nevada, Las Vegas Foundation

Notes to Financial Statements (continued)

**4. Pledges Receivable-Net (continued)**

maintain the principal intact in perpetuity. Consistent with the requirements of GASB No. 33, such pledges are not recorded until such time as the gifts are received.

**5. Capital Assets**

The following is a summary of capital asset activity during the fiscal year ended June 30, 2009:

	<b>Balance at July 1, 2008</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance at June 30, 2009</b>
Capital assets not being depreciated:				
Land	\$ 785,899	\$ —	\$ —	\$ 785,899
Works of art/collections	126,966	—	(24,111)	102,855
Total capital assets not being depreciated	912,865	—	(24,111)	888,754
Other capital assets:				
Buildings	1,102,800	135,000	—	1,237,800
Furniture and equipment	627,269	24,722	(5,840)	646,151
Total other capital assets at historical cost	1,730,069	159,722	(5,840)	1,883,951
Less accumulated depreciation for:				
Buildings	(206,677)	(19,683)	—	(226,360)
Furniture and equipment	(552,752)	(36,374)	5,840	(583,286)
Total accumulated depreciation	(759,429)	(56,057)	5,840	(809,646)
Capital assets, net	\$ 1,883,505	\$ 103,665	\$ (24,111)	\$ 1,963,059

# University of Nevada, Las Vegas Foundation

## Notes to Financial Statements (continued)

### 5. Capital Assets (continued)

The following is a summary of capital asset activity during the fiscal year ended June 30, 2008:

	<b>Balance at July 1, 2007</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance at June 30, 2008</b>
Capital assets not being depreciated:				
Land	\$ 785,899	\$ —	\$ —	\$ 785,899
Works of art/collections	126,966	—	—	126,966
Total capital assets not being depreciated	912,865	—	—	912,865
Other capital assets:				
Buildings	1,102,800	—	—	1,102,800
Furniture and equipment	612,228	22,803	(7,762)	627,269
Total other capital assets at historical cost	1,715,028	22,803	(7,762)	1,730,069
Less accumulated depreciation for:				
Buildings	(186,994)	(19,683)	—	(206,677)
Furniture and equipment	(526,721)	(33,793)	7,762	(552,752)
Total accumulated depreciation	(713,715)	(53,476)	7,762	(759,429)
Capital assets, net	\$ 1,914,178	\$ (30,673)	\$ —	\$ 1,883,505

### 6. Charitable Remainder Trusts

The UNLV Foundation serves as trustee of three charitable remainder unitrusts and one charitable remainder annuity trust as of June 30, 2009. The assets held in these trusts are recorded at fair value when received, and the liabilities to the donors are recorded at the present value of the estimated future payments to be distributed over the donors' expected lives. At June 30, 2009 and 2008, the related assets were \$10,936,558 and \$15,307,011, respectively, and liabilities were \$2,909,253 and \$6,269,557, respectively, for these unitrusts and annuity trust.

# University of Nevada, Las Vegas Foundation

## Notes to Financial Statements (continued)

### **6. Charitable Remainder Trusts (continued)**

The UNLV Foundation has recorded as future gifts six charitable remainder trusts for which the UNLV Foundation has irrevocable beneficiary interests but does not serve as trustee. The present value of the estimated future benefits to be received when the trust assets are distributed is recorded as an asset. Changes in the present value are recorded as investment income (loss). At June 30, 2009 and 2008, the balance of these charitable remainder trusts was \$2,965,458 and \$3,444,411, respectively.

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

The discount rates and actuarial assumptions used in calculating the present value of the estimated future benefits to be received by the UNLV Foundation are those in effect at the date the gifts were recorded according to the provisions of the Internal Revenue Code (the "Code").

The trusts are separate legal entities created under the provisions of the Code and applicable Nevada law. Each trust has a calendar year as required by the Code. The charitable remainder trusts are exempt from federal income taxes, except in any year in which they receive unrelated business taxable income. The trusts for which the UNLV Foundation serves as trustee received no unrelated business taxable income for the years ended June 30, 2009 and 2008.

