
Nevada System of Higher Education Financial Statements



June 30, 2025

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

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

Nevada State University
Truckee Meadows Community College
System Administration

NEVADA SYSTEM OF HIGHER EDUCATION

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**NEVADA SYSTEM OF HIGHER EDUCATION
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2025
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**NEVADA SYSTEM OF HIGHER EDUCATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

INTRODUCTION

BACKGROUND

The Nevada System of Higher Education (NSHE), established by the Nevada State Constitution of 1864, is state supported, and controlled by the Board of Regents whose duties are prescribed by Law. Instruction began at the University of Nevada in 1874. NSHE teaching institutions are fully accredited by the Northwest Association of Schools and Colleges. Eight separate institutions and a system administration office comprise NSHE and include:

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

There are eight controllers' offices within the NSHE located in Reno, Carson City, Elko, Las Vegas, and Henderson. In addition to the controllers' offices, two business centers (Business Center North (BCN) in Reno, Business Center South (BCS) in Las Vegas) and purchasing offices at UNLV and CSN provide the purchasing and property management functions for the NSHE institutions and administration.

The controllers' offices are responsible for the financial management of the institutions. The Office of Contracts and Grants or Sponsored Programs within the respective institutions are responsible for the maintenance of financial records and compliance with terms and conditions of the grants that are generally applicable. Compliance with terms and conditions applicable to certain grants and other agreements is the specific responsibility of the relevant principal investigator.

The major units of UNR include the College of Agriculture, Biotechnology and Natural Resources, College of Business, College of Education and Human Development, College of Engineering, College of Liberal Arts, College of Science, Orvis School of Nursing, School of Public Health, Graduate School, Honors College, Reynolds School of Journalism, School of Social Work, and the School of

Medicine. UNR offers major fields of study leading to baccalaureate and advanced degrees through the academic departments in the various schools and colleges.

The major units of UNLV include the Lee Business School, College of Education, Howard R. Hughes College of Engineering, College of Fine Arts, Graduate College, Honors College, William F. Harrah College of Hospitality, School of Integrated Health Sciences, College of Liberal Arts, School of Nursing, School of Public Health, College of Sciences, Greenspun College of Urban Affairs, William S. Boyd School of Law, School of Dental Medicine, and the Kirk Kerkorian School of Medicine. UNLV offers major fields of study leading to baccalaureate and advanced degrees through academic departments in the various schools and colleges

Research activities are conducted primarily at UNR, UNLV, and DRI. NSHE has been awarded research grants by various Federal agencies. The primary agencies from which these funds were received during the year ended June 30, 2025, were:

- Department of Agriculture
- Department of Commerce
- Department of Defense
- Department of Education
- Department of Energy
- Department of Veteran Affairs
- Environmental Protection Agency
- Department of Health and Human Services
- Department of Homeland Security
- Department of Housing and Urban Development
- Department of Interior
- Department of Justice
- National Aeronautics and Space Administration
- National Endowment for the Humanities
- National Science Foundation
- Department of State
- Department of Transportation

In addition, student financial aid funds were received under the Federal campus-based and Pell programs.

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Independent Auditor's Report

To the Board of Regents
Nevada System of Higher Education
Reno, Nevada

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Nevada System of Higher Education (the "System") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the System, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the following as of June 30, 2025, and for the year then ended:

- College of Southern Nevada Foundation, which represents 0.74% of total assets and deferred outflows of resources, 0.81% of net position, and 0.65% of revenues of the aggregate discretely presented component units;
- Desert Research Institute Foundation, which represents 0.19% of total assets and deferred outflows of resources, 0.21% of net position, and 0.59% of revenues of the aggregate discretely presented component units;
- Desert Research Institute Research Parks LTD, which represents 0.00% of total assets and deferred outflows of resources, 0.00% of net position, and 0.02% of revenues of the aggregate discretely presented component units;
- Great Basin College Foundation, which represents 0.91% of total assets and deferred outflows of resources, 1.00% of net position, and 0.70% of revenues of the aggregate discretely presented component units;
- Nevada Health and Bioscience Asset Corporation, which represents 11.91% of total assets and deferred outflows of resources, 8.10% of net position, and 3.68% of revenues of the aggregate discretely presented component units;

- Nevada State University Foundation, which represents 0.79% of total assets and deferred outflows of resources, 0.87% of net position, and 0.66% of revenues of the aggregate discretely presented component units;
- Rebel Golf Foundation, which represents 0.43% of total assets and deferred outflows of resources, 0.47% of net position, and 0.21% of revenues of the aggregate discretely presented component units;
- Truckee Meadows Community College Foundation, which represents 0.45% of total assets and deferred outflows of resources, 0.46% of net position, and 0.81% of revenues of the aggregate discretely presented component units;
- University of Nevada, Las Vegas Rebel Football Foundation, which represent 0.25% of assets and deferred outflows of resources, 0.27% of net position, and 1.26% of revenues of the aggregate discretely presented component units;
- University of Nevada, Las Vegas Rebel Soccer Foundation, which represents 0.12% of total assets and deferred outflows of resources, 0.13% of net position, and 0.08% of revenues of the aggregate discretely presented component units;
- University of Nevada, Las Vegas Foundation, which represents 37.56% of total assets and deferred outflows of resources, 40.97% of net position, and 33.32% of revenues of the aggregate discretely presented component units;
- University of Nevada, Las Vegas Research Foundation, which represents 1.51% of total assets and deferred outflows of resources, 0.83% of net position, and 0.08% of revenues of the aggregate discretely presented component units;
- Western Nevada College Foundation, which represents 0.72% of total assets and deferred outflows of resources, 0.06% of net position, and 0.55% of revenues of the aggregate discretely presented component units;

Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the above-mentioned entities are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System 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 opinions.

Adoption of New Accounting Standard

As discussed in Note 2 to the financial statements, the System has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, for the year ended June 30, 2025. As a result of implementing the standard, there was no effect on the financial statements of the business type activities beginning net position as of July 1, 2024. Our opinions are not modified with respect to this matter.

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 System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System'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 System's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability, schedule of System's contributions for the total net pension liability, schedule of proportionate share of the net OPEB liability, the schedule of System's contributions for the net OPEB liability, and the notes to the required schedules for the net pension liability and net OPEB liability be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The combining statements of net position and the combining statements of revenues, expenses, and changes in net position are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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, including 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 GAAS. In our opinion, the combining statements of net position and the combining statements of revenues, expenses, and changes in net position, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the background in the introduction section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2025 on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over

financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System'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 System's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Reno, Nevada
October 30, 2025

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, 2025. 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, 2025, with comparative information as of June 30, 2024.

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.

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 (the System or NSHE) entity:

- University of Nevada, Reno (UNR)
- Desert Research Institute (DRI)
- Truckee Meadows Community College (TMCC)
- Western Nevada College (WNC)
- Great Basin College (GBC)
- University of Nevada, Las Vegas (UNLV)
- College of Southern Nevada (CSN)
- Nevada State University (NSU)

This annual financial report and statements include the above institutions of the System as well as certain other organizations, also called component units, which 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 UNLV Medicine, to facilitate patient care activities, and Nevada Health and Bioscience Asset Corporation, to fund, develop, and construct medical education facilities to house UNLV Medicine. The System component units are as follows:

- University of Nevada, Reno Foundation
- Wolf Pack Athletic Association (formerly Athletic Association, University of Nevada Inc.)
- Desert Research Institute Foundation
- Desert Research Institute Research Parks LTD
- Truckee Meadows Community College Foundation
- Western Nevada College Foundation
- Great Basin College Foundation
- University of Nevada, Las Vegas Foundation
- University of Nevada, Las Vegas Research Foundation
- University of Nevada, Las Vegas Medicine, Inc.
- Rebel Golf Foundation
- University of Nevada, Las Vegas Alumni Association

University of Nevada, Las Vegas Rebel Football Foundation
University of Nevada, Las Vegas Rebel Soccer Foundation
University of Nevada, Las Vegas Singapore Unlimited
College of Southern Nevada Foundation
Nevada State University Foundation
Nevada Health and Bioscience Asset Corporation

Component units issue separately audited or reviewed financial statements from the System.

SYSTEM FINANCIAL HIGHLIGHTS FROM 2024 TO 2025 (in \$1,000's)

- Total net position increased by 6.7% from \$2,031,257 to \$2,168,320;
- Capital assets decreased by -1.4% from \$2,807,992 to \$2,769,305;
- Operating revenues increased by 8.7% from \$1,233,136 to \$1,340,014;
- Nonoperating revenues increased by 11.4% from \$1,135,862 to \$1,265,689; and
- Operating expenses increased by 6.6% from \$2,394,841 to \$2,552,649.

USING THIS REPORT

This report consists of a series of financial statements prepared in accordance with the Governmental Accounting Standards Board 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 as a result of the year's activities. There are three key components to answering this question. They are the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. These statements present financial information in a form similar to that used by corporations. The System's net position (the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources) 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 Position include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources. 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 Position present the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. 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 nonoperating 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, noncapital financing, and investing activities.

CONDENSED FINANCIAL INFORMATION

ASSETS AND LIABILITIES

The Statement of Net Position is a point-in-time financial statement presenting the financial position of the System as of June 30, 2025, with a comparison made to June 30, 2024. This Statement presents end-of-year data for assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources, and net position (assets plus deferred outflows of resources minus liabilities plus deferred inflows of resources).

System Net Position (in \$1,000's)

	2025	2024	Increase/ (Decrease)	Percent Change
Assets				
Current assets	\$ 1,101,407	\$ 1,048,290	\$ 53,117	5.1%
Capital assets, net	2,769,305	2,807,992	(38,687)	-1.4%
Other assets	504,568	410,723	93,845	22.8%
Total Assets	4,375,280	4,267,005	108,275	2.5%
Deferred Outflows of Resources	288,175	239,181	48,994	20.5%
Liabilities				
Current liabilities	401,235	460,233	(58,998)	-12.8%
Noncurrent liabilities	1,896,273	1,820,663	75,610	4.2%
Total Liabilities	2,297,508	2,280,896	16,612	0.7%
Deferred Inflows of Resources	197,627	194,033	3,594	1.9%
Net Position				
Net investment in capital assets	2,015,330	2,020,285	(4,955)	-0.2%
Restricted - Nonexpendable	98,781	96,584	2,197	2.3%
Restricted - Expendable	397,101	329,161	67,940	20.6%
Unrestricted	(342,892)	(414,773)	71,881	-17.3%
Total Net Position	\$ 2,168,320	\$ 2,031,257	\$ 137,063	6.7%

Assets

Total assets of the System are currently showing an increase of \$108.3 million, or 2.5%. The increase that occurred in total assets was primarily driven by an increase in current assets of \$53.1 million and other assets of \$93.9 million. The current assets increase of \$53.1 million was primarily driven by an increase in short-term investments \$76.9 million and a decrease in cash and cash equivalents of \$24.8 million. The increase in other assets is related to the increase in restricted cash and investments of \$88.8 million and endowment investments of \$27.9 million and decreases in leases receivable of \$30.6 million and net capital assets of \$38.7 million. Overall the increase in assets is largely a result of the unspent bond proceeds of \$60.9 million from UNLV's Certificates of Participation.

Liabilities

Total liabilities for the year increased by \$16.6 million primarily driven by increases in compensated absences of \$14.5 million, accrued payroll of \$11 million, long-term debt of \$26 million, and net pension liability of \$39.1 million being offset by a decrease in accounts payable of \$6.7 million, unearned revenue of \$33.7 million, and OPEB liability of \$35.8 million.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources, a future consumption of net assets, increased by \$49 million. This increase relates to the increase in pension-related deferred outflows of resources of \$43.4 million and OPEB-related outflows of \$5.7 million. Similarly, deferred inflows of resources, a future acquisition of net assets, increased by \$3.6 million. This relates to increases to the pension-related deferred inflows of resources of \$17.6 million and OPEB-related inflows of \$12.6 million offset by a decrease in lease-related inflows of \$28 million.

Net Position

Net position is divided into three major categories. The first category, net investment in capital assets, provides the equity in property, plant, and equipment owned by the System reduced by borrowings that finance the acquisition. The next category is restricted net position, which is presented as two subcategories: nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes. Restricted-expendable net position is 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 position (deficit) which represents net assets available to the System for any lawful purpose. Under generally accepted accounting principles, net position that is not subject to externally imposed restrictions governing their use must be classified as unrestricted for financial reporting purposes. Unrestricted net position is a deficit due primarily to obligations for pension and retiree health benefits exceeding the System's assets available to pay such obligations. Although unrestricted net position is not subject to externally imposed restrictions, substantially all the System's reserves are allocated for academic and research initiatives or programs, for capital projects or for other purposes.

Net Investment in Capital Assets

The net investment in capital assets represents the System's capital assets net of accumulated depreciation and outstanding principal balances of debt attributed to the acquisition, construction, or improvement of those assets. The \$5 million decrease reflects the System's expenditures for development and renewal of its capital assets, offset by depreciation expense on capital assets and increased debt associated with capital assets.

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.

Restricted-expendable increased by \$67.9 million primarily driven by increases restricted-expendable-capital projects of \$32.8 million, and restricted-expendable-scholarships, research and instruction of \$38.1 million offset by a decrease in restricted-expendable-debt service \$3.7 million.

Unrestricted Net Position (deficit)

Unrestricted net position (deficit) decreased by \$71.9 million in 2025. Although unrestricted net position is not subject to externally imposed stipulations, substantially all the System's unrestricted net position has been designated for various academic and research programs and initiatives, as well as capital projects. 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.

System Related Organizations

Net Position (in \$1,000's)

	<u>2025</u>	<u>2024</u>	<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
Assets				
Current assets	\$ 578,610	\$ 569,298	\$ 9,312	1.6%
Capital assets, net	189,944	187,583	2,361	1.3%
Other assets	723,743	628,193	95,550	15.2%
Total Assets	<u>1,492,297</u>	<u>1,385,074</u>	<u>107,223</u>	<u>7.7%</u>
Liabilities				
Current liabilities	96,547	116,390	(19,843)	-17.0%
Noncurrent liabilities	19,153	16,353	2,800	17.1%
Total Liabilities	<u>115,700</u>	<u>132,743</u>	<u>(17,043)</u>	<u>-12.8%</u>
Deferred Inflows of Resources	<u>22,876</u>	<u>20,072</u>	<u>2,804</u>	<u>14.0%</u>
Net Position				
Net investment in capital assets	129,494	130,764	(1,270)	-1.0%
Restricted - Expendable\Nonexpendable	1,134,651	1,014,612	120,039	11.8%
Unrestricted	89,576	86,883	2,693	3.1%
Total Net Position	<u>\$ 1,353,721</u>	<u>\$ 1,232,259</u>	<u>\$ 121,462</u>	<u>9.9%</u>

The campus foundations, athletic foundations, and medical practice plan, Nevada Health and Bioscience Asset Corporation, as System Related Organizations, continue to support the campuses in their long-range plans and provide support for construction of facilities as well as scholarships and other operating costs. Changes in the above schedule primarily reflect the foundations' increase in investments and capital assets and increases in liabilities. Component entities' net position increased \$121.5 million. The increase is attributed to the \$120.0 increase in restricted net position.

REVENUES, EXPENSES AND CHANGES IN NET POSITION

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of the statement is to present the revenues received by the System, both operating and nonoperating, and the expenses paid by the System, operating and nonoperating, as well as any other revenues, expenses, gains, and losses received or spent by the System.

Generally, 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. Nonoperating revenues are revenues received for which goods and services are not provided. For example, state appropriations are considered nonoperating because they are provided by the Legislature to the institution without the Legislature directly receiving commensurate goods and services for those revenues.

The total Change in Net Position for fiscal year ended June 30, 2025, was \$137.1 million.

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

	2025	2024	Increase/ (Decrease)	Percent Change
<i>Operating Revenues</i>				
Student tuition and fees	\$ 510,119	\$ 458,320	\$ 51,799	11.3%
Federal grants and contracts	355,359	345,960	9,399	2.7%
Grants and contracts, other	136,221	122,820	13,401	10.9%
Sales and services	327,742	290,735	37,007	12.7%
Other	10,573	15,301	(4,728)	-30.9%
Total Operating Revenues	<u>1,340,014</u>	<u>1,233,136</u>	<u>106,878</u>	<u>8.7%</u>
<i>Operating Expenses</i>				
Employee compensation and benefits	(1,703,001)	(1,573,670)	129,331	8.2%
Utilities	(35,610)	(46,285)	(10,675)	-23.1%
Supplies and services	(511,510)	(496,308)	15,202	3.1%
Scholarships and fellowships	(126,909)	(112,760)	14,149	12.5%
Depreciation	(175,619)	(165,818)	9,801	5.9%
Total Operating Expenses	<u>(2,552,649)</u>	<u>(2,394,841)</u>	<u>157,808</u>	<u>6.6%</u>
Operating Income (Loss)	<u>(1,212,635)</u>	<u>(1,161,705)</u>	<u>50,930</u>	<u>4.4%</u>
<i>Nonoperating Revenues (Expenses)</i>				
State appropriations	903,739	814,633	89,106	10.9%
Gifts	79,621	64,930	14,691	22.6%
Investment income (loss), net	121,679	115,201	6,478	5.6%
Gain (loss) on disposal of capital assets	(14,139)	(1,827)	(12,312)	673.9%
Interest expense	(24,078)	(27,166)	3,088	-11.4%
Interest revenue	1,367	2,103	(736)	-35.0%
Payments to System campuses and divisions	-	(26)	26	-100.0%
Other nonoperating revenues	7,562	19,371	(11,809)	-61.0%
Federal grants and contracts	189,938	148,643	41,295	27.8%
Total Nonoperating Revenues	<u>1,265,689</u>	<u>1,135,862</u>	<u>129,827</u>	<u>11.4%</u>
Total Other Revenues	<u>84,009</u>	<u>72,035</u>	<u>11,974</u>	<u>16.6%</u>
Increase (Decrease) in Net Position	<u>137,063</u>	<u>46,192</u>	<u>90,871</u>	<u>196.7%</u>
Net position - beginning of year	<u>2,031,257</u>	<u>1,985,065</u>	<u>46,192</u>	<u>2.3%</u>
Net position - end of year	<u>\$ 2,168,320</u>	<u>\$ 2,031,257</u>	<u>\$ 137,063</u>	<u>6.7%</u>

Operating Revenues

Operating revenues are the funds generated from the System's primary operations and activities. Operating revenues increased by \$106.9 million, or 8.7%. Student tuition and fees increased by \$51.8 million, or 11.3%. Federal grants and contracts increased by \$9.4 million, or 2.7%. Other grants and contracts increased by \$13.4 million, or 10.9%. Sales and services increased by \$37 million, or 12.7%. All but one teaching institution had an increase in student tuition and fees. At the December 2023 Board meeting, a 5% additional registration fee increase was approved to provide additional funding for the FY25 COLA increases. The universities were mainly responsible for the increases in sales and services.

Operating Expenses

Operating expenses refer to the funds spent or used to operate and maintain programs, services, and infrastructure. Operating expenses increased by \$157.8 million, or 6.6%. The increases in operating expenses were mainly driven by the increase in employee compensation and benefits of \$129.3 million. An 11% cost of living increase was approved by the Board and became effective on July 1, 2024, for classified staff and October 1, 2024, for professional staff. Supplies and services expenses increased by \$15.2 million.

Nonoperating Revenues (Expenses)

Nonoperating revenues refer to funds or income generated by the System that are not derived from its primary operational activities and nonoperating expenses are expenses not directly related to the System's primary operational activities. Nonoperating net revenues increased by \$129.8 million, or 11.4%. This was led by increases in state appropriations of \$89.1 million, and federal grants and contracts of \$41.3 million.

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System Related Organizations (in \$1,000s)

The total Change in Net Position for fiscal year ended June 30, 2025 was \$121.5 million. The increase is attributed to increases in contributions of \$42.6 million, investment income of \$21.7, and other operating revenues of \$11.2 million, additions to permanent endowments of \$10.2 million, and a increase in expenditures of \$8.9 million.

