Financial Statements and Report of Independent Certified Public Accountants and Reporting Under Uniform Guidance

UNLV Medicine, Inc.

June 30, 2022 and 2021

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors of UNLV Health
and the Board of Regents of the Nevada System of Higher Education

Report on the financial statements

Opinion

We have audited the financial statements of the business-type activities of UNLV Medicine (dba as UNLV Health) (the "Entity"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Entity's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the business-type activities of the Entity as of June 30, 2022, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

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

Responsibilities of management for the financial statements

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

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

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

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

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

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

Required supplementary information
Accounting principles generally accepted in the United States of America require that the information in Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we

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obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Entity's basic financial statements. The schedule of expenditures of federal awards for the year ended June 30, 2022, as required by the Title 2 U.S. Code of Federal Regulation Paragraph 200, *Uniform Administrative Requirements, Cost Principles and Audit requirements for Federal Award*, is presented for purposes of additional analysis and not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the US GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2022 on our consideration of the Entity's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Entity's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Entity's internal control over financial reporting and compliance.

Grant Thornton LLP

San Jose, California
November 14, 2022

UNLV Medicine, Inc. dba UNLV Health

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

As of June 30, 2022 and 2021

UNLV Medicine dba UNLV Health ("UNLV Health" or the "Company") presents its financial statements for fiscal years ended June 30, 2022 and 2021. These financial statements should be read in conjunction with the audited financial statements of the Nevada System of Higher Education ("NSHE"). Unless otherwise indicated, reference made to these financial statements is for the fiscal years ended June 30, 2022 and 2021.

UNLV Health's financial statements are comprised of three statements: the statement of net position; the statement of revenues, expenses and changes in net position; and the statement of cash flows. The notes to the financial statements, provided as mandated by Governmental Accounting Standards Board ("GASB") pronouncements, provide additional information that is essential to a full understanding of the financial statements.

These financial statements present our financial position resulting from operations for the fiscal years ended June 30, 2022 and 2021 and include explanatory footnotes or provide additional detail regarding the financial information presented.

UNLV Medicine dba UNLV HEALTH

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

In 2016, UNLV established UNLV Health, as a separate, not-for-profit corporation comprised of multispecialty physicians, enabling access to diverse patient populations for medical students, residents, and fellows in an educational environment. As Nevada's largest faculty physician practice group, the KSOM employs 120 full-time physicians in 39 different medical specialties engaged in education, patient care and research. Treating approximately 262,305 patients a year, our physicians' primary goal is improving the quality of health care in Nevada. UNLV Health's resources are located in 13 physician practice offices in the Las Vegas area.

UNLV Health provides continued development and expansion of a physician faculty committed to meeting the health care needs of Nevada's residents. UNLV Health generates revenue to enhance financial resources available for the KSOM to preserve and fulfill its multiple missions. Therefore, it is included in the financial statements of NSHE as a discrete component unit.

FINANCIAL POSITION

The statements of net position present the assets, liabilities, and net position of UNLV Health and contains data concerning current and noncurrent assets, deferred outflow of resources, and liabilities, and net position (assets less liabilities) as of the fiscal years ended June 30, 2022 and 2021. The statements of net position reflect the assets available for continued use in operations and the liabilities owed to vendors, patients, employees, and affiliates. Finally, the statements of net position provides a picture of the availability of assets for expenditure.

UNLV Medicine dba UNLV Health

MANAGEMENT'S DISCUSSION AND ANALYSIS—CONTINUED
(Unaudited)

As of June 30, 2022 and 2021

FINANCIAL POSITION—Continued

The major components of UNLV Health's assets, liabilities, and net positions as of June 30, 2022 and 2021 were as follows:

	2022	2021	Percentage Change FY 22 to FY 21
ASSETS			
Current assets			
Cash and cash equivalents	$ 7,130,712	$ 3,616,258	97%
Restricted cash and cash equivalents	14,754	10,029	47%
Patient accounts receivable, net	6,909,616	8,902,061	(22%)
Other receivables	2,110,378	1,643,526	28%
Due from affiliates	93,474	104,056	(10%)
Inventory	383,371	256,200	50%
Prepaid expenses and other assets	146,786	175,713	(16%)
Total current assets	16,789,091	14,707,843	14%
Non current assets			
Property and equipment, net	653,237	1,580,058	(59%)
Right-of-use assets, net	17,766,270	-	0%
Total assets	$ 35,208,598	$ 16,287,901	116%
Deferred outflow of resources	$ 7,110	$ 96,110	(93%)
LIABILITIES AND NET POSITION			
Current liabilities			
Accounts payable	$ 1,854,250	$ 2,013,949	(8%)
Patient refunds	693,252	885,955	(22%)
Accrued payroll and employee related expenses	1,170,304	1,477,761	(21%)
Other short-term liabilities	325,439	245,268	33%
Lease liability	3,011,615	207,577	1,351%
Due to affiliates	3,326,654	2,248,902	48%
Total current liabilities	10,381,514	7,079,412	47%
Noncurrent liabilities			
Lease liability, net of current portion	15,001,837	716	2,095,129%
Total liabilities	25,383,351	7,080,128	259%
Net position			
Invested in capital assets, net of related debt	413,995	1,483,076	(72%)
Restricted	14,754	10,029	47%
Unrestricted	9,403,608	7,810,778	20%
Total net position	9,832,357	9,303,883	6%
Total liabilities and net position	$ 35,215,708	$ 16,384,011	115%

UNLV Medicine, Inc. dba UNLV Health

MANAGEMENT'S DISCUSSION AND ANALYSIS—CONTINUED
(Unaudited)

As of June 30, 2022 and 2021

FINANCIAL POSITION—Continued

UNLV Health's assets
UNLV Health's total assets during fiscal year 2022 increased by $18,920,697, or 116%, to $35,208,598.

Cash and cash equivalents, including restricted cash and cash equivalents, increased during fiscal year 2022 by $3,519,179 or 97%, to $7,145,466. The increase in cash and cash equivalents is primarily attributable to improved cash collections of patient accounts receivable.

Patient accounts receivable, net of allowances for contractual adjustments and allowances for uncollectible accounts, decreased during the fiscal year 2022 by $1,992,445, or 22% to $6,909,616 due primarily to reduced revenue from physician services related to vaccinations which were not administered to the general public.

Capital assets include medical equipment, computer equipment and software, furniture, fixtures and office equipment, vehicles and lease hold improvements. Capital additions in fiscal year 2022 were $86,491 which included $33,716 for computer equipment, $52,775 for leasehold improvements. On July 1, 2021 capital assets of $216,234, net of accumulated depreciation, were reclassified to ROU assets, net. There were no capital disposals in fiscal year 2022.

Accumulated depreciation for property and equipment for fiscal year 2022 increased by $797,078, or 23% to $4,214,916.

GASB Statement No. 87, *Leases* ("GASB 87"), effective 2022, establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Limited exceptions to the single approach guidance are provided for short-term leases, defined as lasting a maximum of twelve months at inception, including any options to extend, financed purchases, leases of assets that are investments and certain regulated leases. Leases should be recognized and measured using the facts and circumstances that exist at the beginning of the earliest period presented. On July 1, 2021, the Company adopted GASB 87 and recorded right-to-use lease assets of $15,801,910, net of accumulated depreciation, and lease liabilities of $15,801,910, net of liability reductions, in its Statement of Net Position as of July 1, 2021. (See Note G for additional details).

UNLV Health's deferred outflow
During fiscal year 2018, UNLV Health purchased Campus Pharmacy Mojave from Integrated Clinical Services, Inc. for $520,000. The purchase price of $520,000, less the fair value of the tangible assets of $75,000, is being amortized over five years. The valuation was determined using projected future revenues based on a stable patient base that took into account the possible risk of lost patient volume and/or nonrenewal of insurance contracts as well as any other unknown risks. During 2018, UNLV loaned funds to UNLV Health for this pharmacy acquisition. In fiscal years 2020 and 2021, UNLV forgave this indebtedness (see liabilities below). The accumulated amortization of the deferred outflow was $437,890 and $348,890 at June 30, 2022 and 2021, respectively.

UNLV Health's liabilities
Long-term liabilities for fiscal year 2022 increased by $15,001,121, or 2,095,129%, to $15,001,837 due to the adoption of GASB 87.

On July 1, 2021, the Company adopted GASB 87 and recorded right-to-use lease assets of $15,801,910, net of accumulated amortization, and lease liabilities of $15,801,910, net of lease liability reductions, in its Statement of Net Position as of July 1, 2021 (See Note H for additional details).

