UNLV Medicine, Inc., dba UNLV Health

June 30, 2026 Audit Results

November 20, 2026

Financial Statement Audit

- Report on the Audit of the Financial Statements
  - The Financial Statements present fairly

- Management's Responsibilities
  - Preparation and fair presentation of the Financial Statements
  - Design, implementation, and maintenance of internal control
  - Evaluation whether conditions or events raise substantial doubt about the ability to continue as a going concern for twelve months beyond the Financial Statement date.

Financial Statement Audit

- Correction of Error

  As discussed in Note 12 to the financial statements, certain errors resulting in an overstatement of patient accounts receivable and an understatement of patient refunds as of and for the year ended June 30, 2025, were discovered by management of UNLV Health during the current year. Accordingly, a restatement has been made to net position as of July 1, 2025 to correct the error. **Our opinion is not modified with respect to this matter.**

Note 12 – Correction of Error

	As Previously Reported	Adjustment	As Restated
Statement of Net Position			
Assets			
Patient receivables, net	$ 5,403,864	$ (476,728)	$ 4,927,136
Total current assets	23,516,940	(476,728)	23,040,212
Total assets	45,065,955	(476,728)	44,589,227
Liabilities			
Patient refunds	685,265	1,885,156	2,570,421
Total current liabilities	14,867,188	1,885,156	16,752,344
Total liabilities	32,664,998	1,885,156	34,550,154
Net Position			
Unrestricted	11,735,420	(2,361,884)	9,373,536
Total net position	12,400,957	(2,361,884)	10,039,073
Total liabilities and net position	45,065,955	(476,728)	44,589,227
Statement of Revenues, Expenses, and Net Position			
Net Position, Beginning of Year	$ 14,699,606	$ (1,885,156)	$ 12,814,450
Net Position, End of Year	12,400,957	(2,361,884)	10,039,073

Two Tiers of Finding Severities

Material Weakness

"A deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a **material misstatement** will not be prevented, or detected and corrected, by management on a timely basis"

Significant Deficiency

"A deficiency or combination of deficiencies in internal control less severe than a material weakness, yet important enough to merit attention."

Financial Statement Audit - Results

"Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as item 2026-001, that we consider to be a material weakness."

Finding 2026-001

Preparation of Financial Statements and Material Audit Adjustments
Material Weakness in Internal Control over Financial Reporting

Condition – During our audit, we identified an issue related to the credit balances report generated from the billing system and how that report was being used to record entries into the accounting system, specific to the identification of patient refunds and the processing of those refunds.

Cause – This deficiency was caused by the billing system generated credit balance report including true patient refunds and other credits that would not be refunded to patients. The billing system report also was not automatically integrated with the general ledger and there were errors in the process of calculating the journal entries to record the patient refunds in the accounting records.

Finding 2026-001

Management's Response – Management agrees with the finding.

To remediate this deficiency, management is collaborating with the revenue cycle team to enhance billing system functionality to properly segregate patient refunds in the credit balance report. Management is also establishing a revised monthly journal entry workflow supported by enhanced monthly reconciliations between the billing system and the accounting system to ensure the proper journal entries are recorded.

Furthermore, UNLV Health is exploring an integration between the billing system and the accounting system to streamline this process and create stronger internal controls.

Financial Statement Audit

- Auditor's Responsibilities
  - Obtain reasonable assurance
  - Exercise professional judgment and maintain professional skepticism
  - Identify and assess the risks of material misstatements
  - Obtain an understanding of internal control
  - Evaluate the appropriateness of accounting policies and the reasonableness of significant estimates
  - Conclude whether there are conditions or events that raise substantial doubt about the ability to continue as a going concern for a reasonable period of time

Financial Statement Audit

- Required Supplementary Information
  - Management's Discussion and Analysis

- Other Reporting Required by *Government Auditing Standards*

Financial Statement Audit

- Areas of Focus
  - Balances that could be material to the user.