	2025	2024	Increase/ (Decrease)	Percent Change
<i>Operating Revenues</i>				
Patient revenue	\$ 56,638	\$ 58,050	\$ (1,412)	-2.4%
Contract revenue	16,724	16,633	91	0.5%
Grants and contracts	2,659	-	2,659	100.0%
Contributions	122,959	80,368	42,591	53.0%
Campus Support	9,994	9,650	344	3.6%
Special events and fundraising	1,834	1,604	230	14.3%
Other operating revenues	28,045	16,818	11,227	66.8%
Total Operating Revenues	238,853	183,123	55,730	30.4%
<i>Operating Expenses</i>				
Employee compensation and benefits	(41,919)	(38,074)	3,845	10.1%
Supplies and services	(14,454)	(9,316)	5,138	55.2%
Program expenses, System Related Organizations	(21,317)	(73,318)	(52,001)	-70.9%
Depreciation	(9,173)	(9,113)	60	0.7%
Payments to System campuses and divisions	(162,841)	(110,465)	52,376	-47.4%
Other operating expenses	(1,932)	(2,416)	(484)	-20.0%
Total Operating Expenses	(251,636)	(242,702)	8,934	3.7%
Operating Income (Loss)	(12,783)	(59,579)	46,796	-78.5%
<i>Nonoperating Revenues (Expenses)</i>				
Investment income (loss), net	106,045	84,344	21,701	25.7%
Other nonoperating revenues (expenses)	(1,102)	830	(1,932)	-232.8%
Total Nonoperating Revenues (Expenses)	104,943	85,174	19,769	23.2%
Income (Loss) before other revenue (expenses)	92,160	25,595	66,565	260.1%
<i>Other Revenues (Expenses)</i>				
Additions to permanent endowments	28,946	18,717	10,229	54.7%
Other Foundation expenses	356	984	(628)	-63.8%
Total Other Revenues (Expenses)	29,302	19,701	9,601	48.7%
Increase (Decrease) in Net Position	121,462	45,296	76,166	168.2%
<i>NET POSITION</i>				
Net position - beginning of year	1,232,259	1,186,963	45,296	3.8%
Net position - end of year	\$ 1,353,721	\$ 1,232,259	\$ 121,462	9.9%

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

Net cash flows increased when compared to 2024 as discussed further below. Net operating cash flows (amount of cash from operating activities) increased by 33%.

	2025	2024	Increase/ (Decrease)	Percent Change
Operating activities	\$ (1,063,465)	\$ (949,427)	\$ (114,038)	-12%
Noncapital financing activities	1,185,269	1,035,624	149,645	14%
Capital financing activities	(73,577)	(135,762)	62,185	46%
Investing activities	16,836	70,128	(53,292)	-76%
Net increase (decrease) in cash	65,063	20,563	44,500	-216%
Cash – beginning of year	194,869	174,306	20,563	12%
Cash – end of year	<u>\$ 259,932</u>	<u>\$ 194,869</u>	<u>\$ 65,063</u>	<u>33%</u>

Operating Activities

Cash flows used for operating activities decreased by \$114 million. This was primarily related to increases in payments for compensation and benefits of \$151.3 million. This was offset mainly by increases in tuition and fees of \$46.6 million.

Noncapital Financing Activities

Cash flows from noncapital financing increased by \$149.6 million, or 14%. This increase was primarily related to increases in state appropriations of \$111.9 million and federal grants and contracts of \$31.2 million.

Capital Financing Activities

Cash flows used for capital and related financing activities increased by \$62.2 million, or 46%. The increase is mainly due to the increase of bond issuance and refunding of \$59,915.

Investment Activities

Cash flows from investing activities decreased by \$53.3 million, or 76%, as the result of investment activity. The variance in proceeds from sales and maturities of investments from fiscal year 2024 is a decrease of \$52.4 million. This decrease indicates that the system received less from selling or maturing investments when compared to the previous year.

CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2025, the System had invested \$2,769,305 million in a broad range of capital assets, including buildings, machinery and equipment, library books and media, art and other valuable collections, intangible assets, leased assets, land. This represents a net decrease (including additions and deletions) of \$38.7 million over June 30, 2024.

During fiscal year 2025, \$60,710 of long-term debt was issued for capital projects. As of June 30, 2025, the coverage on the University Revenue Bonds (pledged revenues to maximum annual debt

service) was 9.65 times, above the minimum required coverage of 1.50. For statutory purposes, the coverage was 2.50 times, above the minimum required coverage of 1.10. As of June 30, 2025, the coverage on the Community College Revenue Bonds (pledged revenues to maximum annual debt service) was 21.22 times, above the minimum required coverage of 1.50. For statutory purposes, the coverage was 2.51 times, above the minimum required coverage of 1.10. Coverage for the System's Revenue Bonds is based upon two formulas. The statutory coverage ratio is based upon pledged revenues described in Nevada Revised Statutes authorizing the issuance of revenue bonds. A second, comprehensive coverage ratio, is based upon all revenues pledged to the bonds (including the statutory revenues) in the bond resolutions adopted by the Board of Regents. The statutory and comprehensive coverage ratios feature different minimum coverage thresholds that govern the issuance of additional revenue bond debt.

FUTURE FINANCIAL EFFECTS

In recent years higher education services in Nevada have seen a slight increase in demand. In fiscal year 2025, the System realized a net gain of student full time equivalent (FTE) enrollment of 4.2% or 2,771.41 average annual FTE students' system-wide compared to fiscal year 2024. Student FTE enrollments increased slightly at the institutions. The System anticipates enrollments system-wide in fiscal year 2026 will remain relatively flat.

The Legislatively approved System operating budget includes state appropriations, authorized expenditures (State Supported Operating Budget). The Operating Budget totals \$1,435.8 billion for FY 26. This compares to the FY 25 Operating Budget of \$1,286.8 billion and represents a 11.6% increase. General Fund revenues of \$985.4 million in FY 26 increased when compared to the General Fund revenues of \$898.9 million in FY 25 by \$86.5 million or by 9.6% due mainly to caseload growth and increased fringe rates including health insurance and retirement.

Other authorized revenue sources, consisting mainly of student fee revenues, total \$780.4 million in FY 26, approximately \$62.6 million more than in FY 25. The main reason for the increase in other authorized revenue is due to a projected increase in registration fees. Student fees have increased to approximately 28.3% of the State Supported Operating Budget.

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
STATEMENT OF NET POSITION (in \$1,000's)
(CONTINUED)
AS OF JUNE 30, 2025

	<u>System</u>	<u>System Related Organizations</u>
<u>ASSETS</u>		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 157,124	\$ 128,886
Restricted cash and cash equivalents	-	14,285
Short-term investments	671,128	389,375
Accounts receivable, net	64,980	19,560
Federal Grants and Contracts Receivable	119,907	-
State and Local Grants Receivable	39,511	-
Pledges receivable, net	-	15,011
Patient accounts receivable, net	-	5,404
Loans receivable, net	604	18
Due from System Related Organizations	8,736	1,414
Leases receivable	6,252	1,032
Leases receivable Due from System Related Organizations	3,178	-
Inventories	6,829	487
Deposits and prepaid expenditures, current	23,138	643
Other current assets	20	2,495
Total Current Assets	1,101,407	578,610
<i>Noncurrent Assets</i>		
Cash held by State Treasurer	1,174	-
Restricted cash and cash equivalents	101,634	-
Investments	-	250,027
Restricted investments	-	18,601
Endowment investments	348,154	370,283
Deposits and prepaid expenditures	3,533	-
Loans receivable, net of current	4,150	10
Leases receivable, net of current	29,355	10,675
Leases receivable Due from System Related Organizations, net of current	16,568	-
Capital assets, net	2,769,305	189,944
Pledges receivable, net	-	29,346
Other noncurrent assets	-	44,801
Total Noncurrent Assets	3,273,873	913,687
TOTAL ASSETS	4,375,280	1,492,297
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
OPEB related	50,125	-
Loss on bond refunding	2,365	-
Pension related	235,685	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	288,175	-

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

NEVADA SYSTEM OF HIGHER EDUCATION
STATEMENT OF NET POSITION (in \$1,000's)
(CONTINUED)
AS OF JUNE 30, 2025

	<u>System</u>	<u>System Related Organizations</u>
<u>LIABILITIES</u>		
<i>Current Liabilities</i>		
Accounts payable	52,724	3,081
Accrued payroll and related liabilities	127,789	695
Unemployment insurance and workers' compensation	3,402	-
Due to State of Nevada	2,018	-
Due to affiliated organizations	1,414	8,736
Current portion of compensated absences	15,966	1,038
Current portion of long-term debt	30,661	-
Current portion of leases payable	8,975	214
Current portion of subscriptions payable	17,492	436
Current portion of OPEB	37,523	-
Current Portion of Leases payable due to System Related Organizations	-	3,178
Accrued interest payable	11,866	-
Unearned revenue	85,399	85
Funds held in trust for others	3,408	13,890
Grant payable	-	37,720
Other current liabilities	2,598	27,474
Total Current Liabilities	401,235	96,547
<i>Noncurrent Liabilities</i>		
Refundable advances under federal loan programs	2,718	-
Compensated absences, net of current	73,650	168
Long-term debt, net of current	652,522	-
Lease payable due to System Related Organizations, net of current	-	16,568
Leases payable, net of current	37,244	568
Subscriptions payable, net of current	55,499	495
Unearned revenue	-	90
Net pension liability	548,108	-
Net OPEB liability	526,532	-
Other noncurrent liabilities	-	1,264
Total Noncurrent Liabilities	1,896,273	19,153
TOTAL LIABILITIES	2,297,508	115,700
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred inflows on leases	52,982	14,018
OPEB related	62,095	-
Gain on bond refunding	8,882	-
Pension related	73,668	-
Split-interest agreements	-	8,858
TOTAL DEFERRED INFLOWS OF RESOURCES	197,627	22,876
<u>NET POSITION</u>		
Net investment in capital assets	2,015,330	129,494
Restricted - Nonexpendable	98,781	463,481
Restricted - Expendable - Scholarships, research and instruction	290,657	657,699
Restricted - Expendable - Loans	8,663	-
Restricted - Expendable - Capital projects	68,948	243
Restricted - Expendable - Debt service	28,833	-
Restricted - Expendable - Other	-	13,228
Unrestricted (deficit)	(342,892)	89,576
TOTAL NET POSITION	\$ 2,168,320	\$ 1,353,721

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

NEVADA SYSTEM OF HIGHER EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2025

	<u>System</u>	<u>System Related Organizations</u>
<i>Operating Revenues</i>		
Student tuition and fees (net of scholarship allowance of \$261,509)	\$ 510,119	\$ -
Federal grants and contracts	355,359	1,368
State grants and contracts	87,213	-
Local grants and contracts	1,861	1,291
Other grants and contracts	47,147	-
Campus support	-	9,994
Sales and services of educational departments (including \$43,426 from System Related Organizations)	225,524	-
Sales and services of auxiliary enterprises (net of scholarship allowance of \$18,541)	102,218	-
Contributions	-	122,959
Patient revenue	-	56,638
Contract revenue	-	16,724
Special events and fundraising	-	1,834
Interest earned on loans receivable	81	-
Other operating revenues	10,492	28,045
Total Operating Revenues	1,340,014	238,853
<i>Operating Expenses</i>		
Employee compensation and benefits	(1,703,001)	(41,919)
Utilities	(35,610)	-
Supplies and services	(511,510)	(14,454)
Scholarships and fellowships	(126,909)	-
Program expenses, System Related Organizations	-	(21,317)
Depreciation and amortization	(175,619)	(9,173)
Payments to System campuses and divisions	-	(162,841)
Other operating expenses	-	(1,932)
Total Operating Expenses	(2,552,649)	(251,636)
Operating Income (Loss)	(1,212,635)	(12,783)
<i>Nonoperating Revenues (Expenses)</i>		
State appropriations	903,739	-
Gifts (including \$79,608 from System Related Organizations)	79,621	-
Investment income, net	121,679	106,045
Loss on disposal of capital assets	(14,139)	-
Interest expense	(24,078)	(580)
Interest revenue	1,367	-
Other nonoperating revenues (expenses)	7,562	(522)
Federal grants and contracts	189,938	-
Total Nonoperating Revenues (Expense)	1,265,689	104,943
Income (Loss) Before Other Revenue (Expenses)	53,054	92,160
<i>Other Revenues (Expenses)</i>		
State appropriations restricted for capital purposes	39,144	-
Capital grants and gifts (including \$39,217 from System Related Organizations)	43,011	-
Additions to permanent endowments (including \$590 to System Related Organizations)	1,854	28,946
Other System Related Organization revenue	-	356
Total Other Revenues (Expenses)	84,009	29,302
Increase in Net Position	137,063	121,462
NET POSITION		
Net position - beginning of year	2,031,257	1,232,259
Net position - end of year	<u>\$ 2,168,320</u>	<u>\$ 1,353,721</u>

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

NEVADA SYSTEM OF HIGHER EDUCATION
STATEMENT OF CASH FLOWS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2025

	<u>System</u>
<i>Cash flows from (for) operating activities</i>	
Tuition and fees	\$ 506,582
Grants and contracts	475,112
Payments to suppliers	(526,622)
Payments for utilities	(35,760)
Payments for compensation and benefits	(1,693,053)
Payments for scholarships and fellowships	(126,973)
Loans issued to students and employees	(614)
Collection of loans to students and employees	688
Sales and services of educational departments	222,687
Sales and services of auxiliary enterprises	101,361
Receipts under third party events	29,637
Disbursements under third party event	(29,129)
Receipts under federal student loan programs	117,833
Disbursements under federal student loan programs	(117,336)
Receipts under external awards and others	20,405
Disbursements under external awards and others	(19,230)
Other receipts	10,947
<i>Cash flows from (for) operating activities</i>	<u>(1,063,465)</u>
<i>Cash flows from noncapital financing activities</i>	
State appropriations	909,026
Gifts and grants for other than capital purposes	78,705
Gifts for endowment purposes	1,855
Other	7,185
Receipts under federal student loan programs	137
Insurance recoveries	3
Federal grants and contracts	188,358
<i>Cash flows from noncapital financing activities</i>	<u>1,185,269</u>
<i>Cash flows from (for) capital and related financing activities</i>	
Payments for debt issuance costs	(1,232)
Capital appropriations	30,400
Capital grants and gifts received	41,679
Bond issuance and refunding	60,052
Purchases of capital assets	(123,818)
Proceeds from sale of property and equipment	7,364
Principal paid on capital debt	(60,171)
Interest paid on capital debt	(27,851)
<i>Cash flows from (for) capital and related financing activities</i>	<u>(73,577)</u>
<i>Cash flows from investing activities</i>	
Proceeds from sales and maturities of investments	50,696
Purchase of investments	(54,855)
Interest and dividends received on investments	21,699
Net decrease in cash equivalents, noncurrent investments	(704)
<i>Cash flows from investing activities</i>	<u>16,836</u>
<i>Net increase in cash</i>	<u>65,063</u>
<i>Cash and cash equivalents, beginning of year</i>	<u>194,869</u>
<i>Cash and cash equivalents, end of year</i>	<u>\$ 259,932</u>

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

NEVADA SYSTEM OF HIGHER EDUCATION
STATEMENT OF CASH FLOWS (in \$1,000's)
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025

	<u>System</u>
Reconciliation of operating loss to cash flows from operating activities	
Operating loss	\$ (1,212,635)
Adjustments to reconcile operating loss to cash used in operating activities:	
Supplies expense related to noncash gifts	527
Depreciation and amortization expense	175,619
Change in pension related deferred outflows of resources	(43,438)
Change in pension related deferred inflows of resources	17,623
Change in OPEB related deferred outflows of resources	(5,738)
Change in OPEB related deferred inflows of resources	12,641
Change in lease related deferred inflows of resources	619
Changes in assets and liabilities:	
Accounts receivable, net	(4,280)
Receivable from U.S. Government	2,442
Receivable from State of Nevada	(3,142)
Loans receivable, net	739
Inventories	37
Due from other institutions	(613)
Due from System Related Organizations	2,457
Deposits and prepaid expenditures	(7,092)
Other assets	262
Accounts payable	(9,100)
Accrued payroll and related liabilities	11,547
Unemployment and workers' compensation insurance liability	848
Unearned revenue	(21,318)
Refundable advances under federal loan program	(97)
Compensated absences	14,487
Other liabilities	263
Net pension liability	36,667
Net OPEB liability	(33,726)
Deposits held for others	817
Other	119
Cash flows from operating activities	<u>\$ (1,063,465)</u>
Supplemental noncash activities information:	
Loss on disposal of capital assets	<u>\$ (14,139)</u>
Capital assets acquired by gifts	<u>\$ 758</u>
Capital expenditures included in accounts payable	<u>\$ 3,746</u>
Capital assets acquired by incurring lease obligations	<u>\$ 8,769</u>
University Revenue Refunding Bond Series 2025	<u>\$ 39,910</u>
Unrealized gains on investments	<u>\$ 87,976</u>
Right-of-use assets obtained in exchange for subscription obligations	<u>\$ 24,519</u>
Capital asset funded through State Public Works	<u>\$ 3,146</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 YEAR ENDED JUNE 30, 2025**

NOTE 1 – Organization:

The financial statements represent the financial statements of the various divisions and campuses of the Nevada System of Higher Education (the System or NSHE) which include:

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

The System is an entity 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. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*. The System Related Organizations' columns in these financial statements are comprised of data from the System's discretely presented campus and athletic foundations and medical school practice plans, which include: University of Nevada, Reno Foundation, Wolf Pack Athletic Association, Desert Research Institute Foundation, Desert Research Institute Research Parks LTD, Truckee Meadows Community College Foundation, Western Nevada College Foundation, Great Basin College Foundation, University of Nevada, Las Vegas Foundation, University of Nevada, Las Vegas Research Foundation, Rebel Golf Foundation, University of Nevada, Las Vegas Alumni Foundation, University of Nevada, Las Vegas Rebel Football Foundation, University of Nevada, Las Vegas Rebel Soccer Foundation, University of Nevada, Las Vegas Singapore Unlimited, University of Nevada Las Vegas Medicine Incorporated, College of Southern Nevada Foundation, Nevada State College Foundation, and Nevada Health and Bioscience Asset Corporation. 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 have a fiscal year end of June 30 apart from Nevada Health and Bioscience Asset Corporation which has a calendar year end of December 31.

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 year ended June 30, 2025, the foundations distributed \$124,835 to the System for both restricted and unrestricted purposes. Complete financial statements for the foundations can be obtained from Rhett Vertrees, Assistant Chief Financial Officer at NSHE, 2601 Enterprise Rd., Reno, NV 89512.

During the year ended June 30, 2025, UNLV Med distributed \$38,006 to the System for restricted purposes for salaries and Dean's support. Complete financial statements for UNLV Med can be obtained from Rhett Vertrees, Assistant Chief Financial Officer at NSHE, 2601 Enterprise Rd., Reno, NV 89512.

Complete financial statements for Nevada Health and Bioscience Asset Corporation can be obtained from Rhett Vertrees, Assistant Chief Financial Officer 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 Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement 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 YEAR ENDED JUNE 30, 2025

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 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 the 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. Restricted cash and cash equivalents represent the unexpended bond proceeds held for construction of major assets. These amounts are included in cash and cash equivalents in the Statement of Cash Flows.

Cash and cash equivalents	\$ 157,124
Cash held by State Treasurer	1,174
Restricted cash and cash equivalents	<u>101,634</u>
Total per statement of cash flows	<u>\$ 259,932</u>

INVESTMENTS

Investments are 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 receivables 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. The allowance for uncollectible pledges are \$6,057 as of June 30, 2025.

