Financial Statements
June 30, 2026

UNLV Medicine, Inc. dba UNLV Health

(A Component Unit of the Nevada System of Higher Education)

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Independent Auditor's Report

The Board of Directors
UNLV Medicine, Inc. dba UNLV Health
Las Vegas, Nevada

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of UNLV Medicine, Inc. dba UNLV Health (UNLV Health), as of and for the year then ended June 30, 2026, and the related notes to the financial statements, which collectively comprise UNLV Health's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of UNLV Health as of June 30, 2026, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of UNLV Health and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 that matter.

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Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about UNLV Health's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of UNLV Health's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about UNLV Health's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2026, on our consideration of UNLV Health's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of UNLV Health's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UNLV Health's internal control over financial reporting and compliance.

Eide Bailly LLP

Fargo, North Dakota
October 9, 2026

UNLV Medicine, Inc. dba UNLV Health (UNLV Health) presents its financial statements for the fiscal years ended June 30, 2026 and 2025. These financial statements should be read in conjunction with the audited financial statements of the Nevada System of Higher Education (NSHE). Unless otherwise indicated, references to "fiscal year 2026" or "fiscal year 2025" refer to the fiscal years ended June 30, 2026 and 2025, respectively.

About UNLV Health

The University of Nevada, Las Vegas (UNLV) is one of two public medical schools in the state of Nevada. UNLV's Kirk Kerkorian School of Medicine (KSOM) has nine clinical education departments, including Family Medicine, Internal Medicine, Otolaryngology, Pediatrics, Surgery, Plastic Surgery, Obstetrics/Gynecology, and Psychiatry and Behavioral Sciences. KSOM was chartered in 2016 to expand statewide medical education and patient care, and its first class of medical students and residents began in fiscal year 2018.

In 2016, UNLV established UNLV Health as a separate, not-for-profit corporation comprised of multispecialty physicians, enabling access to diverse patient populations for medical students, residents, and fellows in an educational environment. As Nevada's largest faculty physician practice group, KSOM employs 176 full-time physicians across 37 medical specialties engaged in education, patient care, and research, treating approximately 229,019 patients per year across 13 physician practice offices in the Las Vegas area. UNLV Health employs 437 individuals who support this mission and remain committed to meeting the health care needs of Nevada's residents.

I. Overview of the Financial Statements

UNLV Health's financial statements are comprised of three statements: the statement of net position; the statement of revenues, expenses, and changes in net position (SRECNP); and the statement of cash flows. Together with the accompanying notes — provided as required by Governmental Accounting Standards Board (GASB) pronouncements — these statements present UNLV Health's financial position and the results of its operations for the fiscal years ended June 30, 2026 and 2025.

The statement of net position presents UNLV Health's assets, liabilities, and net position (assets less liabilities) as of a point in time and reflects the resources available for continued operations. The SRECNP reports the revenues earned and expenses incurred during the year and explains the change in net position between the beginning and end of the year shown on the statement of net position. The statement of cash flows then reconciles that same change to the underlying cash activity, separately showing the cash effects of operating, capital and related financing, and investing activities. Read together, the three statements show, respectively, where UNLV Health stands financially, how that position changed during the year, and the cash flows that produced the change.

II. Financial Summary

The following condensed statements compare UNLV Health's financial position and results of operations for the fiscal years ended June 30, 2026 and 2025. A detailed discussion of the significant changes reflected in these statements follows in Section III.

Condensed Statements of Net Position

	2026	2025 (Restated)	Percentage Change FY26 to FY25
ASSETS			
Current Assets			
Cash and Cash Equivalents	$ 4,202,295	$ 5,036,994	(17%)
Restricted Cash and Cash Equivalents	204,774	574,302	(64%)
Patient Accounts Receivable, Net	6,731,987	4,927,136	37%
Other Receivables	9,972,023	11,352,438	(12%)
Due from Affiliates, Net	590,083	267,120	121%
Inventory	593,764	486,930	22%
Prepaid Expenses and Other Assets	278,782	395,292	(29%)
Total current assets	22,573,708	23,040,212	(2%)
Noncurrent Assets			
Capital Assets, Net	1,139,850	1,391,887	(18%)
Right to Use Assets, Net	24,373,141	20,157,128	21%
Total assets	$ 48,086,699	$ 44,589,227	8%
LIABILITIES AND NET POSITION			
Current Liabilities			
Right to Use Lease Liabilities	$ 3,240,889	$ 3,391,671	(4%)
Right to Use Software Liabilities	475,794	435,888	9%
Compensated Absences, Net	1,231,252	1,038,085	19%
Accounts Payable	1,508,015	1,586,815	(5%)
Patient Refunds	1,585,312	2,570,421	(38%)
Accrued Payroll and Employee Related	821,449	662,098	24%
Other Short-Term Liabilities	182,848	550,347	(67%)
Due to Affiliates, Net	6,671,181	6,517,019	2%
Total current liabilities	15,716,740	16,752,344	(6%)
Noncurrent Liabilities			
Compensated Absences, Net of Current Portion	126,542	167,589	0%
Right to Use Lease Liabilities, Net of Current Portion	20,315,671	17,135,699	19%
Right to Use Software Liabilities, Net of Current Portion	1,888,673	494,522	282%
Total liabilities	38,047,626	34,550,154	10%
Net Position			
Invested in Capital Assets, Net of Related Debt	(408,036)	91,235	(547%)
Restricted - Expendable	204,774	574,302	(64%)
Unrestricted	10,242,335	9,373,536	9%
Total net position	10,039,073	10,039,073	0%
Total liabilities and net position	$ 48,086,699	$ 44,589,227	8%