UNLV Medicine dba UNLV Health

MANAGEMENT'S DISCUSSION AND ANALYSIS—CONTINUED
(Unaudited)

As of June 30, 2022 and 2021

FINANCIAL POSITION—Continued

UNLV Health's net position

Net position represents the residual interest in assets after all liabilities have been deducted. UNLV Health's net position was $9,832,357 and $9,303,883 at June 30, 2022 and 2021, respectively, and is reported in three major categories: invested in capital assets net of related debt, unrestricted and restricted.

Under generally accepted accounting principles, net position, not subject to externally imposed restrictions governing its use, must be classified as unrestricted for financial reporting purposes. Although UNLV Health's unrestricted net positions of $9,403,608 and $7,810,778 as of June 30, 2022 and 2021, respectively, were not subject to externally imposed restrictions, the net positions generally result from providing or agreeing to provide healthcare services and receiving income from investing in income- producing assets less expenses incurred to provide the healthcare services. The healthcare services provide other community benefits and perform educational and administrative functions. The limits on the use of unrestricted net assets are the broad limits resulting from the environment in which UNLV Health operates and the limits resulting from contractual agreements with suppliers, creditors and others entered into the ordinary course of business. UNLV Health's restricted net positions were $14,754 and $10,029 at June 30, 2022 and 2021, respectively, in line with contributions received during fiscal years 2022 and 2021 for COVID-19 testing and other.

UNLV Medicine, Inc. dba UNLV Health

MANAGEMENT'S DISCUSSION AND ANALYSIS—CONTINUED
(Unaudited)

For the Periods Ended June 30, 2022 and 2021

RESULTS OF OPERATIONS

The statement of revenues, expenses and changes in net position is a representation of UNLV Health's operating results for the year.

Generally, operating revenues are earned for providing pharmaceuticals and services to the various patients and clients of the Company. Operating expenses are those expenses incurred to acquire or produce the pharmaceuticals and services provided in return for the operating revenues and to carry out UNLV Health's mission. Revenues and expenses, for which pharmaceuticals and services were not provided, such as debt forgiveness and interest expense, are reported as non-operating revenues or expenses.

The following table compares the results of operations for the fiscal years ended June 30, 2022 and 2021.

	2022	2021	Percentage Change
Revenues:			
Net patient service revenue	$ 40,490,507	$ 45,486,490	(11%)
Contract revenue	14,724,946	13,939,728	6%
Other revenue	10,441,569	8,680,630	20%
Total revenues	65,657,022	68,106,848	(4%)
Operating expenses:			
Employee salaries and wages	21,668,080	22,792,030	(5%)
Physician services	24,893,533	25,297,883	(2%)
Medical fees	10,660,456	13,508,623	(21%)
Supplies	684,999	959,689	(29%)
Purchased services, insurance and other	4,686,526	4,282,905	9%
Depreciation and amortization	4,341,744	970,885	347%
Total operating expenses	66,935,338	67,812,015	(1%)
Operating (loss) income	(1,278,316)	294,833	(534%)
Non-operating income:			
KSOM Support	1,991,801	17,211,758	(88%)
Grants and contracts	7,000	956,422	(99%)
Interest expense	(192,011)	(65,348)	194%
	1,806,790	18,102,832	(90%)
CHANGE IN NET POSITION	528,474	18,397,665	(97%)
Net position - beginning of year	9,303,883	(9,093,782)	(202%)
Net position - end of year	$ 9,832,357	$ 9,303,883	6%

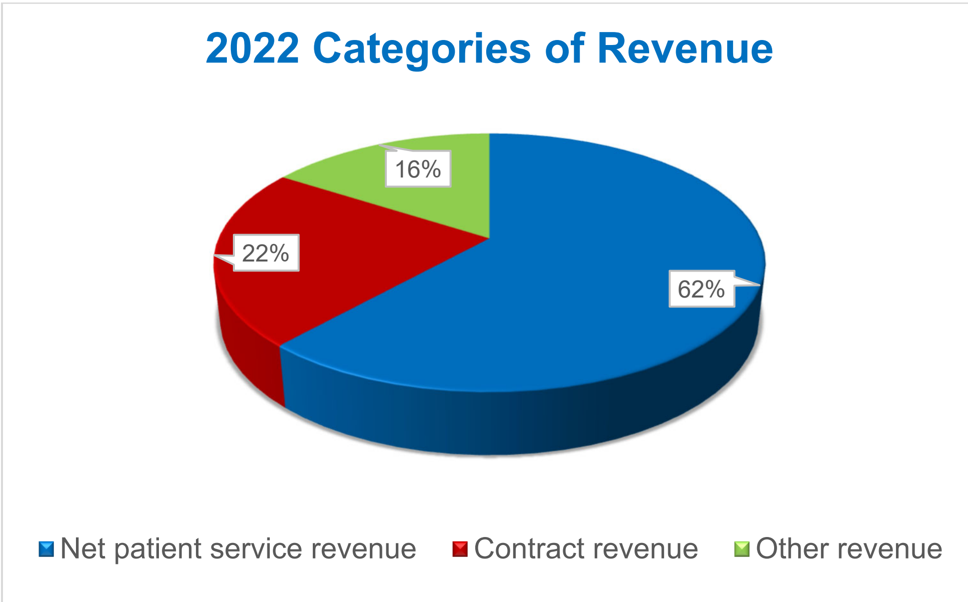
UNLV Medicine dba UNLV Health

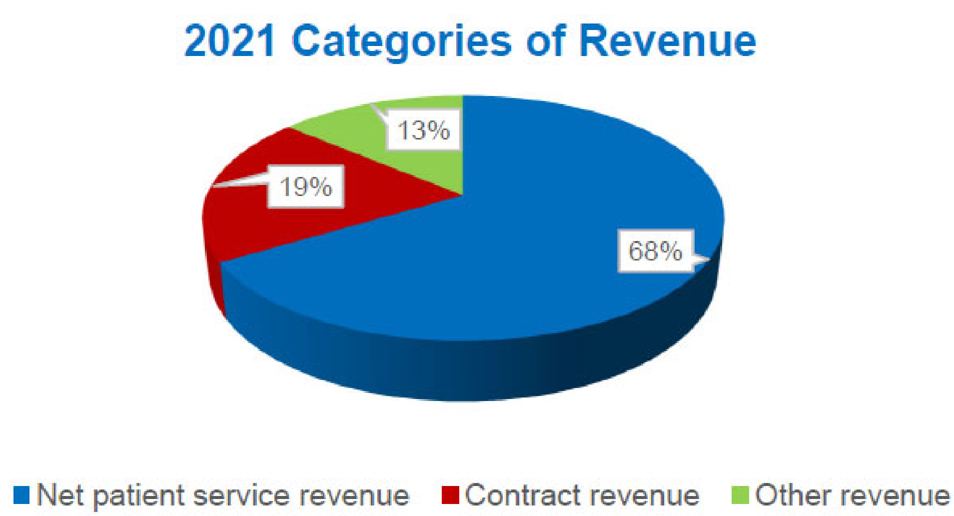
MANAGEMENT'S DISCUSSION AND ANALYSIS—CONTINUED
(Unaudited)

For the Periods Ended June 30, 2022 and 2021

RESULTS OF OPERATIONS—Continued

Categories and percentages of operating and non-operating revenues that support UNLV Health's core activities for the fiscal years ended June 30, 2022 and 2021 were as follows:





UNLV Medicine, Inc. dba UNLV Health

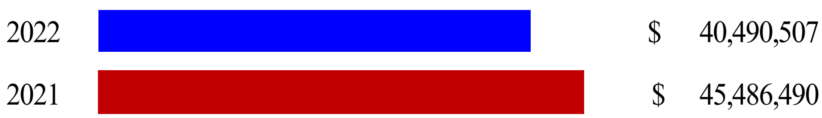
MANAGEMENT'S DISCUSSION AND ANALYSIS—CONTINUED
(Unaudited)

For the Periods Ended June 30, 2022 and 2021

RESULTS OF OPERATIONS—Continued

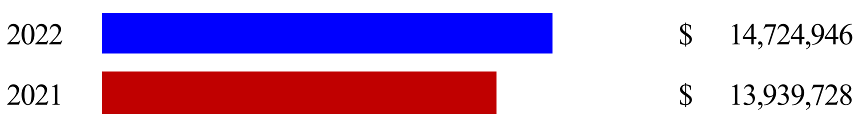
The statements of revenues, expenses, and changes in net position reflect a positive year with an increase in the net position at the end of the year. A review of the individual revenue and expense categories that contributed to the overall increase in the net position reveals the following:

Net patient service revenue



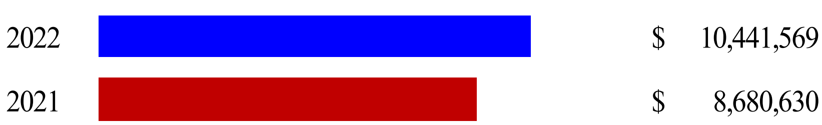
Patient service revenue, net of contractual allowance, bad debt and refunds for the fiscal year ended June 30, 2022 decreased by $4,995,983, or 11%, to $40,490,507 due to reduced physician services related to vaccinations and the loss of some key high billable physicians during fiscal year 2022.