CAPITAL ASSETS

Capital assets are defined as: 1) assets with an initial unit cost of \$10 in the fiscal year and an estimated useful life in excess of one year; or 2) a bulk purchase, which is defined as assets whose individual acquisition cost is less than \$10 but purchased in bulk and the aggregated total cost of the identical units purchased on a single requisition and for a single project has a total value greater than \$25,000 and above per Institution, are capitalized. Such assets are stated at cost at the date of acquisition or acquisition value at date of donation in the case of gifts. Computers, classroom furniture, and communication equipment are some of the assets that may not meet the capitalization policy on an individual cost basis but might meet the threshold in the aggregate. 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. Depreciation is computed on a straight-line basis over the following estimated useful lives:

NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2025

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

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

Collections are capitalized at the acquisition 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.

RECEIVABLES

The System accounts for estimated losses inherent in its accounts receivable based on types of receivables and expectations of repayment. In establishing the required allowance, management considers one or more of the following: types of receivable, historical losses adjusted to take into account current market conditions, the amount of receivable in dispute, the current receivable aging, and current payment patterns. The System reviews its allowance for doubtful accounts annually. Not included in the receivable balances are amounts considered to be uncollectible. Uncollectible accounts receivable are estimated at \$96.9 million.

LEASE RECEIVABLE

Lease receivables and deferred inflows of resources are recorded by the System as the present value of lease payments expected to be received under all leases other than short term. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. Short term leases, those with a maximum period of 12 months, are recognized as collected. The deferred inflow of resource is amortized straight-line and recognized as revenue over the term of the lease, regardless of when payments are received from the lessee.

RIGHT- OF-USE ASSETS

Right-of-Use (ROU) assets are recognized at the lease or subscription commencement date and represent the System's right to use an underlying asset for a specified term. ROU assets are measured at the initial value of the lease or subscription liability plus any payments made to the lessor before commencement and initial direct costs. ROU assets are included in net capital assets on the Statement of Net Position.

LEASE LIABILITY

Lease liabilities represent the System'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. Present value of lease payments are discounted based on a borrowing rate determined by the System. Short term leases, those with a maximum period of 12 months, are expensed as incurred.

SUBSCRIPTION LIABILITY

Subscription-based information technology arrangements (SBITA) liabilities represent the System's obligation to make payments to the vendor, measured at the present value of subscription payments over the remaining term. SBITA liabilities are recognized at the SBITA commencement date based upon the present value of future subscription payments over the remaining SBITA term. Short term SBITA liabilities, those with a maximum period of 12 months, are expensed as incurred.

UNEARNED REVENUE

Unearned 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 athletics and other events.

NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2025

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

COMPENSATED ABSENCES

Employees of NSHE earn annual and sick leave in accordance with Board of Regents' policy and institutional policy in accordance with GASB Statement No. 101, *Compensated Absences*. NSHE recognizes a liability for leave when earned and attributable to services already rendered, if (1) leave vests or accumulates and (2) it is probable that the leave will be used for time off or otherwise paid or settled. The liability includes salary-related payments, including the employer's share of payroll-related taxes and retirement contributions to defined contribution plans, to the extent they are applicable.

FEDERAL REFUNDABLE LOANS

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

PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Nevada (PERS) and additions to/deductions from the PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

For purposes of measuring the net OPEB liability, deferred outflow of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of NSHE's OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. Plan assets are measured at fair value.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources until then. The System has pension related, other post-employment benefits related and loss on bond refunding balances of \$235,685, \$50,125 and \$2,365 respectively, at June 30, 2025. Pension related deferred outflows of resources are discussed in depth in Note 18 and other post-employment benefits related deferred outflows of resources are discussed in depth in Note 19. A loss on bond refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources until that time. The System has pension related, other post-employment benefits related, gain on bond refunding and unrecognized revenues from other than short term lease balances of \$73,668, \$62,095, \$8,882 and \$52,982, respectively, at June 30, 2025, while the System Related Organizations have split-interest agreements and deferred lease inflows of \$8,858 and \$14,018, respectively, at June 30, 2025. Pension related deferred inflows of resources are discussed in depth in Note 18. Other post-employment benefits and related deferred inflows of resources are discussed in Note 19. A gain on bond refunding results from the difference in the reacquisition price and the carrying value of refunded debt. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred lease inflows represent lease revenue that will be recognized in future periods. Leases are discussed in depth in Note 11 and 12.

NET POSITION

Net position is classified as follows:

Net investment in capital assets: This represents the total investment in capital assets and right-of-use assets net of outstanding debt and the gain/loss on bond refunding's related to those capital assets and lease and subscription liabilities related to the right-of-use 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.

NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2025

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

Restricted net position – nonexpendable: Nonexpendable restricted net position consists 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 position – expendable: Restricted expendable net position includes resources which must be expended in accordance with restrictions imposed by external third parties.

Unrestricted net position: Unrestricted net position represents 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. Under generally accepted accounting principles, net position that is not subject to externally imposed restrictions governing their use must be classified as unrestricted for financial reporting purposes. Unrestricted net position is negative due primarily to obligations for pension and retiree health benefits exceeding the System's assets available to pay such obligations. Although unrestricted net position is not subject to externally imposed restrictions, substantially all the System's reserves are allocated for academic and research initiatives or programs, for capital projects or for other purposes.

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

FAIR VALUE

The System follows the provisions of the fair value measurement standard which defines the fair value of assets, establishes a framework for measuring the fair value of assets, and outlines the required disclosures related to fair market value measurements. Fair value is "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

A fair value hierarchy for disclosure that classifies inputs for valuation techniques into levels as follows:

Level 1 – Observable inputs are readily available quoted prices (unadjusted) for *identical* assets or liabilities in active markets that a government can access at the measurement date. In the table below, the System's Level 1 assets consist of cash and cash equivalents, bonds, mutual funds and commingled funds with observable market prices. The System does not adjust quoted prices for these investments.

Level 2 – Inputs for the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3 – Inputs are unobservable inputs for an asset or liability in which there is little or no market data. Assets in this category generally include investments where independent pricing information was not obtainable for a significant portion of the underlying assets.

Net Asset Value (NAV) – The amount of net assets attributable to each share of capital stock or partnership interest (other than senior equity securities, that is, preferred stock) outstanding at the close of the period and excluded from the three defined levels above.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

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 YEAR ENDED JUNE 30, 2025

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

Functional classification of expenses is determined when an account is established and is assigned based on the functional definitions by the National Association of College and University Business Officers' Financial Accounting and Reporting Manual.

UNLV MEDICINE, INC.

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 year are recorded as adjustments of the current year's contractual and bad debt adjustments. Substantially all the operating expenses are directly or indirectly related to patient care.

NEVADA HEALTH AND BIOSCIENCE ASSET CORPORATION

Unconditional promises to give are recorded as contributions receivable and contribution revenue when received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

FOUNDATIONS

Donations, gifts and pledges are recognized as income when all eligibility requirements are met, provided that the promise to give 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 Statement of Revenues, Expenses and Changes in Net Position. 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 expense in the Statement of Revenue, Expense and Changes in Net Position 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 the year ended June 30, 2025, were \$18,545.

TAX EXEMPTION

The System is an affiliate of a government unit in accordance with the Internal Revenue Service's Revenue Procedure 95-48 and is exempt from federal taxes. The discreetly 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.

NEW ACCOUNTING PRONOUNCEMENTS

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements (GASB 103)*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements for MD&A will improve the quality of the analysis of changes from the prior year, which will enhance the relevance of that information. They also will provide clarity regarding what information should be presented in MD&A.

NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2025

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

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The System has not adopted this statement and is in the process of determining the impact to its financial statements.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets (GASB 104)*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The System has not adopted this statement and is in the process of determining the impact to its financial statements.

NEWLY IMPLEMENTED ACCOUNTING PRONOUNCEMENTS

As of July 1, 2024, the System adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. There was not a significant effect on the System's financial statements as a result of the implementation of this standard.

As of July 1, 2024, the System adopted GASB Statement No. 102, *Certain Risk Disclosures*, which requires management to evaluate whether there are risks related to a government's vulnerabilities due to certain concentrations or constraints that require disclosure.

Management has considered whether any concentrations and constraints meet the criteria under GASB 102 for disclosure of vulnerabilities that could result in a substantial impact within 12 months of issuance of these financial statements. While risks exist, NSHE has not identified any events or conditions as of the date of issuance that are likely to cause a substantial impact within the next 12 months.

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, and cash in the bank. At June 30, 2025, the System's deposits in money market funds totaled \$202,265 and cash in bank was \$1,221. Of these balances, \$1,000 and \$250 each year per account are covered by the Federal Depository Insurance Corporation (FDIC). Restricted cash represents the unexpended bond proceeds held for construction of major assets, amounts restricted for deferred maintenance, and amounts restricted for debt service. For those deposits over and above the federal depository insurance maximum balance, sufficient collateral must be held by the financial institution to protect the System against loss. The pooled collateral for deposits program maintains a 102% pledged collateral for all public deposits.

NOTE 4 – Disclosures About Fair Value of Financial Instruments:

Investments at Fair Value

The System's investment holdings as of June 30, 2025, categorized in accordance with the fair value hierarchy are summarized in the following table:

Investment Type	Level 1	Level 2	Level 3	NAV	Total
Cash and Cash Equivalents - Operating	\$ 157,124	\$ -	\$ -	\$ -	\$ 157,124
Cash and Cash Equivalents - Endowment	8,687	-	-	-	8,687
Cash Held by State Treasurer	1,174	-	-	-	1,174
Restricted cash and cash equivalents	101,634	-	-	-	101,634
Mutual Funds (Publicly Traded)	502,416	-	-	-	502,416
Private Commingled Funds and Equity Partnerships	62,641	3,003	-	448,849	514,493
Trusts	4,718	-	-	-	4,718
Subtotal	838,394	3,003	-	448,849	1,290,246
Less: GBC Foundation Endowments	(11,032)	-	-	-	(11,032)
Total	<u>\$ 827,362</u>	<u>\$ 3,003</u>	<u>\$ -</u>	<u>\$ 448,849</u>	<u>\$ 1,279,214</u>

NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 4 – Disclosures About Fair Value of Financial Instruments (continued):

Assets included in the net asset value (NAV) column in the above table represent assets held in the System's Operating and Endowment Fund and are classified as private commingled funds and private equity partnerships. Investment strategies within these classifications can be broken down into eight major investment categories:

- *Private Investments* – Strategies consist of private equity, private venture capital and private natural resources. Assets in this category are either illiquid or have significant redemption restrictions. Unfunded commitments of \$47,806 to private equity/venture capital funds are outstanding as of June 30, 2025.
- *Marketable Alternatives* – Assets in the marketable alternative category have a broad mandate and/or incorporate hedging strategies and have significant redemptions restrictions.
- *Real Assets* – The System's holding in the real assets valued at NAV consists of funds which primarily invests in securities of publicly traded C-corporations, Master Limited Partnerships and certain private placement transactions.
- *Fixed Income* – The System's fixed income holdings valued at NAV consist of private and commingled funds with core fixed and short duration strategies.
- *Domestic Equity* – The System's holdings valued at NAV within the domestic equity category consists of one commingled fund with a broad mandate which seeks to outperform the S&P 500 index.
- *Multi-Strategy* – Assets in the multi-strategy valued at NAV consist of one fund which seeks to provide long-term capital growth by investing in domestic and foreign stocks, real assets, and bonds.
- *International Equity* – The System's holdings at NAV within the International equity category consist of private commingled funds primarily focused on value.
- *Emerging Market Equity* – The System's holdings at NAV within Emerging Market category consist of private commingled funds which look to achieve long-term capital appreciation while investing in equity securities or equity-linked instruments of companies located in emerging market countries.

The table below summarizes redemption restrictions for investments valued at NAV:

	Redemption Frequency	Days' Notice (If applicable)	Remaining Life for Partnership	NAV
Marketable Alternatives	Daily, Monthly, Quarterly, Semi-Annually, Annually	90	N/A	\$ 51,878
Private equity/venture capital	Illiquid	N/A	7 to 12 years	83,676
Domestic Equity	Daily, Monthly, Quarterly	0-3	N/A	76,778
Fixed income	Daily, Monthly	Same Day	N/A	3,857
Emerging Market Equity	Daily, Weekly, Monthly	N/A	N/A	16,495
International Equity	Daily, Monthly	N/A	N/A	63,811
Real Assets	Daily, Monthly, Quarterly	0-110 days	N/A	10,486
Multi-Strategy	Daily	N/A	N/A	141,868
				<u>\$ 448,849</u>

NOTE 5 – System Investments:

The 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 is responsible for establishing investment policies; accordingly, the Board of Regents has promulgated these guidelines in which they have established permitted asset classes and ranges. The asset allocation categories may change from year to year. Investments are stated at fair value. The historical cost and market value (fair value) of System investments at June 30, 2025, is as follows:

	Cost	Market Value
Cash and Cash Equivalents - Operating	\$ 157,124	\$ 157,124
Cash and Cash Equivalents - Endowment	8,687	8,687
Cash Held by State Treasurer	1,174	1,174
Restricted cash and cash equivalents	101,634	101,634
Mutual Funds (Publicly Traded)	364,271	502,416
Private Commingled Funds and Equity Partnerships	362,269	514,493
Trusts	3,683	4,718
	<u>998,842</u>	<u>1,290,246</u>
Less: GBC Foundation Endowments	<u>(11,032)</u>	<u>(11,032)</u>
	<u>\$ 987,810</u>	<u>\$ 1,279,214</u>

NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 5 – System Investments (continued):

As of June 30, 2025, the System had entered into various investment agreements with private commingled funds and private equity partnerships. Under the terms of certain of these investment agreements, the System is obligated to make additional investments as requested by these partnerships. Generally, partnership investments do not have a ready market and ownership interests in some of these investment vehicles may not be traded without the approval of the general partner or fund management. These investments are subject to the risks generally associated with equities with additional risks due to leverage and the lack of a ready market for acquisition or disposition of ownership interests.

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 Position.

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, 2025, is as follows:

	Fair Value	AAAm	Not Rated
Cash and Cash Equivalents - Operating	\$ 157,124	\$ 157,124	\$ -
Cash and Cash Equivalents - Endowment	8,687	6,215	2,472
Cash Held by State Treasurer	1,174	-	1,174
Restricted cash and cash equivalents	101,634	38,926	62,708
Mutual Funds (Publicly Traded)	502,416	-	502,416
Private Commingled Funds and Equity Partnerships	514,493	-	514,493
Trusts	4,718	-	4,718
Subtotal	1,290,246	202,265	1,087,980
Less: GBC Foundation Endowments	(11,032)	-	(11,032)
	<u>\$ 1,279,214</u>	<u>\$ 202,265</u>	<u>\$1,076,948</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 private commingled funds. The segmented time distribution for these investments at June 30, 2025, is as follows:

	Investment Maturities (in years)			Fair Value
	1-5	5-10	More than 10	
Private Commingled Funds and Equity Partnerships	-	65,500	-	65,500
	<u>\$ -</u>	<u>\$ 65,500</u>	<u>\$ -</u>	<u>\$ 65,500</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-

NEVADA SYSTEM OF HIGHER EDUCATION
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Note 5 – System Investments (continued):

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 income 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, 2025, 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 \$260,543 in mutual funds and commingled funds in both the operating and endowment pools that are primarily invested in international equities at June 30, 2025.

NOTE 6 – System Endowment Pool:

At June 30, 2025, \$343,435 endowment fund investments were pooled on a unit market value basis. As of June 30, 2025, the endowment pool was comprised of investments in cash and cash equivalents (2.5%), mutual funds (7.4%), private commingled funds and equity partnerships (90.2%). Each individual endowment fund acquires or disposes of units based on the market value per unit on the preceding quarterly valuation date. The unit market value at June 30, 2025, was \$1,423 (not in thousands). The System follows the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) with respect to prudent investing and spending of donor-restricted endowments.

The System utilizes a spending rule for its pooled endowments, which determines the endowment income to be distributed currently for spending. For the year ended June 30, 2025, the endowment spending policy, as approved by the Board of Regents, authorized a distribution maximum of 4.5% of the average unit market value for the previous twenty (20) calendar quarters. Under the provisions of these spending rules, during 2025, \$46.27 (not in thousands) was distributed to each time-weighted eligible unit for a total spending rule distribution of \$13,897. The 2025 distributions were made from investment income of \$0 and from cumulative gains of pooled investments of \$13,897.

The System's policy is to retain the endowments' 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 \$160,370 at June 30, 2025, is reflected within the restricted expendable for scholarships, research and instruction net position category 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 suspended distribution on all underwater accounts. At June 30, 2025, there were no accounts underwater.

NOTE 7 – System Accounts Receivable:

System accounts receivable consist primarily of amounts due from students for tuition and fees and from local, state, and federal sources for grants and contracts. Receivables are recorded when the related expenditures are incurred or services are provided and are expected to be collected within one year. Management evaluates the collectability of receivables annually and records an allowance for doubtful accounts based on historical experience, current economic conditions, and specific account analysis.

Accounts receivable:

Student tuition and fees	\$ 119,475
Federal Grants and Contracts Receivable	119,907
State and Local Grants Receivable	39,511
Sales and services	34,134
Local and private grants and contracts	8,173
Other	121
Subtotal	321,321
Less: Allowance for doubtful accounts	(96,923)
Net accounts receivable	\$ 224,398

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NOTE 7 – System Accounts Receivable (continued):

Federal Grants and Contracts Receivable, which consist of amounts due from federal agencies for reimbursable expenditures made in accordance with grant and contract terms. State and Local Grants Receivable, which consist of amounts due from the State of Nevada and other local governmental entities for reimbursable costs incurred under state and local grants and contracts. As of June 30, 2025, the total amount due from the State of Nevada was \$58,501. Management believes these receivables are fully collectible and no allowance has been recorded.

NOTE 8 – 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, 2025. A provision for possible uncollectible amounts is recorded on the basis of the various institution's estimated future losses for such items. The loans receivable and corresponding allowance for uncollectible loan balances as of June 30, 2025, are as follows:

Loans Receivable	\$ 5,425
Less: Allowance for doubtful loans	(671)
Net loans receivable	<u>4,754</u>
Less: Current portion	(604)
Total noncurrent loans receivable	<u>\$ 4,150</u>

NOTE 9 – System Capital Assets:

System capital asset activity for the year ended June 30, 2025, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	\$ 75,314	\$ 61,723	(51,927)	\$ 85,110
Land	194,272	1,150	(2,929)	192,493
Land improvements	288	-	-	288
Intangibles	1,350	-	-	1,350
Collections	13,632	150	(58)	13,724
Total	<u>284,856</u>	<u>63,023</u>	<u>(54,914)</u>	<u>292,965</u>
Capital assets being depreciated:				
Buildings	3,746,596	53,239	(33,904)	3,765,931
Land improvements	194,710	2,834	(2,864)	194,680
Machinery and equipment	496,967	52,475	(17,642)	531,800
Intangibles	56,267	1,771	-	58,038
Library books and media	128,472	1,327	(603)	129,196
Total	<u>4,623,012</u>	<u>111,646</u>	<u>(55,013)</u>	<u>4,679,645</u>
Less accumulated depreciation for:				
Buildings	(1,523,183)	(96,219)	19,575	(1,599,827)
Land improvements	(144,733)	(5,720)	2,766	(147,687)
Machinery and equipment	(375,134)	(38,595)	16,492	(397,237)
Intangibles	(52,273)	(1,718)	-	(53,991)
Library books and media	(125,262)	(1,488)	603	(126,147)
Total	<u>(2,220,585)</u>	<u>(143,740)</u>	<u>39,436</u>	<u>(2,324,889)</u>
Right-of-Use assets being amortized:				
ROU buildings/offices	61,595	7,404	(1,999)	67,000
ROU equipment	6,756	1,365	(1,625)	6,496
SBITA	100,107	24,519	(10,557)	114,069
Total	<u>168,458</u>	<u>33,288</u>	<u>(14,181)</u>	<u>187,565</u>
Less accumulated amortization for:				
ROU buildings/offices	(19,671)	(8,711)	2,000	(26,382)
ROU equipment	(3,781)	(1,144)	1,625	(3,300)
SBITA	(24,297)	(22,024)	10,022	(36,299)
Total	<u>(47,749)</u>	<u>(31,879)</u>	<u>13,647</u>	<u>(65,981)</u>
Total assets being depreciated/amortized, net	<u>2,523,136</u>	<u>(30,685)</u>	<u>(16,111)</u>	<u>2,476,340</u>
Capital assets, net	<u>\$ 2,807,992</u>	<u>\$ 32,338</u>	<u>(71,025)</u>	<u>2,769,305</u>

In 2025, the total amount recognized as a loss on disposal of assets of \$14,139.