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2026	2025 (Restated)	Percentage Change FY26 to FY25
Revenues			
Net Patient Service Revenue	$ 60,375,513	$ 56,161,365	8%
Net Contract Revenue	16,726,241	16,723,801	0%
Other Revenue	9,508,379	9,013,728	5%
Total revenues	86,610,133	81,898,894	6%
Operating Expenses			
Employee Salaries, Wages, and Benefits	30,012,500	31,570,290	(5%)
Physician Services	31,357,572	27,485,410	14%
Medical Fees	12,797,132	12,661,384	1%
Academic Support	3,511,622	3,707,057	(5%)
Supplies	571,987	702,659	(19%)
Purchased Services, Insurance, and Other	3,322,748	3,643,841	(9%)
Depreciation and Amortization	4,453,512	4,324,177	3%
Total operating expenses	86,027,073	84,094,818	2%
Operating income (loss)	583,060	(2,195,924)	(127%)
Nonoperating Revenues and Expenses			
Interest Expense	(583,060)	(579,453)	1%
Nonoperating revenues and expenses	(583,060)	(579,453)	1%
Change in net position	-	(2,775,377)	(100%)
Net Position, Beginning of Year	10,039,073	12,814,450	(22%)
Net Position, End of Year	$ 10,039,073	$ 10,039,073	0%

III. Analysis of Financial Position and Results of Operations

Assets

UNLV Health's total assets increased by $3,497,472 or 8%, to $48,086,699 in fiscal year 2026.

Cash and cash equivalents (including restricted balances) decreased by $1,204,227, or 21%, to $4,407,069. The year-over-year decline is attributable to an increased payout of patient refunds in fiscal year 2026 of $1.3 million.

There was an increase to patient accounts receivable, net of contractual adjustments and bad debt, of $1,804,851 or 37%. The increase is primarily related to the error correction on how patient refunds were being recorded in the accounting system.

There was a reduction of other receivables of $1,380,415 or 12% due to higher collection compared to the prior year.

Capital asset additions, right to use lease and subscription assets, and related long-term financing activity are discussed in Section IV below to avoid duplicating that analysis here.

Liabilities and Net Position

Current liabilities decreased by $1,035,604 or 6%, to $15,716,740, as a result of correction of errors and the recording of patient refunds.

Patient refunds decreased by $985,109 or 38% to $1,585,312 primarily due to UNLV Health hiring consultants to work on identifying and processing refund payments. In addition, UNLV Health made corrections to the recording process for patient refunds.

Other short-term liabilities decreased by $367,499 or 67% to $182,848. The decrease is attributable to grant revenue being recognized as the related performance obligations and conditions were satisfied.

Right to use lease financing activity including current liability portion are discussed in Section IV below to avoid duplicating that analysis here.

Net Position had no change and remained at $10,039,073.

Invested in capital assets, net of related debt decreased by $499,271 or 547%, reflecting a reduction in net investment capital attributed to lease renewals. Upon renewal, a new lease term will commence, and the lease liability will be amortized over the renewed term. In the early stages of the lease, periodic payments will be allocated predominantly to interest expense, resulting in a slower reduction of the lease liability. Consequently, the net invested capital will remain at a high level for the initial portion of the term, declining only gradually as principal payments increase over time.

UNLV Health's restricted net positions were $204,774 and $574,302 at June 30, 2026 and 2025, respectively, in line with contributions received during fiscal years 2026 and 2025.

UNLV Health's unrestricted net position of $10,242,335 and $9,373,536 as of June 30, 2026 and 2025 respectively, reflective of decrease in restricted net positions.

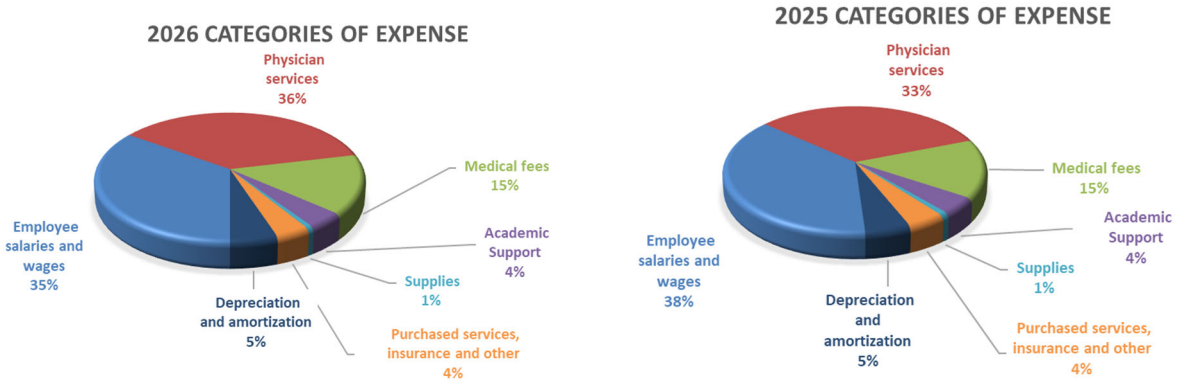
Results of Operations

The SRECNP reflects a change in net position increase of $2,775,377 compared to 2025. The significant revenue and expense drivers of this change are discussed below.

<u>Net Patient Service Revenue</u>

Patient service revenue, net of contractual allowances, bad debts, and refunds, increased by $4,214,148 or 8%, to $60,375,513. This is directly related to a rate increase in Day Treatment charges initiated by Medicaid and decreased restated 2025 net patient revenue.

Operating Expenses



Operating Expenses by Category — Fiscal Year 2026 vs. Fiscal Year 2025

Employee salaries, wages, and benefits decreased by $1,557,790, or 5%, to $30,012,500 primarily due to an overall 7.1% turnover ratio throughout the year. Additionally, there were no COLA or Merit adjustments given in fiscal year 2026.