### **7. Long-Term Debt**

On August 5, 1999, Clark County, Nevada, issued its Variable Rate Demand Economic Development Revenue Bonds (University of Nevada, Las Vegas Foundation Project) (the "Project Debt"), Series 1999, in the amount of \$6,180,000. The Project Debt requires the UNLV Foundation to maintain a letter of credit as collateral. The UNLV Foundation was the beneficiary of this bond issue and was obligated to repay this amount, plus interest, based upon a 20-year amortization but subject to terms of the letter of credit. In addition to the scheduled principal payments, all pledge payments received and designated for the UNLV Foundation building fund for each 12-month period ending August 31 were to be paid on the Project Debt on or about September 30.

# University of Nevada, Las Vegas Foundation

## Notes to Financial Statements (continued)

### **7. Long-Term Debt (continued)**

The UNLV Foundation obtained a three-year letter of credit of \$1,374,280, which matured on August 10, 2008, from a bank as collateral for the Project Debt. The proceeds of this bond sale were used to construct an office building to be used by the UNLV Foundation on the University campus. The UNLV Foundation donated the building to the University, and it was accepted by the Board of Regents at its June 2001 meeting.

### **8. Related Parties and Related-Party Transactions**

The University contributes to the administrative and accounting support of the UNLV Foundation. This support totaled \$3,253,500 and \$2,277,461, respectively, for the years ended June 30, 2009 and 2008.

The UNLV Foundation has a significant portion of its assets held in custody with one financial institution. A current officer of that financial institution is on the Board of Trustees. Additionally, one officer of the financial institution that issued the letter of credit collateralizing the Project Debt is on the UNLV Foundation Board of Trustees.

On September 1, 2004, the UNLV Foundation Board of Trustees approved an interest free loan to the UNLV William F. Harrah College of Hotel Administration in the amount of \$250,000 for the construction of a lounge and associated public spaces on the UNLV campus. The loan was repaid in May 2008.

On May 11, 2006, the UNLV Foundation's Executive Committee members resolved to supplement the salary of Dr. David B. Ashley president of the University of Nevada, Las Vegas, in the amount of \$170,000 per year. This commitment was in effect as long as Dr. Ashley remained as president of the institution. On August 3, 2009, the UNLV Foundation's Executive Committee members resolved to supplement the salary of the individual selected by the NSHE Board of Regents to succeed Dr. Ashley as acting president of the University of Nevada, Las Vegas, in the amount of \$58,880 for the remaining fiscal year 2009-2010. It was further resolved to encumber up to \$101,573 for a salary supplement for the acting president at UNLV for the fiscal year 2010-2011. The funding was approved to be taken from organizational reserves, should it be necessary. These commitments were made in response to requests made by NSHE to the UNLV Foundation. On August 6, 2009, the NSHE Board of Regents appointed Dr. Neal Smatresk as the UNLV President to succeed Dr. Ashley.

# University of Nevada, Las Vegas Foundation

## Notes to Financial Statements (continued)

### **8. Related Parties and Related-Party Transactions (continued)**

On April 28, 2008, the UNLV Foundation's Executive Committee members resolved to approve annual funding for an achievement bonus not to exceed \$25,000, a car allowance in the amount of \$7,200, and a donor relations fund (hosting) in the amount of \$8,000 for Dr. William Boldt, UNLV Vice President for Advancement, for each of the two years remaining of his current employment contract with UNLV (2009 and 2010). The achievement bonus is subject to a predetermined set of criteria that is evaluated against by the UNLV President and an appointed member of the UNLV Foundation's Executive Committee; however, Dr. Boldt determined to forego said achievement bonus for 2009. Dr. Boldt also received a discretionary one-time payment of \$9,000 as a housing allowance in 2008.

### **9. Tax-Exempt Status**

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

### **10. Legal Matters**

The UNLV Foundation is occasionally subject to legal and other matters arising in the ordinary course of business. In the opinion of management and the Board of Trustees, these matters will not have a material adverse effect on the UNLV Foundation's future financial position or results of operations.