NEVADA SYSTEM OF HIGHER EDUCATION
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FOR THE YEAR ENDED JUNE 30, 2025

NOTE 10 – System Long-Term Debt:

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

The Board of Regents issues revenue bonds and certificates of participation 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, long-term debt is issued to fund projects that would not be funded through State appropriations, such as dormitories, dining halls and parking garages.

The Board of Regents has entered into various long-term financed purchase obligations to acquire real estate and equipment. These purchases transfers ownership by the end of the contract, do not contain termination options, but may contain a fiscal funding or cancellation clause that is not reasonably certain to be exercised.

In June 2023, the Board of Regents entered into various agreements related to the development of a new College of Business building and related site improvements at UNR. Under the agreements, UNR is leasing the site (Ground Lease) to the developer and is subleasing the right to occupy the improvements back (Sublease). In connection with the development and construction, there were bonds issued by an independent third party and the lease payments under the Sublease secure the bonds. The Ground Lease is for 1 dollar per year for a period of 35 years or expiration of the 30-year bonds, whichever occurs first. The Sublease requires monthly payments beginning August 1, 2023, for a period of 30 years. Monthly payments under the Sublease vary and are approximately \$9,600 per year. Construction was completed in July of 2025 and the building, improvements and related debt will be recorded as a financed obligation in the fiscal year ending June 30, 2026.

During the 2024-25 fiscal year, the Board of Regents ("Board") approved the issuance of long-term bonds and obligations to finance capital projects and to refinance existing bonds for savings.

At its March 6-7, 2025 meeting, the Board approved the issuance of refunding bonds on behalf of UNR and UNLV. At the March 2025 meeting, present value savings from refinancing were estimated at \$1.8 million (4.2%).

The refunding bonds were sold via competitive sale on March 20, 2025. In total, 11 bids were received, and the winning bid was submitted by Jefferies with an effective interest rate of 3.29%. Savings are a result of the difference between this rate and the effective rate on the refunded 2015A universities revenue bonds of 4.05%. Total savings were \$2.7 million (\$2.0 million present value or 4.5%). This result exceeds the savings presented to the Board in March. Savings are allocated to UNR and UNLV based on their proportionate share of the prior debt service. UNLV's savings were \$1.5 million (\$1.1 million present value, or 4.3%), and UNR's savings were \$1.2 million (\$0.9 million present value, or 4.8%).

At the March 6-7, 2025 meeting, the Board also approved the issuance of up to \$61.2 million of certificates of participation to fund the construction of a new parking garage on the campus of UNLV. The new garage will result in an estimated net increase of 1,250 parking spaces near the UNLV Transit Center. The certificates of participation were structured with substantially all payments through July 2055, and estimated debt service at the March meeting was \$3.87 million per year.

The Certificates were sold via competitive sale on March 20, 2025. Seven bids were received for the Certificates, with the winning bid submitted by Truist Securities. The winning bid had a true interest cost of 4.439%, and all bids were between 4.439% and 4.600%. The final par of the Certificates was \$60.7, which is within the limit approved by the Board. Annual payments for the garage are \$3.86 million per year, which is slightly below the estimates provided at the March meeting.

System long-term debt activity for the year ended June 30, 2025, is as follows:

	Annual Interest Rate	FY Final Payment Date	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
UNIVERSITY REVENUE BONDS								
Universities Revenue Bonds, Series	4.00% to 5.00%	2044	49,995	1,860	-	(1,860)	-	-
University Revenue Bonds, Series 21	3.00% to 5.00%	2036	61,455	51,335	-	(51,335)	-	-
Universities Revenue Bonds, Series	2.00% to 3.00%	2027	7,480	2,420	-	(785)	1,635	805
Universities Revenue Bonds, Series	2.00% to 5.00%	2039	57,750	48,185	-	(2,345)	45,840	2,470
Universities Revenue Bonds, Series	2.50% to 5.00%	2037	13,580	10,310	-	(640)	9,670	665
Universities Revenue Bonds, Series	3.25% to 5.00%	2041	25,905	23,300	-	(955)	22,345	1,005
Universities Revenue Bonds, Series	3.00% to 5.00%	2050	18,640	17,600	-	(380)	17,220	400
Universities Revenue Bonds, Series	2.38% to 5.00%	2052	35,705	33,235	-	(1,395)	31,840	690
Universities Revenue Bonds, Series	3.00% to 5.00%	2033	21,905	20,275	-	(1,860)	18,415	2,760
Universities Revenue Bonds, Series	4.00% to 5.00%	2035	77,285	77,285	-	(7,915)	69,370	8,315
Universities Revenue Bonds, Series	4.00% to 5.00%	2044	32,275	32,275	-	-	32,275	800
Universities Revenue Bonds, Series	5.00%	2036	39,910	-	39,910	-	39,910	-
UNIVERSITY REVENUE BONDS SUBTOTAL				318,080	39,910	(69,470)	288,520	17,910

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NOTE 10 – System Long-Term Debt (continued):

COMMUNITY COLLEGE REVENUE BONDS

College Revenue Bonds, Series 2011	3.00% to 5.00%	2048	70,915	61,876	-	(1,581)	60,295	1,660
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CERTIFICATES OF PARTICIPATION

Certificates of Participation, Series 2045	2.00% to 5.00%	2045	29,600	6,325	-	-	6,325	-
Certificates of Participation, Series 2047	2.00% to 5.00%	2047	63,095	48,330	-	(1,895)	46,435	1,985
Certificates of Participation, Series 2047	1.65% to 4.72%	2047	50,405	43,035	-	(1,165)	41,870	1,200
Certificates of Participation, Series 2048	3.00% to 5.00%	2048	28,890	25,240	-	(635)	24,605	670
Certificates of Participation, Series 2049	3.00% to 5.00%	2049	12,475	11,375	-	(280)	11,095	295
Certificates of Participation, Series 2051	3.00% to 5.00%	2051	52,620	51,220	-	(515)	50,705	540
Certificates of Participation, Series 2040	5%	2040	15,395	15,395	-	-	15,395	520
Certificates of Participation, Series 2056	4.25% to 5.00%	2056	60,710	-	60,710	-	60,710	-
CERTIFICATES OF PARTICIPATION SUBTOTAL				200,920	60,710	(4,490)	257,140	5,210

Premiums			37,513	6,080	(5,592)	38,001	3,282
TOTAL BONDS			618,389	106,700	(81,133)	643,956	28,062

DIRECT BORROWINGS - NOTES PAYABLE

200 Lenovo Computers-First Ameri	6.62%	2028	123	102	-	(23)	79	24
Lenovo Data Center-First American	7.06%	2028	184	159	-	(33)	126	36
55 Dell Computers-First American E	7.83%	2029	60	55	-	(11)	44	11
Wells Fargo Bank, UNR MEBD Ref	1.80%	2026	7,570	1,774	-	(879)	895	895
ZionsBankcorp, UNR Football facili	2.25%	2029	3,200	2,099	-	(331)	1,768	338
DIRECT BORROWINGS - NOTES PAYABLE TOTAL				4,189	-	(1,277)	2,912	1,304

DIRECT BORROWING - FINANCED PURCHASE OBLIGATIONS

State COP KAB and RSC buildings	5%	2043	37,160	37,160	-	(845)	36,315	1,295
Nursing Equip - First American Ban	3.56%	2025	1,484	171	-	(171)	-	-
DIRECT BORROWING - FINANCED PURCHASE OBLIGATIONS TOTAL				37,331	-	(1,016)	36,315	1,295

TOTAL LONG-TERM DEBT	\$ 659,909	\$ 106,700	\$ (83,426)	\$ 683,183	\$ 30,661
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The revenue bonds are collateralized by tuition and fees, auxiliary enterprises revenues and certain other revenues as defined in the bond indentures. The Certificates of Participation are secured by any and all available 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:

Year Ended June 30,	UNIVERSITY REVENUE BONDS			COMMUNITY COLLEGE REVENUE BONDS		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 17,910	\$ 11,415	\$ 29,325	\$ 1,660	\$ 2,245	\$ 3,905
2027	18,605	11,034	29,639	1,740	2,161	3,901
2028	18,270	10,149	28,419	1,830	2,071	3,901
2029	19,165	9,261	28,426	1,920	1,978	3,898
2030	20,055	8,335	28,390	2,015	1,879	3,894
2031-2035	102,880	27,547	130,427	11,310	8,231	19,541
2036-2040	54,255	9,775	64,030	13,200	6,319	19,519
2041-2045	21,955	3,516	25,471	15,670	3,755	19,425
2046-2050	12,165	1,199	13,364	10,950	669	11,619
2051-2055	3,260	77	3,337	-	-	-
Thereafter	-	-	-	-	-	-
	\$ 288,520	\$ 92,308	\$ 380,828	\$ 60,295	\$ 29,308	\$ 89,603

NEVADA SYSTEM OF HIGHER EDUCATION
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FOR THE YEAR ENDED JUNE 30, 2025

NOTE 10 – System Long-Term Debt (continued):

<u>Year Ended June 30,</u>	<u>CERTIFICATES OF PARTICIPATION</u>			<u>DIRECT BORROWINGS - NOTES PAYABLE</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 5,210	\$ 9,457	\$ 14,667	\$ 1,304	\$ 62	\$ 1,366
2027	5,595	9,922	15,517	423	38	461
2028	5,870	9,663	15,533	436	24	460
2029	7,175	9,385	16,560	380	12	392
2030	7,475	9,077	16,552	369	5	374
2031-2035	38,945	40,790	79,735	-	-	-
2036-2040	52,765	31,598	84,363	-	-	-
2041-2045	64,300	20,007	84,307	-	-	-
2046-2050	46,415	8,250	54,665	-	-	-
2051-2055	19,685	2,635	22,320	-	-	-
2056-2060	3,705	79	3,784	-	-	-
Thereafter	-	-	-	-	-	-
	<u>\$ 257,140</u>	<u>\$ 150,863</u>	<u>\$ 408,003</u>	<u>\$ 2,912</u>	<u>\$ 141</u>	<u>\$ 3,053</u>

<u>Year Ended June 30,</u>	<u>DIRECT BORROWING - FINANCE PURCHASE OBLIGATIONS</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,295	\$ 1,707	\$ 3,002
2027	1,360	1,642	3,002
2028	1,430	1,574	3,004
2029	1,500	1,502	3,002
2030	1,575	1,427	3,002
2031-2035	9,145	5,873	15,018
2036-2040	11,675	3,347	15,022
2041-2045	8,335	676	9,011
2046-2050	-	-	-
	<u>\$ 36,315</u>	<u>\$ 17,748</u>	<u>\$ 54,063</u>

Various outstanding notes from direct borrowings and direct placements of the System in the combined amount of \$249 contain provisions that in an event of default, the outstanding amounts become immediately due. Various outstanding notes from direct borrowings and direct placements of the System in the combined amount of \$895 contain provisions that in an event of default, the respective interest rates are reset to a higher default rate.

<u>Obligation</u>	<u>Maturity</u>	<u>Outstanding (\$)</u>	<u>Unused Line of Credit (\$)</u>	<u>Pledged Assets?</u>	<u>Interest Rate/Other</u>	<u>Finance-Related EOD Consequences</u>		
						<u>Acceleration</u>	<u>Finance-Related Termination Events?</u>	<u>Subjective Acceleration Clauses(s)</u>
UNR- MEB Refunding Note	01/02/26	\$895	n/a	No	Yes-Note I	No	No	No
NSU - Lenovo Equipment Lease	07/01/28	79	n/a	Yes-Note III	Yes-Note II	No	No	No
NSU - Lenovo Data Center Lease	09/01/28	126	n/a	Yes-Note III	Yes-Note II	No	No	No
NSU - Dell Equipment Lease	01/01/29	44	n/a	Yes-Note III	Yes-Note II	No	No	No
UNR - Athletics Note	07/01/29	1,768	n/a	No	No	No	No	No

- I. Upon the occurrence and continuance of an Event of Default, the Note will bear interest at the Default Rate, which consists of the summation of the following: (A) three percent (3.0%), and (B) the greatest of (i) the Prime Rate (as defined in Exhibit A of the Note) plus one percent (1.0%), (ii) the Federal Funds Rate (as defined in Exhibit A of the Note) plus two percent (2.0%), and (iii) seven percent (7.0%).
- II. Assets pledged include equipment purchased with proceeds of the lease. Upon an event of default, the Lessor may by notice in writing to Lessee, as liquidated damages for loss of bargain and not as a penalty, accelerate and declare to be immediately due and payable the Stipulated Loss Value.
- III. Assets pledged include equipment purchased with proceeds of the lease. Upon an event of default, the Lessor may by notice in writing to Lessee, as liquidated damages for the loss of bargain and not as a penalty, accelerate and declare to be immediately due and payable the Stipulated Loss Value.

NEVADA SYSTEM OF HIGHER EDUCATION
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NOTE 11 – Lessor Leases:

Lease Receivables

The System leases real estate and equipment to independent third parties. The income under these lease agreements was approximately \$46,864 in 2025. The System had current lease receivables and lease receivables due from related organizations of \$6,252 and \$3,178, respectively, and long-term lease receivables and long-term lease receivables due from related organizations of \$29,355 and \$16,568, respectively, as of June 30, 2025. Deferred inflows of resources of \$52,982 are associated with these leases as of June 30, 2025.

The System had a total of 42 leases of which call for payments that are partially or completely variable and were not included in lease receivables or deferred inflows of resources. These variable payments were a result of the underlying lease measured not on a fixed rate, but rather variable due to the underlying payments derived from a percentage of sales, use of a Capital Asset, or changes in an index rate. A total of \$619 was recognized as revenue from these variable payments for the year ended June 30, 2025.

	Beginning Balance	Additions	Deletions	Ending Balance	Current
System Lease Receivable Total	\$ 83,911	18,566	47,124	\$ 55,353	\$ 9,430

The principal and interest revenue for the next five years and beyond are projected below for lease receivables:

	Principal	Interest	Total
2026	\$ 9,430	\$ 1,288	\$ 10,718
2027	7,489	1,110	8,599
2028	6,831	934	7,765
2029	6,113	769	6,882
2030	5,250	630	5,880
2031-2035	11,987	1,774	13,761
2036-2040	2,821	692	3,513
2041-2045	2,137	394	2,531
2046-2050	1,455	196	1,651
2051-2055	1,302	93	1,395
2056-2060	538	8	546
Thereafter	-	-	-
Total	\$ 55,353	\$ 7,888	\$ 63,241

NOTE 12 – Lessee Leases:

The System has entered into various leases for land, building, equipment, infrastructure, facilities and improvements with terms and conditions that range in length from one to fifteen years. The System uses municipal market data (MMD) rates to measure lease liabilities unless the interest rate is stated in the lease. Rates ranged from .75 to 3.81 and payments range from \$8 to \$1,310 for fiscal year 2025. Of these leases, a total of 13 agreements call for payments that were 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 a percentage of sales, use from a capital asset, or changes in index rates. A total of \$445 was recognized as expenses from these variable payments for the year ended June 30, 2025. Amortization expense of \$9,855 and interest expense of \$1,067 were incurred for the year ended June 30, 2025.

The total amount of lease assets and the related accumulated amortization are as follows:

Total right-to-use lease assets	\$ 73,496
Less: accumulated amortization	(29,682)
Carrying Value	\$ 43,814

Lease Liabilities

Long-term lease liability activity is summarized as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Current
System long-term lease liability total	\$ 47,448	\$ 8,756	\$ (9,985)	\$ 46,219	\$ 8,975

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NOTE 12 – Lessee Leases (continued)

The principal and interest expense for the next five years and beyond are projected below for lease obligations:

	Principal	Interest	Total
2026	\$ 8,975	\$ 1,067	\$ 10,042
2027	8,760	856	9,616
2028	7,093	670	7,763
2029	4,897	539	5,436
2030	4,010	442	4,452
2031-2035	11,532	990	12,522
2036-2040	860	42	902
2041-2045	92	5	97
Thereafter	-	-	-
Total Requirements	<u>\$ 46,219</u>	<u>\$ 4,611</u>	<u>\$ 50,830</u>

NOTE 13 – SBITA:

The System entered into various SBITAs, with terms and conditions that range in length from one to ten years, that convey the System control of the right to use vendor-provided software, alone or in combination with an underlying tangible IT capital asset. The subscription agreement ("Agreement") term rate is solely a combination of an applicable market rate and a credit spread based on market data points as of the most recent quarter end as compared to the Agreement commencement date. The System's interest rate range was between 1.710 and 3.712. The lowest payment was \$5 and the highest \$3,451. Of these SBITAs, some agreements call for payments that are partially or completely variable and therefore were not included in ROU subscription assets or subscription liabilities. These variable payments are derived from a number of licenses that change from time to time, use of the IT asset, or changes in index rates. The System recognized a total of \$2,000 as expenses from these variable payments for the year ended June 30, 2025. Amortization expense of \$22,024 and interest expense of \$1,916 were incurred for the year ended June 30, 2025.

The total amount of subscription assets and the related accumulated amortization are as follows:

Total right-to-use subscription assets	\$ 114,069
Less: accumulated amortization	<u>(36,299)</u>
Carrying Value	<u>\$ 77,770</u>

SBITA Liabilities

Long-term liability activity for the year ended June 30, 2025, is summarized as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Current
SBITA Liability	\$ 70,626	24,237	(21,872)	\$ 72,991	\$ 17,492

The principal and interest expense for the next five years and beyond are projected below for subscription obligations:

	Principal	Interest	Total
2026	\$ 17,492	\$ 1,985	\$ 19,477
2027	13,567	1,454	15,021
2028	9,381	1,057	10,438
2029	6,841	824	7,665
2030	5,226	654	5,880
2031-2035	20,484	1,323	21,807
Thereafter	-	-	-
Total Requirements	<u>\$ 72,991</u>	<u>\$ 7,297</u>	<u>\$ 80,288</u>

The System has not entered into any additional SBITAs that have not yet commenced as of June 30, 2025.

NEVADA SYSTEM OF HIGHER EDUCATION
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NOTE 14 – Unemployment Insurance and Workers' Compensation:

The System is self-insured for unemployment insurance and workers compensation. These risks are subject to various claim and aggregate limits, with excess workman's comp coverage provided by an independent insurer. Liabilities are recorded when it is probable a loss has occurred, and the amount of the loss can be reasonably estimated. These losses include an estimate for claims that have been incurred, but not reported. The change to workers' compensation liability is based upon an independent actuarial determination of the present value of the anticipated future payments.

Changes in unemployment and workers compensation for the year ended June 30, 2025, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Unemployment insurance	\$ 920	\$ 150	\$ 260	\$ 810
Workers' compensation	<u>2,592</u>	<u>626</u>	<u>626</u>	<u>2,592</u>
Total	<u>\$3,512</u>	<u>\$ 776</u>	<u>\$ 886</u>	<u>\$3,402</u>

NOTE 15 – System Other Noncurrent Liability Activity:

The activity with respect to System other noncurrent liabilities for the year ended June 30, 2025, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current
Refundable advances under federal loan program	\$ 3,027	\$ 12	\$ (321)	\$ 2,718	\$ -
Compensated absences*	75,128	14,488		89,616	15,966
Other noncurrent liabilities	623	-	(623)	-	-
Total	<u>\$ 78,778</u>	<u>\$ 14,500</u>	<u>\$ (944)</u>	<u>\$ 92,334</u>	<u>\$ 15,966</u>

* Compensated absences is shown at the net change between the beginning and ending balance due to the adoption of GASB Statement 101.