Physician services increased by $3,872,162 or 14%, to $31,357,572, attributable to 11 additional physician full-time equivalents (FTEs) throughout the year, and a 2.1% increase in UNLV fringe pool rates in fiscal year 2026.

Nonoperating Revenues and Expenses

There were no material variances requiring discussion in this section.

Condensed Statements of Cash Flows

	2026	2025
Cash Provided By (Used In)		
Operating Activities	$ 3,333,074	$ (1,357,260)
Capital and Related Financing and Investing Activities	(4,537,301)	(5,029,686)
Net Change in Cash and Cash Equivalents	(1,204,227)	(6,386,946)
Cash and Cash Equivalents, Beginning of Year	5,611,296	11,998,242
Cash and Cash Equivalents, End of Year	$ 4,407,069	$ 5,611,296

Cash Flow Changes

Cash and cash equivalents (including restricted balances) were $4,407,069 at June 30, 2026, compared to $5,611,296 at June 30, 2025. Consistent with the discussion under Assets above, this decrease is primarily attributable to patient refunds that totaled $1.3 million for fiscal year 2026.

IV. Capital Assets and Long-Term Financing Activity

Capital Assets

UNLV Health's capital assets include medical equipment; computer equipment and software; furniture, fixtures, and office equipment; vehicles; leasehold improvements; and construction in progress (CIP). Capital asset additions in fiscal year 2026 totaled $29,200 for medical equipment; $5,847 for furniture, fixtures, and equipment; and $19,636 for CIP. There were no significant capital asset disposals or changes in outstanding capital commitments during the year.

The primary driver of the increased assets was the increase of right to use assets, net with an increase of $4,216,013 or 21%. This increase is attributable to the facility lease renewal of 1707 W Charleston and EMR.

Leases and Subscription-Based IT Arrangements (SBITAs)

Right to use (RTU) lease assets totaled $21,503,426, net of accumulated amortization, with corresponding lease liabilities of $23,015,980 (including current portion), net of liability reductions, covering leased facilities. During fiscal year 2026, UNLV Health ended its Shadow Lane lease. The increase in non-current right to use lease liabilities of $3,179,972 or 19% was due to the facility lease renewal of 1707 W Charleston.

RTU equipment lease assets totaled $517,876 net of accumulated amortization, with corresponding lease liabilities of $540,580 (including current portion), net of liability reductions. There were no new equipment leases in fiscal year 2026.

RTU subscription IT assets totaled $2,351,839, net of accumulated amortization, with corresponding subscription IT liabilities of $2,364,467 (including current portion), net of liability reductions. During fiscal year 2026, UNLV Health renewed our EMR contract, increasing these numbers by $1,394,151 or 282%.

There were no changes in UNLV Health's credit ratings or debt limitations during fiscal year 2026.

Contractual Obligations

The following table summarizes UNLV Health's contractual obligations as of June 30, 2026, including the lease and SBITA liabilities described above.

	June 30, 2025	Additions	Reductions	June 30, 2026
Facility Lease Liabilities	$ 19,774,479	$ 6,518,913	$ (3,277,412)	$ 23,015,980
Equipment Lease Liabilities	752,891	-	(212,311)	540,580
Software Lease Liabilities	930,410	2,256,571	(822,514)	2,364,467
Total Contractual Obligations	$ 21,457,780	$ 8,775,484	$ (4,312,237)	$ 25,921,027

V. Currently Known Facts, Decisions, or Conditions

As of the date these financial statements are issued, management is not aware of facts, decisions, or conditions other than those noted below that are expected to have a significant effect on UNLV Health's net position, or that are expected to produce significant differences from fiscal year 2026 results of operations.

Impact of Error Correction and Restated Fiscal Year 2025 Financials

During the audit, auditors identified a material weakness in internal control over financial reporting concerning the processing and recording of patient credit balances and refunds. The billing system's credit balance report commingled actual patient refund obligations with misapplied payments and lacked automated integration with the general ledger. These manual journal entry errors resulted in incorrect balances being reported historically in patient receivables and patient refunds (liability). In addition, due to the errors, previous amounts that had been estimated for allowances for contractual adjustments and bad debt expense were also impacted.

To correct these errors, management recorded a prior period adjustment affecting the prior year (fiscal year 2025) financial statements as follows:

- **Unrestricted Net Position:** Decreased by $2,361,884
- **Patient Refund Liability:** Increased by $1,885,156
- **Patient Receivables (Net):** Decreased by $476,728

To remediate this deficiency, management is collaborating with the revenue cycle team to enhance billing system functionality to properly segregate patient refunds from misapplied payments. Management is also establishing a revised monthly journal entry workflow supported by enhanced monthly reconciliations between the billing system and the general ledger to ensure patient receivables, liabilities, and allowance calculations are accurately valued prior to financial close.

UNLV Health is exploring an integration between Epic (EHR System) and Sage (Accounting System) to streamline this process and create stronger internal controls.

Expected Changes in Budgetary Net Position

For fiscal year 2027, UNLV Health has budgeted 91 additional personnel—72 clinical support staff, 8 physicians, and 11 administrative support staff. Supported by these hires, UNLV Health projects 30% growth in clinic visits, rising from 145,893 actual visits in fiscal year 2026 to 190,044 budgeted in fiscal year 2027. Hospital visits are expected to remain flat at 83,126, unchanged from fiscal year 2026 actuals. Together, this growth moves UNLV Health from a breakeven position in fiscal year 2026 to a budgeted surplus of $1,585,200 in fiscal year 2027.

On September 24, 2026, UNLV Health entered into a 60-month lease, recognizing a right-to-use (RTU) asset and corresponding lease liability of $499,121, with monthly lease payments of approximately $8,000. Because this lease was executed after the fiscal year 2027 budget was finalized, the lease payments and associated leasehold improvements and asset purchases are not reflected in the fiscal year 2027 budget.