Contract revenue



Contract revenue from federal, state, and local governments, as well as private partner organizations for the fiscal year ended June 30, 2022 increased by $785,218, or 6%, to $14,724,946 primarily due to increased revenue from amended contracts for the fiscal year ended June 30, 2022.

Other revenue



Other revenues for the fiscal year ended June 30, 2022 increased by $1,760,939, or 20%, to $10,441,569 primarily due to a gift received from KSOM for $3,152,116 of which $1,991,801 and $1,160,315 were recorded as non-operating and operating revenues, respectively. The operating revenues were used to offset variable-rate expenses, electronic medical records (Epic) and other administrative expenses. There was also an increase in pharmacy revenue of $746,648.

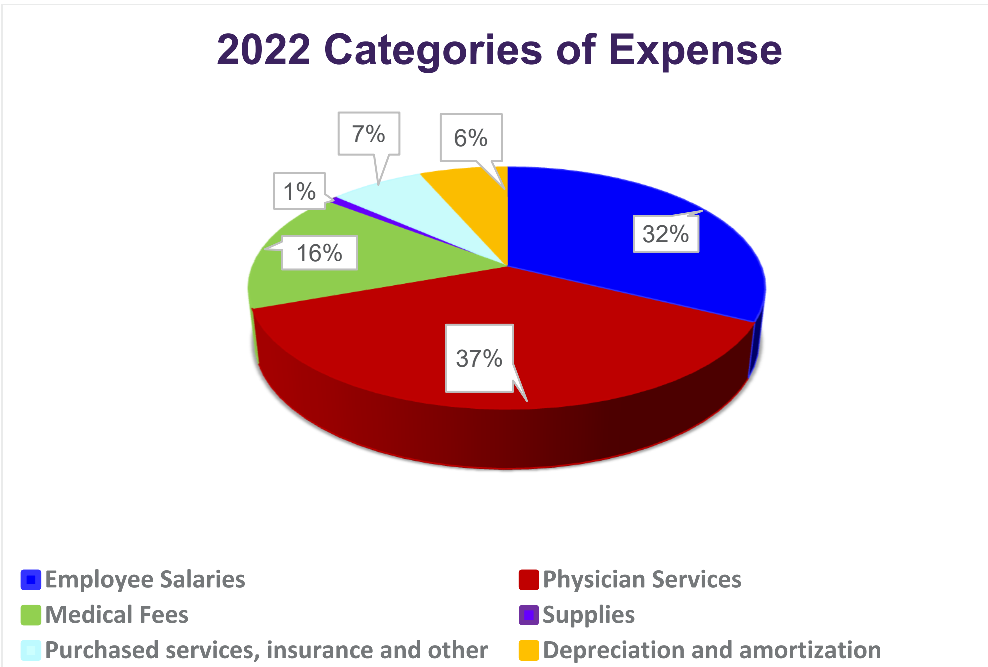
UNLV Medicine dba UNLV Health

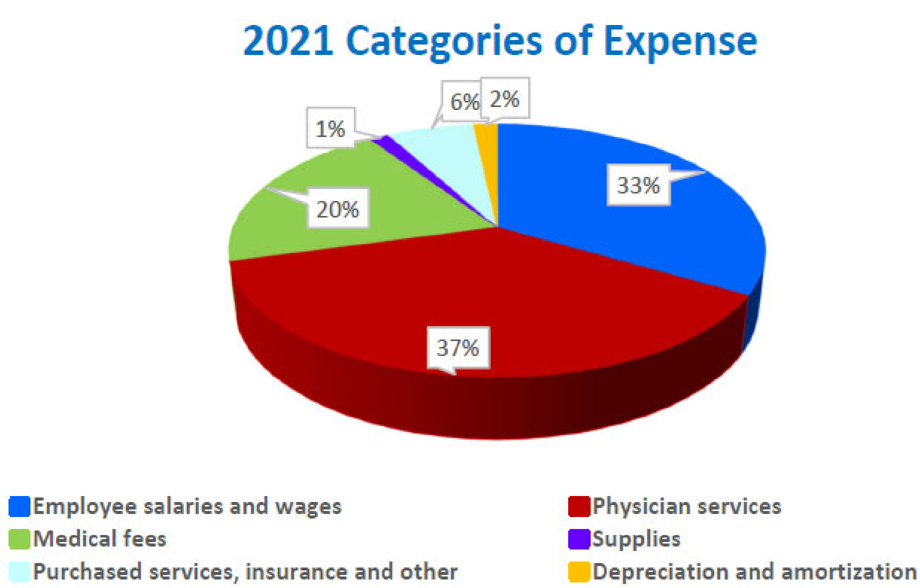
MANAGEMENT'S DISCUSSION AND ANALYSIS—CONTINUED
(Unaudited)

For the Periods Ended June 30, 2022 and 2021

RESULTS OF OPERATIONS—Continued

Categories and percentages of expenses related to UNLV Health's core activities for the years ended June 30, 2022 and 2021 were as follows:





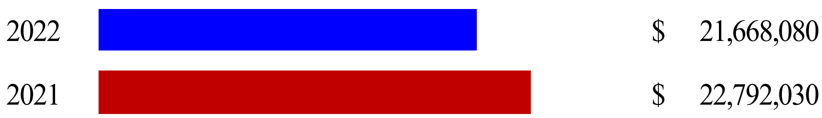
UNLV Medicine, Inc. dba UNLV Health

MANAGEMENT'S DISCUSSION AND ANALYSIS—CONTINUED
(Unaudited)

For the Periods Ended June 30, 2022 and 2021

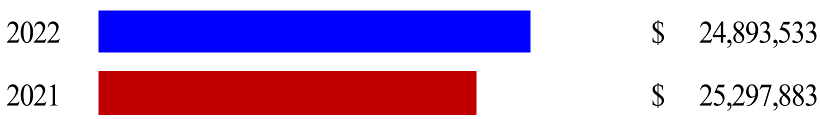
RESULTS OF OPERATIONS—Continued

Employee salaries, wages and benefits



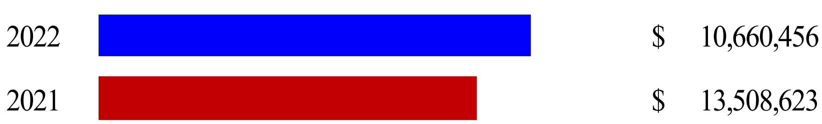
Employee salaries, wages and benefits for the fiscal year ended June 30, 2022 decreased by $1,123,950, or 5%, to $21,668,080 due to the reduction in the administration of vaccinations.

Physicians services



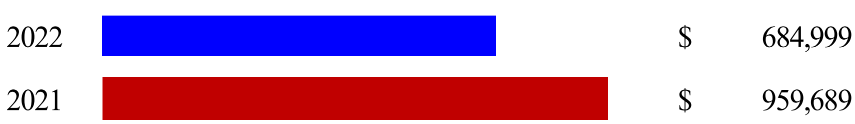
Physician services for the fiscal year ended June 30, 2022 decreased by $404,350, or 2% to $24,893,533 due to the reduction in faculty salaries related to the turnover of some key positions.

Medical fees



Medical fees consist of clinic rents, maintenance and utilities, medical supplies and drug expense for the pharmacy operations and supportive living expenses. Medical fees for the fiscal year ended June 30, 2022 decreased by $2,848,167, or 21%, to $10,660,456 due to the change in the way that clinic rents were recorded in fiscal year 2022 as variable-rate expenses and lease liability.