NOTE 16 – Extinguishment of Debt:

In the fiscal year ended June 30, 2025, the System defeased outstanding bonds and obligations by placing the proceeds of new bonds into an irrevocable escrow account to provide for all future debt service payments on the old bonds. Accordingly, the escrow account assets and the liability for the defeased bonds are not included in the System's financial statements. On June 30, 2025, \$47,850 outstanding bonds were considered defeased.

In the fiscal year ended June 30, 2025, the System refinanced or defeased existing bonds for net cash flow savings or economic gain (present value of cash flow savings). In the fiscal year ended June 30, 2025, the System refinanced \$44,195 of bonds, and refinancing activities produced cash flow savings and economic gain of \$2,725 and \$2,002, respectively.

NOTE 17 – Irrevocable Letter of Credit:

In connection with its self-insured workers' compensation liability, the System is required to maintain a letter of credit for the State of Nevada in the amount of \$2,079 as of April 10, 2025. A letter of credit for workers' compensation liability is also required by beneficiary, Arrowood Indemnity Co., in the amount of \$120 until September 9, 2025.

NOTE 18 – System Pension Plans:

Substantially all permanent employees of the System are covered by retirement plans. Classified employees are covered by the Public Employees' Retirement System of Nevada (PERS), a cost-sharing, multiple-employer, defined benefit pension plan administered by the State of Nevada. Professional employees are covered under either PERS or the System Retirement Plan Alternative (RPA), a defined contribution plan administered by the System.

The System's contribution to all retirement plans for the year ended June 30, 2025, was \$49,240 in Public Employees Retirement Plan (PERS), and \$131,446 in retirement plan alternative (RPA), equal to the required contribution for the year.

System employees may elect to participate in the System Supplemental Retirement Plan, a defined contribution plan qualified under Section 403(b) of the Internal Revenue Code, subject to maximum contribution limits established annually by the Internal Revenue Service.

**NEVADA SYSTEM OF HIGHER EDUCATION
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NOTE 18 – System Pension Plans (continued):

The employee contributions are not matched by the System.

General Information about the System Retirement Plan Alternative (RPA)

The System Retirement Plan Alternative (RPA) is separate from the State of Nevada Public Employees' Retirement System and is administered directly by the Nevada System of Higher Education (NSHE) through approved investment providers.

The System Retirement Plan Alternative (RPA) is a defined contribution pension plan qualified under Internal Revenue Code Section 401(a).

Benefit terms, including vesting and forfeiture provisions, are established by the Nevada System of Higher Education (NSHE) and may be amended by the Board of Regents. Participants are fully vested in both employee and employer contributions upon contribution. Forfeitures, if any, are used to offset future employer contributions.

The RPA is not administered through a trust that meets the criteria in paragraph .101 of GASB Statement No. 68. Plan assets are held by individual investment providers in participant-directed accounts. Therefore, the plan does not meet the criteria for assets being accumulated in a trust that: (1) is dedicated to providing pensions to plan members in accordance with benefit terms, (2) is legally protected from the creditors of the employer, and (3) is protected from being used for purposes other than paying benefits to plan members.

The authority under which employer and employee contribution requirements are established and may be amended is set by the Board of Regents under the provisions of the plan. For the fiscal year ended June 30, 2025, the System contributed \$131,446 to the RPA, representing amounts paid as benefits became due during the year. These payments represent pension expense for the reporting period. There were no forfeitures or outstanding employer pension liabilities at June 30, 2025.

Under the System Retirement Plan Alternative, the System and participants have the option to make annual contributions to purchase individual, fixed or variable annuities equivalent to retirement benefits earned or to participate in a variety of mutual funds.

General Information about the PERS Cost Sharing Pension Plan

PERS administers a cost-sharing, multiple-employer, defined benefit pension plan, which includes both Regular and Police/Fire members. The PERS was established by the Nevada Legislature in 1947, effective July 1, 1948. The PERS is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earning capacities have been removed or substantially impaired by age or disability.

Benefits Provided

Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the PERS on or after January 1, 2010, and July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.50% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this service time factor is 2.67% of average compensation. For plan members entering the PERS on or after January 1, 2010, there is a 2.50% service time factor for all years of service. Regular plan members entering the PERS on or after July 1, 2015 have a 2.25% service time factor. The PERS offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575 - .579.

Vesting

Members are eligible for retirement at age 65 with 5 years of service, at age 60 with 10 years of service, or at any age with 30 years of service. Members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with 5 years of service, or age 62 with 10 years of service, or any age with 30 years of service. Regular members who entered the PERS on or after July 1, 2015, are eligible for retirement at age 65 with 5 years of service, or at age 62 with 10 years of service or at age 55 with 30 years of service or any age with 33 1/3 years of service.

NEVADA SYSTEM OF HIGHER EDUCATION
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NOTE 18 – System Pension Plans (continued):

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Members become fully vested as to benefits upon completion of five years of service.

Contributions

The authority for establishing and amending the obligation to make contributions and member contribution rates, is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. One plan provides for matching employee and employer contributions, while the other plan provides for employer-pay contributions only. Under the matching Employee/Employer Contribution plan, a member may, upon termination of service for which contribution is required, withdraw employee contributions which have been credited to their account. All membership rights and active service credit in the PERS are canceled upon withdrawal of contributions from the member's account. If EPC was elected, the member cannot convert to the Employee/Employer Contribution plan and cannot withdraw these contributions.

PERS basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime to accumulate sufficient assets to pay benefits when due.

PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the PERS on an actuarial reserve basis. Contributions made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

For the fiscal year ended June 30, 2024, the statutory employer/employee matching rate was 17.50%. The employer-pay contribution (EPC) rate was 33.50%.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the System reported a liability of \$548,108 for its proportionate share of the net pension liability. The System's proportion of the net pension liability is based on their combined employer contributions relative to the total combined employer contributions for all employers for the period ended June 30, 2024. The System's proportionate share is 3.03%, which was an increase of 0.24% from the year ended June 30, 2024.

For the year ended June 30, 2025, the System recognized pension expense of \$75,941. At June 30, 2025, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 116,279	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	53,995
Changes in assumptions	35,367	-
Changes in proportion	34,799	19,673
System contributions subsequent to the measurement date	49,240	-
	<u>\$ 235,685</u>	<u>\$ 73,668</u>

In 2026 \$49,240 reported as deferred outflows of resources related to pensions resulting from System contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability. Other amounts reported as deferred inflows and outflows of resources will be recognized in pension expense as follows for the years ended June 30:

2026	\$ 15,496
2027	69,921
2028	8,173
2029	6,324
2030	12,863
Thereafter	-
	<u>\$ 112,777</u>

NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 18 – System Pension Plans (continued):

Actuarial Assumptions

The PERS net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50%
Investment Rate of Return	7.25%
Productivity pay increase	0.50%
Projected salary increases	4.20% to 9.10%, depending on service
	Rates include inflation and productivity increases
Other assumptions	Same as those used in the June 30, 2024, funding actuarial valuation

Actuarial assumptions used in the June 30, 2024, valuation was based on the results of the experience study for the period July 1, 2016, through June 30, 2020.

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan's current funding policy and cost-sharing mechanism between employers and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, except those projected contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2024.

The following was the PERS Board adopted policy target asset allocation as of June 30, 2024:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Geometric Expected Real Rate of Return</u>
US Stocks	42%	5.50%
International Stocks	18%	5.50%
US Bonds	28%	2.25%
Private Markets	12%	6.65%
Total	100%	

* As of June 30, 2024, PERS' long-term inflation assumption was 2.50%

Pension Liability Discount Rate Sensitivity

The following represents the System's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
NSHE's proportional share of the net pension liability	\$881,423	\$548,108	\$273,118

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS' Annual Comprehensive Financial Report that includes financial statements and required supplementary information. The report is available online at www.nvpers.org or may be obtained by writing to PERS at 693 W. Nye Lane, Carson City, NV 89703-1599.

**NEVADA SYSTEM OF HIGHER EDUCATION
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FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 19 – System Postemployment Benefits Other than Pensions:

Officers and employees of NSHE are provided with OPEB through the Nevada Public Employees' Benefits Program (PEBP) - a cost-sharing multiple-employer defined benefit OPEB plan. The program is administered by the PEBP Board, whose eleven members are appointed by the governor. NRS 287.023 provides officers and employees eligible to be covered by any group insurance, plan of benefits or medical and hospital service established pursuant to NRS 287 the option upon retirement to cancel or continue any such coverage. The cost to administer the program is financed through the contributions and investment earnings of the plan. The PEBP Board is granted the authority to establish and amend the benefit terms of the program. (NRS 287.043) PEBP issues a publicly available financial report that includes financial statements and the required supplementary information for the plan. That report may be obtained from Public Employees' Benefits Program, 901 South Stewart Street, Suite 1001, Carson City, NV 89701.

Benefits provided

Benefits other than pensions are provided to eligible retirees and their dependents through the payment of subsidies by the PEBP. Benefits include health, prescription drug, dental, and life insurance coverage. The "base" subsidy rates are set by PEBP and approved by the Legislature and vary depending on the number of dependents and the medical plan selected. These subsidy rates are subtracted from the premium to arrive at the "participant premium". The "years of service" subsidy rates are then used to adjust the "participant premium" based on years of service. The current subsidy rates can be found at pebp.state.nv.us. As required by statute, benefits are determined by the number of years of service at the time of retirement and the individual's initial date of hire. Officers and employees hired after December 31, 2011, are not eligible to receive subsidies to reduce premiums.

The following individuals and their dependents are eligible to receive benefits from the Retirees' Fund:

Any PEBP covered retiree with state service whose last employer was the state or a participating local government entity and who:

- Was initially hired by the state prior to January 1, 2010, and has at least five years of public service, or
- Was initially hired by the state on or after January 1, 2010, but before January 1, 2012, and has at least fifteen years of public service, or
- Was initially hired by the state on or after January 1, 2010, but before January 1, 2012, and has at least five years of public service and has a disability, or
- Any PEBP covered retiree with state service whose last employer was not the state or a participating local government entity and who has been continuously covered under PEBP as a retiree since November 30, 2008.

State service is defined as employment with any Nevada State agency, the Nevada System of Higher Education and any State Board or Commission. Participating local government agency is defined as a county, school district, municipal corporation, political subdivision, public corporation or other local governmental agency that has an agreement in effect with PEBP to obtain group insurance.

Contributions

The State Retirees' Health and Welfare Benefits Fund (Retirees' Fund) was established in 2007 by the Nevada Legislature as an irrevocable trust fund to account for the financial assets designated to offset the portion of current and future costs of health and welfare benefits paid on behalf of state retirees (NRS 287.0436). The money in the Retirees' Fund belongs to the officers, employees and retirees of the State of Nevada in aggregate; neither the State nor the governing body of any county, school district, municipal corporation, political subdivision, public corporation or other local governmental agency of the State, nor any single officer, employee or retiree of any such entity has any right to the money in the Retirees' Fund.

The authority for establishing an assessment to pay for a portion of the cost of premiums or contributions for the program is in statute. The Office of Finance shall establish an assessment that is to be used to pay for a portion of the cost of premiums or contributions for the Program for persons who were initially hired before January 1, 2012 and have retired with state service. The money assessed must be deposited into the Retirees' Fund and must be based upon a base amount approved by the Legislature each session to pay for a portion of the current and future health and welfare benefits for persons who retired before January 1, 1994, or for persons who retire on or after January 1, 1994, as adjusted by the years of service subsidy rates. (NRS 287.046) The required contribution rate for employers (the retired employees group insurance rate), as a percentage of covered payroll, for the fiscal year ended June 30, 2024 was 3.11%. The benefits not paid by the retiree trust are financed via premiums NSHE pay for active employees. The total employer contributions recognized as part of OPEB expense for the current fiscal year ended June 30, 2025 were \$37,523.

OPEB liabilities, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB

At June 30, 2025, NSHE reported a liability of \$564,055 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the collective net OPEB liability was determined

NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
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NOTE 19 – System Postemployment Benefits Other than Pensions (continued):

by an actuarial valuation measured as of June 30, 2024. NSHE's proportion of the collective net OPEB liability was based on the NSHE's share of contributions in the OPEB plan relative to the total contributions of all participating OPEB employers. On June 30, 2024, the NSHE's proportion was 41.5300%.

For the year ended June 30, 2025, NSHE recognized OPEB expense of \$16,944. On June 30, 2025, NSHE reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability Experience	\$ -	\$ 7,214
Changes in assumption	-	54,736
Net difference between projected and actual earnings in OPEB plan investments	-	145
Changes in proportion	12,602	-
System contributions subsequent to the measurement date	37,523	-
Total	<u>\$ 50,125</u>	<u>\$ 62,095</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$37,523 results from NSHE contributions subsequent to the measurement date and before the end of the fiscal year which are included as a reduction of the collective net OPEB liability in the year in

June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2026	\$ (24,409)
2027	(7,798)
2028	(7,774)
2029	(7,513)
Thereafter	(1,999)
Total	<u>\$ (49,493)</u>

Actuarial assumptions

The actuarial assumptions and methods used in the June 30, 2024, valuation are stated below.

Valuation Date	June 30, 2024
Measurement Date	June 30, 2024
Actuarial Method	Entry Age Normal Level % of Pay
Inflation	2.50%
Salary Increases	4.20% to 9.10% varying by service, including inflation
Discount Rate	3.93%
Dental	4.00% graded down 0.25% to ultimate 3.00% over 4 years
Administrative Cost	3.00%
Investment rate of return	2.50%, same as Inflation Rate assumption
Health Care Trend Rates	For medical and prescription drug, 8.00% graded down 0.25% to ultimate 4.50% over 14 years. For Part B Reimbursement, 7.63%, effective July 1, 2025, then 1.00%.
Mortality Rates	Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Table, projected by MP-2020 (See Actuarial Assumptions and Methods section for additional details)

The demographic assumptions which are not unique to the OPEB valuation were based on the 2020 Actuarial Experience Study conducted by the Public Employee's Retirement System of the State of Nevada, dated September 10, 2021.

NEVADA SYSTEM OF HIGHER EDUCATION
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NOTE 19 – System Postemployment Benefits Other than Pensions (continued):

Sensitivity of the NSHE's proportionate share of the collective net OPEB liability to changes in the discount rate

The following presents the NSHE's proportionate share of the collective net OPEB liability, as well as what the NSHE's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 2.93% or 1-percentage-point higher 4.93% than the current discount rate:

	CY 1% Decrease (2.93%)	CY Discount Rate (3.93%)	CY 1% Increase (4.93%)
NSHE's proportionate share of the collective net OPEB liability	\$618,362	\$564,055	\$516,869

Sensitivity of NSHE's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates

The following presents NSHE's proportionate share of the collective net OPEB liability, as well as what NSHE's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Trend Rates	1% Increase
NSHE's proportionate share of the collective net OPEB liability	\$537,516	\$564,055	\$594,263

OPEB plan fiduciary net position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued PEBP financial report.

Payables to the OPEB plan

At June 30, 2025, NSHE reported payables to the defined benefit OPEB plan of \$212 for statutorily required employer contributions which had been assessed on employee salaries but not yet remitted to the Retirees' Fund.

NOTE 20 – 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 that, except as provided below, any liability in those legal actions, in excess of insurance coverage, will not materially adversely affect the System's net financial position, changes in net position or cash flows of the System.

The System has an actuarial study of its workers' compensation losses completed every other year. The study addresses the reserves necessary to pay open claims from prior year and projects the rates needed for the coming year. The System uses a third-party administrator to adjust its workers' compensation claims.

The System is self-insured for its unemployment insurance liability. The System is billed by the State each quarter based on 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, 2025, but no significant reduction in force or staffing cuts are anticipated.

The System receives Federal grants and awards, and amounts are subject to change based on outcomes of Federal audits. Management believes any changes made will not materially affect the net position, changes in net position or cash flows of the System.

The estimated cost to complete property authorized or under construction at June 30, 2025, is \$98,631. These costs will be financed by State appropriations, private donations, available resources and/or long-term borrowings.

NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 21 – Risk Management:

The System is an entity created by the Constitution of the State of Nevada. The System transfers its tort liabilities to the Tort Claims Fund of the State. The State purchases excess liability layered policies in the amount of \$10,000 excess of a \$10,000 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 \$1B per occurrence and a \$500 per occurrence deductible. (Various sub-limits of liability and deductibles are specified in the policy.)
- Worker's compensation (foreign and domestic) with statutory limits excess of a \$1,000 SIR.
- Active Assailant layered policies with limits of \$10,000 and a deductible of \$100.
- Crime & Fidelity (employee dishonesty) with limits of \$1,250 and a deductible of \$100.
- Coverage for cyber liability layered policies with limits of \$15,000 per claim and a deductible of \$500.
- Medical malpractice with limits of \$1,000 per claim and \$3,000 aggregate.
- Allied health malpractice with limits of \$1,000 per claim and \$3,000 aggregate.

The System purchases other commercial insurance for incidental exposures where prudent. The System is charged an assessment to cover its portion of the State's cost of the Tort Claims fund.

NOTE 22 – Subsequent Events:

In March 2025, the Board of Regents approved the acquisition of the property (Dawson Building), including real property and building improvements located at 1125 Nevada State Drive, Henderson, NV 89002. This property includes approximately 5.49 acres and a 33,499 sq. ft. building (Dawson Building) which is owned by the City of Henderson. The purchase price is \$2,929 plus an estimated \$21 for buyer's closing costs. In July 2025, escrow was opened with a deposit of 10% (\$293) which will be applied to the purchase price. The balance, \$2,636, plus buyer's closing costs are due on or before one day prior to the closing date. The closing is required to be within three years (FY2029).

In August 2025, the Board of Regents entered into various agreements related to the development of a new Fieldhouse and Turf Fields at UNR. Under the agreements, UNR is leasing the site (Ground Lease) to the developer and is subleasing the right to occupy the improvements back (Sublease). In connection with the development and construction, there were bonds issued by an independent third party and the lease payments under the Sublease secure the bonds. The Ground Lease is for 1 dollar per year for a period of 35 years or expiration of the 30-year bonds, whichever occurs first. The Sublease requires semiannual payments beginning June 1, 2026, with a payment of \$1,318 and will continue for a period of 30 years. Semiannual payments under the Sublease vary and are approximately \$2,100 per year for the remaining years. The building, improvements and related debt will be recorded as a financed obligation once the construction is completed, which is anticipated in the fiscal year ending June 30, 2027.

