
Nevada System of Higher Education Financial Statements



June 30, 2009 and 2008

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

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

Nevada State College
Truckee Meadows Community College
System Administration

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Nevada System of Higher Education
Financial Statements and Report of Independent Auditors
As of and for the Years Ended June 30, 2009 and 2008

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Report of Independent Certified Public Accountants

Board of Regents
Nevada System of Higher Education

We have audited the accompanying financial statements of the Nevada System of Higher Education (the "System"), as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the System's management. Our responsibility is to express our opinion on these financial statements based on our audit. We did not audit the financial statements of the DRI Foundation, DRI Research Park, Truckee Meadows Community College Foundation, Great Basin College Foundation, University of Nevada, Las Vegas Foundation, College of Southern Nevada Foundation, and the Nevada State College Foundation, which collectively represent 56 percent of the assets, 57 percent of the net assets and 33 percent of the operating revenues of the aggregate discretely presented component units, as described in Note 19 "System Related Organizations" in the accompanying financial statements. Those financial statements were audited by other auditors whose reports have been furnished to us, and in our opinion, insofar as they relate to the amounts included for those component units is based solely on the reports of other auditors. The financial statements of the System as of and for the year ended June 30, 2008, were audited by other auditors. Those auditors expressed an unqualified opinion on those financial statements in their report dated December 2, 2008 based on their report and the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the 2009 financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the System, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis listed in the table of contents is not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required 2009 supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The accompanying 2009 supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining schedules of net assets and combining schedules of revenues, expenses and changes in net assets have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Grant Thornton LLP

San Jose, California
January 22, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Nevada System of Higher Education's (the "System") annual financial information presents management's discussion and analysis of the financial standing as of June 30, 2009. This section provides a brief overview of noteworthy financial activity, identifies changes in financial position, and assists the reader in focusing on significant financial issues that occurred during the year ended June 30, 2009, with comparative information as of June 30, 2008 and June 30, 2007.

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

SYSTEM AND SYSTEM RELATED ORGANIZATIONS

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

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

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

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

Component units issue separate audited financial statements from the System.

SYSTEM FINANCIAL HIGHLIGHTS

- Total net assets decreased 4.9% from \$2,103,799 to \$1,999,929;
- Capital Assets increased 7% from \$1,790,276 to \$1,915,412;
- Operating revenues increased 5.7% from \$710,968 to \$751,211
- Non-operating revenues decreased 12.9% from \$644,461 to \$561,006 ; and
- Operating expenses increased 1.9% from \$1,376,170 to \$1,402,745.

USING THIS REPORT

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

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

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

The Statement of Revenues, Expenses, and Changes in Net Assets presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or non-operating. All things being equal, a public higher education system's dependency on state appropriations will usually result in operating deficits. This is because the financial reporting model classifies State appropriations as non-operating revenues. The utilization of long-lived assets, referred to as Capital Assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

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

CONDENSED FINANCIAL INFORMATION

ASSETS AND LIABILITIES

The Statement of Net Assets is a point-in-time financial statement presenting the financial position of the System as of June 30, 2009, with a comparison made to June 30, 2008 and June 30, 2007. This Statement presents end-of-year data for Assets (current and non-current), Liabilities (current and non-current), and Net Assets (assets minus liabilities).

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

NSHE Net Assets			Increase	Percent of Prior Yr			Increase	Percent of Prior Yr
	2009	2008	Decrease		2007	Decrease		
Assets								
Current Assets	\$499,493	\$521,497	(\$22,004)	96%	\$570,507	(\$49,010)	91%	
Capital Assets	1,915,412	1,790,276	125,136	107%	1,581,649	208,627	113%	
Other Assets	316,306	469,935	(153,629)	67%	446,180	23,755	105%	
Total Assets	2,731,211	2,781,708	(50,497)	98%	2,598,336	183,372	107%	
Liabilities								
Current Liabilities	187,725	192,566	(4,841)	97%	205,607	(13,041)	94%	
Noncurrent Liabilities	543,557	485,343	58,214	112%	500,808	(15,465)	97%	
Total Liabilities	731,282	677,909	53,373	108%	706,415	(28,506)	96%	
Net Assets								
Invested in Capital Assets, Net of Debt	1,382,189	1,314,351	67,838	105%	1,132,657	181,694	116%	
Restricted nonexpendable	80,211	81,527	(1,316)	98%	62,076	19,451	131%	
Restricted, expendable	235,265	373,567	(138,302)	63%	356,386	17,181	105%	
Unrestricted	302,264	334,354	(32,090)	90%	340,802	(6,448)	98%	
Total Net Assets	\$1,999,929	\$2,103,799	(\$103,870)	95%	\$1,891,921	\$211,878	111%	

Assets

Total assets of the System decreased by \$50.5 million, or approximately 1.8%. This decrease occurred primarily in current and non-current assets, but was offset by an increase in capital assets. The increase in capital assets and assets restricted for capital construction is reflective of System's ongoing priority of improving and expanding facilities to meet increases in enrollment driven student demand. The reduction of current and non-current assets was driven in large by NSHE's investment losses and a 7.92% operating budget recession from the state of Nevada, causing campuses to use some short-term assets for operating expenses.

Liabilities

Total liabilities for the year increased by \$53.4 million; a \$4.8 million decrease in current liabilities and \$58.2 million increase in non-current liabilities. The increase in non-current liabilities was primarily driven by a \$62.3 million increase in long-term debt which was in large part due to the \$78.3M of revenue bonds issued during the fiscal year and offset by a slight decrease in obligations under capital leases.

Net Assets

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

Invested in Capital Assets

Net assets invested in capital assets - net of related debt, represent the System's capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. The \$67.8 million or 5.2% increase reflects the System's expenditures for development and renewal of its capital assets in accordance with its long-range plan, offset by depreciation expense on capital assets and a net increase in long-term debt. The increase indicates a continued System and Legislature priority to provide new facilities to accommodate enrollment growth.

Restricted, Nonexpendable/Expendable

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

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

Funds functioning as an endowment consist of unrestricted funds that have been allocated by the System for long-term investment purposes, although amounts are not subject to donor restrictions

requiring the System to preserve the principal in perpetuity. Programs supported by the endowment include scholarships, fellowships, professorships, research efforts and other important programs and activities.

Unrestricted Net Assets

Unrestricted Net Assets decreased by \$32.1 million in 2009. Although unrestricted net assets are not subject to externally imposed stipulations, substantially all of the System's unrestricted net assets have been designated for various academic and research programs and initiatives, as well as capital projects.

System Related Organizations

Component Entity Net Assets (in \$1,000's)							
	2009	2008	Increase/ Decrease	Percent of Prior Yr	2007	Increase/ Decrease	Percent of Prior Yr
Assets							
Current Assets	\$186,602	\$104,275	\$82,327	179%	\$96,660	\$7,615	108%
Capital Assets	5,431	5,735	(304)	95%	5,246	489	102%
Other Assets	153,894	249,531	(95,637)	62%	238,581	10,950	105%
Total Assets	345,927	359,541	(13,614)	96%	340,487	19,054	106%
Liabilities							
Current Liabilities	11,042	9,692	1,350	114%	9,591	101	101%
Non-Current Liabilities	6,327	9,835	(3,508)	64%	1,926	7,909	511%
Total Liabilities	17,369	19,527	(2,158)	89%	11,517	8,010	170%
Net Assets							
Invested in Capital Assets Net of Debt	2,395	2,878	(483)	83%	2,814	64	102%
Restricted, Nonexpendable	151,029	175,514	(24,485)	86%	171,477	4,037	102%
Restricted, Expendable	127,165	112,690	14,475	113%	113,480	(790)	99%
Unrestricted	47,969	48,932	(963)	98%	41,199	7,733	119%
Total Net Assets	\$328,558	\$340,014	(\$11,456)	97%	\$328,970	\$11,044	103%

One of the critical factors in continuing the quality of the System's programs is the development and renewal of its capital assets. The eight foundations, as System Related Organizations, continue to support the campuses in their long-range plans and provide support for construction of facilities. Changes in the above schedule primarily reflect the foundations success in increasing System support. The remaining changes can be attributed to School of Medicine Practice Plans' patient care activities.

REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. The purpose of the statement is to present the revenues received by the System, both operating and non-operating,

and the expenses paid by the System, operating and non-operating, as well as any other revenues, expenses, gains and losses received or spent by the System.

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

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

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

	2009	2008	Increase/ Decrease	Percent of Prior Year	2007	Increase/ Decrease	Percent of Prior Year
Operating Revenues							
Student tuition and fees, net	\$284,888	\$256,803	\$28,085	111%	\$236,451	\$20,352	109%
Grants and contracts, Federal	222,605	214,430	8,175	104%	204,495	9,935	105%
Grants and contracts, Other	80,798	78,969	1,829	102%	93,741	(14,772)	84%
Sales and Services	146,409	145,953	456	100%	140,795	5,158	104%
Other	16,511	14,813	1,698	111%	9,645	5,168	154%
Total Operating Revenues	751,211	710,968	40,243	106%	685,127	25,841	104%
Operating Expenses							
Employees comp/ Benefits	(943,615)	(933,740)	(9,875)	101%	(865,755)	(67,985)	108%
Utilities	(38,211)	(37,328)	(883)	102%	(35,174)	(2,154)	106%
Supplies and Services	(283,075)	(288,419)	5,344	98%	(287,506)	(913)	100%
Scholarship and Fellowships	(51,157)	(41,176)	(9,981)	124%	(43,296)	2,120	95%
Depreciation	(86,687)	(75,507)	(11,180)	115%	(71,591)	(3,916)	105%
Total Operating Expenses	(1,402,745)	(1,376,170)	(26,575)	102%	(1,303,322)	(72,848)	106%
Expenses							
Non-Operating Revenues and Expenses							
State Appropriation	619,609	621,683	(2,074)	100%	592,476	29,207	105%
Gifts	34,346	37,631	(3,285)	91%	28,248	9,383	133%
Investment Income	(83,743)	5,498	(89,241)	-1523%	89,545	(84,047)	6%
Disposal of Capital Asset	(2,376)	(2,795)	419	85%	(1,709)	(1,086)	164%
Interest Expense	(21,464)	(17,048)	(4,416)	126%	(18,409)	1,361	93%
Other Non-Operating Revenues (Expenses)	14,634	(508)	15,142	-2881%	(146)	(362)	348%
Total Non-Operating Revenues and Expenses	561,006	644,461	(83,455)	87%	690,005	(45,544)	93%
Other Revenues (Expenses)							
Other Revenues (Expenses)	(13,342)	232,619	(245,961)	-6%	44,648	187,971	521%
Total Other Revenues (Expenses)	(13,342)	232,619	(245,961)	-6%	44,648	187,971	521%
Net Assets							
Increase (Decrease) in Net Assets	(103,870)	211,878	(315,748)	-49%	116,458	95,420	182%
Net Assets, Beginning of Year	2,103,799	1,891,921	211,878	111%	1,775,463	116,458	107%
Total Net Assets	\$1,999,929	\$2,103,799	(\$103,870)	95%	\$1,891,921	\$211,878	111%

Operating revenues increased by \$40.2 million (5.7%) and operating expenses decreased by \$26.6 million (1.9%), resulting in a decrease in the operating loss of \$13.7 million (2.1%).

Operating Revenue - Student Tuition and Fees increased 11% to \$284.9 million as a result of the Board of Regents approved tuition and fee increases and, to a lesser extent, enrollment growth. Federal grants and contracts experienced an increase of 3.8% to \$222.6 million and also a slight increase in State, local, and other grants and contracts of 2% to \$80.8 million.

The decrease in operating expenses was driven by decreases in Employee Compensation and

Benefits, supplies and scholarship expenses. This is a result of NSHE's aggressive cost cutting drive in response to the budget cuts and investment losses.

Non-operating net revenues decreased by \$83.5 million. This was led by a significant decrease in investment income-net (\$89.2 million) offset by slight increase other non-operating revenues (\$15.1 million).

System Related Organizations

Component entities decreased slightly from 2008 to 2009, as shown in the following schedule.

	2009	2008	Increase/ Decrease	Percent of Prior Year	2007	Increase/ Decrease	Percent of Prior Year
Operating Revenues							
Patient Revenue	\$64,634	\$63,408	\$1,226	102%	\$48,761	\$14,647	130%
Contract Revenue	7,794	7,167	627	109%	8,050	(883)	89%
Contributions	59,679	58,739	940	102%	53,428	5,311	110%
Campus Support	6,030	2,539	3,491	237%	2,284	255	111%
Other	4,695	6,059	(1,364)	77%	8,191	(2,132)	74%
Total Operating Revenues	142,832	137,912	4,920	104%	120,714	17,198	114%
Operating Expenses							
Program Expenses	(53,599)	(55,178)	1,579	97%	(41,272)	(13,906)	134%
Other Operating Expenses	(36,532)	(29,252)	(7,280)	125%	(29,358)	106	100%
Depreciation	(1,103)	(948)	(155)	116%	(985)	37	96%
Total Operating Expenses	(91,234)	(85,378)	(5,856)	107%	(71,615)	(13,763)	119%
Non-Operating Revenues and Expenses							
Investment Income	(37,622)	(2,386)	(35,236)	1577%	17,113	(19,499)	-14%
Payments to NSHE System	(38,405)	(53,610)	15,205	72%	(56,053)	2,443	96%
Other Non-Operating Revenues	(269)	(784)	515	34%	13,731	(14,515)	-6%
Total Non-Operating Revenues & Expenses	(76,296)	(56,780)	(19,516)	134%	(25,209)	(31,571)	225%
Other Revenues							
Other Revenues	13,242	15,290	(2,048)	87%	14,174	1,116	108%
Total Other Revenues	13,242	15,290	(2,048)	87%	14,174	1,116	108%
Net Assets							
Increase in Net Assets	(11,456)	11,044	(22,500)	-104%	38,064	(27,020)	29%
Net Assets, June 30	340,014	328,970	11,044	103%	290,906	38,064	113%
Total Net Assets	\$328,558	\$340,014	(\$11,456)	97%	\$328,970	\$11,044	103%

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

Net cash flows decreased primarily due to an operating budget reduction from the State of Nevada and a significant decrease in investment income. Cash used in operating activities decreased, reflecting NSHE's aggressive cost saving measures in response to the State budget cuts and investment losses. Net operating cash flows (amount of cash used in operating activities) decreased 2%.