Impact of Regulatory Changes

Subsequent to the reporting period, CMS issued proposed rule CMS-2449-P implementing new federal limits on Medicaid state-directed payments (SDPs), which cap MCO payment rates at Medicare-based levels and phase down grandfathered arrangements beginning January 1, 2028. Management anticipates these changes may reduce future MCO payment levels; however, as the rule is not yet finalized, the ultimate financial impact cannot be reliably estimated at this time.

Medicaid represents 43% of UNLV Health's payer mix. The One Big Beautiful Bill Act signed into law will affect UNLV's Medicaid population. This law requires states to implement stringent qualification requirements designed to reduce Medicaid enrollments. With this law it will reduce access to Medicaid coverage and Federal funding for this payer mix population. Thus, it is critical that the State of Nevada help sustain these Medicaid patients. Currently, Nevada Health Authority is working on a transition from Medicaid to a marketplace plan. UNLV Health is working on an impact plan.

Requests for Information

This report is designed to provide a general overview of UNLV Health's finances for all interested parties. Questions concerning the information contained in this report should be addressed to the Dean, UNLV Kirk Kerkorian School of Medicine, 3016 West Charleston Blvd, Las Vegas, Nevada 89102.

Assets	
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

Liabilities and Net Position	
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

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 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
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

Reconciliation of Operating Income to Net Cash From Operating Activities	
Operating income	$ 583,060
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation and amortization	4,453,512
Changes in assets and liabilities	
Receivables	(1,804,851)
Other receivables	1,380,415
Due from affiliates	(322,963)
Inventory	(106,834)
Prepaid expenses and other assets	116,510
Accounts payable	(78,800)
Patient refunds	(985,109)
Compensated absences	152,120
Accrued payroll and employee related expenses	159,351
Other short-term liabilities	(367,499)
Due to affiliates	154,162
Net Cash From Operating Activities	$ 3,333,074

Note 1 - Reporting Entity and Significant Accounting Policies

The financial statements of UNLV Medicine, Inc. dba UNLV Health (UNLV Health) have been prepared in accordance with generally accepted accounting principles in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by UNLV Health are described below.

Reporting Entity

UNLV Health was incorporated as a not-for-profit corporation on June 16, 2016. Full business operations for the faculty practice plan started in fiscal year 2018 with the opening of the University of Nevada, Las Vegas School of Medicine (UNLVSOM).

The mission and goals of UNLV Health are to do and perform every act or acts necessary as an "affiliated group" with the School of Medicine to implement an academic medical center with all the legal rights and authority granted to such a center under state and federal law and develop an effective clinical practice environment to support the teaching, education, training and clinical research missions of UNLVSOM and its physicians. In 2021, UNLVSOM formally changed its name to UNLV Kirk Kerkorian School of Medicine (KSOM).

The faculty practice plan is considered to be a component unit of the Nevada System of Higher Education (NSHE), as defined by Government Accounting Standards Board ("GASB") Statement No. 39, as amended, *Determining Whether Certain Organizations are Component Units.*

Income Taxes

UNLV Health as defined in Section 501(c)(3) of the Internal Revenue Code (Code) is a public charity and a Type 1 supporting company under 509(a)(3). As a public charity, UNLV Health is exempt from federal income taxes. However, income generated from activities unrelated to UNLV Health' exempt purpose is subject to tax under section 511 of the Code. UNLV Health did not conduct any unrelated business activities. Therefore, UNLV Health made no provisions for federal income taxes in the accompanying financial statements. Accordingly, all contributions to UNLV Health are tax deductible within the limitations prescribed in the Code. UNLV Health believes that it has appropriate support for any tax position taken and as such does not have any uncertain tax positions that are material to the financial statements.

Measurement Focus and Basis of Accounting

Measurement focus refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recognized when earned, and expenses are recorded when the liability is incurred.

Basis of Presentation

The statement of net position displays UNLV Health's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. Net position is reported in the following components:

Net Investment in Capital Assets consists of net capital assets, right to use leased assets, and right to use subscription IT assets, reduced by the outstanding balances of any related debt obligations, lease liabilities, subscription IT liabilities, and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or the related debt obligations and increased by balances of deferred outflows of resources related to those assets or debt obligations.

Restricted Net Position

Expendable – Expendable net position results when constraints placed on net position use are either externally imposed or imposed through enabling legislation.

Nonexpendable – Nonexpendable net position is subject to externally imposed stipulations which require them to be maintained permanently by UNLV Health.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), UNLV Health's policy is to first apply the expense toward the most restrictive resources and then toward unrestricted resources.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less excluding internally designated or restricted cash and investments. For purposes of the statement of cash flows, UNLV Health considers all cash and investments with an original maturity of three months or less as cash and cash equivalents. Cash and cash equivalents include demand deposit accounts.

Restricted Cash

Restricted cash refers to cash that is held onto by an entity for specific reasons and is, therefore, not available for immediate ordinary business use.

Patient Receivables

Patient receivables are uncollateralized patient and third-party obligations. Unpaid patient receivables are not assessed interest. Payments of patient receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

The carrying amount of patient receivables is reduced by a valuation allowance that reflects management's estimate of amounts that will not be collected from patients and third-party payors. Management reviews patient receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts. Management considers historical write off and recovery information in determining the estimated bad debt provision.

Patient Refunds

Patient refunds are overpayments from patients and third-party payers for services performed. UNLV Health issues checks to refund payments once an overpayment is identified.

Inventories

Inventories are valued at the lower of cost or market with cost being determined using a weighted average method. The cost of pharmaceuticals is expensed as they are sold.