  - Significant risks whether due to error or fraud
    - Management override of internal controls
    - Improper revenue recognition
    - Allowances for contractual adjustments and bad debts
    - Related party balances and transactions
    - Upper Payment Limit and MCO Supplemental Payment Program

Standards Implementation

Implemented in 2026

- GASB Statement No. 103, *Financial Reporting Model Improvements*
  - Clarification of operating and nonoperating items (subsidies is the major item)
  - Significant discussion on MD&A – "tell the why, not just dollar and/or percentage changes year over year"
  - Several other changes (budgetary comparisons, unusual and infrequent items)

- GASB Statement No. 104, *Disclosure of Certain Capital Assets*
  - Clarifies that capital assets includes leases and SBITAs

Statement of Net Position - Assets

	2026
Current Assets	
Cash and cash equivalents	$ 4,202,295
Restricted cash and cash equivalents	204,774
Receivables	
Patient, net of estimated contractual allowances and estimated uncollectables of $13,725,000 and $2,436,000	6,731,987
Other receivables	9,972,023
Due from affiliates, net	590,083
Inventories	593,764
Prepaid expenses and other assets	278,782
Total current assets	22,573,708
Capital Assets	
Capital assets not being depreciated	19,636
Capital assets being depreciated	1,120,214
Total capital assets	1,139,850
Right to Use Assets, Net	24,373,141
Total assets	$ 48,086,699

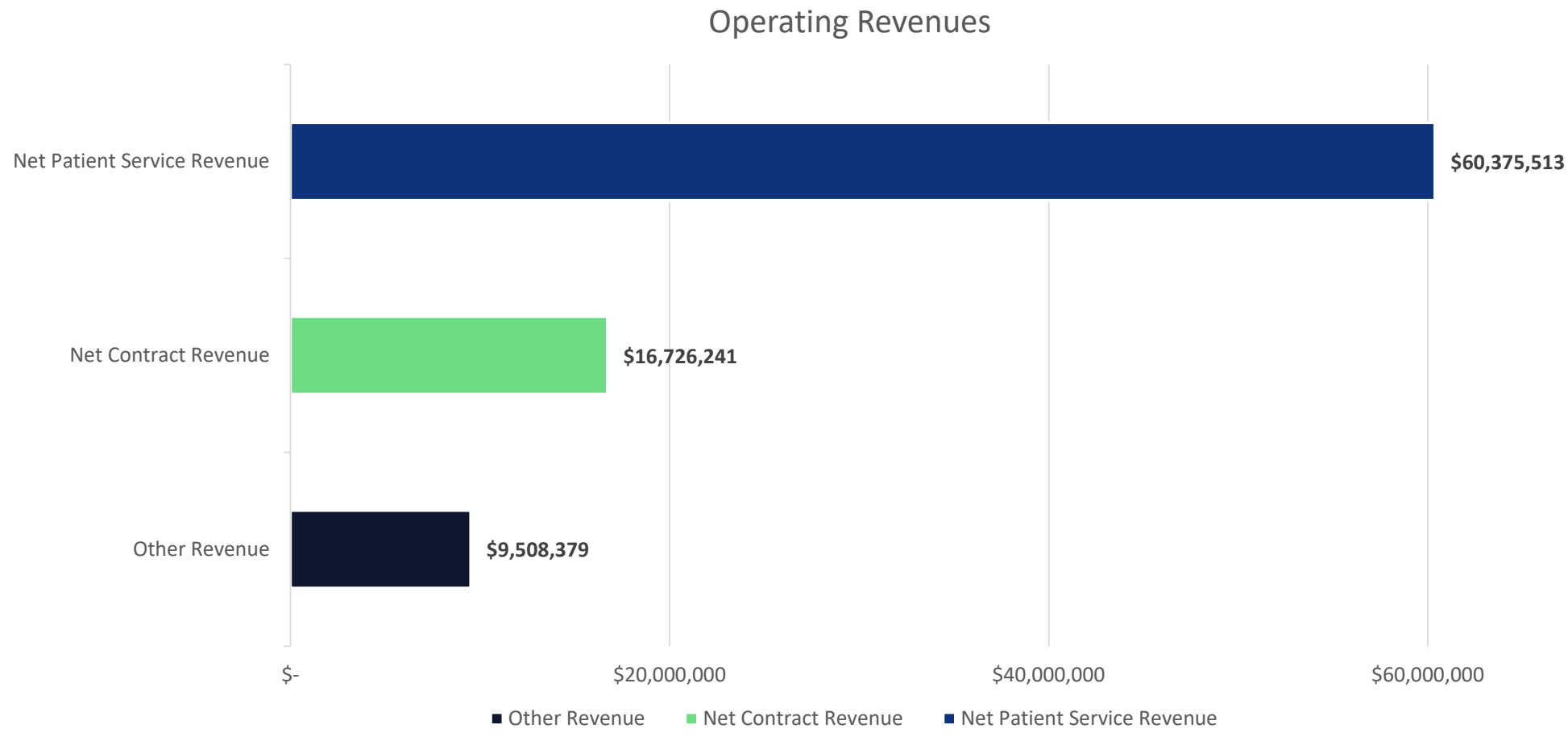
Statement of Net Position – Liabilities and Net Position