Cash flows from capital financing activities indicated a decrease of \$17.4 million, reflecting decline in the expenditure of cash on capital assets. Cash generated through investing activities decreased by \$113.3 million. This category generally reflects the System's liquidation of investment instruments to finance capital acquisitions, which occurred on a much smaller scale than in 2008.

	2009	2008	Increase (Decrease)	Percent of Prior Yr	2007	Increase (Decrease)	Percent of Prior Yr
Operating Activities	(\$568,900)	(\$580,597)	\$11,697	98%	(\$530,563)	(\$50,034)	109%
Non-Capital financing	686,258	675,332	10,926	102%	593,707	81,625	114%
Capital & related financing activities	(121,888)	(139,302)	17,414	87%	(191,251)	51,949	73%
Investing activities	(17,032)	(50,346)	33,314	-34%	142,665	(193,011)	(353%)
Net increase (decrease) in cash	(21,562)	(94,913)	73,351		14,558		
Cash - Beginning of the year	174,125	269,038	(94,913)		254,480		
Cash- End of the year	\$152,563	\$174,125	(\$21,562)		\$269,038		

CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2009, the System had invested \$1.915 billion in a broad range of capital assets, including equipment, buildings, machinery and equipment, library books and media, art and other valuable collections and land. This represents a net increase (including additions and deletions) of \$125.1 million over the June 30, 2008, total of \$1.790 billion.

During fiscal year 2009, NSHE issued a total of \$78.3M in revenue bonds. As of June 30, 2009, the coverage on the University Revenue Bonds (pledged revenues to maximum annual debt service) was 4.348 times. For statutory purposes, the coverage was 1.682 times, above minimum coverage of 1.10. NSHE did not issue notes during the fiscal year 2009.

FUTURE FINANCIAL EFFECTS

In the recent years the demand for higher education services has grown at a stable rate. From FY 08 to FY 09, the System realized a growth of 3.7% student full time equivalent (SFTE) enrollments. Preliminary counts at the community colleges and state college currently indicate growth rates for FY10 similar to these recent patterns. Current data also indicate a slight growth in university enrollments.

Funding appropriations for both FY 10 and FY 11 were made by the 2009 Legislature in June 2009. The appropriated portion (general fund dollars) of the FY 10 State-Supported Operating Budget decreased by 26.7 % from FY 09 Legislative approved levels of \$683.8 million to \$501.0 million. The decrease was partially mitigated by the receipt of American Reinvestment and Recovery Act – State Fiscal Stabilization Funding in the amount of \$93.4 million, bringing the net decrease to 13.1%. Other revenue sources in the state budget, including registration fees, a student surcharge, and non-resident tuition, increased in FY 09 from \$201.7 million to \$217.0 million.

In line with recent experience, while University enrollments slight growth, there is enough growth at some of the other campuses that NSHE is asking the Interim Finance Committee (IFC), in line with Senate Bill 431 to expend excess student fees. These excess student fees were collected as a result of increased enrollments. At the next IFC meeting, NSHE will request approval to expend \$2,951,330. These funds will be used to augment the existing state budgets for the affected campuses.

The Governor has asked NSHE and other State agencies, to plan for the likelihood of additional budget recisions beyond those already experienced. Correspondence from the Governor's Office indicates the need to plan for possible March 1, 2010 implementation, the last quarter of FY 2010 and all of FY 2011 in case the State's budget deficit grows beyond current levels. The Chancellor, in response to the possibility of possible budget recisions, has asked the campuses to plan for an eight percent budget reduction. A special meeting of the Board of Regents is currently planned for February 2, 2010 to consider these actions.

During the course of FY 09, the Governor announced operating budget recisions in an amount equal to 7.92% of the appropriated operating budget for 09, as well as the reduction of several state-paid fringe benefits such as worker's compensation and group health insurance. The net recision for all categories systemwide was \$58.3 million. Indications are that the State of Nevada budget shortfall will continue through FY 10 and FY 11, although the likelihood of cuts from current levels in FY 10 is still uncertain.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

NEVADA SYSTEM OF HIGHER EDUCATION
STATEMENTS OF NET ASSETS (in \$1,000's)
AS OF JUNE 30, 2009 AND 2008

<u>ASSETS</u>	<u>System</u>		<u>System Related Organizations</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Current Assets				
Cash and cash equivalents	\$ 35,640	\$ 2,815	\$ 45,942	\$ 52,093
Restricted cash and cash equivalents	162	2,466	1,358	1,704
Short-term investments	380,489	416,772	112,633	30,783
Accounts receivable, net	26,715	30,950	546	666
Receivable from U.S. Government	36,664	38,238	-	-
Receivable from State of Nevada	3,793	16,121	-	-
Current portion of pledges receivable, net	-	-	13,126	6,571
Patient accounts receivable, net	-	-	8,522	8,852
Current portion of loans receivable, net	2,061	2,305	9	97
Inventories	6,073	6,471	-	3
Deposits and deferred expenditures	7,562	4,475	1,328	327
Other	334	884	3,138	3,179
Total Current Assets	499,493	521,497	186,602	104,275
Noncurrent Assets				
Cash held by State Treasurer	108,794	149,922	-	-
Restricted cash and cash equivalents	7,967	18,922	569	569
Receivable from State of Nevada	7,518	62,214	-	-
Endowment investments	176,998	206,690	92,329	188,904
Deposits and deferred expenditures	4,899	4,597	-	-
Pledges receivable, net	-	-	42,227	36,941
Loans receivable, net	9,794	8,933	-	-
Capital assets, net	1,915,412	1,790,276	5,431	5,735
Other noncurrent assets	336	357	18,769	23,117
Other assets	-	18,300	-	-
Total Noncurrent Assets	2,231,718	2,260,211	159,325	255,266
TOTAL ASSETS	2,731,211	2,781,708	345,927	359,541
LIABILITIES				
Current Liabilities				
Accounts payable	47,478	46,649	2,634	2,143
Accrued payroll and related liabilities	26,575	30,625	2,175	1,851
Unemployment insurance and workers' compensation liability	5,004	5,934	-	-
Current portion of compensated absences	29,027	30,948	14	12
Current portion of long-term debt	19,001	17,150	86	-
Current portion of obligations under capital leases	2,220	3,036	1,337	332
Accrued interest payable	11,188	9,921	-	-
Deferred revenue	35,311	37,384	366	447
Funds held in trust for others	11,208	8,400	-	-
Due to affiliates	426	-	4,266	3,648
Other	287	2,519	164	1,259
Total Current Liabilities	187,725	192,566	11,042	9,692
Noncurrent Liabilities				
Refundable advances under federal loan programs	7,545	7,442	-	-
Compensated absences	14,045	14,392	-	-
Deferred revenue	66	543	2,552	2,804
Long-term debt	509,644	449,227	837	-
Obligations under capital leases	6,482	7,564	426	717
Due to State	5,775	6,175	-	-
Other noncurrent liabilities	-	-	2,512	6,314
Total Noncurrent Liabilities	543,557	485,343	6,327	9,835
TOTAL LIABILITIES	731,282	677,909	17,369	19,527
NET ASSETS				
Invested in capital assets, net of related debt	1,382,189	1,314,351	2,395	2,878
Restricted:				
Nonexpendable	80,211	81,527	151,029	175,514
Expendable:				
Scholarships, research and instruction	105,464	142,851	123,795	111,967
Loans	5,488	6,211	-	-
Capital projects/Other	112,775	213,819	3,370	723
Debt service	11,538	10,686	-	-
Unrestricted	302,264	334,354	47,969	48,932
TOTAL NET ASSETS	\$1,999,929	\$2,103,799	\$328,558	\$340,014

The accompanying notes are an integral part of these financial statements.

NEVADA SYSTEM OF HIGHER EDUCATION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (in \$1,000's)
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	<u>System</u>		<u>System Related Organizations</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Operating Revenues				
Student tuition and fees (net of scholarship allowances of \$63,584 and \$53,502)	\$ 284,888	\$ 256,803	\$ -	\$ -
Federal grants and contracts	222,605	214,430	-	-
State grants and contracts	37,758	37,699	-	-
Local grants and contracts	24,540	24,826	-	-
Other grants and contracts	18,500	16,444	-	-
Campus support	-	-	6,030	2,539
Sales and services of educational departments (including \$2,525 and \$2,627 from System related organizations)	68,908	69,945	-	-
Sales and services of auxiliary enterprises (net of scholarship allowances of \$4,630 and \$6,183)	77,501	76,008	-	-
Contributions	-	-	59,679	58,739
Patient revenue	-	-	64,634	63,408
Contract revenue	-	-	7,794	7,167
Special events and fundraising	-	-	1,060	-
Interest earned on loans receivable	165	151	-	-
Other operating revenues	<u>16,346</u>	<u>14,662</u>	<u>3,635</u>	<u>6,059</u>
Total operating revenues	<u>751,211</u>	<u>710,968</u>	<u>142,832</u>	<u>137,912</u>
Operating Expenses				
Employee compensation and benefits	943,615	933,740	29,600	26,020
Utilities	38,211	37,328	-	-
Supplies and services	283,075	288,419	2,299	2,030
Scholarships and fellowships	51,157	41,176	100	-
Program expenses, System related organizations	-	-	53,599	55,178
Depreciation	86,687	75,507	1,103	948
Other operating expenses	-	-	4,533	1,202
Total operating expenses	<u>1,402,745</u>	<u>1,376,170</u>	<u>91,234</u>	<u>85,378</u>
Operating (loss) income	<u>(651,534)</u>	<u>(665,202)</u>	<u>51,598</u>	<u>52,534</u>
Nonoperating Revenues (Expenses)				
State appropriations	623,417	621,765	-	-
Refund to State	(3,808)	(82)	-	-
Gifts (including \$31,569 and \$26,695 from System related organizations)	34,346	37,631	-	-
Investment income (loss), net	(83,743)	5,498	(37,622)	(2,386)
Disposal of capital assets	(2,376)	(2,795)	(2)	(10)
Interest expense	(21,464)	(17,048)	(267)	(252)
Payments to System campuses and divisions	-	-	(38,405)	(53,610)
Other nonoperating revenues (expenses)	<u>14,634</u>	<u>(508)</u>	<u>-</u>	<u>(522)</u>
Net nonoperating revenues (expenses)	<u>561,006</u>	<u>644,461</u>	<u>(76,296)</u>	<u>(56,780)</u>
Loss before other revenue, expenses, gains or losses	<u>(90,528)</u>	<u>(20,741)</u>	<u>(24,698)</u>	<u>(4,246)</u>
State appropriations restricted for capital purposes	(26,884)	185,987	-	-
Capital grants and gifts (including \$7,588 and \$25,590 from System related organizations)	9,954	26,439	-	-
Additions to permanent endowments (including \$132 and \$188 from System related organizations)	3,588	20,543	13,242	15,290
Other expenses	-	(350)	-	-
Total other revenues (expenses)	<u>(13,342)</u>	<u>232,619</u>	<u>13,242</u>	<u>15,290</u>
Decrease (increase) in net assets	<u>(103,870)</u>	<u>211,878</u>	<u>(11,456)</u>	<u>11,044</u>
Net Assets				
Net assets – beginning of year	<u>2,103,799</u>	<u>1,891,921</u>	<u>340,014</u>	<u>328,970</u>
Net assets – end of year	<u>\$1,999,929</u>	<u>\$2,103,799</u>	<u>\$328,558</u>	<u>\$340,014</u>

The accompanying notes are an integral part of these financial statements.

**NEVADA SYSTEM OF HIGHER EDUCATION
STATEMENTS OF CASH FLOWS (in \$1,000's)
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

	<u>System</u>	
	<u>2009</u>	<u>2008</u>
<i>Cash Flows from Operating Activities</i>		
Student tuition and fees	\$282,363	\$258,773
Grants and contracts	318,898	317,030
Payments for supplies and services	(293,183)	(313,117)
Payments for utilities	(38,092)	(37,338)
Payments for employee compensation and benefits	(950,335)	(926,481)
Payments for scholarships and fellowships	(51,108)	(41,443)
Loans issued to students and employees	(2,679)	(2,041)
Collection of loans to students and employees	1,893	2,160
Sales and services of educational departments	69,035	75,861
Sales and services of auxiliary enterprises	77,037	71,343
Other receipts	<u>17,271</u>	<u>14,656</u>
Net cash used by operating activities	<u>(568,900)</u>	<u>(580,597)</u>
<i>Cash Flows from Noncapital Financing Activities</i>		
State appropriations	633,755	637,965
State appropriations refunded	(3,808)	(82)
Gifts and grants for other than capital purposes	35,081	34,107
Gifts for endowment purposes	21,888	2,243
Receipts under federal student loan programs	127,034	98,203
Disbursements under federal student loan programs	(127,239)	(98,202)
Other	(3,044)	(387)
Agency transactions	<u>2,591</u>	<u>1,485</u>
Net cash provided by noncapital financing activities	<u>686,258</u>	<u>675,332</u>
<i>Cash Flows from Capital Financing Activities</i>		
Proceeds from capital debt	79,379	12,400
Other	3,793	365
Payments for debt issuance costs	(372)	252
Capital appropriations	27,791	168,311
Capital grants and gifts received	7,865	25,391
Purchases of capital assets	(194,312)	(298,324)
Proceeds from sale of property and equipment	41	48
Principal paid on capital debt and leases	(21,700)	(24,790)
Interest paid on capital debt and leases	(22,908)	(21,786)
Deposits for the acquisition of property and equipment	<u>(1,465)</u>	<u>(1,169)</u>
Net cash used by capital financing activities	<u>(121,888)</u>	<u>(139,302)</u>
<i>Cash Flows from Investing Activities</i>		
Proceeds from sales and maturities of investments	880,123	56,965
Purchase of investments	(915,159)	(147,786)
Interest and dividends on investments	16,708	23,103
Net decrease in cash equivalents, noncurrent investments	<u>1,296</u>	<u>17,372</u>
Net cash provided (used) by investing activities	<u>(17,032)</u>	<u>(50,346)</u>
Net decrease in cash and cash equivalents	(21,562)	(94,913)
Cash and cash equivalents, beginning of year	<u>174,125</u>	<u>269,038</u>
Cash and cash equivalents, end of year	<u>\$152,563</u>	<u>\$174,125</u>

The accompanying notes are an integral part of these financial statements.