Capital Assets

Property and equipment acquisitions in excess of $5,000 are capitalized and recorded at cost. Depreciation is provided over the estimated useful life of each depreciable asset and is computed on the straight-line method.

Amortization is included in depreciation in the financial statements. The estimated useful lives of capital assets are as follows:

Land improvements	10-20 years
Buildings and improvements	10-40 years
Major movable equipment	3-5 years
Vehicles	10 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to unrestricted net position and are excluded from revenues in excess of expenses and changes in net position. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted net position.

Interest cost before the end of a construction period is recognized as an expense in the period in which the cost is incurred.

Right to Use Leased Assets

Right to use leased assets are recognized at the lease commencement date and represent UNLV Health's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful lives of the underlying asset using the straight-line method. The amortization period is three to forty years.

Right to Use Subscription IT Assets

Right to use subscription IT assets are recognized at the subscription commencement date and represent UNLV Health's right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period is three years.

Impairment of Long-Lived Assets

UNLV Health considers whether indicators of impairment are present and performs the necessary analysis to determine if the carrying values of assets are appropriate. No impairment was identified for the year ended June 30, 2026.

Compensated Absences

UNLV Health's full-time employees earn paid time off (PTO) benefits at varying rates depending on years of service. Unused PTO benefits accumulate and may be rolled over to the following year. Employees may accumulate PTO hours up to a specified maximum, and once capped, the hours will stop accruing. Only 75% of unused PTO balances will be paid to employees upon separation provided they have completed at least one year of continuous service. The estimated amount of accrued PTO is reported as compensated absences. Amounts expected to be realized within one year are recorded as a current liability and are included in the current portion of compensated absences in the statement of net position.

Lease Liabilities

Lease liabilities represent UNLV Health's obligation to make lease payments arising from leases. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by UNLV Health.

Subscription IT Liabilities

Subscription IT liabilities represent UNLV Health's obligation to make subscription payments arising from the subscription contract. Subscription IT liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments are discounted based on a borrowing rate determined by UNLV Health.

Operating Revenues and Expenses

UNLV Health's statement of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses result from exchange transactions associated with providing health care services - UNLV Health's principal activity, and the cost of providing those services, including depreciation and excluding interest costs. All other revenues and expenses are reported as nonoperating.

Net Patient Service Revenue

UNLV Health has agreements with third-party payors that provide for payments to UNLV Health at amounts different from its established rates. Payment arrangements include prospectively determined rates, reimbursed costs, discounted charges, and per diem rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Net Contract Revenue

Contract revenue includes agreements UNLV Health has with various local hospitals and other organizations for on-call services and medical directorship. These agreements are based on specified rates. Contract revenue is recognized when services are performed.

Grants and Contributions

UNLV Health may receive grants as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after expenses in excess of revenues and changes in net position.

Adoption of New Standard

As of July 1, 2025, UNLV Health adopted Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*. This Statement enhances the clarity and consistency of financial reporting requirements related to the following areas: 1) Management's discussion and analysis, 2) Proprietary fund reporting, 3) Unusual or infrequent items, and 4) Budgetary comparison schedules. GASB 103 is required to be reported as a change in accounting principle in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*. UNLV Health did not record any accounting changes related to the adoption of this Statement.

Note 2 - Net Patient Service Revenue

UNLV Health has agreements with third-party payors that provide for payments to UNLV Health at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare – Medicare is a federal health insurance program that provides coverage for people 65 years and older, for certain disabled people, and for some people with End Stage Renal Disease. Medicare reimburses physician claims based on a resource based relative value scale (RBRVS) that assigns value to procedures in relation to one another and is used to establish the Medicare fee schedule. The Medicare fee schedule determines how UNLV Health is paid.

Medicaid – Medicaid is a medical coverage program jointly funded by both the states and the federal government for residents who qualify based on annual income that falls below the state or nationally indicted poverty level. UNLV Health is paid according to the Medicaid fee schedule.

Commercial and Other Insurance – UNLV Health has entered into agreements with numerous nongovernmental third-party payors to provide patient care to beneficiaries under a variety of payment arrangements. These include contracts with commercial insurance companies and workers' compensation plans, which reimburse UNLV Health on a fee schedule, a percentage of billed charges, or a percentage of RBRVS.

Net patient service revenue is reported when services are provided to patients, including capitation payment arrangements, 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 include differences between established billing rates and amounts reimbursable under various contractual agreements. Contractual adjustments are recorded as deductions from professional fee revenue to arrive at net patient service revenue.

Concentration of gross revenues by major payor accounted for the following percentages of UNLV Health's patient service revenues for the year ended June 30, 2026:

Medicare	24%
Medicaid	43%
Commercial	25%
Governmental agencies	3%
Self pay	5%
	100%

Upper Payment Limit (UPL) and Medicaid Care Organization (MCO) Supplemental Payment Program

The State of Nevada currently has a UPL and MCO Supplemental Payment Program (Program). Revenue for UPL and MCO is accrued and recognized based on the previous quarter's payment. The formula for calculating and distributing these payments is authorized pursuant to the Medicaid State Plan.

The following table summarizes the UPL and MCO funds earned and fees paid. The funds earned are included in net patient service revenue and the assessment is included in academic support expenses in the accompanying statements of revenues, expenses and changes in net position for the year ended June 30, 2026:

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

As of June 30, 2026, a receivable of $6,616,755 related to amounts still to be collected is included in other accounts receivable on the statement of net position. The annual amounts to be received and paid by UNLV Health are subject to change annually based on various factors involved in determining the amount of federal matching funds. The UPL and MCO funds earned increased approximately $963,000 due to changes in estimates related to the prior year amounts expected to be earned.