NOTE 23– Functional Classification of System Expenses:

The following is the functional classification of Operating expenses as reported on the Statement of Revenues, Expenses and Changes in Net Position for the year ended June 30, 2025:

Instruction	\$	852,178
Research		206,480
Public service		153,079
Academic support		256,493
Institutional support		253,103
Student services		246,115
Operation and maintenance of plant		165,583
Scholarships and fellowships		126,005
Auxiliary enterprises		117,994
Depreciation		175,619
Total	\$	<u>2,552,649</u>

NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
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NOTE 24 – System Related Organizations:

As described in Note 1, the System Related Organizations columns in the financial statements include the financial data of the System's discretely presented campus foundations, UNLV Medicine, and Nevada Health and Bioscience Asset Corporation. Due to the condensed nature of this information, the individual line items may not necessarily agree with the financial statements of the System Related Organizations, although the totals agree with the financial statements. Condensed combining financial data of the System Related Organizations is as follows:

NEVADA SYSTEM OF HIGHER EDUCATION SYSTEM RELATED ORGANIZATIONS
NET POSITION AS OF JUNE 30, 2025

	CSN Foundation	DRI Foundation	DRI Research Park	GBC Foundation	NSU Foundation	TMCC Foundation	UNLV Foundation	UNLV Research Foundation	Rebel Golf Foundation	UNLV Alumni Association
ASSETS										
Current Assets										
Cash and cash equivalents	\$ 338	\$ 1,645	\$ 42	\$ 343	\$ 602	\$ 1,002	\$ 18,345	\$ 1,061	\$ -	\$ 438
Restricted cash and cash equivalents	3,210	-	-	1,874	7,508	-	-	-	-	-
Short-term investments	4,675	-	-	885	1,619	3,863	24,302	2,004	6,389	2,373
Accounts receivable, net	-	-	-	-	-	55	-	-	-	19
Pledges receivable, net	8	800	-	30	128	392	6,540	-	-	-
Patient accounts receivable, net	-	-	-	-	-	-	-	-	-	-
Current portion of loans receivable, net	-	-	-	-	-	-	-	-	-	-
Leases Receivable	-	-	-	-	-	-	459	573	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Deposits and prepaid expenditures, current	4	-	-	-	1	-	159	2	-	10
Due from affiliated organizations	-	1	-	5	-	-	553	-	-	-
Other current assets	-	-	-	11	-	-	886	-	-	-
Total Current Assets	8,235	2,446	42	3,148	9,858	5,312	51,244	3,640	6,389	2,840
Noncurrent Assets										
Investments	2,769	-	-	418	1,740	1,091	97,062	-	-	-
Restricted investments	-	-	-	9,877	-	-	-	-	-	-
Endowment investments	-	-	-	-	-	-	369,093	-	-	-
Loans receivable, net	-	-	-	-	-	-	-	-	-	-
Leases Receivable, LT	-	-	-	-	-	-	2,385	8,290	-	-
Capital assets, net	-	397	-	-	-	-	8,565	10,651	32	101
Pledges receivable, net	24	-	-	188	143	175	18,540	-	-	-
Other noncurrent assets	-	-	-	-	-	107	13,625	-	-	-
Total Noncurrent Assets	2,793	397	-	10,483	1,883	1,373	509,270	18,941	32	101
TOTAL ASSETS	11,028	2,843	42	13,631	11,741	6,685	560,514	22,581	6,421	2,941
LIABILITIES										
Current Liabilities										
Accounts payable	12	-	-	11	-	45	845	111	-	19
Accrued payroll and related liabilities	-	-	-	33	-	-	-	-	-	-
Current portion of compensated absences	-	-	-	-	-	-	-	-	-	-
Current portion of leases payable	-	-	-	-	-	-	-	-	-	-
Current portion of subscriptions payable	-	-	-	-	-	-	-	-	-	-
Leases Payable Due to Related Organizations	-	-	-	-	-	-	-	-	-	-
Unearned revenue	5	-	3	-	-	-	-	-	-	-
Funds held in trust for others	-	-	-	-	-	-	-	-	-	-
Due to Related Organizations	-	-	-	-	-	278	-	-	-	-
Grant payable	-	-	-	-	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	37	28	9	36	-
Total Current Liabilities	17	-	3	44	-	360	873	120	36	19
Noncurrent Liabilities										
Compensated absences	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	83	-	-	-	-	-	-	-
Lease Payable Due to Related Organizations, LT	-	-	-	-	-	-	-	-	-	-
Leases payable	-	-	-	-	-	-	-	-	-	-
Subscriptions Payable	-	-	-	-	-	-	-	-	-	-
Other noncurrent liabilities	-	-	-	-	-	41	1,223	-	-	-
Total Noncurrent Liabilities	-	-	83	-	-	41	1,223	-	-	-
TOTAL LIABILITIES	17	-	86	44	-	401	2,096	120	36	19
DEFERRED INFLOWS OF RESOURCES										
Split-interest agreements	-	-	-	28	-	-	1,017	-	-	-
Deferred inflows on leases	-	-	-	-	-	-	2,791	11,227	-	-
TOTAL DEFERRED INFLOW OF RESOURCES	-	-	-	28	-	-	3,808	11,227	-	-
NET POSITION										
Net investment in capital assets	-	397	-	-	-	29	1,030	10,651	-	101
Restricted - Nonexpendable	2,769	-	-	5,400	1,740	1,092	226,793	-	-	-
Restricted - Expendable - Scholarships, research and instructio	6,682	961	-	6,326	9,399	3,890	321,487	-	-	2
Restricted - Expendable - Capital projects	-	-	-	243	-	-	-	-	-	-
Restricted - Expendable - Other	-	-	-	-	-	-	-	-	-	-
Unrestricted	1,560	1,485	(44)	1,590	602	1,273	5,300	583	6,385	2,819
TOTAL NET POSITION	\$ 11,011	\$ 2,843	\$ (44)	\$ 13,559	\$ 11,741	\$ 6,284	\$ 554,610	\$ 11,234	\$ 6,385	\$ 2,922

NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 24 - System Related Organizations (continued):

NEVADA SYSTEM OF HIGHER EDUCATION SYSTEM RELATED ORGANIZATIONS
NET POSITION AS OF JUNE 30, 2025

	UNLV Rebel Football Foundation	UNLV Rebel Soccer Foundation	UNLV Singapore Limited	UNLV MED	UNR Foundation	UNR WPAA	WNC Foundation	NHBAC	Total System Related Organizations
ASSETS									
<i>Current Assets</i>									
Cash and cash equivalents	\$ 1,848	\$ 71	\$ 164	\$ 5,037	\$ 48,582	\$ 65	\$ 928	\$ 48,375	\$ 128,886
Restricted cash and cash equivalents	-	-	-	574	-	-	1,119	-	14,285
Short-term investments	1,712	544	5,582	-	324,573	10,854	-	-	389,375
Accounts receivable, net	-	-	-	11,353	8,099	-	-	34	19,560
Pledges receivable, net	140	-	-	-	6,587	-	-	386	15,011
Patient accounts receivable, net	-	-	-	5,404	-	-	-	-	5,404
Current portion of loans receivable, net	-	-	-	-	18	-	-	-	18
Leases Receivable	-	-	-	-	-	-	-	-	1,032
Inventories	-	-	-	487	-	-	-	-	487
Deposits and prepaid expenditures, current	-	-	2	395	-	-	9	61	643
Due from affiliated organizations	-	-	-	267	563	25	-	-	1,414
Other current assets	-	9	38	-	1,551	-	-	-	2,495
Total Current Assets	3,700	624	5,786	23,517	389,973	10,944	2,056	48,856	578,610
<i>Noncurrent Assets</i>									
Investments	-	-	-	-	146,947	-	-	-	250,027
Restricted investments	-	-	-	-	-	-	8,724	-	18,601
Endowment investments	-	1,190	-	-	-	-	-	-	370,283
Loans receivable, net	-	-	-	-	10	-	-	-	10
Leases Receivable, LT	-	-	-	-	-	-	-	-	10,675
Capital assets, net	-	-	-	1,392	39,935	34	-	128,837	189,944
Pledges receivable, net	-	-	-	-	10,276	-	-	-	29,346
Other noncurrent assets	-	-	-	20,157	10,912	-	-	-	44,801
Total Noncurrent Assets	-	1,190	-	21,549	208,080	34	8,724	128,837	913,687
TOTAL ASSETS	3,700	1,814	5,786	45,066	598,053	10,978	10,780	177,693	1,492,297
LIABILITIES									
<i>Current Liabilities</i>									
Accounts payable	-	2	-	1,587	215	-	-	234	3,081
Accrued payroll and related liabilities	-	-	-	662	-	-	-	-	695
Current portion of compensated absences	-	-	-	1,038	-	-	-	-	1,038
Current portion of leases payable	-	-	-	214	-	-	-	-	214
Current portion of subscriptions payable	-	-	-	436	-	-	-	-	436
Leases Payable Due to Related Organizations	-	-	-	3,178	-	-	-	-	3,178
Unearned revenue	-	-	-	-	-	-	77	-	85
Funds held in trust for others	-	-	-	-	-	-	-	13,890	13,890
Due to Related Organizations	-	-	-	6,517	1,941	-	-	-	8,736
Grant payable	-	-	-	-	-	-	-	37,720	37,720
Other current liabilities	-	-	76	1,235	-	1	9,843	16,209	27,474
Total Current Liabilities	-	2	76	14,867	2,156	1	9,920	68,053	96,547
<i>Noncurrent Liabilities</i>									
Compensated absences	-	-	-	168	-	-	-	-	168
Unearned revenue	-	-	-	-	7	-	-	-	90
Lease Payable Due to Related Organizations, LT	-	-	-	16,568	-	-	-	-	16,568
Leases payable	-	-	-	568	-	-	-	-	568
Subscriptions Payable	-	-	-	495	-	-	-	-	495
Other noncurrent liabilities	-	-	-	-	-	-	-	-	1,264
Total Noncurrent Liabilities	-	-	-	17,799	7	-	-	-	19,153
TOTAL LIABILITIES	-	2	76	32,666	2,163	1	9,920	68,053	115,700
DEFERRED INFLOWS OF RESOURCES									
Split-interest agreements	-	-	-	-	7,813	-	-	-	8,858
Deferred inflows on leases	-	-	-	-	-	-	-	-	14,018
TOTAL DEFERRED INFLOW OF RESOURCES	-	-	-	-	7,813	-	-	-	22,876
NET POSITION									
Net investment in capital assets	-	-	-	91	39,935	34	-	77,226	129,494
Restricted - Nonexpendable	47	780	-	574	221,216	3,070	-	-	463,481
Restricted - Expendable - Scholarships, research and instruction	148	410	-	-	301,595	6,799	-	-	657,699
Restricted - Expendable - Capital projects	-	-	-	-	-	-	-	-	243
Restricted - Expendable - Other	-	-	-	-	-	-	-	13,228	13,228
Unrestricted	3,505	622	5,710	11,735	25,331	1,074	860	19,186	89,576
TOTAL NET POSITION	\$ 3,700	\$ 1,812	\$ 5,710	\$ 12,400	\$ 588,077	\$ 10,977	\$ 860	\$ 109,640	\$ 1,353,721

NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 24 - System Related Organizations (continued):

NEVADA SYSTEM OF HIGHER EDUCATION SYSTEM RELATED ORGANIZATIONS
REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 20, 2025

	CSN Foundation	DRI Foundation	DRI Research Park	GBC Foundation	NSU Foundation	TMCC Foundation	UNLV Foundation	UNLV Research Foundation	Rebel Golf Foundation	UNLV Alumni Association
Operating Revenues										
Patient revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contract revenue	-	-	-	-	-	-	-	-	-	-
Contributions	1,275	2,898	-	1,100	2,011	2,278	44,862	158	114	1,085
Federal grants and contracts	-	-	-	-	-	-	-	-	-	-
Local grants and contracts	-	-	-	-	-	-	-	-	-	-
Campus support	-	497	57	214	-	430	4,008	-	-	-
Special events and fundraising	116	288	-	-	-	-	-	-	-	150
Other operating revenues	4	-	28	-	318	157	10,260	2	29	183
Total Operating Revenues	<u>1,395</u>	<u>3,683</u>	<u>85</u>	<u>1,314</u>	<u>2,329</u>	<u>2,865</u>	<u>59,130</u>	<u>160</u>	<u>143</u>	<u>1,418</u>
Operating Expenses										
Employee compensation and benefits	-	(497)	(47)	-	-	-	(3,404)	(158)	-	(733)
Supplies and services	(555)	(225)	(10)	-	-	-	(7,794)	(233)	(67)	(537)
Program expenses, System Related Organizations	(504)	-	-	(88)	(113)	(689)	(33)	-	(3)	(397)
Depreciation	-	-	-	-	-	-	(138)	(528)	-	(4)
Payments to System campuses and divisions	(1,069)	(2,253)	-	(1,092)	(691)	(2,262)	(63,313)	(55)	(383)	-
Other operating expenses	-	(7)	-	(386)	(858)	(524)	-	-	-	-
Total Operating Expenses	<u>(2,128)</u>	<u>(2,982)</u>	<u>(57)</u>	<u>(1,566)</u>	<u>(1,662)</u>	<u>(3,475)</u>	<u>(74,682)</u>	<u>(974)</u>	<u>(453)</u>	<u>(1,671)</u>
Operating Income (Loss)	<u>(733)</u>	<u>701</u>	<u>28</u>	<u>(252)</u>	<u>667</u>	<u>(610)</u>	<u>(15,552)</u>	<u>(814)</u>	<u>(310)</u>	<u>(253)</u>
Nonoperating Revenues (Expenses)										
Investment Income (Loss), net	883	(1,478)	-	1,274	-	182	50,863	157	628	218
Interest expense	-	-	-	-	-	-	-	-	-	-
Other nonoperating revenues (expenses)	-	-	-	-	-	-	(353)	831	-	-
Total Nonoperating Revenues (Expenses)	<u>883</u>	<u>(1,478)</u>	<u>-</u>	<u>1,274</u>	<u>-</u>	<u>182</u>	<u>50,510</u>	<u>988</u>	<u>628</u>	<u>218</u>
Income (Loss) Before Other Revenue (Expenses)	<u>150</u>	<u>(777)</u>	<u>28</u>	<u>1,022</u>	<u>667</u>	<u>(428)</u>	<u>34,958</u>	<u>174</u>	<u>318</u>	<u>(35)</u>
Other Revenues (Expenses)										
Additions to permanent endowments	165	-	-	13	133	-	14,687	-	-	-
Other Foundation revenues (expenses)	-	-	-	-	-	-	-	-	-	-
Total Other Revenues (Expenses)	<u>165</u>	<u>-</u>	<u>-</u>	<u>13</u>	<u>133</u>	<u>-</u>	<u>14,687</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	<u>315</u>	<u>(777)</u>	<u>28</u>	<u>1,035</u>	<u>800</u>	<u>(428)</u>	<u>49,645</u>	<u>174</u>	<u>318</u>	<u>(35)</u>
NET POSITION										
Net position - beginning of year	10,696	3,620	(72)	12,524	10,941	6,712	504,965	11,060	6,067	2,957
Net position - end of year	<u>\$ 11,011</u>	<u>\$ 2,843</u>	<u>\$ (44)</u>	<u>\$ 13,559</u>	<u>\$ 11,741</u>	<u>\$ 6,284</u>	<u>\$ 554,610</u>	<u>\$ 11,234</u>	<u>\$ 6,385</u>	<u>\$ 2,922</u>

NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 24 - System Related Organizations (continued):

NEVADA SYSTEM OF HIGHER EDUCATION SYSTEM RELATED ORGANIZATIONS
REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 20, 2025

	UNLV Rebel Football Foundation	UNLV Rebel Soccer Foundation	UNLV Singapore Unlimited	UNLV MED	UNR Foundation	UNR WPAA	WNC Foundation	NHBAC	Total System Related Organizations
Operating Revenues									
Patient revenue	\$ -	\$ -	\$ -	\$ 56,638	\$ -	\$ -	\$ -	\$ -	\$ 56,638
Contract revenue	-	-	-	16,724	-	-	-	-	16,724
Contributions	3,910	62	-	-	61,312	60	1,248	586	122,959
Federal grants and contracts	-	-	-	-	-	-	-	1,368	1,368
Local grants and contracts	-	-	-	-	-	-	-	1,291	1,291
Campus support	-	-	-	-	4,462	-	326	-	9,994
Special events and fundraising	226	51	-	-	783	-	220	-	1,834
Other operating revenues	156	2	-	9,014	-	-	33	7,859	28,045
Total Operating Revenues	4,292	115	-	82,376	66,557	60	1,827	11,104	238,853
Operating Expenses									
Employee compensation and benefits	-	-	(47)	(31,571)	(4,572)	-	(349)	(541)	(41,919)
Supplies and services	(162)	(69)	(100)	(703)	(3,292)	(26)	(65)	(616)	(14,454)
Program expenses, System Related Organizations	(2,470)	(78)	(87)	(9,492)	(430)	-	-	(6,933)	(21,317)
Depreciation	-	-	-	(4,324)	-	(2)	-	(4,177)	(9,173)
Payments to System campuses and divisions	-	-	-	(38,006)	(52,053)	(430)	(1,234)	-	(162,841)
Other operating expenses	-	-	-	-	-	-	(157)	-	(1,932)
Total Operating Expenses	(2,632)	(147)	(234)	(84,096)	(60,347)	(458)	(1,805)	(12,267)	(251,636)
Operating Income (Loss)	1,660	(32)	(234)	(1,720)	6,210	(398)	22	(1,163)	(12,783)
Nonoperating Revenues (Expenses)									
Investment Income (Loss), net	432	167	150	-	48,451	1,239	217	2,662	106,045
Interest expense	-	-	-	(580)	-	-	-	-	(580)
Other nonoperating revenues (expenses)	-	-	-	-	-	-	-	(1,000)	(522)
Total Nonoperating Revenues (Expenses)	432	167	150	(580)	48,451	1,239	217	1,662	104,943
Income (Loss) Before Other Revenue (Expenses)	2,092	135	(84)	(2,300)	54,661	841	239	499	92,160
Other Revenues (Expenses)									
Additions to permanent endowments	-	-	-	-	13,921	27	-	-	28,946
Other Foundation revenues (expenses)	-	-	356	-	-	-	-	-	356
Total Other Revenues (Expenses)	-	-	356	-	13,921	27	-	-	29,302
Increase (Decrease) in Net Position	2,092	135	272	(2,300)	68,582	868	239	499	121,462
NET POSITION									
Net position - beginning of year	1,608	1,677	5,438	14,700	519,495	10,109	621	109,141	1,232,259
Net position - end of year	\$ 3,700	\$ 1,812	\$ 5,710	\$ 12,400	\$ 588,077	\$10,977	\$ 860	\$109,640	\$ 1,353,721

NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 24 - System Related Organizations (continued):

UNR Foundation:

Cash and cash equivalents consist of the following as of June 30:

	2025
Cash and cash equivalents	\$ 11,809
Money market funds	36,773
	<u>\$ 48,582</u>

The fair value of investments consists of the following as of June 30:

	2025
Equity investments	\$ 1,933
Commingled funds	419,208
Certificates of deposits	3,094
Corporate bonds	28,666
U.S. Government securities	18,619
	<u>\$ 471,520</u>

At June 30, 2025, the Foundation's investments had the following maturities:

	Investment Maturities (in years)			
	Less than 1	1-5	6-21	Fair Value
Certificates of deposits	\$ 1,657	\$ 1,438	\$ -	\$ 3,095
Corporate bonds	4,006	24,660	-	28,666
U.S. Government securities	8,265	10,354	-	18,619
	<u>\$ 13,928</u>	<u>\$ 36,452</u>	<u>\$ -</u>	<u>\$ 50,380</u>

The Foundation's investment pool is split into two discrete pools: the operating pool and the endowment pool. The Foundation's policy for the operating pool is to exercise sufficient due diligence to minimize investing operating cash in instruments that will lack liquidity. The Foundation considers cash to consist of both short-term and long-term funds. The short-term fund shall be funded in an amount sufficient to meet the expected daily cash requirements of the Foundation. The goals of the investments are to maintain the principal in the account while maximizing the return on the investments. The short-term funds are staggered in 30, 60 and 90-day investments. Appropriate types of investments are money market funds, certificates of deposit, commercial paper, U.S. Treasury bills and notes, mortgage-backed securities (U.S. Government) and internal loans to the University secured by a promissory note with an appropriate interest rate. The intermediate term operating cash is invested in fixed income securities generally having an average maturity of five years or less in order to take advantage of higher yields, and include longer term certificates of deposit, government securities, or corporate notes.

The Foundation's policy for the endowment pool is to invest according to an asset allocation strategy that is designed to meet the goals of the Endowment Investment Objective. The strategy will be based on a number of factors, including:

- The projected spending needs;
- The maintenance of sufficient liquidity to meet spending payments;
- Historical and expected long-term capital market risk and return behaviors; and
- The relationship between current and projected assets of the Endowment and its spending requirements.