NEVADA SYSTEM OF HIGHER EDUCATION
STATEMENTS OF CASH FLOWS (in \$1,000's) (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2009 and 2008

	<u>System</u>	
	<u>2009</u>	<u>2008</u>
<i>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</i>		
Operating loss	(\$651,534)	(\$665,202)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Supplies expense related to noncash gifts	1,467	775
Depreciation expense	86,687	75,507
Changes in assets and liabilities:		
Accounts receivable, net	4,707	4,183
Loans receivable, net	(423)	138
Inventories	200	2
Deposits and deferred expenditures	(1,903)	(349)
Accounts payable	1,503	(5,801)
Accrued payroll and related liabilities	(4,049)	4,217
Unemployment insurance and workers' compensation liability	(931)	1,390
Deferred revenue	(2,453)	1,240
Refundable advances under federal loan program	96	(241)
Compensated absences	(2,267)	3,544
Net cash used by operating activities	<u>(\$568,900)</u>	<u>(\$580,597)</u>
<i>Supplemental Noncash Activities Information</i>		
Capital assets acquired by incurring capital lease obligations and accounts payable	<u>\$10,235</u>	<u>\$8,177</u>
Loss on disposal of capital assets	<u>\$ 1,972</u>	<u>\$2,477</u>
Capital assets acquired by gifts	<u>\$ 2,745</u>	<u>\$1,165</u>
Capital asset acquired in exchange of another asset	<u>\$15,557</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEARS ENDED JUNE 30, 2009 and 2008

NOTE 1 – Organization:

The financial statements represent the combined financial statements of the various divisions and campuses of the Nevada System of Higher Education (the “System” or “NSHE”), formerly known as the University and Community College System of Nevada, which include:

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

The System is an agency of the State of Nevada (the “State”) and receives significant support from, and has significant assets held by, the State, as set forth in the accompanying financial statements. The System is a component unit of the State of Nevada in accordance with the provisions of the Governmental Accounting Standards Board (“GASB”) Statement No. 14, *The Financial Reporting Entity*. The System Related Organizations’ columns in these financial statements are comprised of data from the System’s discretely presented campus foundations and medical school practice plans (see Note 19). These System Related Organizations are included as part of the System’s financial statements because of the nature and the significance of their financial relationship with the System.

The System Related Organizations include campus foundations which are related tax-exempt organizations founded to foster and promote the growth, progress, and general welfare of the System, and are reported in separate columns to emphasize that they are Nevada not-for-profit organizations legally separate from the System. During the years ended June 30, 2009 and 2008 the foundations distributed \$38,405 and \$53,610 respectively, to the System for both restricted and unrestricted purposes. Complete financial statements for the foundations can be obtained from Mike Reed, Vice Chancellor for Finance at NSHE, 2601 Enterprise Rd., Reno, NV 89512.

The System Related Organizations also include three legally separate non-profit organizations, together known as the medical school practice plans. The practice plans include the University of Nevada School of Medicine Multispecialty Group Practice North, Inc., University of Nevada School of Medicine Group Practice South, Inc., and Nevada Family Practice Residency Program, Inc. The practice plans were established for the benefit of the University of Nevada School of Medicine and its faculty physicians who are engaged in patient care activities. During the years ended June 30, 2009 and 2008 the practice plans distributed \$1,931 and \$817, respectively, to the System for restricted purposes. Complete financial statements for the practice plans can be obtained from Mike Reed, Vice Chancellor for Finance at NSHE, 2601 Enterprise Rd., Reno, NV 89512.

NOTE 2 – Summary of Significant Accounting Policies:

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

BASIS OF PRESENTATION

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

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

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEARS ENDED JUNE 30, 2009 and 2008

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

BASIS OF ACCOUNTING

The financial statements have been prepared on the accrual basis of accounting whereby all revenues are recorded when earned and all expenses are recorded when incurred. All significant transactions between various divisions and campuses of the System have been eliminated. The System has the option to apply all Financial Accounting Standards Board (“FASB”) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The System has elected not to apply FASB pronouncements issued after the applicable date. The financial statements are presented using the economic resources measurement focus.

CASH AND CASH EQUIVALENTS

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

INVESTMENTS

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

INVENTORIES

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

PLEDGES

In accordance with GASB Statement No. 33, *Accounting and Reporting for Non-Exchange Transactions*, private donations are recognized when all eligibility requirements are met, provided that the pledge is verifiable, the resources are measurable and collection is probable. Pledges receivable are recorded at net present value using the appropriate discount rate. An allowance for uncollectible pledges is estimated based on collection history and is netted against the gross pledges receivable.

CAPITAL ASSETS

Capital assets are defined as assets with an initial unit cost of \$5 in the year ended June 30, 2009 and 2008 and an estimated useful life in excess of one year. Such assets are stated at cost at the date of acquisition or fair market value at date of donation in the case of gifts. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets acquired through federal grants and contracts where the federal government retains a reversionary interest are capitalized and depreciated. Interest in the amount of \$2,991 was capitalized during the year ended June 30, 2009. Depreciation is computed on a straight-line basis over the following estimated useful lives:

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

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEARS ENDED JUNE 30, 2009 and 2008

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

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

DEFERRED REVENUE

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

COMPENSATED ABSENCES

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

FEDERAL REFUNDABLE LOANS

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

NET ASSETS

Net Assets are classified as follows:

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

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

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

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

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

OPERATING AND NONOPERATING REVENUES AND EXPENSES

SYSTEM

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

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

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEARS ENDED JUNE 30, 2009 and 2008

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

PRACTICE PLANS

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

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

FOUNDATIONS

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

SCHOLARSHIP ALLOWANCES

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

GRANTS-IN-AID

Student tuition and fees revenue include grants-in-aid charged to scholarships and fellowships and grants-in-aid for faculty and staff benefits charged to the appropriate expenditure programs to which the applicable personnel relate. Grants-in-aid for fiscal years 2009 and 2008 were \$9,129 and \$7,176, respectively.

TAX EXEMPTION

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

USE OF ESTIMATES

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

COMPARATIVE INFORMATION

Certain reclassifications have been made to the 2008 financial information in order to conform to 2009 presentation.

NEW ACCOUNTING PRONOUNCEMENTS

In November 2006, the GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which provides guidance for recording and disclosing activities related to pollution remediation which becomes effective for years beginning after December 15, 2007. The implementation of this pronouncement did not have a material impact on the System.

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which requires most identifiable intangibles be classified as capital assets and gives guidance on amortization, when appropriate. The Statement is effective for years beginning after June 15, 2009. The anticipated impact of this pronouncement is uncertain at this time.

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEARS ENDED JUNE 30, 2009 and 2008

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

In November 2007, the GASB issued Statement No.52, *Land and Other Real Estate Held as Investments by Endowments*, which improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purposes of generating income. The Statement is effective for years beginning after June 15, 2008. The implementation of this pronouncement did not have a material impact on the System.

In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which address the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The Statement becomes effective for years ending June 30, 2010. The anticipated impact of this pronouncement is uncertain at this time.

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The Statement is effective for the fiscal year ending June 30, 2011. The anticipated impact of this pronouncement is uncertain at this time.

NOTE 3 – System Cash and Cash Equivalents:

Cash and cash equivalents of the System are stated at cost, which approximates market, and consists of deposits in money market funds, which are not federally insured, and cash in the bank. At June 30, 2009 and 2008 the System's deposits in money market funds totaled \$23,800 and \$0 respectively, and cash in bank was \$8,799 and \$10,609, respectively. Of these balances, \$250 and \$200 at June 30, 2009 and 2008, respectively, are covered by the Federal Depository Insurance Corporation ("FDIC"), the remaining deposits are uncollateralized and uninsured. Restricted cash represents the unexpended bond proceeds held for construction of major assets.

NOTE 4 – System Investments:

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

Investments are stated at fair value. The historical cost and market value (fair value) of System investments at June 30, 2009 and 2008 is as follows:

	<u>2009</u>		<u>2008</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Mutual funds publicly traded	\$217,653	\$197,003	\$218,974	\$207,522
Partnerships	101,161	151,991	87,361	175,013
Stocks	11,855	11,506	14,269	15,547
Endowment cash and cash equivalents	277	277	362	362
Private commingled funds	<u>194,916</u>	<u>196,710</u>	<u>191,919</u>	<u>225,018</u>
	<u>\$525,862</u>	<u>\$557,487</u>	<u>\$512,885</u>	<u>\$623,462</u>

As of June 30, 2009, the System had entered into various investment agreements with private equity partnerships. Under the terms of certain of these investment agreements, the System is obligated to make additional investments in these private equity partnerships of \$5,042.

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

In 2009, there has been significant volatility in the domestic and international investment markets, primarily as a result of liquidity issues in credit markets. Consequently, the fair value of the System's investments is exposed to higher than typical price volatility which could result in a substantial reduction in the fair value of certain investments from the amounts reported as of June 30, 2009.

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEARS ENDED JUNE 30, 2009 and 2008

NOTE 4 – System Investments (continued):

Credit risk and interest rate risk

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

The credit risk profile for the System's operating and endowment investments at June 30, 2009 is as follows:

	<u>Fair Value</u>	<u>Not Rated</u>
Mutual funds publicly traded	\$ 197,003	\$ 197,003
Partnerships	151,991	151,991
Stocks	11,506	11,506
Endowment cash and cash equivalents	277	277
Private commingled funds	<u>196,710</u>	<u>196,710</u>
	<u>\$557,487</u>	<u>\$557,487</u>

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

Investments included in the above table have been identified as having interest rate risk and are principally invested in mutual funds and private commingled funds. The segmented time distribution for these investments at June 30, 2009 is as follows:

Less than 1 year	\$481,014
1 to 5 years	44,084
6 to 10 years	14,861
More than 10 years	<u>17,528</u>
	<u>\$557,487</u>

Custodial credit risk

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

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the System's investments within any one issuer. For the fixed portion of the endowment pool, the System's policy for reducing its exposure to concentration of credit risk is to limit the investments within any one issuer to a maximum of 5% of the fixed income portfolio, provided that issues of the U.S. Government or agencies of the U.S. Government may be held without limitation and provided further that issues of agencies of the U.S. Government shall be limited to the extent set forth in the manager-specific guidelines. The System does not have a specific policy with regard to the operating pool or the remainder of the endowment pool. At June 30, 2009 there were no investments within any one issuer in an amount that would constitute a concentration of credit risk to the System.

Foreign currency risk

Foreign currency risk is the risk of investments losing value due to fluctuations in foreign exchange rates. The System does not directly invest in foreign currency investments and is therefore not subject to foreign currency risk. However, the System has \$63,669 in mutual funds in both the operating and endowment pools that are primarily invested in international equities at June 30, 2009.

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEARS ENDED JUNE 30, 2009 and 2008

NOTE 5 – System Endowment Pool:

Approximately \$170,264 and \$198,725 of endowment fund investments at June 30, 2009 and 2008, respectively, are pooled on a unit market value basis. As of June 30, 2009, the endowment pool is comprised of investments in mutual funds (69%), stocks (3%), private equity partnerships (26%), and cash and cash equivalents (2%). As of June 30, 2008, the endowment pool is comprised of investments in mutual funds (68%), stocks (4%), private equity partnerships (27%) and other investments (1%). Each individual endowment fund acquires or disposes of units on the basis of the market value per unit on the preceding quarterly valuation date. The unit market value at June 30, 2009 and 2008 was \$400.95 and \$515.56, respectively. The System follows the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

The System utilizes a spending rule for its pooled endowments, which determines the endowment income to be distributed currently for spending. For the years ended June 30, 2009 and 2008, the endowment spending policy, as approved by the Board of Regents, authorized a distribution of 4.5% of the average unit market value for the previous twenty (20) calendar quarters. Under the provisions of this spending rule, during 2009, \$19.95 was distributed to each time-weighted unit for a total spending rule distribution of \$9,905 and, during 2008, \$18.28 was distributed to each time-weighted unit for a total spending rule distribution of \$11,948. The 2009 and 2008 distributions were made from investment income of \$2,756 and \$3,599, respectively, and \$7,149 and \$8,349, respectively from cumulative gains of pooled investments.

The System's policy is to retain the endowment's realized and unrealized appreciation with the endowment after the annual income distribution has been made. Such realized and unrealized appreciation retained in endowment investments was \$119,583 and \$132,768 at June 30, 2009 and 2008, respectively, and is available to meet future spending needs subject to the approval of the Board of Regents.

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

NOTE 6 – System Accounts Receivable:

System accounts receivable consist primarily of amounts due from students for tuition and fees and from local and private sources for grant and contract agreements. System accounts receivable are presented on the accompanying Statements of Net Assets net of allowances for uncollectible amounts of \$10,660 and \$5,539, respectively, as of June 30, 2009 and 2008.