Note 3 - Deposits and Investments

The carrying amounts of deposits and investments as of June 30, 2026 is shown below:

Carrying Amount	
Cash and cash equivalents	$ 4,202,295
Restricted cash and cash equivalents	204,774
Total carrying amount	$ 4,407,069

Deposits – Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank or investment company failure, UNLV Health's deposits may not be returned to it. UNLV Health's deposit policy for custodial credit risk requires compliance with the provisions of state law.

UNLV Health maintains its cash in deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor, per insured bank, for each account ownership category. At June 30, 2026, UNLV Health had approximately $4,988,000 in excess of FDIC insured limits.

Note 4 - Capital Assets

Capital asset additions, retirements, transfers, and balances for the year ended June 30, 2026 are as follows:

	Balance June 30, 2025	Additions	Transfers and Retirements	Balance June 30, 2026
Capital Assets not Being Depreciated				
Construction in progress	$ -	$ 19,636	$ -	$ 19,636
Capital Assets Being Depreciated				
Leasehold improvements	583,706	$ -	$ -	583,706
Medical equipment	179,449	29,200	-	208,649
Computer equipment and software	16,043	-	-	16,043
Furniture, fixtures, and office equipment	1,042,358	5,847	-	1,048,205
Vehicles	47,767	-	-	47,767
Total capital assets being depreciated	1,869,323	$ 35,047	$ -	1,904,370
Less Accumulated Depreciation for				
Leasehold improvements	(97,410)	$ (82,833)	$ -	(180,243)
Equipment, furniture, and vehicles	(380,026)	(223,887)	-	(603,913)
Total accumulated depreciation	(477,436)	$ (306,720)	$ -	(784,156)
Net capital assets being depreciated	1,391,887			1,120,214
Capital Assets, Net	$ 1,391,887			$ 1,139,850

Note 5 - Right to Use Assets, Net

The right to use assets additions, retirements, transfers and balances for both leased assets and subscription based IT arrangement assets (SBITAs) for the year ended June 30, 2026 are as follows:

	Balance June 30, 2025	Additions	Payments	Balance June 30, 2026
Right to Use Leased Assets				
Facilities	$ 30,156,044	$ 6,488,810	$ (5,726,001)	$ 30,918,853
Equipment	1,059,149	-	-	1,059,149
Less accumulated amortization	(11,959,532)	(3,726,522)	5,729,354	(9,956,700)
Right to use leased assets, net	19,255,661	$ 2,762,288	$ 3,353	22,021,302
Right to Use SBITAs				
Subscriptions	2,113,597	$ 2,250,910	$ (1,803,369)	2,561,138
Less accumulated amortization	(1,212,130)	(441,816)	1,444,647	(209,299)
Right to use SBITAs, net	901,467	$ 1,809,094	$ (358,722)	2,351,839
Total leased assets and SBITAs, net	$ 20,157,128			$ 24,373,141

Note 6 - Lease Obligations

UNLV Health entered into various agreements to lease buildings and various equipment. The leases terminate at various dates through January 2036. Under the terms of the lease agreements, UNLV Health pays monthly base rents ranging from $655 to $88,752.

During the year ending June 30, 2026, UNLV Health recorded $556,319 in interest expense for the right to use buildings and equipment. The right to use building and equipment leases have discount rates of between 0.75% and 7.98% based on UNLV Health's incremental borrowing rate at the inception of the lease.

A summary of the changes in lease liabilities during the year ended June 30, 2026 is as follows:

	Balance June 30, 2025	Additions	Payments	Balance June 30, 2026	Due Within One Year
Facilities					
3196 Maryland Parkway	$ 1,417,609	$ -	$ (200,659)	$ 1,216,950	$ 210,179
5320 S. Rainbow Blvd	1,614,034	-	(270,511)	1,343,523	282,571
4000 E. Charleston Blvd	2,498,314	-	(613,110)	1,885,204	640,015
3016 W. Bay	6,197,337	-	(399,237)	5,798,100	432,812
1707 W. Charleston Blvd	1,053,671	6,518,913	(1,124,434)	6,448,150	871,866
2724 N. Tenaya Way	6,866,284	-	(542,231)	6,324,053	583,367
1524 Pinto Lane	28,253	-	(28,253)	-	-
700 Shadow Lane	98,977	-	(98,977)	-	-
Total facilities	19,774,479	6,518,913	(3,277,412)	23,015,980	3,020,810
Equipment					
THD HR Station	31,900	-	(16,308)	15,592	15,592
Wells Fargo Lease 3	30,792	-	(6,992)	23,800	7,216
Wells Fargo Lease 2	54,031	-	(17,443)	36,588	18,003
Wells Fargo Lease 1	238,621	-	(78,840)	159,781	81,369
Halo Ultra Sound	45,981	-	(9,929)	36,052	10,751
Phillips Ultra Sounds	351,566	-	(82,799)	268,767	87,148
Total equipment	752,891	-	(212,311)	540,580	220,079
Total leases	$ 20,527,370	$ 6,518,913	$ (3,489,723)	$ 23,556,560	$ 3,240,889

Remaining obligations associated with these leases are as follows:

Years Ending June 30,	Principal	Interest
2027	$ 3,240,889	$ 669,469
2028	3,385,141	580,824
2029	3,340,795	489,669
2030	2,794,272	402,991
2031	2,744,439	317,908
Thereafter	8,051,024	494,988
	$ 23,556,560	$ 2,955,849

Note 7 - Subscription-Based Information Technology Arrangements (SBITAs) Liabilities

UNLV Health has entered into three SBITA arrangements for their electronic medical records software and the UNLV Health intranet platform. UNLV Health is required to make principal and interest payments through May 2031. Under the terms of the SBITA agreements, UNLV Health pays monthly base rents ranging from $1,608 to $41,742. The subscription liability was valued using discount rates between 2.45% and 3.96% based on UNLV Health's incremental borrowing rate at the inception of the subscription arrangements. During the year ended June 30, 2026, UNLV Health recorded $26,741 in interest expense for the right to use information technology assets.