This policy provides for diversification of assets in an effort to maximize the investment return and manage the risk of the Endowment consistent with market conditions. Asset allocation modeling identifies asset classes the Endowment will use and the percentage each class represents in the total fund. Due to the fluctuation of fair values, positioning within a specified range is acceptable and constitutes compliance with the policy. It is anticipated that an extended period of time may be required to fully implement the asset allocation policy, and that periodic revisions will occur.

NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 24 - System Related Organizations (continued):

Investment Program Strategy

As a result of the above process, the Board has adopted the following asset allocation targets and ranges, exclusive of amounts transferred to the Endowment's operating account:

Asset Class	Target	Target Range
Global Equity	43%	30%-60%
Private Equity	25%	15%-30%
Diversifiers	15%	8%-22%
Real Assets	5%	3%-8%
Fixed Income	10%	5%-15%
Cash	2%	0-5%

Although the Board adopted these ranges, the investment portfolio can't get to these allocations quickly and may be overweight or underweight based on the available investments at any given point in time.

Investment Risk Factors

There are many factors that can affect the fair 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 meets quarterly to review the investments and 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 an organization's investment in a single issuer. The Foundation restricts investment of cash and cash equivalents and investments to financial institutions with high credit standing, and the Foundation currently purchases certificates of deposit of less than \$250 per bank or institution. Commercial paper is limited to a maximum of 10% of the total cash and cash equivalents 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

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Fixed income securities or obligations of the U.S. Government are not considered to have credit risk.

At June 30, 2025, the Foundation's investments had the following quality ratings:

	Quality Ratings			
	Fair Value	AAA - A-	BBB+ - B-	Unrated
Corporate Bonds	\$ 28,666	\$ 19,357	\$ 6,214	\$ 3,094

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 investment policy limits the maturities of U.S. Treasury instruments and certificates of deposit to no more than 90 days unless the rate justifies the return and the current liquidity requirements are met.

NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 24 - System Related Organizations (continued):

Custodial Credit Risk – Deposits

In the case of deposits, there is the risk that in the event of a bank failure, the Foundation's deposits may not be returned if balances are in excess of Federal Deposit Insurance Corporation ("FDIC") maximums. 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, 2025, the Foundation's bank balances totaled \$48,600. Of this balance, \$800 was covered by depository insurance and \$36,800 is held in US Government Money Market Funds and the remaining \$11,000 was uninsured and uncollateralized and, as a result, was subject to custodial credit risk at June 30, 2025.

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 commingled funds. Debt and equity securities other than open-end mutual funds are uncollateralized.

Redemption Notice

Certain commingled investments classified as current have notice requirements before the investment can be redeemed; these requirements range from 1-30 days. Other commingled investments have set dates upon which they can be redeemed; these investments have been classified as long-term based on these dates.

Commitments

As of June 30, 2025, the Foundation has commitments to acquire approximately \$20,500, in commingled funds.

Fair Value Measurements

The Foundation has valued their investments based on the following levels of inputs:

Level 1 – Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market.

Level 2 – Observable inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs which are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes agency mortgage-backed debt securities and derivative contracts.

Level 3 – Unobservable inputs that are supported by little or no market activities and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes private equity, real estate and commingled investments where independent pricing information was not able to be obtained for a significant portion of the underlying assets.

Net asset value ("NAV") – The amount of net assets attributable to each unit outstanding at the close of the period.

The assets or liabilities fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value:

- *Commingled funds* – Valued at NAV or at quoted prices if traded in active markets.
- *Residual interest in irrevocable trust* – Assets held by the Foundation in commingled funds are valued at NAV.
- *Assets held in trust by others* – Assets include both commingled funds valued at NAV and the Foundation's beneficial interest in real estate where fair value is estimated based on appraised value.
- *Equity investments, certificates of deposit and U.S. Government securities* – Valued at the closing price reported on the active market on which the security is traded, if available.

NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 24 - System Related Organizations (continued):

The methods described above may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Assets measured at fair value on a recurring basis at June 30, 2025, are:

	Level 1	NAV	Total
Investments			
Equity investments	\$ 1,933	\$ -	\$ 1,933
Commingled funds	27,939	391,269	419,208
Certificate of deposit	3,094	-	3,094
Corporate bonds	28,666	-	28,666
U.S. Government securities	18,619	-	18,619
	<u>\$ 80,251</u>	<u>\$ 391,269</u>	<u>\$ 471,520</u>
Residual interest in trusts			
Commingled funds	<u>\$ -</u>	<u>\$ 733</u>	<u>\$ 733</u>

The Foundation did not hold any investments fair valued using Level 2 or 3 inputs for the year ended June 30, 2025.

Related Party Transactions

The University provided the Foundation with administrative and support services for the year ended June 30, 2025, in the amount of \$4,500. The Foundation received \$900 for management fees related to endowments held on the University's behalf from NSHE for the years ended June 30, 2025. The Foundation received \$1,700 in contributions from current Foundation board members and Emeriti for the years ended June 30, 2025. These amounts are included in investment income on the Statements of Support and Revenue, Expenses and Changes in Net Position. The Foundation recorded pledges receivable from related parties of \$2,300 for the years ended June 30, 2025, and in-kind contributions of \$1 for the year ended June 30, 2025. Amounts due from the University of Nevada at June 30, 2025 are \$600.

Amounts transferred to related parties for the years ended June 30, 2025, \$49,200. Amounts reflect totals transferred to the Board of Regents and the University for university programs, scholarships and capital projects. Amounts due from the Foundation to the University at June 30, 2025 are \$1,900.

UNLV Foundation:

The UNLV Foundation accounts for investments in accordance with GASB Statement N. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires government entities to report investments at fair value in the statements of net position and GASB 72, *Fair Value Measurement and Application*, which requires disclosures made about fair value measurements, the level of fair value hierarchy, and valuation techniques.

The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of investments. Realized gains and losses on investments that had been held more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in prior years. Investment expenses of \$957 for the year ended June 30, 2025 and was netted against interest and dividends on the accompanying Statements of Support and Revenues, Expenses and Changes in Net Position. Investments are recorded on the date of settlement.

NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 24 - System Related Organizations (continued):

Investments consist of the following at June 30, 2025:

Mutual funds	\$	29,678
Certificates of deposits		2,226
Equities		18,006
Collateralized securities		28,142
U.S. government obligations		20,356
U.S. corporate bonds		22,801
Alternative investments		365,394
Non-U.S. corporate bonds		3,855
Investment in securities at fair value	\$	490,458

Investment in securities at fair value

Investment in securities - Current	\$	24,302
Investment in securities - Non-Current		466,155
Investment in securities at fair value	\$	490,457

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. At June 30, 2025, the total balance for the UNLV Foundation's cash and money market funds was \$17,200. Of this balance, \$250 at June 30, 2025, were covered by the Federal Deposit Insurance Corporation, and \$17,000 was uninsured at June 30, 2025. Cash balances in United States banks are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250 per bank.

The custodial credit risk for investments is the risk that, in the event of a failure of the custodian, the UNLV Foundation may not be able to recover the value of the investments held by the custodian as these investments are uninsured. The UNLV Foundation does not have a specific policy with regard to custodial credit risk.

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. The credit ratings of fixed income investments at June 30, 2025, are as follows:

June 30, 2025	Total	AAA	AA	A	BBB	Below Investment Grade
Collateralized securities	\$ 28,142	\$ 25,260	\$ 865	\$ 1,327	\$ 690	\$ -
U.S. corporate bonds	22,801	203	-	7,211	14,770	617
Non-U.S. corporate bonds	3,855	-	183	2,590	1,052	30
Total	\$ 54,798	\$ 25,463	\$ 1,048	\$ 11,128	\$ 16,512	\$ 647

NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 24 - System Related Organizations (continued):

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures — an amendment of GASB Statement No. 3*, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality and they are not rated. The UNLV Foundation's mutual funds and certificates of deposit are not rated.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Foundation's investments within any one issuer. For the fixed income portion of the endowment pool, the Foundation'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 Foundation does not have a specific policy with regard to the operating pool or the remainder of the endowment pool. At June 30, 2025, there were no investments over 5% with any one issuer in an amount that would constitute a concentration of credit risk to the Foundation.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The UNLV Foundation's policy guidelines on maturity parameters state that the fixed-income portfolio's average weighted duration is to remain within 20% of the benchmark duration.

For investments in donor-restricted endowment funds, the UNLV Foundation uses the Bloomberg Barclays Aggregate U.S. Bond Index average as the benchmark; maturity as of June 30, 2025, were 8.25 years. The fixed-income portfolio's average maturity was 9.07 years at June 30, 2025. Interest rates range from 4.80% to 5.19% for the year ended.

For investments in donor-restricted expendable funds, the UNLV Foundation uses the Bloomberg Barclays Aggregate U.S. Bond Index average as the benchmark; maturity as of June 30, 2025 were 12.6 years. The fixed-income portfolio's average maturity was 14.1 years at June 30, 2025. Interest rates range from 0.00% to 10.8% for the year ended June 30, 2025.

Investments at June 30, 2025	Maturity under 1 Year	Maturity 1 -5 Years	Maturity 6 - 10 Years	Maturity over 10 Years	Total
Mutual funds	\$ 23,329	\$ 6,349	\$ -	\$ -	\$ 29,678
Certificates of deposits	173	2,053	-	-	2,226
Collateralized securities	-	3,652	2,346	22,144	28,142
U.S. Government obligations	-	12,568	1,703	6,084	20,355
U.S corporate bonds	800	11,726	8,047	2,228	22,801
Non-U.S. corporate bonds	-	2,345	1,121	389	3,855
Investment in Securities at Fair Value	\$ 24,302	\$ 38,693	\$ 13,217	\$ 30,845	\$ 107,057

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 non-U.S. corporate bonds are traded in U.S. dollars. The UNLV Foundation investment managers have policies that address foreign currency risk.

Fair Value Measurements

The Foundation has valued their investments based on the following level of inputs:

Level 1 – Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market.

Level 2 – Observable inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs which are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 24 - System Related Organizations (continued):

Level 3 – Unobservable inputs that are supported by little or no market activities and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes private equity, real estate, assets held in charitable remainder trusts and commingled investments where independent pricing information was not able to be obtained for a significant portion of the underlying assets.

Net asset value (“NAV”) - The amount of net assets attributable to each share of capital stock (other than senior equity securities; that is, preferred stock) outstanding at the close of the period.

The assets or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

- *Alternative investments* – Valued at NAV.
- *Real estate* – Assets held in commingled funds are valued at NAV. Assets held in trust represents the Foundation’s beneficial interest in real estate, where fair value is estimated based on appraised value.
- *Mutual funds, U.S. corporate bonds, non-U.S. corporate bonds, equities, certificates of deposit, U.S. Government securities, and Collateralized securities* – Valued at the closing price reported on the active market on which the security is traded, if available.
- *Assets held in charitable remainder trusts* – Assets held in trust represents the Foundation’s beneficial interest in equities held in the trusts, fair value of the equities is based on closing prices reported on the active market on which the security is traced. The Foundation’s interest in those assets is estimated based on models using various estimates from management, including date assets will be received.

The methods described above may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Assets measured at fair value on a recurring basis at June 30, 2025, are:

Investments at June 30, 2025	Level 1	Level 2	Level 3	NAV	Total
Alternative investment	\$ -	\$ -	\$ -	\$365,394	\$ 365,394
Mutual funds	29,678	-	-	-	29,678
Collateralized securities	-	28,142	-	-	28,142
U.S corporate bonds	22,801	-	-	-	22,801
Non-U.S. corporate bonds	3,855	-	-	-	3,855
Equities	18,006	-	-	-	18,006
Certificates of deposits	2,225	-	-	-	2,225
U.S. Government obligations	20,356	-	-	-	20,356
	\$ 96,921	\$ 28,142	\$ -	\$365,394	\$ 490,457
Investments in real estate	\$ -	\$ -	\$ 11,830	\$ -	\$ 11,830
Assets held in charitable remainder trusts					
Equities	\$ -	\$ -	\$ 1,300	\$ -	\$ 1,300

Related Party Transactions

UNLV contributes to the administrative and accounting support of the UNLV Foundation. This support totaled \$4,000 for the year ended June 30, 2025, is included as University Support on the accompanying Statements of Support and Revenues, Expenses and Changes in Net Position.

NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
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NOTE 24 - System Related Organizations (continued):

The Foundation transfers funds for programs and scholarships as requested by UNLV and its affiliated foundations, as appropriate and approved. Program expenses in the amount of \$46,700 were transferred to UNLV and its affiliated foundations for the year ended June 30, 2025. Scholarship expenses were \$11,000 for year ended June 30, 2025. Both are included in the accompanying Statements of Support and Revenues, Expenses and Changes in Net Position.

The UNLV Foundation transfers funds for salaries and benefits to UNLV. Due to the timing of payroll, position vacancies, and salary reassignments, the amount in the UNLV Foundation account at UNLV is treated as Due to UNLV or a Due to the UNLV Foundation. The UNLV Foundation had a Due from UNLV of \$600 as of June 30, 2025, resulting primarily from amounts transferred to UNLV for salaries and benefits that are not year payable as of the end of the respective year.

UNLV Medicine Inc. dba UNLV Health:

Patient Receivables

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

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

Operating Revenues and Expenses

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

Net Contract Revenue

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

Grants and Contributions

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

Net Patient Service Revenue

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

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

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

NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
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NOTE 24 - System Related Organizations (continued):

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

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

Concentration of gross revenues by major payor accounted for the following percentages of UNLV Health's patient service revenues for the year ended June 30, 2025:

	2025
Medicare	22%
Medicaid	45%
Commercial	26%
Governmental agencies	3%
Self pay	4%
	<u>100%</u>

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

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

The following table summarizes the UPL and MCO funds earned and fees paid. The funds earned are included in net patient service revenue and the assessment is included in academic support expenses in the accompanying statements of revenues, expenses and changes in net position for the year ended June 30, 2025:

UPL and MCO funds earned	\$ 9,939
UPL and MCO assessment	<u>(3,707)</u>
	<u>\$ 6,232</u>

As of June 30, 2025, a receivable of \$6,757 related to amounts still to be collected is included in other accounts receivable on the statement of net position. The annual amounts to be received and paid by UNLV Health are subject to change annually based on various factors involved in determining the amount of federal matching funds.

Transactions with Affiliates and Related Parties

KSOM pays salaries for all its faculty physician members along with leases, malpractice, EMR, and other administration expenses. UNLV Health reimburses KSOM for any amounts not covered by state appropriations, grant contract income, or other sources that are administered by KSOM. During the fiscal year ended June 30, 2025, UNLV Health recorded the following expenses during the year ended June 30, 2025:

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NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
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NOTE 24 - System Related Organizations (continued):

Physician salaries, including bonuses	\$ 27,485
Residency GME support	1,109
Lease payments, excluding amounts offset to principal of \$2,141	830
Malpractice, legal, and general liability insurance	1,672
EMR and IT related expenses	813
Dean's taxes	-
Audit fees	69
Other administrative expenses	<u>531</u>
Total expenses to KSOM	<u>\$ 32,509</u>

UNLV Health owes KSOM \$3,179 related to these expenses as of June 30, 2025, which are included in due to affiliates, net, in the accompanying statement of financial position.

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

Upper Payment Limit (UPL) fees	\$ 1,734
Medicaid Care Organization (MCO) Supplemental Payment Program fees	<u>1,973</u>
Total UPL and MCO Supplemental Payment Program fees	<u>\$ 3,707</u>

UNLV Health owes KSOM \$3,338 related to this amount as of June 30, 2025, which is included in due to affiliates, net, in the accompanying statement of financial position.

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

At June 30, 2025, UNLV Health had right to use facility assets, net, sub-leased from KSOM of \$17,470 and related lease liabilities of \$18,721. UNLV Health incurred variable expenses of \$280 and interest expense of \$349 related to these leases. UNLV Health paid \$3,459 related to these lease agreements of which \$2,141 reduced the lease liabilities.

At the end of the previous fiscal year, UNLV Health entered into an agreement with KSOM related to an electronic health record (EHR) system. This agreement was recorded as a subscription-based IT arrangement (SBITA). At the time this agreement was entered into, a SBITA asset and related SBITA liability were recorded in the amount of \$1,803. During the year ended June 30, 2025, UNLV Health paid \$415 related to this SBITA agreement of which \$389 reduced the liability to \$729 and \$26 was recorded as interest expense. In addition, amortization expense was recorded which resulted in the net book value of the SBITA asset being reduced to \$694.

UNLV Health is covered under a professional liability insurance policy for medical malpractice claims that is purchased by KSOM and names UNLV Health as additional named insured. The policy is on a claims-made basis and provides coverage of \$1,000 per claim and \$3,000 per year in the aggregate. KSOM presently intends to renew claims-made coverage annually and expects to be able to obtain such coverage. UNLV Health reimbursed KSOM \$1,672 for the professional liability malpractice insurance and other insurance premiums during the year ended June 30, 2025.

UNLV Health also paid \$208 to UNLV for PCC expenses that consisted of (a) variable cost rent expense of \$196,277 and (b) interest expense of \$12. In relation to this agreement, UNLV Health has a right to use leased asset, net, of \$994 and a related lease liability of \$1,054.

UNLV Health provides coverage in UNLV's student health clinic, sport medicine, and obstetrics/gynecology. The total amount of service provided and included in contract revenue for the year ended June 30, 2025 was \$415. In addition, UNLV provided grants to UNLV Health in the amount of \$501 for the year ended June 30, 2025. The total amounts due from UNLV in relation with these services and grants as of June 30, 2025, was \$267.

NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 24 - System Related Organizations (continued):

Nevada Health and Bioscience Asset Corporation:

Organization

Nevada Health and Bioscience Asset Corporation (the organization) is a nonprofit organization formed for the sole purpose of funding, developing, and constructing a medical education building and associated medical school facilities and amenities to house the University of Nevada, Las Vegas ("UNLV") School of Medicine.

These financial statements have been prepared on a calendar year basis and in conformity with generally accepted accounting principles (GAAP) in the United States of America as defined by the Financial Accounting Standards Board (FASB), the independent and ultimately authoritative accounting and financial reporting standard-setting body for nonprofit organizations.

Grant Expense and Grants Payable

Unconditional grants are recorded as expense in the period the grant is approved. Conditional grants, with a barrier and a right of return, are recorded as expense during the year in which the conditions are substantially met or waived by the Organization. Grants payable within one year are recorded at their fair value at the date of authorization. Grants payable in more than one year are recorded at the present value of their future cash outflows using U.S. Treasury rates for the period of the respective multi-year grant.

The Organization provides facility space to UNLV on a below-market rent basis. The fair value of using the facility is recorded as grants expense and grants payable when the commitment to provide space is unconditionally made. As the facilities are occupied, in-kind rental revenue is recognized and included in other income in the statements of activities.

Investments and Fair Value Measurements

The fair value measurements standard establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under the standard are described below:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date. This category includes U.S. fixed income securities.

Level 2 – Quoted prices are available in non-active markets or in active markets for similar assets or liabilities, or inputs that are observable, either directly or indirectly, as of the reporting date for substantially the full term through corroboration with observable market data.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Organization held no investments as of December 31, 2024.

Property and Equipment

Property and equipment consisted of the following at December 31:

	<u>2024</u>
Land and improvements	\$ 13,893
Building	111,413
Equipment	4,063
Furniture and Fixtures	3,550
Construction in progress	<u>2,735</u>
Total	135,654
Less accumulated depreciation	<u>(6,817)</u>
	<u>\$ 128,837</u>

NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 24 - System Related Organizations (continued):

As of December 31, 2024, construction in progress includes a laboratory facility. In 2024, the Organization ceased development of the clinical and mental health facility due to the loss of donor funding and strategic considerations, resulting in a write-off of approximately \$2,056. No additional projects were placed into service during 2024. The total estimated expenses to complete the construction in progress are \$41,200, with completion expected by December 31, 2026.

Development and Lease Agreements

On March 18, 2020, the Organization entered into a Development Agreement and a Lease Agreement with UNLV (collectively, "Agreements"). Based on the Agreements, UNLV transferred to the Organization the deed to a parcel of land for the purpose of constructing the Medical Education Building (MEB).