	<u>2009</u>	<u>2008</u>
Accounts receivable:		
Student tuition and fees	\$13,875	\$ 9,548
Sales and services	5,084	5,919
Local and private grants and contracts	12,303	13,371
Other	<u>6,113</u>	<u>7,651</u>
	37,375	36,489
Less: Allowance for doubtful loans	<u>(10,660)</u>	<u>(5,539)</u>
Net accounts receivable	<u>\$26,715</u>	<u>\$30,950</u>

NOTE 7 – System Loans Receivable:

Loans receivable from students bear interest primarily between 3% and 15% per annum and are generally repayable in installments to the various campuses over a five to ten year period commencing nine months from the date of separation from the institution. Student loans made through the Federal Perkins Loan Program comprise substantially all of the loans receivable at June 30, 2009 and 2008. A provision for possible uncollectible amounts is recorded on the basis of the various institutions' estimated future losses for such items. The loans receivable and corresponding allowance for uncollectible loan balances as of June 30, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Loans receivable	\$12,723	\$11,778
Less: Allowance for doubtful loans	<u>(868)</u>	<u>(540)</u>
Net loans receivable	11,855	11,238
Less current portion	<u>(2,061)</u>	<u>(2,305)</u>
Noncurrent loans receivable	<u>\$ 9,794</u>	<u>\$ 8,933</u>

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEARS ENDED JUNE 30, 2009 and 2008

NOTE 8 – System Capital Assets:

System capital asset activity for the years ended June 30, 2009 and 2008 is as follows:

	Beginning Balance	2009		Ending Balance
		Increases	Decreases	
Capital assets not being depreciated:				
Construction in progress	\$ 383,603	\$128,356	(\$385,101)	\$ 126,858
Land	65,407	16,414	-	81,821
Collections	9,778	148	(229)	9,697
Total capital assets not being depreciated	<u>458,788</u>	<u>144,918</u>	<u>(385,330)</u>	<u>218,376</u>
Capital assets being depreciated:				
Buildings	1,638,629	412,226	(1,015)	2,049,840
Land improvements	89,011	12,932	(1,295)	100,648
Machinery and equipment	293,640	24,113	(16,541)	301,212
Library books and media	108,149	5,876	(907)	113,118
Total	<u>2,129,429</u>	<u>455,147</u>	<u>(19,758)</u>	<u>2,564,818</u>
Less accumulated depreciation for:				
Buildings	(452,692)	(47,889)	6,350	(494,231)
Land improvements	(67,299)	(8,986)	1,105	(75,180)
Machinery and equipment	(184,710)	(28,486)	13,926	(199,270)
Library books and media	(93,240)	(6,716)	855	(99,101)
Total accumulated depreciation	<u>(797,941)</u>	<u>(92,077)</u>	<u>22,236</u>	<u>(867,782)</u>
Total capital assets being depreciated, net	<u>1,331,488</u>	<u>363,070</u>	<u>2,478</u>	<u>1,697,036</u>
Capital assets, net	<u>\$1,790,276</u>	<u>\$507,988</u>	<u>(\$382,852)</u>	<u>\$1,915,412</u>
2008				
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	\$ 345,647	\$234,298	(\$196,342)	\$ 383,603
Land	64,601	806	-	65,407
Collections	8,796	982	-	9,778
Total capital assets not being depreciated	<u>419,044</u>	<u>236,086</u>	<u>(196,342)</u>	<u>458,788</u>
Capital assets being depreciated:				
Buildings	1,432,501	214,746	(8,618)	1,638,629
Land improvements	82,171	6,986	(146)	89,011
Machinery and equipment	281,320	27,083	(14,763)	293,640
Library books and media	102,605	6,447	(903)	108,149
Total	<u>1,898,597</u>	<u>255,262</u>	<u>(24,430)</u>	<u>2,129,429</u>
Less accumulated depreciation for:				
Buildings	(414,809)	(38,460)	577	(452,692)
Land improvements	(63,325)	(4,054)	80	(67,299)
Machinery and equipment	(170,247)	(26,963)	12,500	(184,710)
Library books and media	(87,611)	(6,530)	901	(93,240)
Total accumulated depreciation	<u>(735,992)</u>	<u>(76,007)</u>	<u>14,058</u>	<u>(797,941)</u>
Total capital assets being depreciated, net	<u>1,162,605</u>	<u>179,255</u>	<u>(10,372)</u>	<u>1,331,488</u>
Capital assets, net	<u>\$1,581,649</u>	<u>\$415,341</u>	<u>(\$206,714)</u>	<u>\$1,790,276</u>

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEARS ENDED JUNE 30, 2009 and 2008

NOTE 9 – System Long-Term Debt:

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

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

NEVADA SYSTEM OF HIGHER EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEARS ENDED JUNE 30, 2009 and 2008**

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

System long-term debt activity for the years ended June 30, 2009 and 2008 is as follows:

	Annual Interest Rate	Fiscal Year Final Payment Date	Beginning Balance	Additions	Reductions	Ending Balance	Current
		2009					
Universities Revenue Bonds, Series 1995	3.90% to 5.25%	2011	\$ 365	\$ -	(\$ 115)	\$ 250	\$ 120
Universities Revenue Bonds, Series 1998	4.00% to 5.25%	2014	4,560	-	(675)	3,885	705
Universities Revenue Bonds, Series 2000	5.10% to 5.88%	2021	1,395	-	(680)	715	715
Universities Revenue Bonds, Series April 2000	5.00% to 5.75%	2030	1,010	-	(320)	690	335
Universities Revenue Bonds, Series December 2000	5.00% to 5.375%	2021	3,760	-	(1,195)	2,565	1,255
Shadow Lane – Dental School Bond, Series 2001	4.25% to 5.25%	2032	1,685	-	(395)	1,290	410
Universities Revenue Bonds, Series 2002A	3.87% to 5.40%	2032	27,110	-	(715)	26,395	740
Universities Revenue Bonds, Series 2002B	4.75% to 5.00%	2033	10,905	-	-	10,905	-
Taxable University Revenue Bonds, Series 2002C	4.00% to 5.50%	2022	7,005	-	(375)	6,630	390
Universities Revenue Bonds, Series 2003A	2.00% to 5.00%	2017	14,030	-	(1,620)	12,410	1,700
Universities Revenue Bonds, Series 2003B	2.00% to 5.00%	2034	49,165	-	(1,080)	48,085	1,115
Universities Revenue Bonds, Series 2004A	2.00% to 4.50%	2034	28,530	-	(1,355)	27,175	1,385
Universities Revenue Bonds, Series 2004B	3.00% to 4.75%	2035	10,000	-	(215)	9,785	220
Universities Revenue Bonds, Series 2005A	3.00% to 5.00%	2036	31,010	-	-	31,010	180
Universities Revenue Bonds, Series 2005B	3.25% to 5.00%	2036	169,635	-	(1,620)	168,015	1,935
Universities Revenue Bonds, Series 2008A	3.00% to 5.00%	2039	-	60,135	-	60,135	1,165
Universities Revenue Bonds, Series 2009A	2.00% to 5.25%	2039	-	18,140	-	18,140	-
Certificates of Participation, Series 2006A	4.00% to 5.00%	2025	11,015	-	-	11,015	-
Certificates of Participation, Series 2006B	4.81% to 4.98%	2011	1,475	-	(470)	1,005	490
SNSC Phase II Lease Revenue Bonds	7.58%	2023	7,425	-	(285)	7,140	305
Prepaid Interest in Advance of Refunding Premiums			(1,813)	-	253	(1,560)	(253)
Total Bonds Payable			<u>11,586</u>	<u>98</u>	<u>(474)</u>	<u>11,210</u>	<u>474</u>
Notes Payable			389,853	78,373	(11,336)	456,890	13,386
Total			<u>76,524</u>	<u>2,100</u>	<u>(6,869)</u>	<u>71,755</u>	<u>5,615</u>
			<u>\$466,377</u>	<u>\$80,473</u>	<u>(\$18,205)</u>	<u>\$528,645</u>	<u>\$19,001</u>

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
 FOR THE YEARS ENDED JUNE 30, 2009 and 2008

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

System notes payable activity is as follows:

	Interest Rate	Date Issued	Final Payment Date	Original Amount	Outstanding Balance
	<u>2009</u>				
Bank of America N. A. Commercial Markets, UNLV – T&M Chiller and Refunding	3.7249%	12/20/06	06/01/21	21,376	20,664
Sun Trust Banks, Inc., UNLV – Refunding	3.93%	12/20/06	07/01/26	16,713	16,216
Other notes payable	1.07% - 6.30%				<u>34,875</u>
					<u>\$71,755</u>

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEARS ENDED JUNE 30, 2009 and 2008

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

	Annual Interest Rate	Fiscal Year Final Payment Due	2008		Additions	Reductions	Ending Balance	Current
			Beginning Balance	Ending Balance				
Universities Subordinate Lien Revenue Bonds, Series 1992	3.95% to 6.70%	2008	\$ 315	\$ -	\$ -	\$ 315	\$ -	
Certificates of Participation, Series 2006B	4.81% to 4.98%	2010	1,925	-	(450)	1,475	470	
Universities Revenue Bonds, Series 1995	3.95% to 5.25%	2011	475	-	(110)	365	115	
Universities Revenue Bonds, Series 1998	4.00% to 5.25%	2014	5,200	-	(640)	4,560	675	
Universities Revenue Bonds, Series 2003A	2.00% to 5.00%	2017	17,825	-	(3,795)	14,030	1,620	
Universities Revenue Bonds, Series 2000	5.10% to 5.88%	2021	2,040	-	(645)	1,395	680	
Universities Revenue Bonds, Series December 2000	5.00% to 5.375%	2021	4,900	-	(1,140)	3,760	1,195	
Taxable University Revenue Bonds, Series 2002C	4.00% to 5.50%	2022	7,225	-	(220)	7,005	375	
SNSC Phase II Lease Revenue Bonds	7.58%	2023	7,690	-	(265)	7,425	285	
Certificates of Participation, Series 2006A	4.00% to 5.00%	2025	11,015	-	-	11,015	-	
Universities Revenue Bonds, Series April 2000	5.00% to 5.88%	2030	1,315	-	(305)	1,010	320	
Shadow Lane – Dental School Bond, Series 2001	4.25% to 5.25%	2032	2,065	-	(380)	1,685	395	
Universities Revenue Bonds, Series 2002A	3.87% to 5.40%	2032	27,110	-	-	27,110	715	
Universities Revenue Bonds, Series 2002B	4.75% to 5.00%	2032	10,905	-	-	10,905	-	
Universities Revenue Bonds, Series 2003B	2.00% to 5.00%	2034	50,030	-	(865)	49,165	1,080	
Universities Revenue Bonds, Series 2004A	2.00% to 4.50%	2034	29,860	-	(1,330)	28,530	1,355	
Universities Revenue Bonds, Series 2004B	3.00% to 4.75%	2035	10,000	-	-	10,000	215	
Universities Revenue Bonds, Series 2005A	3.00% to 5.00%	2035	31,010	-	-	31,010	-	
Universities Revenue Bonds, Series 2005B	3.25% to 5.00%	2035	170,360	-	(725)	169,635	1,620	
Prepaid Interest in Advance of Refunding Premiums			(2,066)	-	253	(1,813)	(253)	
Total Bonds Payable			<u>12,057</u>	-	<u>(471)</u>	<u>11,586</u>	<u>471</u>	
Notes Payable			401,256	-	(11,403)	389,853	11,333	
Total			<u>82,949</u>	<u>11,200</u>	<u>(17,625)</u>	<u>76,524</u>	<u>5,817</u>	
			<u>\$484,205</u>	<u>\$11,200</u>	<u>(\$29,028)</u>	<u>\$466,377</u>	<u>\$17,150</u>	

NEVADA SYSTEM OF HIGHER EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEARS ENDED JUNE 30, 2009 and 2008**

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

System notes payable activity is as follows:

2008

	Interest Rate	Date Issued	Final Payment Date	Original Amount	Outstanding Balance
Bank of America N. A. Commercial Markets, UNLV – T&M Chiller and Refunding	3.7249%	12/20/06	06/01/21	21,376	20,940
Sun Trust Banks, Inc., UNLV – Refunding	3.93%	12/20/06	07/01/26	16,713	16,479
Other notes payable	1.07% - 6.30%				<u>39,105</u>
					<u>\$76,524</u>

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEARS ENDED JUNE 30, 2009 and 2008

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

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

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 19,001	\$ 23,232	\$ 42,233
2011	20,909	22,511	43,420
2012	19,689	21,728	41,417
2013	20,154	20,935	41,089
2014	20,979	20,080	41,059
2015-2019	103,081	87,331	190,412
2020-2024	93,489	65,049	158,538
2025-2029	90,846	43,806	134,652
2030-2034	97,284	21,787	119,071
2035-2039	<u>43,213</u>	<u>3,551</u>	<u>46,764</u>
Total	<u>\$528,645</u>	<u>\$330,010</u>	<u>\$858,655</u>

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

NOTE 10 – System Obligations Under Capital Leases:

The System has entered into various non-cancellable lease agreements of land, buildings and improvements, and machinery and equipment expiring at various dates from fiscal year 2009 to 2019.

System obligations under capital leases were as follows for the year ended June 30, 2009 and 2008:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>2009</u>		<u>Ending Balance</u>	<u>Current</u>
			<u>Reductions</u>			
Capital lease obligations	<u>\$10,600</u>	<u>\$2,033</u>	<u>(\$3,931)</u>		<u>\$8,702</u>	<u>\$2,220</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>2008</u>		<u>Ending Balance</u>	<u>Current</u>
Capital lease obligations	<u>\$12,483</u>	<u>\$1,027</u>	<u>(\$2,910)</u>		<u>\$10,600</u>	<u>\$3,036</u>

The following System property included in the accompanying financial statements was leased under capital leases as of June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Buildings and improvements	\$10,421	\$10,421
Machinery and equipment	<u>11,962</u>	<u>12,012</u>
Total	22,383	22,433
Less accumulated depreciation	<u>(10,102)</u>	<u>(8,940)</u>
Total	<u>\$12,281</u>	<u>\$13,493</u>

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEARS ENDED JUNE 30, 2009 and 2008

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

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

2010	\$2,564
2011	2,520
2012	1,386
2013	1,359
2014	1,025
2015-2019	<u>896</u>
Total minimum lease payments	9,750
Less amount representing interest	<u>(1,048)</u>
Obligations under capital leases	<u>\$8,702</u>

Total interest expense under the System capital leases and included in the accompanying financial statements was \$451 and \$596, respectively, during the years ended June 30, 2009 and 2008.

NOTE 11 – System Other Noncurrent Liability Activity:

The activity with respect to System other noncurrent liabilities for the years ended June 30, 2009 and 2008 was as follows:

	<u>2009</u>				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current</u>
Refundable advances under federal loans program	\$ 7,442	\$ 377	(\$ 274)	\$ 7,545	\$ -
Compensated absences	45,340	28,129	(30,397)	43,072	29,027
Retentions payable	293	-	(293)	-	-
Deferred revenue	37,927	33,193	(35,743)	35,377	35,311
Other non-current liabilities	-	5,775	-	5,775	-
Total	<u>\$91,002</u>	<u>\$67,474</u>	<u>(\$66,707)</u>	<u>\$91,769</u>	<u>\$64,338</u>

	<u>2008</u>				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current</u>
Refundable advances under federal loans program	\$ 7,654	\$ 518	(\$ 730)	\$ 7,442	\$ -
Compensated absences	41,572	32,015	(28,247)	45,340	30,948
Retentions payable	1,923	375	(2,005)	293	293
Deferred revenue	<u>36,694</u>	<u>36,765</u>	<u>(35,532)</u>	<u>37,927</u>	<u>37,384</u>
Total	<u>\$87,843</u>	<u>\$69,673</u>	<u>(\$66,514)</u>	<u>\$91,002</u>	<u>\$68,625</u>

NOTE 12 – Extinguishment of Debt:

At June 30, 2009, debt in the amount of \$56,230 is considered to be extinguished through refunding of prior issues by a portion of the current issues. Sufficient proceeds were invested in state and local government securities and placed in escrow to assure the timely payment of the maturities of prior issues. Neither the debt nor the escrowed assets are reflected on the financial statements.

NOTE 13 – Irrevocable Letter of Credit:

In connection with its worker's compensation liability coverage, the System is required to maintain a \$629 standby letter of credit. An additional letter of credit was established in April 2004 in connection with the System's self-insured workers' compensation liability; the amount as of June 30, 2009 was \$1,708. A letter of credit was established in July 2003 in connection with the DRI Lease Revenue Bond in the amount of \$2,100. No advances were made under the letters of credit during the years ended June 30, 2009 and 2008.