	2026
Current Liabilities	
Current maturities of lease liabilities	$ 3,240,889
Current maturities of subscription based IT liabilities	475,794
Current portion of compensated absences	1,231,252
Accounts payable	1,508,015
Patient refunds	1,585,312
Accrued payroll and employee related expenses	821,449
Other short-term liabilities	182,848
Due to affiliates, net	6,671,181
Total current liabilities	15,716,740
Noncurrent Liabilities	
Lease liabilities, less current maturities	20,315,671
Subscription based IT liabilities, less current maturities	1,888,673
Compensated absences, less current portion	126,542
Total noncurrent liabilities	22,330,886
Total liabilities	38,047,626
Net Position	
Net investment in capital assets	(408,036)
Restricted - expendable	204,774
Unrestricted	10,242,335
Total net position	10,039,073
Total liabilities and net position	$ 48,086,699

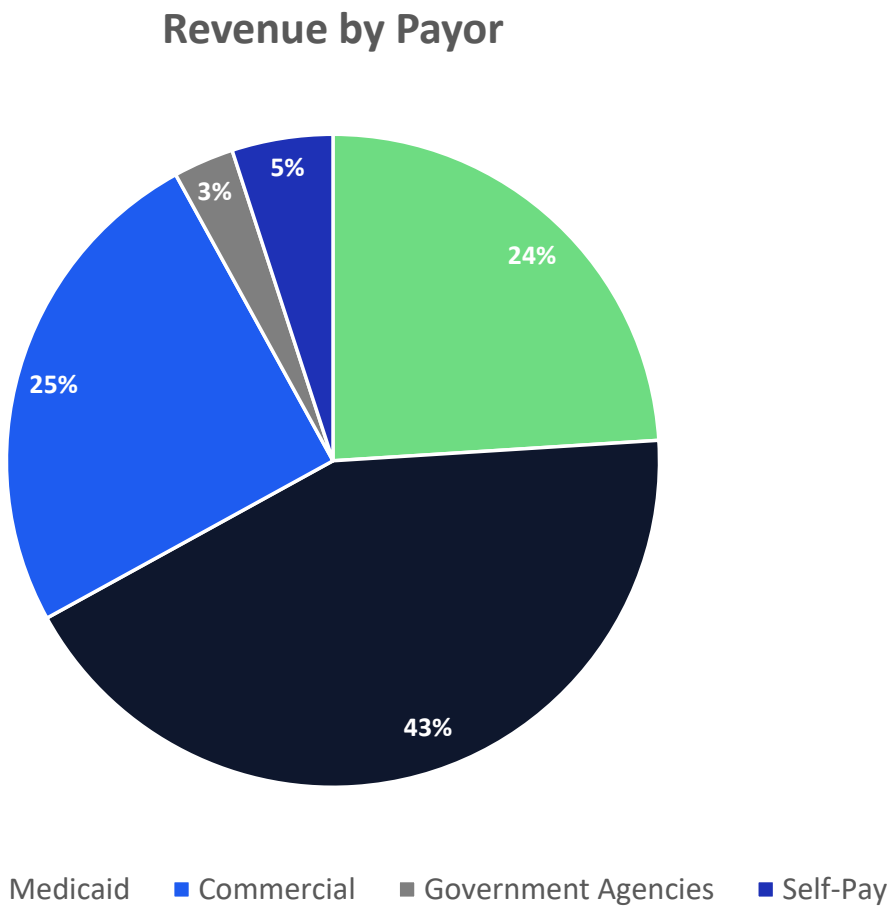
Statement of Revenues, Expenses, and Changes in Net Position