Supplies



Supplies expense for the fiscal year ended June 30, 2022 decreased by $274,690, or 29%, to 684,999 primarily due to the reduction of purchased supplies used in the vaccination sites.

Purchased services

Purchased services for the fiscal year ended June 30, 2022 increased by $403,621, or 9%, to $4,686,526 due primarily to the increase in contractors.

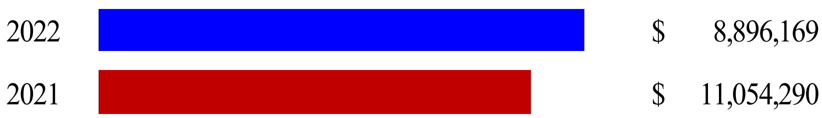
UNLV Medicine dba UNLV Health

MANAGEMENT'S DISCUSSION AND ANALYSIS—CONTINUED
(Unaudited)

For the Periods Ended June 30, 2022 and 2021

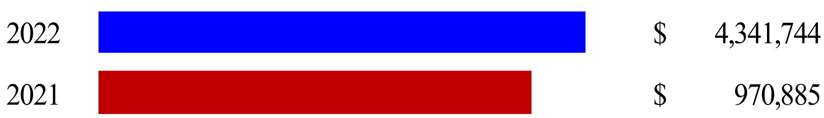
RESULTS OF OPERATIONS—Continued

Bad debt expense



Bad debt expense for the fiscal year ended June 30, 2022 decreased by $2,158,121, or 20% to $8,896,169 due primarily to the decrease in patient services revenue.

Depreciation and amortization expense



Depreciation and amortization for the fiscal year ended June 30, 2022 increased by 3,370,859, or 347% to $4,341,744 due primarily to lease assets previously accounted for off balance sheet prior to the adoption of GASB 87 Leases.

Other operating expenses

While the disruption from COVID-19 was expected to be temporary, there has been another resurgence of the coronavirus as it continues to evolve and mutate into other variants, some more contagious. There remains uncertainty around the extent, duration and possible negative impacts it could have on the Company's operations and financial results. This impact cannot be reasonably estimated at this time.

NON-OPERATING INCOME (LOSS)

Non-operating income—KSOM support

KSOM support for the fiscal years ended June 30, 2022 decreased by $15,219,957, or 88%, to $1,991,801 and consisted of a gift from KSOM which was used to offset lease liability and related interest expense.

UNLV Medicine, Inc. dba UNLV Health

MANAGEMENT'S DISCUSSION AND ANALYSIS—CONTINUED
(Unaudited)

For the Periods Ended June 30, 2022 and 2021

NON-OPERATING INCOME (LOSS)—Continued

Non-operating income—grants and contracts

Various donations for the fiscal year ended June 30, 2022 decreased by $949,422, or 99%, to $7,000. Fiscal year ended June 30, 2022 did not include any funds related to the CARES Act.

Interest expense

Interest expense for the fiscal year ended June 30, 2022 increased by $126,663, or 194%, to $192,011 due to recording interest on the right-of-use assets required under GASB 87 effective July 1, 2021.

CASH FLOW STATEMENTS

The following table compares the results of operations for the fiscal years ended June 30, 2022 and 2021.

	2022	2021
Cash provided by (used in)		
Operating activities	$ 4,999,423	$ (4,348,742)
Capital and related financing and investing activities	(1,480,244)	475,540
NET INCREASE (DECREASE IN) CASH AND CASH EQUIVALENTS	3,519,179	(3,873,202)
Cash and cash equivalents, beginning of year	3,626,287	7,499,489
Cash and cash equivalents, end of year	$ 7,145,466	$ 3,626,287

The statement of cash flows presents detailed information about the cash activities of UNLV Health during the fiscal year and is divided into five sections. The first section reflects operating cash flows and shows the net cash provided by or used in operating activities. The second section reflects the cash flows from noncapital financing activities. The third reflects cash flows from capital and related financing activities, reflects the cash used for the acquisition and construction of capital assets and related items and related funding received. The fourth section reflects the cash flows from investing activities, which reflects net proceeds received from the sale of investment securities. The fifth section provides reconciliation between UNLV Health's net income and the net cash provided by or used in operating activities. Cash and cash equivalents as of June 30, 2022 and 2021 were $7,145,466 and $3,626,287, respectively.

UNLV Medicine dba UNLV Health

MANAGEMENT'S DISCUSSION AND ANALYSIS—CONTINUED
(Unaudited)

For the Periods Ended June 30, 2022 and 2021

CONTRACTUAL OBLIGATIONS

The following table summarizes UNLV Health's contractual obligations as of June 30, 2022:

	Total	2023	2024	2025	2026	2027	Thereafter
Contractual Obligations							
Facility lease liabilities	$ 17,914,731	$ 2,914,440	$ 3,046,514	$ 2,811,323	$ 2,687,255	$ 1,722,024	$ 4,733,175
Equipment lease liabilities	98,721	97,175	1,546	-	-	-	-
Total contractual obligations	$ 18,013,452	$ 3,011,615	$ 3,048,060	$ 2,811,323	$ 2,687,255	$ 1,722,024	$ 4,733,175

Requests for information

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

BASIC FINANCIAL STATEMENTS

UNLV Medicine, Inc. dba UNLV Health

STATEMENT OF NET POSITION

As of June 30, 2022

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	7,130,712
Restricted cash and cash equivalents		14,754
Patient accounts receivable, net of estimated contractual allowances and estimated uncollectables of $5,469,873 and $3,829,833.		6,909,616
Other receivables		2,110,378
Due from affiliates, net		93,474
Inventory		383,371
Prepaid expenses and other assets		146,786
Total current assets		16,789,091
NONCURRENT ASSETS		
Property and equipment, net		653,237
Right-of-use assets, net		17,766,270
Total assets	$	35,208,598
DEFERRED OUTFLOW		
Deferred outflow of resources	$	7,110
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	$	1,854,250
Patient refunds		693,252
Accrued payroll and employee related expenses		1,170,304
Other short-term liabilities		325,439
Lease liabilities		3,011,615
Due to affiliates, net		3,326,654
Total current liabilities		10,381,514
NONCURRENT LIABILITIES		
Lease liabilities, net of current portion		15,001,837
Total liabilities		25,383,351
COMMITMENTS AND CONTINGENCIES (Note L)		
NET POSITION		
Invested in capital assets, net of related debt		413,995
Restricted, expendable		14,754
Unrestricted		9,403,608
Total net position		9,832,357
Total liabilities and net position	$	35,215,708

The accompanying notes are an integral part of this statement.

UNLV Medicine, Inc. dba UNLV Health

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Fiscal Year Ended June 30, 2022

REVENUES	
Net patient service revenue	$ 40,490,507
Net contract revenue	14,724,946
Other revenue	10,441,569
Total revenue	65,657,022
OPERATING EXPENSES	
Employee salaries, wages and benefits	21,668,080
Physician services	24,893,533
Medical fees	10,660,456
Supplies	684,999
Purchased services, insurance and other	4,686,526
Depreciation and amortization	4,341,744
Total operating expenses	66,935,338
Operating loss	(1,278,316)
NON-OPERATING INCOME (EXPENSES)	
KSOM support	1,991,801
Grants and contracts	7,000
Interest expense	(192,011)
Total non-operating income	1,806,790
CHANGE IN NET POSITION	528,474
Net position - beginning of year	9,303,883
Net position - end of year	$ 9,832,357

The accompanying notes are an integral part of this statement.