NOTE 14 – System Pension Plans:

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

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEARS ENDED JUNE 30, 2009 and 2008

NOTE 14 – System Pension Plans (continued):

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

The authority for establishing and amending the obligation to make contributions is provided by statute. Contribution rates are also established by statute. Active employees contribute to PERS at a rate of either 10.5% or 0% of annual covered wages depending on the contribution option selected. The System is required to contribute to PERS at a rate of either 10.5% or 19.75% of annual covered wages, depending on the option selected by the employee. The System is not liable for any unfunded liabilities of PERS.

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

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

The System's contribution to all retirement plans for the years ended June 30, 2009 and 2008 was approximately (in thousands) \$71,312 and \$73,589, respectively, equal to the required contribution for each year.

NOTE 15 – System Postemployment Benefits Other than Pensions:

In June 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, which requires accrual-based measurement, recognition and disclosure of other postemployment benefits (OPEB) expense, such as retiree medical and dental costs, over the employees' years of service, along with the related liability, net of any plan assets. The provisions of GASB Statement No. 45 for governments that were phase 1 governments, such as the Nevada System of Higher Education, for the purpose of implementation of Statement 34—those with annual revenues of \$100 million or more—was effective for fiscal years beginning after December 15, 2006.

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

The Public Employees' Benefits Program administers these benefits as a multiple employer cost sharing plan. The State Retirees' Health and Welfare Benefits Trust Fund has been created to provide benefits to retirees and their beneficiaries. The State has contributed \$19,700 to the irrevocable trust as a multiple employer cost sharing plan. The unfunded actuarial accrued liability for the trust, as of the most recent valuation on July 1, 2008, is \$1,790,000. This compares to \$2,210,000 on July 1, 2007. This is recorded as a liability of the trust and not of the State or the System.

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

NOTE 16 – System Commitments and Contingent Liabilities:

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

The State of Nevada Department of Internal Audits has conducted an audit of 2007 building depreciation expenses the State may recover from the System. The final draft audit report identifies approximately \$16,000 that may be assessed prospectively by the State on an annual basis. It is the opinion of the System and its legal counsel that the System is not subject to this assessment. The System is in discussion with representative from the State of Nevada Attorney General's Office seeking to resolve this issue.

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEARS ENDED JUNE 30, 2009 and 2008

NOTE 16 – System Commitments and Contingent Liabilities (continued):

The System has an actuarial study of its workers' compensation losses completed annually. The study addresses the reserves necessary to pay open claims from prior years and projects the rates needed for the coming year. Based on the fiscal year 2009 study, the System's reserves exceed the actuary's most pessimistic projections. The System uses a third party administrator to adjust its workers' compensation claims.

The System is self-insured for its unemployment liability. The System is billed by the State each quarter based the actual unemployment benefits paid by the State. Each year the System budgets resources to pay for the projected expenditures. The amount of future benefits payments to claimants and the resulting liability to the System cannot be reasonably determined as of June 30, 2009.

The estimated cost to complete property authorized or under construction at June 30, 2009 is \$150,457. These costs will be financed by State appropriations, private donations, available resources and/or long-term borrowings.

NOTE 17 – Risk Management:

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

The System purchases the following commercial insurance:

- Coverage for direct physical loss or damage to the System's property with limits of \$500 per occurrence and a \$500 SIR.
- Worker's compensation (foreign and domestic) with statutory limits excess of a \$750 SIR.
- Employee dishonesty with limits of \$1,250 and a deductible of \$50.
- Medical malpractice with limits of \$1,000 per occurrence and \$3,000 aggregate.
- Allied health malpractice with limits of \$1,000 per occurrence and \$3,000 aggregate.

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

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

NOTE 18 – Functional Classification of System Expenses:

The following is the functional classifications of expenses as reported on the Statements of Revenues, Expenses and Changes in Net Assets for the years ended June 30, 2009 and 2008.

	<u>2009</u>	<u>2008</u>
Instruction	\$ 494,682	\$ 497,967
Research	123,187	122,972
Public service	64,569	58,871
Academic support	124,770	125,145
Institutional support	141,277	145,919
Student services	111,890	117,560
Operation and maintenance of plant	129,071	118,435
Scholarships and fellowships	51,157	41,176
Auxiliary enterprises	74,756	72,618
Other expenditures	699	-
Depreciation	<u>86,687</u>	<u>75,507</u>
Total	<u>\$1,402,745</u>	<u>\$1,376,170</u>

NEVADA SYSTEM OF HIGHER EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEARS ENDED JUNE 30, 2009 and 2008**

NOTE 19 - System Related Organizations:

As described in Note 1, the System Related Organizations columns in the financial statements includes the financial data of the System's discretely presented campus foundations and medical school practice plans. Condensed combining financial data of the System related organizations is as follows:

**NEVADA SYSTEM OF HIGHER EDUCATION SYSTEM RELATED ORGANIZATIONS
NET ASSETS AS OF JUNE 30, 2009 (in \$1,000)**

<u>ASSETS</u>	UNR Foundation	Practice Plans	DRI Foundation	DRI Research Park	TMCC Foundation
<i>Current Assets</i>					
Cash and cash equivalents	\$14,661	\$ 6,041	\$ 450	\$ 6	\$ 706
Short-term investments	94,074	2,135	-	-	250
Other current assets	<u>3,279</u>	<u>10,095</u>	<u>26</u>	<u>-</u>	<u>49</u>
Total Current Assets	<u>112,014</u>	<u>18,271</u>	<u>476</u>	<u>6</u>	<u>1,005</u>
<i>Noncurrent Assets</i>					
Capital assets, net	18	3,377	16	2	-
Endowment investments	1,878	-	-	-	247
Other noncurrent assets	<u>15,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Noncurrent Assets	<u>17,161</u>	<u>3,377</u>	<u>16</u>	<u>2</u>	<u>247</u>
TOTAL ASSETS	<u>129,175</u>	<u>21,648</u>	<u>492</u>	<u>8</u>	<u>1,252</u>
<u>LIABILITIES</u>					
<i>Current Liabilities</i>					
Due to affiliates	3,785	410	-	-	-
Current portion of long-term debt	-	1,337	86	-	-
Other current liabilities	<u>67</u>	<u>4,744</u>	<u>26</u>	<u>3</u>	<u>372</u>
Total Current Liabilities	<u>3,852</u>	<u>6,491</u>	<u>112</u>	<u>3</u>	<u>372</u>
<i>Noncurrent Liabilities</i>					
Long-term debt	-	426	411	-	-
Other noncurrent liabilities	<u>2,419</u>	<u>-</u>	<u>-</u>	<u>133</u>	<u>-</u>
Total Noncurrent Liabilities	<u>2,419</u>	<u>426</u>	<u>411</u>	<u>133</u>	<u>-</u>
TOTAL LIABILITIES	<u>6,271</u>	<u>6,917</u>	<u>523</u>	<u>136</u>	<u>372</u>
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	18	2,241	16	2	-
Restricted:					
Nonexpendable	77,196	-	-	-	252
Expendable	37,488	-	2	-	-
Unrestricted	<u>8,202</u>	<u>12,490</u>	<u>(49)</u>	<u>(130)</u>	<u>628</u>
TOTAL NET ASSETS	<u>\$122,904</u>	<u>\$14,731</u>	<u>(\$ 31)</u>	<u>(\$128)</u>	<u>\$ 880</u>

NEVADA SYSTEM OF HIGHER EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEARS ENDED JUNE 30, 2009 and 2008**

WNC Foundation	GBC Foundation	UNLV Foundation	CSN Foundation	NSC Foundation	Total System Related Organizations
\$1,004	\$ 408	\$ 20,786	\$ 2,569	\$ 669	\$ 47,300
-	3,377	11,324	1,473	-	112,633
<u>130</u>	<u>35</u>	<u>7,830</u>	<u>5,138</u>	<u>87</u>	<u>26,669</u>
<u>1,134</u>	<u>3,820</u>	<u>39,940</u>	<u>9,180</u>	<u>756</u>	<u>186,602</u>
-	51	1,963	4	-	5,431
1,247	2,386	86,571	-	569	92,898
<u>115</u>	<u>123</u>	<u>41,478</u>	<u>1,216</u>	<u>2,799</u>	<u>60,996</u>
<u>1,362</u>	<u>2,560</u>	<u>130,012</u>	<u>1,220</u>	<u>3,368</u>	<u>159,325</u>
<u>2,496</u>	<u>6,380</u>	<u>169,952</u>	<u>10,400</u>	<u>4,124</u>	<u>345,927</u>
-	-	-	7	64	4,266
-	-	-	-	-	1,423
<u>-</u>	<u>29</u>	<u>110</u>	<u>2</u>	<u>-</u>	<u>5,353</u>
<u>-</u>	<u>29</u>	<u>110</u>	<u>9</u>	<u>64</u>	<u>11,042</u>
-	-	-	-	-	837
<u>-</u>	<u>-</u>	<u>2,938</u>	<u>-</u>	<u>-</u>	<u>5,490</u>
<u>-</u>	<u>-</u>	<u>2,938</u>	<u>-</u>	<u>-</u>	<u>6,327</u>
<u>-</u>	<u>29</u>	<u>3,048</u>	<u>9</u>	<u>64</u>	<u>17,369</u>
-	51	63	4	-	2,395
542	2,898	69,572	-	569	151,029
1,930	610	75,131	8,799	3,205	127,165
<u>24</u>	<u>2,792</u>	<u>22,138</u>	<u>1,588</u>	<u>286</u>	<u>47,969</u>
<u>\$2,496</u>	<u>\$6,351</u>	<u>\$166,904</u>	<u>\$10,391</u>	<u>\$4,060</u>	<u>\$328,558</u>

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEARS ENDED JUNE 30, 2009 and 2008

NOTE 19 - System Related Organizations (continued):

NEVADA SYSTEM OF HIGHER EDUCATION SYSTEM RELATED ORGANIZATIONS NET ASSETS AS OF JUNE 30, 2008 (in \$1,000)

<u>ASSETS</u>	UNR Foundation	Practice Plans	DRI Foundation	DRI Research Park	TMCC Foundation
<i>Current Assets</i>					
Cash and cash equivalents	\$ 20,870	\$ 6,027	\$ 696	\$ 10	\$ 1,015
Short-term investments	22,395	2,669	-	-	-
Other current assets	<u>3,407</u>	<u>10,849</u>	<u>8</u>	<u>-</u>	<u>79</u>
Total Current Assets	<u>46,672</u>	<u>19,545</u>	<u>704</u>	<u>10</u>	<u>1,094</u>
<i>Noncurrent Assets</i>					
Capital assets, net	21	3,788	16	12	-
Endowment investments	92,419	-	-	-	319
Other noncurrent assets	<u>9,445</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Noncurrent Assets	<u>101,885</u>	<u>3,788</u>	<u>16</u>	<u>12</u>	<u>319</u>
TOTAL ASSETS	<u>148,557</u>	<u>23,333</u>	<u>720</u>	<u>22</u>	<u>1,413</u>
<u>LIABILITIES</u>					
<i>Current Liabilities</i>					
Due to affiliates	3,015	537	11	-	-
Current portion of long-term debt	-	-	-	-	-
Other current liabilities	<u>25</u>	<u>4,430</u>	<u>646</u>	<u>3</u>	<u>463</u>
Total Current Liabilities	<u>3,040</u>	<u>4,967</u>	<u>657</u>	<u>3</u>	<u>463</u>
<i>Noncurrent Liabilities</i>					
Long-term debt	-	717	-	-	-
Other noncurrent liabilities	<u>2,669</u>	<u>-</u>	<u>-</u>	<u>135</u>	<u>-</u>
Total Noncurrent Liabilities	<u>2,669</u>	<u>717</u>	<u>-</u>	<u>135</u>	<u>-</u>
TOTAL LIABILITIES	<u>5,709</u>	<u>5,684</u>	<u>657</u>	<u>138</u>	<u>463</u>
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	21	2,740	16	12	-
Restricted:					
Nonexpendable	99,623	-	-	-	324
Expendable	35,606	-	52	-	-
Unrestricted	<u>7,598</u>	<u>14,909</u>	<u>(5)</u>	<u>(128)</u>	<u>626</u>
TOTAL NET ASSETS	<u>\$142,848</u>	<u>\$17,649</u>	<u>\$-63</u>	<u>(\$116)</u>	<u>\$ 950</u>

NEVADA SYSTEM OF HIGHER EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEARS ENDED JUNE 30, 2009 and 2008**

WNC Foundation	GBC Foundation	UNLV Foundation	CSN Foundation	NSC Foundation	Total System Related Organizations
\$1,003	\$ 3,198	\$ 18,030	\$2,629	\$ 575	\$ 54,053
-	903	4,559	-	-	30,526
<u>129</u>	<u>266</u>	<u>4,620</u>	<u>206</u>	<u>132</u>	<u>19,696</u>
<u>1,132</u>	<u>4,367</u>	<u>27,209</u>	<u>2,835</u>	<u>707</u>	<u>104,275</u>
-	4	1,884	10	-	5,735
1,412	2,990	91,764	-	-	188,904
<u>216</u>	<u>50</u>	<u>44,281</u>	<u>61</u>	<u>6,574</u>	<u>60,627</u>
<u>1,628</u>	<u>3,044</u>	<u>137,929</u>	<u>71</u>	<u>6,574</u>	<u>255,266</u>
<u>2,760</u>	<u>7,411</u>	<u>165,138</u>	<u>2,906</u>	<u>7,281</u>	<u>359,541</u>
-	11	-	85	-	3,659
-	-	-	-	-	-
<u>-</u>	<u>20</u>	<u>401</u>	<u>45</u>	<u>-</u>	<u>6,033</u>
<u>-</u>	<u>31</u>	<u>401</u>	<u>130</u>	<u>-</u>	<u>9,692</u>
-	-	-	-	-	717
<u>-</u>	<u>-</u>	<u>6,314</u>	<u>-</u>	<u>-</u>	<u>9,118</u>
<u>-</u>	<u>-</u>	<u>6,314</u>	<u>-</u>	<u>-</u>	<u>9,835</u>
<u>-</u>	<u>31</u>	<u>6,715</u>	<u>130</u>	<u>-</u>	<u>19,527</u>
-	4	75	10	-	2,878
611	2,795	71,592	-	569	175,514
2,070	1,521	65,884	1,099	6,458	112,690
<u>79</u>	<u>3,060</u>	<u>20,872</u>	<u>1,667</u>	<u>254</u>	<u>48,932</u>
<u>\$2,760</u>	<u>\$7,380</u>	<u>\$158,423</u>	<u>\$2,776</u>	<u>\$7,281</u>	<u>\$340,014</u>