A summary of the changes in SBITA liabilities during the year ended June 30, 2026 is as follows:

	Balance June 30, 2025	Additions	Payments	Balance June 30, 2026	Due Within One Year
EMR (Epic)	$ 728,712	$ 2,256,571	$ (762,592)	$ 2,222,691	$ 415,750
Payscale	32,726	-	(18,337)	14,389	14,389
Work Vivo	168,972	-	(41,585)	127,387	45,655
Total	$ 930,410	$ 2,256,571	$ (822,514)	$ 2,364,467	$ 475,794

Remaining principal and interest payments on subscriptions are as follows:

Years Ending June 30,	Principal	Interest
2027	$ 475,794	$ 89,418
2028	483,631	69,597
2029	482,944	49,226
2030	471,363	29,538
2031	450,735	9,453
	$ 2,364,467	$ 247,232

Note 8 - Transactions with Affiliates and Related Parties

KSOM pays salaries for all its faculty physician members along with leases, malpractice, EMR, and other administration expenses. UNLV Health reimburses KSOM for any amounts not covered by state appropriations, grant contract income, or other sources that are administered by KSOM. During the fiscal year ended June 30, 2026, UNLV Health recorded the following expenses during the year ended June 30, 2026:

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

UNLV Health owes KSOM $3,737,016 related to these expenses as of June 30, 2026, which are included in due to affiliates, net, in the accompanying statement of financial position.

In addition to these expenses, UNLV Health incurred amounts to KSOM related to the Upper Payment Limit (UPL) and the Medicaid Care Organization (MCO) Supplemental Payment Program in the following amounts, which are included as an offset to net patient service revenue:

Upper Payment Limit (UPL) fees	$ 1,135,752
Medicaid Care Organization (MCO) Supplemental Payment Program fees	2,375,870
Total UPL and MCO Supplemental Payment Program fees	$ 3,511,622

UNLV Health owes KSOM $2,934,165 related to this amount as of June 30, 2026, which is included in due to affiliates, net, in the accompanying statement of financial position.

KSOM has granted UNLV Health rights to use the respective facility assets. In return for KSOM granting UNLV Health the right to use those certain facility assets, UNLV Health will be responsible for paying monthly financial obligations due for said leases for the duration of the lease terms unless the parties agree otherwise in writing.

At June 30, 2026, UNLV Health had right to use facility assets, net, sub-leased from KSOM of $15,059,993, and related lease liabilities of $16,567,837. UNLV Health incurred variable expenses of $154,071 and interest expense of $509,744 related to these leases. UNLV Health paid $3,172,962 related to these lease agreements of which $2,124,725 reduced the lease liabilities.

At the end of the fiscal year, UNLV Health entered into a modification and new lease agreement with KSOM related to an electronic health record (EHR) system. This agreement was recorded as a subscription-based IT arrangement (SBITA). At the time this agreement was entered into, a SBITA asset and related SBITA liability were recorded in the amount of $2,256,571. During the year ended June 30, 2026, UNLV Health paid $33,881 related to this SBITA agreement of which $33,881 reduced the liability to $2,222,690. UNLV Health incurred variable expenses of $589,027 and $19,899 was recorded as interest expense. In addition, amortization expense was recorded which resulted in the net book value of the SBITA asset being reduced to $2,218,962.

UNLV Health is covered under a professional liability insurance policy for medical malpractice claims that is purchased by KSOM and names UNLV Health as additional named insured. The policy is on a claims-made basis and provides coverage of $1,000,000 per claim and $3,000,000 per year in the aggregate. KSOM presently intends to renew claims-made coverage annually and expects to be able to obtain such coverage. UNLV Health reimbursed KSOM $1,796,698 for the professional liability malpractice insurance and other insurance premiums during the year ended June 30, 2026.

UNLV Health also paid $224,150 to UNLV for PCC expenses that consisted of (a) variable cost rent expense of $203,420 and (b) interest expense of $20,730. In relation to this agreement, UNLV Health has a right to use leased asset, net, of $6,434,079 and a related lease liability of $6,447,523.

UNLV Health provides coverage in UNLV's student health clinic, sport medicine, and obstetrics/gynecology. The total amount of service provided and included in contract revenue for the year ended June 30, 2026 was $664,524. In addition, UNLV provided grants to UNLV Health in the amount of $1,076,837 for the year ended June 30, 2026. The total amounts due from UNLV in relation with these services and grants as of June 30, 2026, was $590,083.

Note 9 - Retirement Plan

UNLV Health participates in a defined contribution retirement plan and sponsors the plan under Section 401(k) of the Code that covers all employees are eligible after 3 months and 250 hours worked and 21 years and older. The employer contribution is 3% of gross pay for each eligible employee beginning when the employee is eligible to participate based on a vesting schedule.

Employees may elect to defer either a flat dollar amount or a percentage, not to exceed the dollar limit set by federal law. Contributions may be pre-tax or post tax Roth. Catch-up contributions are allowed over the age of 50 or if turning 50 in the calendar year and in accordance with federal regulations.

During the fiscal year ending June 30, 2026, UNLV Health contributed 3% for each eligible employee for a total of $712,289.

Note 10 - Concentration of Credit Risk

UNLV Health grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. The mix of receivables from third-party payors and patients at June 30, 2026 is as follows:

	2026
Medicare	16%
Medicaid	27%
Commercial	25%
Governmental agencies	7%
Self pay	25%
	100%

Note 11 - Contingencies

Malpractice Insurance

UNLV Health has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of $1 million per claim and an annual aggregate limit of $3 million. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured.