UNLV Medicine, Inc. dba UNLV Health

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2022

Cash flows from operating activities:	
Receipts from patients and third-party payors	$ 42,290,249
Payments to employees	(21,975,537)
Payments to suppliers	(40,105,702)
Other receipts	24,790,413
Net cash provided by operating activities	4,999,423
Cash flows from capital and related financing activities:	
Payments on leases	(1,357,968)
Payments of interest	(42,785)
Proceeds from grants and contracts	7,000
Net cash used in capital and related financing activities	(1,393,753)
Cash flows from capital and related investing activities:	
Purchase of property and equipment	(86,491)
Net cash used in capital and related investing activities	(86,491)
NET INCREASE (DECREASE) IN CASH	3,519,179
Cash and cash equivalents - beginning of year	3,626,287
Cash and cash equivalents - end of year	$ 7,145,466
Reconciliation of income from operations to net cash provided by (used in) operating activities:	
Operating loss	$ (1,278,316)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	4,341,744
Contributions from KSOM	1,160,315
Changes in operating assets and liabilities:	
Patient accounts receivable	1,992,445
Other receivables	(466,852)
Inventory	(127,171)
Due to affiliates	(82,563)
Prepaid expenses and other assets	28,927
Accounts payable	(159,699)
Patient refund	(192,703)
Accrued payroll and employee related expenses	(307,457)
Other short-term liabilities	80,171
Due from affiliates	10,582
Net cash provided by operating activities	$ 4,999,423

UNLV Medicine, Inc. dba UNLV Health

STATEMENT OF CASH FLOW

For the Fiscal Year Ended June 30, 2022
(Continued)

Supplemental disclosure of cash flow information:	
Cash paid for interest	$ 42,785
Supplemental noncash investing and financing activities information:	
Support from KSOM	$ 1,991,801
Right-of-use lease facilities being financed	$ 17,914,731
Right-of-use lease equipment being financed	$ 98,721
Noncash - right-of-use asset < lease liability secured by the asset	$ 40,310

The accompanying notes are an integral part of this statement

UNLV Medicine, Inc. dba UNLV Health

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2022

NOTE A—COMPANY AND OPERATIONS

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

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

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

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation

These statements have been prepared on the accrual basis of accounting in accordance with accounting standards promulgated by GASB using enterprise fund accounting and the economic resources measurement focus.

Net position is required to be classified for accounting and reporting purposes in the following categories:

- Invested in capital assets, net of related debt – Capital assets, net of accumulated depreciation, reduced by outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- Restricted – net position resulting from transactions with purpose restrictions until the resources are used for the specific purpose or for as long as the provider requires the resources to remain intact.
- Unrestricted - net position that is neither restricted nor invested in property and equipment, net of related debt. The only limits on unrestricted net position are broad limits resulting from the nature of the Company and the purpose specified in its articles of incorporation or by laws and limits resulting from contractual agreement, if any.

2. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America ("GAAP") 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 dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

3. Cash and Cash Equivalents

Cash and cash equivalents are highly liquid assets including coin, currency and short-term investments that typically mature in 30-90 days. Cash and cash equivalents include demand deposit accounts.

UNLV Medicine, Inc. dba UNLV Health

NOTES TO FINANCIAL STATEMENTS—CONTINUED

For the Fiscal Year Ended June 30, 2022—Continued

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

4. Patient Accounts Receivable

Patient accounts receivable represents receivables under various payment agreements with third-party commercial insurance companies, governmental payors, individual patients and others for services already rendered, and includes an allowance for contractual adjustments and uncollectible accounts which are charged to operations based upon management's estimates. Contractual adjustments result from the difference between gross charges and the established or negotiated rates for physician services performed and amounts management estimates to be collected by certain third-party commercial insurance companies, government sponsored health care programs and other third parties (not including personal guarantors of patients). Bad debt adjustments include amounts deemed uncollectible by management. Provisions for contractual adjustments and uncollectible amounts are estimated and recorded in the same period services are rendered.

The provisions for contractual adjustments and uncollectible accounts are determined based upon an evaluation of historical collection experience, anticipated reimbursement levels and other relevant factors. Adjustments and changes in estimates are recorded in the period in which they are determined**.**

5. Patient Refunds

Patient refunds are overpayments from patients and third-party payers for services performed. The Company issues checks refunding payments once an overpayment is identified.

6. Inventory

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

7. ***Property and Equipment***

Capital asset purchases and leasehold improvements are recorded at cost, net of accumulated depreciation. Asset purchases in excess of $2,500 are capitalized. Depreciation for property and equipment purchases is calculated using the straight-line method. The following estimated useful life policy has been enacted for each asset class: computer equipment, software, furniture and fixtures and equipment: 3-5 years; vehicles: 10 years; and buildings: 40 years.

8. ***Right of Use Asset***

Right-of-use ("ROU") assets are recognized at the lease commencement date and represent the Company's right to use an underlying asset for the lease term. ROU assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement and initial direct costs.

9. ***Lease Liability***

Lease liabilities represent the Company's obligation to make lease payments arising from leases other than short-term leases. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments over the remaining lease term. The present value of lease payments are discounted based on a borrowing rate determined by the Company using a third-party valuation firm. Short term leases, those with a maximum period of 12 months, are expensed as incurred.

UNLV Medicine, Inc. dba UNLV Health

NOTES TO FINANCIAL STATEMENTS—CONTINUED

For the Fiscal Year Ended June 30, 2022—Continued

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

10. Income Taxes

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

11. Operating Revenues and Expenses

Operating revenues and expenses are distinguished from non-operating items. Operating revenues and expenses generally result directly or indirectly from providing patient care in connection with the Company's ongoing operations. The principal operating revenues of the Company are net patient service revenue and contract revenue. Other revenue is consistent with pharmaceuticals and exchange transactions, including federal, state, local grants. Revenue from grants and other contributions is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, matching requirements and expense requirements.

Operating expenses include the cost of the faculty, staff, administration, medical fees, supply expenses, and depreciation of property and equipment. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Net Patient Services Revenue
The Company has agreements with third-party payors that provide for payments at amounts different from the Company's established rates. A summary of the payment arrangements with major third-party payors follows:

- *Medicare* is a federal health insurance program that provides coverage for people 65 years and older, for certain disabled people, and for some people with End Stage Renal Disease. Medicare reimburses physician claims based on a resource based relative value scale ("RBRVS") that assigns values to procedures in relation to one another and is used to establish the Medicare fee schedule. The Medicare fee schedule determines how the Company is paid.
- *Medicaid* is a medical coverage program jointly funded by both the states and the federal government for residents who qualify based on annual income that falls below the state or nationally indicted poverty level. The Company is paid according to the Medicaid fee schedule.
- *Commercial and Other Insurance* – The Company has entered into agreements with numerous nongovernmental third-party payors to provide patient care to beneficiaries under a variety of payment arrangements. These include contracts with commercial insurance companies and workers' compensation plans, which reimburse the Company on a fee schedule, a percentage of billed charges, or a percentage of RBRVS.

UNLV Medicine, Inc. dba UNLV Health

NOTES TO FINANCIAL STATEMENTS—CONTINUED

For the Fiscal Year Ended June 30, 2022—Continued

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Operating Revenues and Expenses—*Continued*

Net Patient Services Revenue—Continued
Net patient service revenue is reported when services are provided to patients, including capitation payment arrangements, at the estimated net realizable amounts from patients, third-party payors including Medicare and Medicaid, and others for services rendered, including estimated retroactive audit adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Contractual adjustments include differences between established billing rates and amounts reimbursable under various contractual agreements. Contractual adjustments are recorded as deductions from professional fee revenue to arrive at net patient service revenue. Contractual adjustments were $39,756,447 incurred during the fiscal year ended June 30, 2022. The Company also treats patients without insurance or provides elective surgery services that are not covered by third-party payors. Bad debt expenses of $8,896,169 were incurred during the fiscal year ended June 30, 2022.

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

12. Deferred Outflows

The Mojave pharmacy acquisition was recorded as a deferred outflow of resources. Deferred outflows are a consumption of net assets applicable to future reporting periods.

13. Compensated Absences

The Company's full time employees earn paid time off ("PTO") benefits at varying rates depending on years of service. Unused PTO benefits accumulate and may be rolled over to the following year. Employees may accumulate PTO hours up to a specified maximum, and once capped, the accrual will drop into a sick leave bank which is also capped. Only unused PTO balances will be paid to employees upon separation provided they have completed at least one year of continuous service. The estimated amount of accrued PTO is reported as accrued payroll and employee-related expenses.

14. New Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases* ("GASB 87"), which addresses informational needs of the financial statement users by improving the accounting and financial reporting for leases by governments. GASB 87 is effective for fiscal years beginning after June 15, 2021. GASB 87, establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred

UNLV Medicine, Inc. dba UNLV Health

NOTES TO FINANCIAL STATEMENTS—CONTINUED

For the Fiscal Year Ended June 30, 2022—Continued

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

New Accounting Pronouncements*—Continued*

inflow of resources. Limited exceptions to the single approach guidance are provided for short-term leases, defined as lasting a maximum of twelve months at inception, including any options to extend, financed purchases, leases of assets that are investments and certain regulated leases. Leases should be recognized and measured using the facts and circumstances that exist at the beginning of the earliest period presented. On July 1, 2021, the Company adopted GASB 87 and recorded right-to-use lease assets of $15,801,910, net of accumulated amortization, and lease liabilities of $15,801,910, net of lease liability reductions, in its Statement of Net Position as of July 1, 2021.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, which addresses informational needs of the financial statement users by improving the accounting and financial reporting for subscription-based agreements by governments. GASB 87 is effective for years beginning after June 15, 2022. The Company will adopt this statement on July 1, 2022 and is in the process of determining the impact to its financial statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, which addresses informational needs of the financial statement users by improving the accounting and financial reporting for compensated absences, such as PTO. GASB 101 is effective for years beginning after December 31, 2023. The Company has not adopted this statement and is in the process of determining the impact to its financial statements.