NEVADA SYSTEM OF HIGHER EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEARS ENDED JUNE 30, 2009 and 2008**

NOTE 19– System Related Organizations (continued):

**NEVADA SYSTEM OF HIGHER EDUCATION SYSTEM RELATED ORGANIZATIONS
REVENUES, EXPENSES AND CHANGES IN NET ASSETS (in \$1,000)
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>UNR Foundation</u>	<u>Practice Plans</u>	<u>DRI Foundation</u>	<u>DRI Research Park</u>	<u>TMCC Foundation</u>
<i>Operating Revenues</i>					
Patient revenue	\$ -	\$64,634	\$ -	\$ -	\$ -
Contract revenue	-	7,794	-	-	-
Contributions	17,359	-	407	-	1,166
Campus support	2,213	-	291	57	142
Other operating revenue	<u>759</u>	<u>2,387</u>	<u>174</u>	<u>3</u>	<u>42</u>
Total operating revenues	<u>20,331</u>	<u>74,815</u>	<u>872</u>	<u>60</u>	<u>1,350</u>
<i>Operating Expenses</i>					
Program expenses	294	51,890	-	-	1,183
Depreciation	7	1,040	-	10	-
Other operating expenses	<u>3,186</u>	<u>22,624</u>	<u>610</u>	<u>62</u>	<u>174</u>
Total operating expenses	<u>3,487</u>	<u>75,554</u>	<u>610</u>	<u>72</u>	<u>1,357</u>
Operating income (loss)	<u>16,844</u>	<u>(739)</u>	<u>262</u>	<u>(12)</u>	<u>(7)</u>
<i>Nonoperating Revenues (Expenses)</i>					
Payments to System campuses and divisions	(19,399)	(1,931)	(337)	-	-
Other nonoperating revenues (expenses)	<u>(23,579)</u>	<u>(248)</u>	<u>(19)</u>	<u>-</u>	<u>(63)</u>
Total nonoperating expenses	<u>(42,978)</u>	<u>(2,179)</u>	<u>(356)</u>	<u>-</u>	<u>(63)</u>
Income (loss) before other revenue, expenses gains or losses	<u>(26,134)</u>	<u>(2,918)</u>	<u>(94)</u>	<u>(12)</u>	<u>(70)</u>
Additions to permanent endowments	6,190	-	-	-	-
Other revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other revenues (expenses)	<u>6,190</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	(19,944)	(2,918)	(94)	(12)	(70)
Net assets - beginning of year	<u>142,848</u>	<u>17,649</u>	<u>63</u>	<u>(116)</u>	<u>950</u>
Net assets - end of year	<u>\$122,904</u>	<u>\$14,731</u>	<u>(\$31)</u>	<u>(\$128)</u>	<u>\$880</u>

NEVADA SYSTEM OF HIGHER EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEARS ENDED JUNE 30, 2009 and 2008**

<u>WNC Foundation</u>	<u>GBC Foundation</u>	<u>UNLV Foundation</u>	<u>CSN Foundation</u>	<u>NSC Foundation</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,634
-	-	-	-	-	7,794
709	266	29,805	9,028	939	59,679
-	73	3,254	-	-	6,030
<u>100</u>	<u>71</u>	<u>711</u>	<u>413</u>	<u>35</u>	<u>4,695</u>
<u>809</u>	<u>410</u>	<u>33,770</u>	<u>9,441</u>	<u>974</u>	<u>142,832</u>
152	43	37	-	-	53,599
-	4	36	6	-	1,103
<u>579</u>	<u>282</u>	<u>4,599</u>	<u>650</u>	<u>3,766</u>	<u>36,532</u>
<u>731</u>	<u>329</u>	<u>4,672</u>	<u>656</u>	<u>3,766</u>	<u>91,234</u>
<u>78</u>	<u>81</u>	<u>29,098</u>	<u>8,785</u>	<u>(2,792)</u>	<u>51,598</u>
(142)	(618)	(14,312)	(1,237)	(429)	(38,405)
<u>(200)</u>	<u>(517)</u>	<u>(13,332)</u>	<u>67</u>	<u>-</u>	<u>(37,891)</u>
<u>(342)</u>	<u>(1,135)</u>	<u>(27,644)</u>	<u>(1,170)</u>	<u>(429)</u>	<u>(76,296)</u>
<u>(264)</u>	<u>(1,054)</u>	<u>1,454</u>	<u>7,615</u>	<u>(3,221)</u>	<u>(24,698)</u>
-	25	7,027	-	-	13,242
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>25</u>	<u>7,027</u>	<u>-</u>	<u>-</u>	<u>13,242</u>
(264)	(1,029)	8,481	7,615	(3,221)	(11,456)
<u>2,760</u>	<u>7,380</u>	<u>158,423</u>	<u>2,776</u>	<u>7,281</u>	<u>340,014</u>
<u>\$ 2,496</u>	<u>\$6,351</u>	<u>\$166,904</u>	<u>\$10,391</u>	<u>\$4,060</u>	<u>\$328,558</u>

NEVADA SYSTEM OF HIGHER EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEARS ENDED JUNE 30, 2009 and 2008**

NOTE 19 - System Related Organizations (continued):

**NEVADA SYSTEM OF HIGHER EDUCATION SYSTEM RELATED ORGANIZATIONS
REVENUES, EXPENSES AND CHANGES IN NET ASSETS (in \$1,000)
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>UNR Foundation</u>	<u>Practice Plans</u>	<u>DRI Foundation</u>	<u>DRI ResearchPark</u>	<u>TMCC Foundation</u>
<i>Operating Revenues</i>					
Patient revenue	\$ -	\$63,408	\$ -	\$ -	\$ -
Contract revenue	-	7,167	-	-	-
Contributions	31,966	-	670	-	562
Campus support	2,037	-	233	59	143
Other operating revenue	<u>1,058</u>	<u>2,613</u>	<u>156</u>	<u>3</u>	<u>26</u>
Total operating revenues	<u>35,061</u>	<u>73,188</u>	<u>1,059</u>	<u>62</u>	<u>731</u>
<i>Operating Expenses</i>					
Program expenses	374	54,069	-	-	369
Depreciation	10	866	-	10	-
Other operating expenses	<u>3,233</u>	<u>20,787</u>	<u>534</u>	<u>65</u>	<u>258</u>
Total operating expenses	<u>3,617</u>	<u>75,722</u>	<u>534</u>	<u>75</u>	<u>627</u>
Operating income	<u>31,444</u>	<u>(2,534)</u>	<u>525</u>	<u>(13)</u>	<u>104</u>
<i>Nonoperating Revenues (Expenses)</i>					
Payments to System campuses and divisions	(35,463)	(817)	(509)	-	-
Other nonoperating revenues (expenses)	<u>358</u>	<u>(209)</u>	<u>(43)</u>	<u>-</u>	<u>-</u>
Total nonoperating expenses	<u>(35,105)</u>	<u>(1,026)</u>	<u>(552)</u>	<u>-</u>	<u>-</u>
Income (loss) before other revenue, expenses gains or losses	<u>(3,661)</u>	<u>(3,560)</u>	<u>(27)</u>	<u>(13)</u>	<u>104</u>
Additions to permanent endowments	2,083	-	-	-	1
Other revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(74)</u>
Total other revenues	<u>2,083</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(73)</u>
Increase (decrease) in net assets	(1,578)	(3,560)	(27)	(13)	31
Net assets - beginning of year	<u>144,426</u>	<u>21,209</u>	<u>90</u>	<u>(103)</u>	<u>919</u>
Net assets - end of year	<u>\$142,848</u>	<u>\$17,649</u>	<u>\$ 63</u>	<u>(\$116)</u>	<u>\$950</u>

NEVADA SYSTEM OF HIGHER EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEARS ENDED JUNE 30, 2009 and 2008**

<u>WNC</u> <u>Foundation</u>	<u>GBC</u> <u>Foundation</u>	<u>UNLV</u> <u>Foundation</u>	<u>CSN</u> <u>Foundation</u>	<u>NSC</u> <u>Foundation</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,408
-	-	-	-	-	7,167
739	191	23,425	1,011	175	58,739
-	67	-	-	-	2,539
<u>117</u>	<u>148</u>	<u>1,500</u>	<u>401</u>	<u>37</u>	<u>6,059</u>
<u>856</u>	<u>406</u>	<u>24,925</u>	<u>1,412</u>	<u>212</u>	<u>137,912</u>
-	113	63	-	190	55,178
-	3	53	6	-	948
<u>510</u>	<u>266</u>	<u>2,975</u>	<u>624</u>	<u>-</u>	<u>29,252</u>
<u>510</u>	<u>382</u>	<u>3,091</u>	<u>630</u>	<u>190</u>	<u>85,378</u>
<u>346</u>	<u>24</u>	<u>21,834</u>	<u>782</u>	<u>22</u>	<u>52,534</u>
(1,763)	(535)	(13,158)	(1,114)	(251)	(53,610)
<u>(127)</u>	<u>168</u>	<u>(2,893)</u>	<u>(424)</u>	<u>-</u>	<u>(3,170)</u>
<u>(1,890)</u>	<u>(367)</u>	<u>(16,051)</u>	<u>(1,538)</u>	<u>(251)</u>	<u>(56,780)</u>
<u>(1,544)</u>	<u>(343)</u>	<u>5,783</u>	<u>(756)</u>	<u>(229)</u>	<u>(4,246)</u>
-	-	13,245	-	2	15,331
<u>-</u>	<u>33</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41)</u>
<u>-</u>	<u>33</u>	<u>13,245</u>	<u>-</u>	<u>2</u>	<u>15,290</u>
(1,544)	(310)	19,028	(756)	(227)	11,044
<u>4,304</u>	<u>7,690</u>	<u>139,395</u>	<u>3,532</u>	<u>7,508</u>	<u>328,970</u>
<u>\$ 2,760</u>	<u>\$ 7,380</u>	<u>\$ 158,423</u>	<u>\$ 2,776</u>	<u>\$ 7,281</u>	<u>\$ 340,014</u>

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEARS ENDED JUNE 30, 2009 and 2008

NOTE 19-- System Related Organizations (continued):

UNR Foundation:

Cash and cash equivalents at June 30, 2009 and 2008, consists of:

	<u>2009</u>	<u>2008</u>
Cash	\$ 351	\$ 1,449
Money funds	305	-
Common fund investments	13,405	18,362
Certificates of deposit	-	130
Treasury bills and notes	<u>600</u>	<u>929</u>
	<u>\$14,661</u>	<u>\$20,870</u>

The fair value of investments at June 30, 2009 and 2008, are as follows:

	<u>2009</u>	<u>2008</u>
Equity Investments	\$ 390	\$ 503
Commonfund Bond	22,666	24,947
Commonfund Equity	47,560	62,624
Commonfund Capital Partners	2,063	2,036
Commonfund Realty Investors	4,459	5,303
Commonfund Global Distress	1,499	1,491
Commonfund international commodities	4,027	6,921
Commonfund intermediate	2,390	3,623
Certificates of Deposit	4,896	2,450
Law Debenture	1,015	-
U.S. Government Securities	<u>4,987</u>	<u>4,916</u>
	<u>\$95,952</u>	<u>\$114,814</u>

At June 30, 2009, the Foundation investments had the following maturities:

	Fair Value	Investment Maturities (in Years)		
		Less than 1	1 - 5	6 - 10
Equity investments	\$ 390	\$ 390	\$ -	\$ -
Open ended mutual funds	85,679	85,679	-	-
Certificates of deposit	4,896	3,018	1,878	-
U.S. Government securities	<u>4,987</u>	<u>4,987</u>	-	-
	<u>\$95,952</u>	<u>\$94,074</u>	<u>\$1,878</u>	<u>\$ -</u>

The Foundation's investment policy for cash and cash equivalents is to exercise sufficient due diligence to minimize investing cash and cash equivalents in instruments that will lack liquidity. The Foundation, through its Investment Managers may invest in high quality commercial paper, repurchase agreements, Treasury Bills, certificates of deposit, internal loans, and money market funds to provide income, liquidity for expense payments and preservation of the investment's principal value. Commercial paper must be rated at least A1 or P-1 (by Moody's or S&P). No more than 5% of the Fund's total market value may be invested in the obligations of a single issuer, with the exception of the United States Government and its agencies.

The cumulative net depreciation of investments at June 30, 2009 and 2008 was (\$29,916) and (\$10,129), respectively.

Investment Risk Factors

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

Concentration of Credit Risk

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

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEARS ENDED JUNE 30, 2009 and 2008

NOTE 19 - System Related Organizations (continued):

The Foundation restricts investment of cash and cash equivalents and investments to financial institutions with high credit standing and The Commonfund, a nonprofit membership corporation operated by and for its member colleges, universities and independent schools. The Foundation currently purchases certificates of deposit of less than two hundred fifty thousand dollars per bank or institution. Commercial paper is limited to a maximum of 10% of the total cash available. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents and investments.

Credit Risk

Fixed income securities are subject to credit risk, which is the chance an issuer or other counterparty to an investment will not fulfill its obligations. It is the policy of the Foundation to manage its credit risk by limiting its fixed income securities to obligations of the U.S. Government, which are not considered to have credit risk, and to pooled fixed income funds with the Commonfund. The Commonfund is unrated by recognized statistical rating organizations.

Interest Rate Risk

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

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Foreign investments are managed by the Commonfund who has policies in place to address foreign currency risk.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Foundation's deposits exceed FDIC limits and as a result may not be returned to the Foundation. All cash deposits are primarily on deposit with two financial institutions and several investment companies. The Foundation does not have a deposit policy for custodial credit risk. As of June 30, 2009, the Foundation's bank balance was \$13,298. Of this balance, \$662 was covered by depository insurance and/or collateralized and \$12,045 is held by the Commonfund government Securities Fund and subject to their investment policies. The remaining \$591 was subject to custodial credit risk and as a result was uninsured at June 30, 2009.

Custodial Credit Risk – Investments

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

UNLV Foundation:

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

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the UNLV Foundation will not be able to recover deposits or collateral securities that are in the possession of an outside party. The UNLV Foundation does not have a deposit policy for custodial credit risk. Of the cash balances held by custodians at June 30, 2009 and 2008, \$250 and \$200 was covered by the FDIC and \$248 and \$1,447, respectively, was uninsured. Of the cash equivalent balance, \$200 was covered by Securities Investor Protection Corporation ("SIPC") and \$6,782 and \$5,271, respectively, was covered by the Customer Asset Protection Company ("CAPCO"), excess protection provided by two brokerages. In addition, \$3,623 and \$616, respectively, was held in a bank and was uninsured.