	2026
Operating Revenues	
Net patient service revenue, net of provision for bad debts of $6,155,573	$ 60,375,513
Net contract revenue	16,726,241
Other revenue	9,508,379
Total operating revenues	86,610,133
Operating Expenses	
Employee salaries, wages, and benefits	30,012,500
Physician services	31,357,572
Medical fees	12,797,132
Academic support	3,511,622
Supplies	571,987
Purchased services, insurance, and other	3,322,748
Depreciation and amortization	4,453,512
Total operating expenses	86,027,073
Operating Income	583,060
Nonoperating (Expense) Income	
Interest expense	(583,060)
Revenues in Excess of Expenses and Change in Net Position	-
Net Position, Beginning of Year, As Previously Reported	12,400,957
Restatement - Correction of Error	(2,361,884)
Net Position, Beginning of Year, As Restated	10,039,073
Net Position, End of Year	$ 10,039,073

Operating Revenue



Net Patient Service Revenue



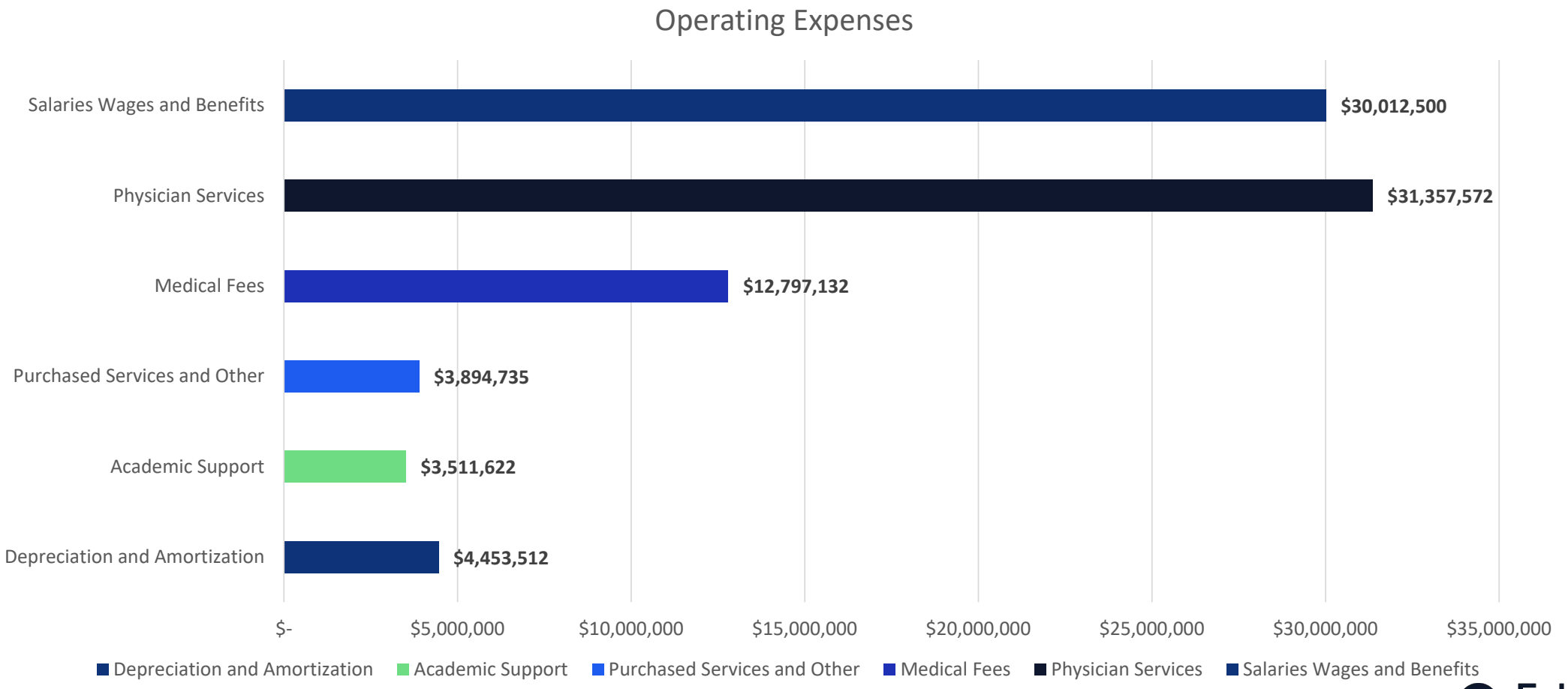
UPL and MCO Supplemental Payment Program