NOTE C—CONCENTRATION OF CREDIT RISK

The Company grants credit without collateral to its patients, most of whom are local residents and insured under third-party insurance or governmental payor agreements. The components of receivables from patients and third-party payors for the year ended June 30, 2022 were as follows:

	2022
Financial Class	
Medicare	12%
Medicaid	34%
Commercial	32%
Third-party payors	4%
Patients	18%
	100%

UNLV Medicine, Inc. dba UNLV Health

NOTES TO FINANCIAL STATEMENTS—CONTINUED

For the Fiscal Year Ended June 30, 2022—Continued

NOTE D—CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents are highly liquid assets including coin, currency and short-term investments that typically mature in 30-90 days. The Company maintains its cash accounts in deposit accounts, the balance of which is periodically in excess of federally insured limits. As of June 30, 2022, cash and cash equivalents consisted of the following:

		2022
Cash on deposits	$	7,093,893
Custodial credit risk	$	7,440,106

NOTE E—RESTRICTED CASH AND CASH EQUIVALENTS

Restricted cash refers to cash that is held onto by a company for specific reasons and is, therefore, not available for immediate ordinary business use. Restricted cash and cash equivalents of $14,754 consisted of various small items.

NOTE F—PROPERTY AND EQUIPMENT

The property and equipment activity for the fiscal year ended June 30, 2022 was as follows:

	July 1, 2021	Additions	Disposals	June 30, 2022
Medical equipment	$ 786,112	$ -	$ -	$ 786,112
Computer equipment and software	3,422,315	33,716	-	3,456,031
Furniture, fixtures and office equipment	327,120	-	-	327,120
Vehicles	15,940	-	-	15,940
Leasehold improvements	230,175	52,775	-	282,950
Property and equipment, at cost	4,781,662	86,491	-	4,868,153
Less: accumulated depreciation	(3,417,838)	(797,078)	-	(4,214,916)
Property and equipment, net	$ 1,363,824	$ (710,587)	$ -	$ 653,237

Depreciation expense property and equipment for the fiscal year ended June 30, 2022, inclusive of depreciation of deferred outflow, was $886,078.

NOTE G—RIGHT-OF-USE ASSETS

GASB 87, effective 2022, establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Limited exceptions to the single approach guidance are provided for short-term leases, defined as lasting a maximum of twelve months at inception, including any options to extend, financed purchases, leases of assets that are investments and certain regulated leases. Leases should be recognized and measured using the facts and circumstances that exist at the beginning of the earliest period presented. On July 1, 2021, the Company adopted GASB 87 and recorded right-to-use lease assets of $15,801,910, net of accumulated amortization, and lease liabilities of $15,801,910, net of lease liability reductions, in its Statement of Net Position.

UNLV Medicine, Inc. dba UNLV Health

NOTES TO FINANCIAL STATEMENTS—CONTINUED

For the Fiscal Year Ended June 30, 2022—Continued

NOTE G—RIGHT-OF-USE ASSETS—Continued

Short-term leases and variable costs included in the lease agreement are recorded as rent and expensed as incurred. The Company has entered into various leases for equipment and facilities. Of these leases, a total of 8 agreements call for payments that are partially or completely variable and therefore were not included in lease assets or lease liabilities. These variable payments are a result of the underlying lease measured not on a fixed rate, but rather variable due to the underlying payments derived from common area maintenance for leased facilities. A total of $339,608 was recognized as expenses from these variable payments for the year ended June 30, 2022.

The activity for leases for facilities for the fiscal year ended June 30, 2022 was as follows:

	Start Date	End Date	Term (mos)	NPV	July 1, 2021	Additions	June 30, 2022
3196 Maryland Parkway	10/1/2021	9/30/2031	120	$ 2,091,264	$ -	$ 2,091,264	$ 2,091,264
5320 S. Rainbow Blvd.	7/1/2021	11/1/2030	113	2,583,254	2,583,254	-	2,583,254
4000 E. Charleston Blvd.	7/1/2021	4/1/2029	94	4,699,003	4,699,003	-	4,699,003
3016 W. Charleston Blvd. (Original)	7/1/2021	8/1/2023	26	1,144,394	1,144,394	-	1,144,394
3016 W. Charleston Blvd. (Modified)	7/1/2021	8/31/2029	88	3,328,762	-	3,328,762	3,328,762
1524 Pinto Lane	7/1/2021	10/1/2024	40	1,593,688	1,593,688	-	1,593,688
5380 S. Rainbow Blvd.	7/1/2021	9/1/2022	15	34,975	34,975	-	34,975
1707 W. Charleston Blvd.	7/1/2021	5/1/2026	59	5,353,831	5,353,831	-	5,353,831
Right-of-use assets at present value				20,829,171	15,409,145	5,420,026	20,829,171
Less: accumulated amortization					-	(3,157,728)	(3,157,728)
Right-of-use assets at carrying value					$ 15,409,145	$ 2,262,298	$ 17,671,443

There were no terminations of leases for facilities in the fiscal year ended June 30, 2022.

The activity for leases for equipment for the fiscal year ended June 30, 2022 was as follows:

	Start Date	End Date	Term (mos)	NPV	July 1, 2021	Additions	June 30, 2022
Wells Fargo Leasing	7/1/2021	6/1/2023	23	$ 163,098	$ 163,098	$ -	$ 163,098
General Electric Financing	7/1/2021	9/1/2023	27	13,433	13,433	-	13,433
Hewlett Packard Financing	7/1/2021	9/1/2023	14	216,234	216,234		216,234
Right-of-use assets at carrying value				392,765	392,765	-	392,765
Less: accumulated amortization					-	(297,938)	(297,938)
Right-of-use assets at carrying value					$ 392,765	$ (297,938)	$ 94,827

UNLV Medicine, Inc. dba UNLV Health

NOTES TO FINANCIAL STATEMENTS—CONTINUED

For the Fiscal Year Ended June 30, 2022—Continued

NOTE H—LEASE LIABILITIES

Facilities

	Start	Expire	Term	NPV	Interest Expense	Liabilities Reduction	Liabilities Balance
3196 Maryland Parkway	10/1/2021	9/30/2031	120.0	$ 2,091,264	$ 21,656	$ (125,595)	$ 1,965,669
5320 S. Rainbow Blvd.	7/1/2021	11/1/2030	113.0	2,583,254	30,251	(226,130)	2,357,124
4000 E. Charleston Blvd.	7/1/2021	4/1/2029	94.0	4,699,003	54,338	(514,073)	4,184,930
3016 W. Charleston Blvd. (Original)	7/1/2021	8/1/2023	26.0	1,144,394	5,678	(474,110)	670,284
3016 W. Charleston Blvd. (Modified)	5/5/2022	8/31/2029	87.9	3,328,762	19,044	(24,864)	3,303,898
1524 Pinto Lane	7/1/2021	10/1/2024	40.0	1,593,688	10,100	(457,825)	1,135,863
5380 S. Rainbow Blvd.	7/1/2021	9/1/2022	15.0	34,975	$ 218	(27,919)	7,056
1707 W. Charleston Blvd. (PCC)	7/1/2021	5/1/2026	59.0	5,353,831	35,744	(1,063,924)	4,289,907
Lease liabilities—facilities				$ 20,829,171	$ 177,029	$ (2,914,440)	$ 17,914,731

	July 1, 2021	Additions	Reductions	June 30, 2022
3196 Maryland Parkway	$ -	$ 2,091,264	$ (125,595)	$ 1,965,669
5320 S. Rainbow Blvd.	2,583,254	-	(226,130)	2,357,124
4000 E. Charleston Blvd.	4,699,003	-	(514,073)	4,184,930
3016 W. Charleston Blvd. (Original)	1,144,394	-	(474,110)	670,284
3016 W. Charleston Blvd. (Modified)	-	3,328,762	(24,864)	3,303,898
1524 Pinto Lane	1,593,688	-	(457,825)	1,135,863
5380 S. Rainbow Blvd.	34,975	-	(27,919)	7,056
1707 W. Charleston Blvd. (PCC)	5,353,831	-	(1,063,924)	4,289,907
Lease liabilities—facilities	$ 15,409,145	$ 5,420,026	$ (2,914,440)	$ 17,914,731