Investments in the custody of 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.

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEARS ENDED JUNE 30, 2009 and 2008

NOTE 19 - System Related Organizations (continued):

Investments include the following at June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Mutual funds	\$ 2,986	\$ 2,355
Equities	46,312	49,328
U.S. government obligations	20,203	13,123
Corporate obligations	20,703	21,482
Mortgage-backed securities	16,074	15,896
Alternative investments	<u>6,583</u>	<u>705</u>
Total marketable securities at cost	112,861	102,889
Net unrealized gain (loss) on noncurrent investments	<u>(6,975)</u>	<u>2,039</u>
Total fair value of noncurrent investments	<u>\$105,886</u>	<u>\$ 104,928</u>

Included in U.S. Government obligations are cash and cash equivalents of \$9.5 million and \$10.1 million as of June 30, 2009 and 2008, respectively.

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

Corporate Bonds	Total	AAA	AA	A	BBB	Below Investment Grade
Payden & Rygel	\$11,248	\$ 524	\$1,905	\$4,264	\$3,522	\$1,033
Wachovia	1,451	101	626	623	101	-
Loomis Sayles	12,838	2,883	526	2,895	5,213	1,321
Tradewinds-NWQ	458	-	-	-	-	458

Note: U.S. Government obligations, mortgage-backed securities, and mutual funds are not included.

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 the endowment fund, the Lehman Aggregate Bond Index average 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
\$2,394	\$7,262	\$6,918	\$3,075	\$19,649

For the restricted fund, the Lehman Aggregate Index average 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
\$1,303	\$7,813	\$4,697	\$11,905	\$25,718

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's investment managers have policies that address foreign currency risk.

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEARS ENDED JUNE 30, 2009 and 2008

NOTE 19 - System Related Organizations (continued):

At June 30, 2009 and 2008, the UNLV Foundation had \$2,883 and \$1,417, respectively in foreign bonds.

During the year ended June 30, 2009 and 2008, the UNLV Foundation recognized (\$11,844) and (\$2,838), respectively, in investment losses. Earnings included \$4,268 and \$3,853, respectively, from interest and dividends, (\$6,563) and \$3,259, respectively, from net realized (losses) gains on the sale of investments, and (\$9,015) and (\$9,329), respectively, from the change in investment fair value. Investment expenses of \$524 and \$609, respectively, and amortization of bond discounts of \$10 and \$12, respectively, were netted against earnings.

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SUPPLEMENTAL INFORMATION

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

<u>ASSETS</u>	<u>UNR</u>	<u>System</u>	<u>DRI</u>	<u>TMCC</u>	<u>WNC</u>
Current Assets					
Cash and cash equivalents	\$ 16,658	\$ (39,177)	\$ 2,693	\$ 3,692	\$ 1,150
Restricted cash and cash equivalents	-	-	162	-	-
Short-term investments	100,999	21,421	16,789	18,896	5,073
Accounts receivable, net	16,191	205	3,231	718	138
Receivable from U.S. Government	18,919	1,838	3,744	696	681
Receivable from State of Nevada	1,871	1,006	139	35	28
Current portion of loans receivable, net	1,470	-	-	12	-
Inventories	3,251	228	-	11	-
Deposits and deferred expenditures	2,424	36	1,465	-	2
Other	-	-	297	37	-
Total Current Assets	<u>161,783</u>	<u>(14,443)</u>	<u>28,520</u>	<u>24,097</u>	<u>7,072</u>
Noncurrent Assets					
Cash held by State Treasurer	64,988	-	1,879	442	1,548
Restricted cash and cash equivalents	-	-	-	-	-
Receivable from State of Nevada	7,518	-	-	-	-
Endowment investments	96,449	8,330	20,648	7,010	180
Deposits and deferred expenditures	2,241	586	-	-	-
Loans receivable, net	6,227	-	-	298	-
Capital assets, net	618,923	23,228	71,888	63,578	37,000
Other noncurrent assets	-	336	-	-	-
Total Noncurrent Assets	<u>796,346</u>	<u>32,480</u>	<u>94,415</u>	<u>71,328</u>	<u>38,728</u>
TOTAL ASSETS	<u>958,129</u>	<u>18,037</u>	<u>122,935</u>	<u>95,425</u>	<u>45,800</u>
<u>LIABILITIES</u>					
Current Liabilities					
Accounts payable	20,454	4,059	805	1,082	619
Accrued payroll and related liabilities	9,069	498	820	2,892	450
Unemployment insurance and workers' compensation liability	1,513	51	94	236	43
Current portion of compensated absences	8,826	1,602	3,527	1,301	769
Current portion of long-term debt	7,825	-	641	343	108
Current portion of obligations under capital leases	514	-	63	-	-
Accrued interest payable	6,085	-	94	92	-
Deferred revenue	11,782	1,569	2,286	725	97
Funds held in trust for others	1,670	-	446	286	22
Other	-	-	287	426	-
Total Current Liabilities	<u>67,738</u>	<u>7,779</u>	<u>9,063</u>	<u>7,383</u>	<u>2,108</u>
Noncurrent Liabilities					
Refundable advances under federal loan programs	4,723	-	-	249	-
Compensated absences	7,168	351	351	292	31
Deferred revenue	-	-	-	-	-
Long-term debt	252,634	-	9,788	1,440	1,252
Obligations under capital leases	3,000	-	41	-	-
Due to State/Other non-current liabilities	-	-	-	5,775	-
Total Noncurrent Liabilities	<u>267,525</u>	<u>351</u>	<u>10,180</u>	<u>7,756</u>	<u>1,283</u>
TOTAL LIABILITIES	<u>335,263</u>	<u>8,130</u>	<u>19,243</u>	<u>15,139</u>	<u>3,391</u>
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	352,340	22,377	61,517	55,620	35,640
Restricted:					
Nonexpendable	36,740	5,985	20,608	2,836	147
Expendable:					
Scholarships, research and instruction	59,313	2,178	1,332	4,739	319
Loans	4,653	-	-	80	-
Capital projects/ Other	63,741	-	3,133	4,206	4,772
Debt service	4,293	-	-	(65)	137
Unrestricted	101,786	(20,633)	17,102	12,870	1,394
TOTAL NET ASSETS	<u>\$622,866</u>	<u>\$ 9,907</u>	<u>\$103,692</u>	<u>\$80,286</u>	<u>\$42,409</u>

<u>GBC</u>	<u>UNLV</u>	<u>CSN</u>	<u>NSC</u>	<u>Total</u>
\$ 849	\$ 45,551	\$ 4,007	\$ 217	\$35,640
-	-	-	-	162
3,984	173,818	33,582	5,927	380,489
409	3,195	2,329	299	26,715
216	10,316	86	168	36,664
1	574	132	7	3,793
13	498	68	-	2,061
-	1,798	582	203	6,073
58	3,478	72	27	7,562
-	-	-	-	334
<u>5,530</u>	<u>239,228</u>	<u>40,858</u>	<u>6,848</u>	<u>499,493</u>
799	28,102	8,269	2,767	108,794
-	7,967	-	-	7,967
-	-	-	-	7,518
171	40,185	4,025	-	176,998
-	2,072	-	-	4,899
-	3,252	13	4	9,794
43,728	817,755	210,453	28,859	1,915,412
-	-	-	-	336
<u>44,698</u>	<u>899,333</u>	<u>222,760</u>	<u>31,630</u>	<u>2,231,718</u>
<u>50,228</u>	<u>1,138,561</u>	<u>263,618</u>	<u>38,478</u>	<u>2,731,211</u>
148	17,603	1,950	758	47,478
400	10,655	1,497	294	26,575
128	2,410	529	-	5,004
438	9,708	2,646	210	29,027
116	9,968	-	-	19,001
-	1,344	299	-	2,220
15	4,902	-	-	11,188
241	15,663	2,608	340	35,311
53	8,392	324	15	11,208
-	-	-	-	713
<u>1,539</u>	<u>80,645</u>	<u>9,853</u>	<u>1,617</u>	<u>187,725</u>
-	2,566	7	-	7,545
192	4,169	1,200	291	14,045
-	66	-	-	66
1,713	242,817	-	-	509,644
-	2,376	1,065	-	6,482
-	-	-	-	5,775
<u>1,905</u>	<u>251,994</u>	<u>2,272</u>	<u>291</u>	<u>543,557</u>
<u>3,444</u>	<u>332,639</u>	<u>12,125</u>	<u>1,908</u>	<u>731,282</u>
43,728	573,018	209,090	28,859	1,382,189
171	11,513	2,211	-	80,211
367	33,612	3,604	-	105,464
17	734	-	4	5,488
(542)	26,429	8,269	2,767	112,775
256	6,917	-	-	11,538
<u>2,787</u>	<u>153,699</u>	<u>28,319</u>	<u>4,940</u>	<u>302,264</u>
<u>\$46,784</u>	<u>\$805,922</u>	<u>\$251,493</u>	<u>\$36,570</u>	<u>\$1,999,929</u>

NEVADA SYSTEM OF HIGHER EDUCATION
COMBINING SCHEDULES OF NET ASSETS (in \$1,000's)
AS OF JUNE 30, 2008

<u>ASSETS</u>	<u>UNR</u>	<u>System</u>	<u>DRI</u>	<u>TMCC</u>	<u>WNC</u>
Current Assets					
Cash and cash equivalents	\$ (6,258)	\$ -	\$ 933	\$ 461	\$ 269
Restricted cash and cash equivalents	2,299	-	167	-	-
Short-term investments	116,803	44,322	15,471	17,251	6,360
Accounts receivable, net	20,348	209	3,417	692	172
Receivable from U.S. Government	19,744	946	3,443	142	94
Receivable from State of Nevada	6,456	579	582	1,060	355
Current portion of loans receivable, net	1,739	-	-	11	-
Inventories	3,105	157	-	214	-
Deposits and deferred expenditures	3,447	401	-	-	4
Other	-	-	827	57	-
Total Current Assets	<u>167,683</u>	<u>46,614</u>	<u>24,840</u>	<u>19,888</u>	<u>7,254</u>
Noncurrent Assets					
Cash held by State Treasurer	61,652	-	7,744	4,318	3,349
Restricted cash and cash equivalents	-	-	-	-	-
Receivable from State of Nevada	20,313	-	-	-	-
Endowment investments	124,881	7,181	7,661	8,940	234
Deposits and deferred expenditures	2,221	622	-	-	-
Loans receivable, net	5,711	-	-	302	-
Capital assets, net	558,953	9,418	66,899	64,882	36,476
Other assets	-	-	18,300	-	-
Other noncurrent assets	-	353	-	-	-
Total Noncurrent Assets	<u>773,731</u>	<u>17,574</u>	<u>100,604</u>	<u>78,442</u>	<u>40,059</u>
TOTAL ASSETS	<u>941,414</u>	<u>64,188</u>	<u>125,444</u>	<u>98,330</u>	<u>47,313</u>
LIABILITIES					
Current Liabilities					
Accounts payable	22,278	3,155	734	1,179	225
Accrued payroll and related liabilities	9,710	570	778	1,764	1,016
Unemployment insurance and workers' compensation liability	1,675	66	112	354	127
Current portion of compensated absences	11,336	1,436	3,231	1,585	610
Current portion of long-term debt	6,514	-	611	328	137
Current portion of obligations under capital leases	446	813	60	-	-
Accrued interest payable	4,878	41	99	99	-
Deferred revenue	12,280	1,545	2,085	781	182
Funds held in trust for others	1,684	-	700	101	42
Other	1,493	-	580	446	-
Total Current Liabilities	<u>72,294</u>	<u>7,626</u>	<u>8,990</u>	<u>6,637</u>	<u>2,339</u>
Noncurrent Liabilities					
Refundable advances under federal loan programs	4,716	-	-	249	-
Compensated absences	7,432	306	393	117	183
Deferred revenue	307	-	-	-	-
Long-term debt	199,179	-	10,429	1,783	1,360
Obligations under capital leases	3,419	-	104	-	-
Due to State	-	-	-	6,175	-
Total Noncurrent Liabilities	<u>215,053</u>	<u>306</u>	<u>10,926</u>	<u>8,324</u>	<u>1,543</u>
TOTAL LIABILITIES	<u>287,347</u>	<u>7,932</u>	<u>19,916</u>	<u>14,961</u>	<u>3,882</u>
NET ASSETS					
Invested in capital assets, net of related debt	347,481	8,564	55,862	56,210	34,978
Restricted:					
Nonexpendable	38,005	3,952	20,688	4,819	147
Expendable:					
Scholarships, research and instruction	81,804	1,993	6,124	4,655	235
Loans	5,005	-	-	76	(1)
Capital projects	62,513	-	7,970	7,872	4,773
Debt service	4,259	-	-	(72)	137
Unrestricted	<u>115,000</u>	<u>41,747</u>	<u>14,884</u>	<u>9,809</u>	<u>3,162</u>
TOTAL NET ASSETS	<u>\$654,067</u>	<u>\$ 56,256</u>	<u>\$105,528</u>	<u>\$83,369</u>	<u>\$43,431</u>