Litigation, Claims, and Disputes

UNLV Health is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs. In the opinion of management, the ultimate settlement of any litigation, claims, and disputes in process will not be material to the financial position, operations, or cash flows of UNLV Health.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Federal government activity with respect to investigations and allegations concerning possible violations by health care providers of regulations could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from patient services.

Note 12 - Correction of Error

During 2026, UNLV Health identified misstatements within the historical financial statements related to the treatment of and accounting for credit balances and refunds. These misstatements were the result of differences in how the refunds were being accounted for and reconciled between the billing and accounting systems. As such, certain amounts needed to be restated to correct the error.

The following is a summary of the effects of the restatement on UNLV Health's June 30, 2025 financial statements:

	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

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors
UNLV Medicine, Inc. dba UNLV Health
Las Vegas, Nevada

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of UNLV Medicine, Inc. dba UNLV Health (UNLV Health) as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise UNLV Health's basic financial statements and have issued our report thereon dated October 9, 2026.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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.

eidebailly.com
4310 17th Ave. S. • P.O. Box 2545 • Fargo, ND 58108-2545 • T 701.239.8500 • F 701.239.8600 • EOE

Report on Compliance and Other Matters

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

UNLV Health's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on UNLV Health's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. UNLV Health's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Eide Bailly LLP

Fargo, North Dakota
October 9, 2026

2026-001 Preparation of Financial Statements and Material Audit Adjustments
Material Weakness in Internal Control over Financial Reporting

Criteria – A properly designed system of internal control over financial contemplates an adequate system for recording and processing journal entries that are significant to the financial statements. Management is responsible for establishing and maintaining internal control over financial reporting and procedures related to the fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles (GAAP).

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. Management then investigated this issue and identified a prior period adjustment which decreased unrestricted net position by $2,361,884; decreased net patient receivables by $476,728; and increased the patient refund liability by $1,885,156.

Cause – This deficiency was caused by the billing system generated credit balance report including both true patient refund amounts as well as misapplied payments. 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 credit balances in Sage. These manual journal entry errors resulted in incorrect balances being reported historically in patient receivables and patient refunds (liability). In addition, due to the errors, previous amounts that had been estimated for allowances for contractuals and bad debt expense were also impacted.

Effect – This control deficiency resulted in misstatements to the financial statements in the form of a prior period adjustment.

Recommendation – We recommend that management continue to work with the revenue cycle team to identify and possibly create a better report from the billing system to make the reconciliation of patient receivables, including credit balances and patient refunds. Furthermore, we recommend a revised monthly journal entry to record this activity with a reconciliation to the enhanced billing system report to ensure that the amounts reflected in the financial statements are reasonable as well as to ensure the gross patient receivable balance is appropriate when completing the allowance estimates.

Management's Response – Management agrees with the finding.

Responses to Financial Statement Findings

2026-001

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

UNLV Health – Agrees with the finding

• Detailed corrective action taken, including what will be done to avoid the identified issues in the future, and when these measures will be in place:

- **Current State & Systems Integration**

Background - Medical billing is a complex, multi-step process, and patient refunds payable is not tracked as a separate balance in the billing system. Instead, it is established each year-end through a manual entry that reclassifies patient credit balances out of patient accounts receivable. Since UNLV Health began operations in 2018, refunds issued were also posted as a reduction of this temporary liability, and the liability was never reconciled to the billing system's credit-balance report. Because the refund liability is reported separately from the high-risk patient accounts receivable balance and involves little estimation, it received less scrutiny, and the error accumulated unnoticed by both management and the auditors until the 2026 audit cycle. By June 30, 2025, the liability was understated and net position overstated by a cumulative $2,361,883. Management has taken the following corrective actions:
Restatement of beginning net position - Net position as of July 1, 2025, is restated from $12,400,957 to $10,039,074 to correct the cumulative overstatement from fiscal year 2018 through fiscal year 2025.
Correction of fiscal year 2026 results - The $1,362,070 of refunds issued during fiscal year 2026 has been corrected within the fiscal year 2026 results, together with a true-up of approximately $1.8 million in the valuation of patient accounts receivable based on the additional work performed by management and reviewed by the auditors, for a net increase of approximately $0.4 million in net patient service revenue.
Revised recording process - Patient refunds are currently processed in the Sage Accounts Payable module via an automated job that extracts refund data from EPIC. To enhance the tracking accuracy of associated refund liabilities, management is evaluating a direct EPIC-Sage system integration alongside advanced reporting solutions.

- **Interim Controls & Collaborative Reporting**

Until these system upgrades are finalized, Accounting has established an interim monthly control to manually record patient receivables and refund liabilities. Concurrently, management and Decision Support are analyzing the data to build reports that separate true patient refund liabilities from prepayments, over-postings, undistributed payments, and misapplied payments.

- **Methodology**

Due to systemic limitations in directly identifying eligible refund amounts, generating an exact "refundable balances" report is currently unfeasible. To address this, Accounting will calculate refundable balances by applying historical percentages provided by the Revenue Cycle Department (RCD) to credit balances extracted from EPIC. To ensure ongoing accuracy and compliance, Accounting will reverify these estimation percentages with the RCD on a quarterly basis.

- ***How compliance and performance will be measured and documented for future audit, management and performance review:***

Pending completion of the reporting enhancements and any potential integration, Accounting has developed and implemented a manual reconciliation process to be performed monthly, quarterly, and annually. This process includes reconciling the Refund Clearing Account, gross patient accounts receivable, and Patient Refunds Payable.

- ***Who will be responsible and may be held accountable in the future if repeat or similar observations are noted:***

UNLV Health Accounting department is accountable for recording liabilities and reconciling accounts, RCD is accountable for providing valid credit balance data and percentages.