Equipment

	Start	Expire	Term	NPV	Interest Expense	Liabilities Reduction	Liabilities Balance
Wells Fargo lease	7/1/2021	5/1/2023	23.0	$ 163,098	$ 9,486	$ (81,381)	$ 81,717
Ultrasound lease	7/1/2021	9/1/2023	27.0	13,433	443	(5,791)	7,642
Hewlett Packard lease	7/1/2021	8/31/2022	2.0	216,234	5,053	(206,872)	9,362
Lease liabilities—equipment				$ 392,765	$ 14,982	$ (294,044)	$ 98,721

	July 1, 2021	Additions	Reductions	June 30, 2022
Wells Fargo lease	$ 163,098	$ -	$ (81,381)	$ 81,717
Ultrasound lease	13,433	-	(5,791)	7,642
Hewlett Packard lease	216,234	-	(206,872)	9,362
Lease liabilities—equipment	$ 392,765	$ -	$ (294,044)	$ 98,721

Future minimum lease payments as of June 30, were as follows:

	Principal	Interest	Total
2023	$ 3,011,615	$ 252,538	$ 3,264,153
2024	3,048,060	212,942	3,261,002
2025	2,811,323	173,773	2,985,096
2026	2,687,255	135,507	2,822,762
2027	1,722,024	100,628	1,822,652
Thereafter	4,733,175	112,426	4,845,601
Total present value of minimum lease payments	18,013,452	$ 987,814	$ 19,001,266
Lease liability	(3,011,615)		
Lease liability, net of current portion	$ 15,001,837		

UNLV Medicine, Inc. dba UNLV Health

NOTES TO FINANCIAL STATEMENTS—CONTINUED

For the Fiscal Year Ended June 30, 2022—Continued

NOTE I—TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

KSOM pays the salaries for all its faculty physician members. The Company reimburses KSOM for any amounts not covered by state appropriations, grant contract income, or other sources that are administered by KSOM. During the fiscal year ended June 30, 2022 the Company paid $22,370,928 to KSOM for physician salaries. As of June 30, 2022, the Company owed KSOM $1,894,371, for salaries, which is included in the net due to affiliates in the accompanying statements of net position.

On April 16, 2020, a Memorandum of Understanding ("MOU") was made by and between the Board of Regents of the Nevada System of Higher Education, ("NSHE") on behalf of KSOM and UNLV Health. The MOU commenced and continues in full force and effect for five years from the effective date of April 6, 2020. The purpose of the MOU is to memorialize those certain real estate leases held under the name of KSOM as lessee, but for which KSOM has granted UNLV Health rights to use the respective facility assets. In return for KSOM granting UNLV Health the right to use those certain facility assets, UNLV Health will be responsible for paying monthly financial obligations due for said leases for the duration of the lease terms unless the parties agree otherwise in writing.

The Company is covered under a professional liability insurance policy for medical malpractice claims that is purchased by KSOM and names the Company as additional named insured. The policy is on a claims-made basis and provides coverage of $1,000,000 per claim and $3,000,000 per year in the aggregate. KSOM presently intends to renew claims-made coverage annually and expects to be able to obtain such coverage. The Company reimbursed KSOM $1,811,521 for the professional liability malpractice insurance and other insurance premiums during the year ended June 30, 2022 and had a credit due of $90.

During the fiscal year ended June 30, 2022, the Company recorded right-to-use facility assets at present value of $20,829,171, net of accumulated amortization of $3,157,728 for right of use assets, and lease liabilities at present value of $20,829,171, net of reductions in leases liabilities of $2,914,440 for facilities leased by KSOM.

During the fiscal year ended June 30, 2022, KSOM gifted the Company $3,152,116 ("the KSOM Gift."). The KSOM Gift was made available to UNLV Health to help cover both operating and non-operating expenses. The Company recorded operating income and expenses of $1,160,315 and non-operating income and expenses of $1,991,801. The operating expenses consisted of (a) EMR, Healthicity and administrative salaries and wages of $949,783, and (b) variable cost rent expense of $210,532; and the non-operating expenses consisted of (a) lease liability reductions of $1,850,516, and (b) interest expense of $141,285.

The Company also paid $164,820 to UNLV for PCC expenses that consisted of (a) variable cost rent expense of $129,076, and (b) interest expense of $35,744.

During the year ended June 30, 2022, the Company paid $1,087,970 to KSOM for the Resolute Billing System, part of electronic medical record system implementation.

During the fiscal year ended June 30, 2022, the Company paid KSOM $113,000 and $16,800 for the reimbursement of one-time charges for audit fees and miscellaneous charges, respectively.

The Company provides coverage in UNLV's student health clinic, sport medicine, and obstetrics/gynecology. The total amount of service provided and included in contract revenue for the fiscal year ended June 30, 2022 was $332,429. The total amounts due from UNLV in relation with these services as of June 30, 2022 was $52,987.

UNLV Medicine, Inc. dba UNLV Health

NOTES TO FINANCIAL STATEMENTS—CONTINUED

For the Fiscal Year Ended June 30, 2022—Continued

NOTE J—RETIREMENT PLAN

The Company participates in a defined contribution retirement plan sponsored by the UNLV Health under Section 401(k) of the Internal Revenue Code that covers all employees who are 21 year of age or older. Eligibility to qualify to participate requires the employee must complete twelve months of service. The employee entry date is the first day of the month after twelve months of employment or coinciding with the next enrollment period after eligibility requirements have been met. The UNLV Health employer contribution is 3% of gross pay for each eligible employee beginning when the employee is eligible to participate based on a vesting schedule.

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

During the fiscal year ended June 30, 2022, the Company contributed 3% for each eligible employee for a total of $492,540.

NOTE L—COMMITMENTS AND CONTINGENCIES

Malpractice Insurance

Accounting principles generally accepted in the United States of America required that a health care facility disclose the estimated costs of malpractice claims in the period of the incident of malpractice if it is reasonably possible that liabilities may be incurred and losses can be reasonably estimated. As stated above, management does not record any additional accruals for losses related to malpractice claims because there are no deductibles or self-insured retention. Furthermore, management is not aware of and does not believe that there are any outstanding claims or unasserted claims probable of assertion against the Company beyond the insurance coverage levels which would have a material adverse effect on the Company’s financial condition.

Other

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations is subject to periodic government review, interpretation and audits, as well as regulatory actions unknown and unasserted at this time.

The Company is subject to various lawsuits and claims arising out of the normal course of business. Management and the Company’s legal counsel are of the opinion that the ultimate liability from such matters will not have a material adverse impact on the Company’s financial position.

The COVID-19 pandemic has surged rapidly in toward the end of fiscal year 2022, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. The Company has taken a number of measures to ensure the safety of its people, such as social distancing and working from home.

In the event of another mandatory government shutdown, management believes the Company will be permitted to remain open as an essential healthcare provider but may still experience a significant downturn to its operations. If a shutdown occurs, it is likely that elective surgeries may be curtailed due to government restrictions and many patients may have to postpone clinic visits. The Company will continue to follow the various government policies and advice and, in parallel, the Company will do its utmost to continue its operations in the best and safest way possible without jeopardizing the health of its people and patients.

NOTE L—COMMITMENTS AND CONTINGENCIES—Continued

Depending on the duration of the COVID-19 pandemic and its continued impact on economic activity, the Company might experience further negative results and liquidity restraints. The exact impact on its operations and liquidity for the remainder of 2022 and thereafter cannot reasonably be predicted.

NOTE M—SUBSEQUENT EVENTS

The Company has evaluated subsequent events for the period from June 30, 2022 through November 14, 2022, the date these financial statements were issued.

COMPLIANCE SECTION

UNLV Medicine, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2022

Federal Agency	Federal Program	Assistance Listing Number	Federal Expenditures	Pass-through to Subrecipient
United States Department of Health and Human Services (HHS) Passed through Nevada HHS (SG 25125)	Block Grants for Community Mental Health Services	93.958	$ 312,473	$ -
United States Department of Health and Human Services (HHS)	HRSA COVID-19 Uninsured Program	93.461	6,785	-
United States Department of Health and Human Services (HHS)	HRSA COVID-19 Provider Relief Fund and American Rescue Plan Rural Distribution	93.498	610,321	-
Total Federal Awards Expended			$ 929,579	$ -

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

UNLV Medicine, Inc.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The schedule of expenditures of federal awards is prepared on the same basis of accounting as the financial statements, the accrual basis of accounting. Expenditures represent only the federally funded portions of the program.