<u>GBC</u>	<u>UNLV</u>	<u>CSN</u>	<u>NSC</u>	<u>Total</u>
\$ 561	\$ 5,490	\$ 1,453	\$ (94)	\$ 2,815
-	-	-	-	2,466
2,177	178,952	30,684	4,752	416,772
407	2,853	2,551	301	30,950
162	12,637	387	683	38,238
266	4,700	1,790	333	16,121
5	465	85	-	2,305
-	1,869	751	375	6,471
47	395	23	158	4,475
-	-	-	-	884
<u>3,625</u>	<u>207,361</u>	<u>37,724</u>	<u>6,508</u>	<u>521,497</u>
5,592	52,282	10,858	4,127	149,922
-	18,922	-	-	18,922
-	41,655	246	-	62,214
220	52,513	5,060	-	206,690
-	1,754	-	-	4,597
-	2,895	25	-	8,933
42,302	771,745	214,675	24,926	1,790,276
-	-	-	-	18,300
-	-	-	4	357
<u>48,114</u>	<u>941,766</u>	<u>230,864</u>	<u>29,057</u>	<u>2,260,211</u>
51,739	1,149,127	268,588	35,565	2,781,708
153	14,954	2,203	1,768	46,649
392	14,490	1,826	79	30,625
136	2,836	628	-	5,934
438	9,600	2,465	247	30,948
112	9,448	-	-	17,150
-	1,305	412	-	3,036
15	4,789	-	-	9,921
95	17,432	2,812	172	37,384
54	5,507	304	8	8,400
-	-	-	-	2,519
<u>1,395</u>	<u>80,361</u>	<u>10,650</u>	<u>2,274</u>	<u>192,566</u>
-	2,470	7	-	7,442
193	4,253	1,173	342	14,392
-	236	-	-	543
1,830	234,646	-	-	449,227
-	3,819	222	-	7,564
-	-	-	-	6,175
<u>2,023</u>	<u>245,424</u>	<u>1,402</u>	<u>342</u>	<u>485,343</u>
3,418	325,785	12,052	2,616	677,909
40,360	531,929	214,041	24,926	1,314,351
48	11,631	2,237	-	81,527
311	43,511	4,218	-	142,851
12	1,115	-	4	6,211
5,675	109,785	11,104	4,127	213,819
-	6,362	-	-	10,686
<u>1,915</u>	<u>119,009</u>	<u>24,936</u>	<u>3,892</u>	<u>334,354</u>
<u>\$48,321</u>	<u>\$ 823,342</u>	<u>\$256,536</u>	<u>\$32,949</u>	<u>\$2,103,799</u>

NEVADA SYSTEM OF HIGHER EDUCATION
COMBINING SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (in
\$1,000's)
FOR THE YEAR ENDED JUNE 30, 2009

	<u>UNR</u>	<u>System</u>	<u>DRI</u>	<u>TMCC</u>	<u>WNC</u>
Operating Revenues					
Student tuition and fees (net of scholarship allowances of \$63,584 and \$53,502)	\$ 77,710	\$ -	\$ -	\$ 13,075	\$ 3,978
Federal grants and contracts	100,343	1,645	29,487	9,000	2,395
State grants and contracts	15,022	-	162	1,223	1,320
Local grants and contracts	22,816	-	618	-	-
Other grants and contracts	11,960	424	2,788	197	-
Sales and services of educational departments (including \$2,525 from System related organizations)	36,375	3,632	-	946	274
Sales and services of auxiliary enterprises (net of scholarship allowances of \$4,630)	29,307	-	-	1,380	734
Interest earned on loans receivable	110	-	-	3	-
Other operating revenues	2,517	467	7,697	77	-
Total operating revenues	<u>296,160</u>	<u>6,168</u>	<u>40,752</u>	<u>25,901</u>	<u>8,701</u>
Operating Expenses					
Employee compensation and benefits	334,024	20,231	32,658	45,966	21,438
Utilities	13,431	1,941	1,398	1,581	738
Supplies and services	129,237	9,448	9,611	8,975	4,514
Scholarships and fellowships	13,717	47	-	4,897	1,704
Depreciation	27,510	1,642	5,195	3,047	1,509
Total operating expenses	<u>517,919</u>	<u>33,309</u>	<u>48,862</u>	<u>64,466</u>	<u>29,903</u>
Operating (loss) income	<u>(221,759)</u>	<u>(27,141)</u>	<u>(8,110)</u>	<u>(38,565)</u>	<u>(21,202)</u>
Nonoperating Revenues (Expenses)					
State appropriations	200,432	28,422	9,666	39,416	19,956
Refund to the State	-	(3,808)	-	-	-
Transfers to/from System Administration	14,981	(43,284)	1,495	1,747	691
Gifts (including \$31,569 from System related organizations)	15,956	850	305	225	260
Investment income, net (loss)	(35,577)	(4,673)	(6,176)	(3,292)	(650)
Disposal of capital assets	(470)	(22)	(336)	(40)	(5)
Interest expense	(10,291)	-	(696)	(375)	(72)
Other nonoperating revenues	(1,715)	16	-	-	-
Net nonoperating revenues (expenses)	<u>183,316</u>	<u>(22,499)</u>	<u>4,258</u>	<u>37,681</u>	<u>20,180</u>
Income (loss) before other revenue, expenses, gains or losses	<u>(38,443)</u>	<u>(49,640)</u>	<u>(3,852)</u>	<u>(884)</u>	<u>(1,022)</u>
State appropriations restricted for capital purposes	-	-	2,096	(2,223)	-
Capital grants and gifts (including \$7,588 from System related organizations)	6,985	-	-	-	-
Additions to permanent endowments (including \$132 from System related organizations)	257	3,291	(80)	24	-
Other expenses	-	-	-	-	-
Total other revenues (expenses)	<u>7,242</u>	<u>3,291</u>	<u>2,016</u>	<u>(2,199)</u>	<u>-</u>
Increase (decrease) in net assets	<u>(31,201)</u>	<u>(46,349)</u>	<u>(1,836)</u>	<u>(3,083)</u>	<u>(1,022)</u>
Net Assets					
Net assets – beginning of year	654,067	56,256	105,528	83,369	43,431
Net assets – end of year	<u>\$622,866</u>	<u>\$ 9,907</u>	<u>\$103,692</u>	<u>\$80,286</u>	<u>\$42,409</u>

<u>GBC</u>	<u>UNLV</u>	<u>CSN</u>	<u>NSC</u>	<u>Eliminations</u>	<u>Total</u>
\$ 3,476	\$ 135,715	\$ 46,928	\$ 4,006	\$ -	\$ 284,888
2,523	68,969	15,716	2,282	(9,755)	222,605
155	13,560	5,955	361	-	37,758
-	1,067	-	39	-	24,540
1,047	2,066	18	-	-	18,500
519	24,700	2,448	14	-	68,908
780	43,091	1,189	1,020	-	77,501
-	51	1	-	-	165
<u>29</u>	<u>5,221</u>	<u>301</u>	<u>37</u>	<u>-</u>	<u>16,346</u>
<u>8,529</u>	<u>294,440</u>	<u>72,556</u>	<u>7,759</u>	<u>(9,755)</u>	<u>751,211</u>
18,236	347,086	109,576	14,400	-	943,615
859	13,588	4,392	283	-	38,211
4,318	83,765	35,940	7,022	(9,755)	283,075
844	16,612	12,217	1,119	-	51,157
<u>2,311</u>	<u>33,481</u>	<u>11,097</u>	<u>895</u>	<u>-</u>	<u>86,687</u>
<u>26,568</u>	<u>494,532</u>	<u>173,222</u>	<u>23,719</u>	<u>(9,755)</u>	<u>1,402,745</u>
(18,039)	(200,092)	(100,666)	(15,960)	-	(651,534)
16,180	198,680	94,156	16,509	-	623,417
-	-	-	-	-	(3,808)
341	19,586	3,954	489	-	-
513	15,172	796	269	-	34,346
(361)	(28,087)	(4,469)	(458)	-	(83,743)
(120)	(1,395)	12	-	-	(2,376)
(90)	(9,838)	(102)	-	-	(21,464)
<u>-</u>	<u>16,333</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,634</u>
<u>16,463</u>	<u>210,451</u>	<u>94,347</u>	<u>16,809</u>	<u>-</u>	<u>561,006</u>
(1,576)	10,359	(6,319)	849	-	(90,528)
-	(29,418)	(4)	2,665	-	(26,884)
39	1,615	1,208	107	-	9,954
-	24	72	-	-	3,588
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>39</u>	<u>(27,779)</u>	<u>1,276</u>	<u>2,772</u>	<u>-</u>	<u>(13,342)</u>
(1,537)	(17,420)	(5,043)	3,621	-	(103,870)
<u>48,321</u>	<u>823,342</u>	<u>256,536</u>	<u>32,949</u>	<u>-</u>	<u>2,103,799</u>
<u>\$46,784</u>	<u>\$805,922</u>	<u>\$251,493</u>	<u>\$36,570</u>	<u>\$ -</u>	<u>\$1,999,929</u>

NEVADA SYSTEM OF HIGHER EDUCATION
COMBINING SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (in
\$1,000's)
FOR THE YEAR ENDED JUNE 30, 2008

	<u>UNR</u>	<u>System</u>	<u>DRI</u>	<u>TMCC</u>	<u>WNC</u>
Operating Revenues					
Student tuition and fees (net of scholarship allowances of \$53,502)	\$ 71,977	\$ -	\$ -	\$12,644	\$ 3,725
Federal grants and contracts	101,606	1,906	30,370	6,164	1,801
State grants and contracts	14,712	-	144	1,417	1,412
Local grants and contracts	22,620	-	819	-	-
Other grants and contracts	11,134	623	2,749	249	104
Sales and services of educational departments (including \$27,243 from System related organizations)	36,518	4,282	-	839	397
Sales and services of auxiliary enterprises (net of scholarship allowances of \$6,143)	27,674	-	-	1,411	656
Interest earned on loans receivable	107	-	-	2	-
Other operating revenues	<u>2,890</u>	<u>534</u>	<u>5,965</u>	<u>285</u>	<u>-</u>
Total operating revenues	<u>289,238</u>	<u>7,345</u>	<u>40,047</u>	<u>23,011</u>	<u>8,095</u>
Operating Expenses					
Employee compensation and benefits	331,109	19,899	30,917	47,203	22,668
Utilities	12,260	2,005	1,289	1,601	696
Supplies and services	130,968	12,655	10,161	9,107	4,264
Scholarships and fellowships	12,360	145	-	3,817	1,258
Depreciation	<u>24,071</u>	<u>1,354</u>	<u>4,214</u>	<u>3,089</u>	<u>1,310</u>
Total operating expenses	<u>510,768</u>	<u>36,058</u>	<u>46,581</u>	<u>64,817</u>	<u>30,196</u>
Operating (loss) income	<u>(221,530)</u>	<u>(28,713)</u>	<u>(6,534)</u>	<u>(41,806)</u>	<u>(22,101)</u>
Nonoperating Revenues (Expenses)					
State appropriations	203,758	28,900	10,021	39,277	20,545
Refund to the State	-	-	(82)	-	-
Transfers to/from System Administration	12,462	(48,259)	1,398	1,356	630
Gifts (including \$26,695 from System related organizations)	18,106	776	433	198	330
Investment income, net	268	1,332	32	547	(9)
Disposal of capital assets	(481)	(364)	(346)	(48)	(3)
Interest expense	(6,412)	(41)	(700)	(403)	(80)
Other nonoperating revenues	<u>(972)</u>	<u>(6)</u>	<u>-</u>	<u>-</u>	<u>120</u>
Net nonoperating revenues (expenses)	<u>226,729</u>	<u>(17,662)</u>	<u>10,756</u>	<u>40,927</u>	<u>21,533</u>
Income (loss) before other revenue, expenses, gains or losses	<u>5,199</u>	<u>(46,375)</u>	<u>4,222</u>	<u>(879)</u>	<u>(568)</u>
State appropriations restricted for capital purposes	68,885	-	5,694	5,167	4,691
Capital grants and gifts (including \$25,590 from System related organizations)	23,235	-	-	-	1,433
Additions to permanent endowments (including \$188 from System related organizations)	1,340	312	18,564	34	-
Gain on sale of land	-	-	-	-	-
Other expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(350)</u>
Total other revenues	<u>93,460</u>	<u>312</u>	<u>24,258</u>	<u>5,201</u>	<u>5,774</u>
Increase (decrease) in net assets	<u>98,659</u>	<u>(46,063)</u>	<u>28,480</u>	<u>4,322</u>	<u>5,206</u>
Net Assets					
Net assets – beginning of year	<u>555,408</u>	<u>102,319</u>	<u>77,048</u>	<u>79,047</u>	<u>38,225</u>
Net assets – end of year	<u>\$654,067</u>	<u>\$ 56,256</u>	<u>\$105,528</u>	<u>\$83,369</u>	<u>\$43,431</u>

<u>GBC</u>	<u>UNLV</u>	<u>CSN</u>	<u>NSC</u>	<u>Eliminations</u>	<u>Total</u>
\$ 2,730	\$122,063	\$ 39,767	\$ 3,897	\$ -	\$ 256,803
2,011	81,293	10,275	1,119	(22,115)	214,430
273	13,254	5,985	502	-	37,699
-	1,318	51	18	-	24,826
-	1,584	1	-	-	16,444
544	24,616	2,735	14	-	69,945
674	43,174	1,393	1,026	-	76,008
-	42	-	-	-	151
-	4,489	451	48	-	14,662
<u>6,232</u>	<u>291,833</u>	<u>60,658</u>	<u>6,624</u>	<u>(22,115)</u>	<u>710,968</u>
18,135	344,234	106,316	13,259	-	933,740
816	13,896	4,483	282	-	37,328
3,457	94,157	39,083	6,682	(22,115)	288,419
859	14,494	7,207	1,036	-	41,176
1,558	29,074	10,478	359	-	75,507
<u>24,825</u>	<u>495,855</u>	<u>167,567</u>	<u>21,618</u>	<u>(22,115)</u>	<u>1,376,170</u>
<u>(18,593)</u>	<u>(204,022)</u>	<u>(106,909)</u>	<u>(14,994)</u>	<u>-</u>	<u>(665,202)</u>
16,089	195,667	92,671	14,837	-	621,765
-	-	-	-	-	(82)
249	14,210	8,630	9,324	-	-
1,287	13,547	839	2,115	-	37,631
45	2,781	500	2	-	5,498
(419)	(983)	(151)	-	-	(2,795)
(96)	(9,232)	(84)	-	-	(17,048)
3,830	386	(3,830)	(36)	-	(508)
<u>20,985</u>	<u>216,376</u>	<u>98,575</u>	<u>26,242</u>	<u>-</u>	<u>644,461</u>
<u>2,392</u>	<u>12,354</u>	<u>(8,334)</u>	<u>11,248</u>	<u>-</u>	<u>(20,741)</u>
2,017	90,625	7,270	1,638	-	185,987
200	1,519	52	-	-	26,439
-	35	258	-	-	20,543
-	-	-	-	-	-
-	-	-	-	-	(350)
<u>2,217</u>	<u>92,179</u>	<u>7,580</u>	<u>1,638</u>	<u>-</u>	<u>232,619</u>
<u>4,609</u>	<u>104,533</u>	<u>(754)</u>	<u>12,886</u>	<u>-</u>	<u>211,878</u>
<u>43,712</u>	<u>718,809</u>	<u>257,290</u>	<u>20,063</u>	<u>-</u>	<u>1,891,921</u>
<u>\$48,321</u>	<u>\$823,342</u>	<u>\$256,536</u>	<u>\$32,949</u>	<u>\$ -</u>	<u>\$2,103,799</u>

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