- This is a program to provide additional payments to those entities who provide services to a higher proportion of Medicaid patients.
- Management has made certain estimates.

UPL and MCO funds earned	$ 10,089,601
UPL and MCO assessment	(3,511,622)
	$ 6,577,979

- Receivable of approximately $6.6 million as of June 30, 2026.

Operating Expenses



Statement of Cash Flows

	2026
Operating Activities	
Receipts from and on behalf of patients	$ 73,811,610
Payments for employees' services and benefits	(29,701,029)
Payments to suppliers for goods and services	(52,166,485)
Other receipts and payments, net	11,388,978
Net Cash From Operating Activities	3,333,074
Capital and Capital Related Financing Activities	
Principal payments on lease liabilities and SBITA agreements	(3,899,558)
Interest paid on lease liabilities and SBITA agreements	(583,060)
Net Cash Used for Capital and Capital Related Financing Activities	(4,482,618)
Investing Activity	
Purchase and construction of property and equipment	(54,683)
Change in Cash and Cash Equivalents	(1,204,227)
Cash and Cash Equivalents, Beginning of Year	5,611,296
Cash and Cash Equivalents, End of Year	$ 4,407,069

Statement of Cash Flows (Continued)

	2026
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position	
Cash and cash equivalents	$ 4,202,295
Restricted cash	204,774
Total cash and cash equivalents	$ 4,407,069
Supplemental Disclosure of Noncash Capital and Capital Related Financing Activities	
Lease liability for the acquisition of a right to use leased asset	$ 6,518,913
Subscription liability for the acquisition of a right to use subscription asset	$ 2,256,571
Subscription liability modification	$ 412,679

Related Party Balances and Transactions - KSOM

Due to Affiliates	
KSOM - Expenses such as physician salaries, leases, malpractice, other	$ 3,737,016
KSOM - UPL and MCO Supplemental Payment Program fees	2,934,165
	$ 6,671,181

Physician salaries, including bonuses	$ 30,106,873
Residency GME support	1,281,676
Lease payments, excluding amounts offset to principal of $2,124,725	1,048,237
Malpractice, legal, and general liability insurance	1,796,698
EMR and IT related expenses, excluding offset to principal of $378,097	610,140
Dean's taxes	109,334
Audit fees	97,267
Other administrative expenses	474,770
Total expenses to KSOM	$ 35,524,995

Related Party Balances – KSOM Leases and SBITAs

Leases and SBITAs	
Leased assets, net	$ 15,059,993
SBITAs, net	2,218,962
	$ 17,278,955
Lease Liabilities	$ 16,567,837
SBITA Liabilities	2,222,691
	$ 18,790,528

Related Party Balances and Transactions - UNLV

Due from Affiliates	
UNLV - Services and Grants	$ 590,083
Grants	$ 1,076,837
Services - UNLV's student clinic, sports medicine, OBGYN	664,524
	$ 1,741,361
Leases and SBITAs	
Leased assets, net	$ 6,434,079
Lease Liabilities	$ 6,447,523

Management and staff at UNLV Health were professional and cooperative and very attentive to our requests.

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Thank you

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