NOTE 2 - FEDERAL DE MINIMIS INDIRECT RATE

UNLV Medicine has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 - PROGRAM COSTS/MATCHING CONTRIBUTIONS

The amounts shown as expenditures represent only the federal grant portion of the program costs. Entire program costs may be more than shown. Such expenditures are recognized per the cost principles contained in the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Board of Directors of UNLV Medicine, Inc.
and the Board of Regents of the Nevada Systems of Higher Education

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business type activities of UNLV Medicine (dba UNLV Health) (the "Entity") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Entity's basic financial statements, and have issued our report thereon dated November 14, 2022.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a significant deficiency in the Entity's internal control.

GrantThornton

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

Entity's response to finding
Government Auditing Standards requires the auditor to perform limited procedures on the Entity's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Entity's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the Entity's response.

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

Grant Thornton LLP

San Jose, California
November 14, 2022

Grant Thornton

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors of UNLV Medicine, Inc.
and the Board of Regents of the Nevada System of Higher

Report on compliance for each major federal program

Adverse opinion on major federal program
We have audited the compliance of UNLV Medicine, Inc. (the "Organization") with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget's *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2022. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the Organization did not comply, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Provider Relief Fund and American Rescue Plan Rural Distribution Program for the year ended June 30, 2022.

Basis for adverse opinion
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (US GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Matter giving rise to adverse opinion on the major federal program
As described in the accompanying schedule of findings and questioned costs, the Organization did not comply with requirements of the Provider Relief Fund and American Rescue Plan Rural Distribution Program as described in Finding 2022-002. Compliance with such requirements is necessary, in our opinion, for the Organization to comply with the requirements applicable to that program with respect to reporting and allowable costs.

GrantThornton

Responsibilities of management for compliance
Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's responsibilities for the audit of compliance
Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of its major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other matter
Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the response.

Report on internal control over compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, we identified certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as finding 2022-002, that we consider to be material weaknesses in the Organization's internal control over compliance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the Organization's response.

The purpose of this Report on Internal Control Over Compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

San Jose, California
March 3, 2023

UNLV Medicine, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2022

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:		Unmodified		
Internal control over financial reporting:				
Material weakness(es) identified?	______	yes	X	no
Significant deficiency(ies) identified?	X	yes	______	none reported
Noncompliance material to financial statements noted?	______	yes	X	no

Federal Awards

Internal control over the major program:				
Material weakness(es) identified?	X	yes	______	no
Significant deficiency(ies) identified?	______	yes	X	none reported
Type of auditors' report issued on compliance for the major program:		Adverse		
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200 Uniform Guidance??	X	yes	______	no

Identification of the major programs:

Assistance Listing Number	Name of Federal Program or Cluster
93.498	Department of Health and Human Services HRSA COVID-19 Provider Relief Fund and American Rescue Plan Rural Distribution

Dollar threshold used to distinguish between type A and type B programs:		$750,000		
Auditee qualified as low-risk auditee?	______	yes	X	no

UNLV Medicine, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Year ended June 30, 2022

SECTION II - FINANCIAL STATEMENT FINDINGS

Item 2022-001 – Errors in the SEFA

Criteria or specific requirement:
Under federal Uniform Guidance regulations, the Organization is required to prepare its Schedule of Expenditures of Federal Awards (SEFA), a supplemental schedule to the financial statements, using the guidance of 2CFR200.510.

Condition
During the audit, it was noted that with respect to the SEFA, expenditures of some federal awards were presented on a cash basis instead of the Organization's accrual basis of accounting.

Context
Reporting errors were identified during the audit which should have either been prevented or identified and corrected as a function of the Organization's internal control process.

Cause
Design and operating effectiveness deficiencies over internal controls for financial reporting resulted in these errors.

Effect
The SEFA schedule was originally misstated.

Recommendation
We recommend the Organization re-evaluate controls to provide for more rigor in SEFA preparation and a quality review by someone other than the preparer.

Views of responsible officials (unaudited)
Management concurs.

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Item 2022-002 – Duplication of Expenditures in Provider Relief Fund (PRF) Reporting Portal (COVID)

Federal Program:
U.S. Dept of Health and Human Services HRSA COVID-19 Provider Relief Fund and American Rescue Plan Rural Distribution Program ALN # 93.498
Reference No. HHS-72719525304

Reporting period #2 (payments received between July 1, 2020 and December 31, 2020)

Criteria
CARES Act and amending legislation, PRF Terms and Conditions, Post Payment Notice of Reporting Requirements

Condition
In its Period 2 reporting in the PRF reporting portal, the Organization reported the same salary and benefit costs of $240,339 which it had previously reported in its Period 1 portal submission. Expenditures as reported in the PRF portal along with the Organizations SEFA were, therefore, overstated.

Context
PRF expenditures reported for Period 2 of $870,720 were overstated by $240,339.

UNLV Medicine, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Year ended June 30, 2022

Questioned Costs
$240,339

Cause
A lack of precision in reporting expenditures caused the error. Further, there was no review of portal and SEFA reporting by someone other than the preparer.

Effect
PRF funds expended as originally reported in the SEFA were overstated by $240,339. The SEFA has since been corrected. Expenditures reflected in the Period 2 PRF Reporting Portal were overstated by $240,339.

Recommendation
We recommend that the Organization re-evaluate controls on its PRF awards reporting to provide a more precise reporting process and effective quality review by someone other than the preparer.

Views of responsible officials (unaudited)
Management concurs.

Management's Corrective Action Plan

(Unaudited)

November 14, 2022

Fiscal Year 2022 Audit Findings and Corrective Action to be Taken:

I. Corrective Action to be Taken:

UNLV Health agrees with this finding.

The error noted in the initial draft of the Schedule of Expenditures of Federal Awards (SEFA) for fiscal year 2022 was a result of the report utilized to prepare the draft including life-to-date expenditures for an award that commenced in fiscal year 2021, rather than being limited to fiscal year 2022 expenditures.

In order to improve the controls over preparation of the SEFA, greater care will be taken during both the preparation and review processes. This will include preparation of a reconciliation of expenditures included on the SEFA to the financial system and a documented review by the UNLV Health Controller and UNLV Health CEO. In addition, depending on the level of activity involved, UNLV Health will consider engaging a consultant/service provider to add additional staff resources supporting the reporting cycle.

Management's Response and Corrective Action Plan

Year Ended June 30, 2022 Schedule of Findings

(Unaudited)

Finding Item 2022-002 – Duplication of Expenditures in Provider Relief Fund Reporting Portal (COVID)

UNLV Health agrees with this finding.

UNLV Health will work with HRSA to remediate the portal reporting error. Although the report previously filed reflected duplicated expenses as noted in the finding, UNLV Health incurred additional eligible expenses during the allowable time period. By April 30, UNLV Health's assistant controller will contact HRSA to determine the appropriate method for providing a corrected report reflecting the additional allowable expenses for the reporting period or otherwise follow direction from HRSA to resolve the reporting error.

UNLV Medicine, Inc.

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2022

Item 2021-001 – Calculation of Allowance for Bad Debts on Patient Receivables

Criteria or specific requirement:
GASB 33 outlines the accounting requirements for accounts receivable and the associated allowance for bad debts.

Conditions:
During the audit, two matters were noted in the calculation of the allowance for bad debts on patient receivables which contributed to an understatement of the calculated figure. The first matter related to an Excel formula error. The second matter related to an error in the carve out of that portion of total patient receivables related to COVID vaccines for which a 0% allowance was intended. While the logic for a carve out was sound, the dollar amount of patient vaccine receivables carved out of total patient receivables was incorrect and did not agree to the actual balance management had tracked for those COVID vaccines. Because the wrong figure was used, too much of the total patient receivable went unreserved. The combination of these two errors resulted in an understatement of the allowance for bad debts of $1.3 million.

Context:
The allowance for bad debts on patient receivables was understated by $1.3 million.

Cause:
Supervisory review of the calculation did not identify the error in the normal course.

Effect:
Fiscal year-end earnings were overstated prior to the correction.

Recommendation:
We recommend a more thorough review of the accuracy of the inputs to the calculation and the formulas used.

Current Status:
Remediated