UNLV is considered a financially interrelated entity to the Organization. UNLV is the specified beneficiary of the land transfer, by means of the Development agreement and expects payment of the transferred assets in the future. Accordingly, the land that UNLV transferred to the Organization for purposes of constructing the MEB has been recorded at its estimated fair value on the date of transfer of \$13,890 within liabilities on the statements of financial position as an "Asset held for others".

In November 2024, the Organization executed an amendment to its Agreements with UNLV to allow for the subdivision of the parcel of land on which NHBAC is constructing a Lab. Upon completion of the subdivision process, the reversionary right and obligation for NHBAC to convey the property to UNLV, which was previously applicable to the entire parcel, will no longer apply to the portion designated for the Lab. The subdivision will occur in connection with the commercial subdivision map, which had not been finalized as of the date these financial statements were available to be issued.

Construction of the MEB was considered completed in May 2023 upon receipt of an unconditional certificate of occupancy from Clark County, Nevada. Upon receipt of the unconditional certificate of occupancy, the Organization shall lease to UNLV the MEB and all associated grounds, furniture, and equipment. UNLV shall pay to the Organization a fixed rent at the rate of one dollar per year. The lease term commenced in May 2023 and extends until January 2030. Upon expiration of the lease term, conditional upon UNLV adhering to the terms and conditions in the Lease Agreement, all right, title, and interest in and to the MEB shall be conveyed to UNLV. The terms and conditions include specifications related to maintenance of the premises by UNLV, among other things, and are considered to be more than administrative in nature.

The Organization will not recognize the obligation to transfer title of the MEB to UNLV until January 2030, assuming that UNLV meets the conditions stated in the agreement. The promise to lease the MEB to UNLV was considered a conditional promise to give as of December 31, 2022, as it was conditional upon receipt of a certificate of occupancy. The conditions were met and the lease commenced in May 2023, and accordingly, on this date, the Organization recognized \$46,808 of grants payable and grant expense. The Organization recognized the fair value of below-market rent provided to UNLV during the years ended December 31, 2024 as in-kind rental income and reduction of grant payable in the amount \$4,295. During the year ended December 31, 2024, amortization of the net present value discount of \$3,564 was recognized as additional in-kind grant expense with a corresponding equal amount of in-kind rental income in the statement of activities. The Organization has a remaining amount of as of December 31, 2024, in the amount of \$37,720 for the present value of future remaining unconditional free rent periods promised to UNLV.

The Organization has calculated the present value of the below-market rent using a discount rate of 8.5% which was the United States Federal Prime Rate as of the commencement date of the lease. In-kind rental revenue will be recognized in subsequent fiscal years as follows:

<u>Years Ended December 31,</u>	<u>Payments</u>
2025	\$ 8,163
2026	8,452
2027	8,726
2028	8,986
2029	9,229
Totals	43,556
Less: discounts	(5,836)
Grant Payable	<u>\$ 37,720</u>

Unaudited

REQUIRED SUPPLEMENTARY INFORMATION

Unaudited

**NEVADA SYSTEM OF HIGHER EDUCATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (in \$1,000's)
Public Employees' Retirement System of Nevada Last 10 Fiscal Years
Last 10 Fiscal Years**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
System's proportion of the net pension liability	3.03%	2.79%	2.78%	2.99%	3.00%	3.00%	2.92%	2.88%	2.89%	2.83%	2.81%
System's proportionate share of the net pension liability	\$ 548,108	\$ 508,975	\$ 501,370	\$ 272,974	\$ 424,238	\$ 414,036	\$ 398,883	\$ 383,226	\$ 389,352	\$ 324,708	\$ 292,841
System's covered payroll	\$ 249,540	\$ 209,321	\$ 198,288	\$ 205,049	\$ 200,838	\$ 196,183	\$ 187,737	\$ 179,694	\$ 171,007	\$ 165,653	\$ 162,250
System's proportionate share of the net pension liability as a percentage of its covered-payroll	219.65%	243.16%	252.85%	133.13%	211.23%	211.05%	212.47%	213.27%	227.68%	196.02%	180.49%
PERS fiduciary net position as a percentage of the total net pension liability	78.11%	76.20%	75.12%	86.51%	77.04%	76.46%	75.24%	74.42%	72.23%	75.13%	75.13%

* The amounts reported for each fiscal year were determined as of June 30 of the prior fiscal year.

**NEVADA SYSTEM OF HIGHER EDUCATION
SCHEDULE OF SYSTEMS CONTRIBUTIONS FOR THE TOTAL NET PENSION LIABILITY (in \$1,000's)
Public Employees' Retirement System of Nevada Last 10 Fiscal Years
Last 10 Fiscal Years**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractual required contribution	\$ 49,240	\$ 43,603	\$ 32,454	\$ 30,715	\$ 31,286	\$ 30,564	\$ 28,549	\$ 27,030	\$ 34,456	\$ 33,124	\$ 29,901
Contributions in relation to contractually required contribution	(49,240)	(43,603)	(32,454)	(30,715)	(31,286)	(30,564)	(28,549)	(27,030)	(43,152)	(35,756)	(29,901)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (8,696)	\$ (2,632)	\$ -
System's covered payroll	\$ 282,313	\$ 249,540	\$ 209,321	\$ 198,288	\$ 205,049	\$ 200,838	\$ 196,183	\$ 187,737	\$ 179,694	\$ 171,007	\$ 165,653
Contributions as a percentage of covered payroll	17.35%	17.47%	15.50%	15.49%	15.26%	15.22%	14.55%	14.40%	19.17%	19.37%	18.05%

**NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE REQUIRED SCHEDULES FOR THE NET PENSION LIABILITY
State of Nevada Public Employees Retirement System**

Valuation date	June 30, 2024
Measurement Date	June 30, 2024
Methods used to determine contribution rates:	
Inflation Rate	2.50%
Productivity pay increase	0.50%
Projected salary increases	4.20% to 9.10%, depending on service
Investment Rate of Return	Rates include inflation and productivity increases
Discount Rate	7.25%
Other assumptions	7.25% as of June 30, 2024
	Same as those used in the June 30, 2024, funding actuarial valuation

**NEVADA SYSTEM OF HIGHER EDUCATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (in \$1,000's)
State of Nevada Retirees' Health Welfare Benefits Plan
Last 10 Fiscal Years**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
System's proportion of the net OPEB liability	41.53%	41.04%	40.56%	40.10%	40.35%	40.85%	39.13%	(Historical information prior to the implementation of GASB 74/75 is not required)			
System's proportionate share of the net OPEB liability	564,055	598,287	584,918	621,544	606,769	569,268	518,254				
System's covered-employee payroll	903,929	770,032	740,121	744,695	757,182	711,803	667,622				
System's proportion share of the net OPEB liability as a percentage of its covered-employee payroll	62.40%	77.70%	79.03%	83.46%	80.14%	79.98%	77.63%				
State of Nevada Retirees' Health and Welfare Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				

**NEVADA SYSTEM OF HIGHER EDUCATION
SCHEDULE OF SYSTEMS CONTRIBUTIONS FOR THE NET OPEB LIABILITY (in \$1,000's)
State of Nevada Retirees' Health Welfare Benefits Plan
Last 10 Fiscal Years**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractual required contributions	\$ 31,942	\$ 28,113	\$ 16,710	\$ 16,061	\$ 17,426	\$ 17,794	\$ 16,727	\$ 15,689	(Historical information prior to the implementation of GASB 74/75 is not required)		
Contributions in relation to the contractual required contribution	(31,942)	(28,113)	(16,785)	(16,058)	(15,857)	(17,716)	(16,656)	(15,702)			
Contribution deficiency(excess)	\$ -	\$ -	\$ (75)	\$ 3	\$ 1,569	\$ 78	\$ 71	\$ (13)			
System's covered-employee payroll	\$ 1,004,458	\$ 903,929	\$ 770,032	\$ 740,121	\$ 744,695	\$ 757,182	\$ 711,803	\$ 667,622			
Contributions as a percentage of covered-employee payroll	3.18%	3.11%	2.17%	2.17%	2.34%	2.35%	2.35%	2.35%			

**NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE REQUIRED SCHEDULES FOR THE NET OPEB LIABILITY
State of Nevada Retirees' Health Welfare Benefits Plan**

Valuation date	June 30, 2024
Measurement Date	June 30, 2024
Methods used to determine contribution rates:	
Actuarial Cost Method	Entry Age Normal Level % of Pay
Asset Valuation Method	Market Value
Discount Rate	3.93% bond index as of June 30, 2023
Inflation Rate	2.50%
Investment Return Assumptions	2.50% same as Inflation Rate assumption

The accompanying notes to the RSI are an integral part of these schedules.

Unaudited

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SUPPLEMENTARY INFORMATION

NEVADA SYSTEM OF HIGHER EDUCATION
COMBINING STATEMENTS OF NET POSITION (in \$1,000's)
AS OF JUNE 30, 2025

	CSN	DRI	GBC	NSU	SA	TMCC	UNLV	UNR	WNC	Eliminations	TOTAL
ASSETS											
Current Assets											
Cash and cash equivalents	\$ 4,219	\$ 8,472	\$ 657	\$ 2,038	\$ 87,886	\$ 7,296	\$ 9,084	\$ 35,152	\$ 2,320	\$ -	\$ 157,124
Short-term investments	71,106	47,744	7,449	21,575	9,379	39,942	296,970	168,278	8,685	-	671,128
Accounts receivable, net	6,693	1,774	2,399	1,514	24	2,683	24,709	24,127	1,057	-	64,980
Federal Grants and Contracts Receivable	4,214	6,327	1,730	1,634	1,362	2,260	50,831	50,940	609	-	119,907
State and Local Grants Receivable	2,508	2,033	647	429	1,670	1,046	23,312	6,416	1,450	-	39,511
Receivable from other institutions	-	-	-	12	1,208	-	-	-	-	(1,220)	-
Loans receivable, net	-	-	-	-	-	-	96	508	-	-	604
Due from System Related Organizations	-	-	-	-	-	107	6,517	1,916	-	196	8,736
Leases receivable	-	-	-	-	-	294	4,637	1,321	-	-	6,252
Leases receivable Due from System Related Organizations	-	-	-	-	-	-	3,178	-	-	-	3,178
Inventories	884	-	-	-	-	38	1,638	4,269	-	-	6,829
Deposits and prepaid expenditures, current	1,296	245	6	6	1,478	40	7,625	12,442	-	-	23,138
Other current assets	-	-	-	-	-	105	-	-	-	(85)	20
Total Current Assets	90,920	66,595	12,888	27,208	103,007	53,811	428,597	305,369	14,121	(1,109)	1,101,407
Noncurrent Assets											
Cash held by State Treasurer	-	-	-	-	-	1,174	-	-	-	-	1,174
Restricted cash and cash equivalents	6,354	-	-	3,754	-	-	91,526	-	-	-	101,634
Endowment investments	8,430	50,063	1,011	-	13,005	17,244	74,268	183,762	371	-	348,154
Deposits and prepaid expenditures	-	-	-	-	2,696	-	550	287	-	-	3,533
Loans receivable, net of current	-	-	-	-	-	-	1,987	2,163	-	-	4,150
Leases receivable, net of current	-	-	-	-	-	629	22,880	5,846	-	-	29,355
Leases receivable due from System Related Organizations, net of current	-	-	-	-	-	-	16,568	-	-	-	16,568
Capital assets, net	265,671	44,337	47,024	108,007	52,365	74,378	1,082,918	1,073,944	20,661	-	2,769,305
Total Noncurrent Assets	280,455	94,400	48,035	111,761	68,066	93,425	1,290,697	1,266,002	21,032	-	3,273,873
TOTAL ASSETS	371,375	160,995	60,923	138,969	171,073	147,236	1,719,294	1,571,371	35,153	(1,109)	4,375,280
DEFERRED OUTFLOWS OF RESOURCES											
OPEB related	5,066	1,672	729	1,476	929	1,903	21,210	16,498	642	-	50,125
Loss on bond refunding	-	-	-	-	-	-	-	2,365	-	-	2,365
Pension related	31,305	7,153	4,772	5,658	7,049	10,713	81,789	81,685	5,561	-	235,685
TOTAL DEFERRED OUTFLOWS OF RESOURCES	36,371	8,825	5,501	7,134	7,978	12,616	102,999	100,548	6,203	-	288,175
LIABILITIES											
Current Liabilities											
Accounts payable	5,030	1,107	1,569	974	2,362	2,199	17,624	21,637	222	-	52,724
Accrued payroll and related liabilities	11,885	3,215	1,444	3,521	17,220	4,157	48,613	36,296	1,438	-	127,789
Unemployment insurance and workers' compensation	457	28	28	43	14	144	1,476	1,118	94	-	3,402
Due to State of Nevada	-	-	-	-	-	-	2,018	-	-	-	2,018
Due to other institutions	3,232	841	413	1,054	(29,402)	1,226	13,612	9,861	372	(1,209)	-
Due to System Related Organizations	-	1	(4)	-	-	39	715	563	-	100	1,414
Current portion of compensated absences	505	1,394	175	446	481	450	6,022	6,328	165	-	15,966
Current portion of long-term debt	1,807	-	-	1,366	-	313	11,431	15,744	-	-	30,661
Current portion of leases payable	498	-	19	-	634	55	5,183	2,586	-	-	8,975
Current portion of subscriptions payable	2,380	28	42	470	4,922	240	5,180	4,151	79	-	17,492
Current portion of OPEB	3,792	1,251	546	1,105	695	1,425	15,878	12,350	481	-	37,523
Accrued interest payable	1,143	1	6	189	233	217	4,034	6,040	3	-	11,866
Unearned revenue	4,171	254	29	2,398	52	1,342	36,707	40,442	4	-	85,399
Deposits held for others	246	-	92	16	-	101	1,893	841	219	-	3,408
Other current liabilities	53	-	-	-	-	-	2,164	381	-	-	2,598
Total Current Liabilities	35,199	8,120	4,359	11,582	(2,789)	11,908	172,550	158,338	3,077	(1,109)	401,235
Noncurrent Liabilities											
Refundable advances under federal loan programs	-	-	-	-	-	-	2,012	706	-	-	2,718
Compensated absences, net of current	6,602	4,248	718	2,775	2,055	2,702	32,300	21,356	894	-	73,650
Long-term debt, net of current	61,789	-	-	35,198	-	11,030	236,487	308,018	-	-	652,522
Lease payable, net of current	1,065	-	-	-	633	30	30,818	4,698	-	-	37,244
Subscriptions payable, net of current	2,155	14	125	583	37,161	146	10,049	5,094	172	-	55,499
Net pension liability	72,946	16,931	11,508	11,277	14,878	25,553	185,010	196,798	13,207	-	548,108
OPEB Liability, net of current	53,215	17,562	7,661	15,506	9,755	19,995	222,795	173,300	6,743	-	526,532
Total Noncurrent Liabilities	197,772	38,755	20,012	65,339	64,482	59,456	719,471	709,970	21,016	-	1,896,273
TOTAL LIABILITIES	232,971	46,875	24,371	76,921	61,693	71,364	892,021	868,308	24,093	(1,109)	2,297,508
DEFERRED INFLOWS OF RESOURCES											
Deferred inflows on leases	-	-	-	-	-	908	45,236	6,838	-	-	52,982
OPEB related	6,276	2,071	903	1,829	1,150	2,358	26,275	20,438	795	-	62,095
Gain on bond refunding	-	-	-	-	-	-	2,649	6,233	-	-	8,882
Pension related	9,559	2,692	1,678	657	2,941	4,103	22,664	27,422	1,952	-	73,668
TOTAL DEFERRED INFLOWS OF RESOURCES	15,835	4,763	2,581	2,486	4,091	7,369	96,824	60,931	2,747	-	197,627
NET POSITION											
Net investment in capital assets	195,978	44,294	46,832	70,390	9,015	62,564	841,988	723,608	20,661	-	2,015,330
Restricted - Nonexpendable	2,307	26,950	504	-	7,192	7,404	12,221	41,815	388	-	98,781
Restricted - Expendable - Scholarships, research and instruction	9,977	38,186	1,106	5,406	6,026	10,791	76,273	140,837	2,055	-	290,657
Restricted - Expendable - Loans	-	-	-	-	28	52	493	8,088	2	-	8,663
Restricted - Expendable - Capital projects	6,354	1,788	924	-	984	152	33,318	22,432	2,996	-	68,948
Restricted - Expendable - Debt service	1,660	-	-	3,754	-	-	10,103	13,316	-	-	28,833
Unrestricted	(57,336)	6,964	(9,894)	(12,854)	90,022	156	(140,948)	(207,416)	(11,586)	-	(342,892)
TOTAL NET POSITION	\$ 158,940	\$ 118,182	\$ 39,472	\$ 66,696	\$ 113,267	\$ 81,119	\$ 833,448	\$ 742,680	\$ 14,516	\$ -	\$ 2,168,320

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

NEVADA SYSTEM OF HIGHER EDUCATION
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2025

	CSN	DRI	GBC	NSU	SA	TMCC	UNLV	UNR	WNC	Eliminations	TOTAL
Operating Revenues											
Student tuition and fees (net of scholarship allowance of \$261,509)	\$ 53,326	\$ -	\$ 7,008	\$15,070	\$ -	\$ 19,925	\$ 247,547	\$160,126	\$ 6,027	\$ 1,090	\$ 510,119
Federal grants and contracts	13,410	47,579	4,147	8,640	1,935	6,504	100,655	176,168	2,994	(6,673)	355,359
State grants and contracts	8,395	5,038	3,135	4,012	-	5,790	36,440	23,993	1,247	(837)	87,213
Local grants and contracts	-	57	11	16	61	-	621	1,095	-	-	1,861
Other grants and contracts	159	6,304	603	122	215	446	4,229	35,157	144	(232)	47,147
Sales and services of educational departments scholarship allowance of \$43,426)	2,101	346	470	303	2,674	1,838	115,979	105,795	443	(4,425)	225,524
Sales and services of auxiliary enterprises (net of scholarship allowance of \$18,541)	1,335	-	782	74	-	2,186	51,508	45,291	1,134	(92)	102,218
Interest earned on loans receivable	-	-	-	-	-	-	30	51	-	-	81
Other operating revenues	628	895	195	321	1,172	382	7,752	5,575	358	(6,786)	10,492
Total Operating Revenues	79,354	60,219	16,351	28,558	6,057	37,071	564,761	553,251	12,347	(17,955)	1,340,014
Operating Expenses											
Employee compensation and benefits	(169,473)	(48,423)	(25,219)	(53,634)	(25,682)	(68,792)	(729,092)	(557,423)	(25,288)	25	(1,703,001)
Utilities	(4,190)	(918)	(854)	(628)	(26)	(1,049)	(14,538)	(12,772)	(635)	-	(35,610)
Supplies and services	(44,884)	(15,818)	(8,063)	(13,730)	(8,566)	(15,362)	(203,338)	(211,847)	(7,149)	17,247	(511,510)
Scholarships and fellowships	(35,871)	(17)	(4,606)	(8,981)	(374)	(10,254)	(34,662)	(29,478)	(3,756)	1,090	(126,909)
Depreciation and amortization	(21,224)	(4,436)	(3,152)	(7,720)	(8,308)	(5,201)	(66,521)	(57,431)	(1,626)	-	(175,619)
Total Operating Expenses	(275,642)	(69,612)	(41,894)	(84,693)	(42,956)	(100,658)	(1,048,151)	(868,951)	(38,454)	18,362	(2,552,649)
Operating Income (Loss)	(196,288)	(9,393)	(25,543)	(56,135)	(36,899)	(63,587)	(483,390)	(315,700)	(26,107)	407	(1,212,635)
Nonoperating Revenues (Expenses)											
State appropriations	126,176	10,834	18,588	41,453	34,580	44,403	353,046	254,690	19,969	-	903,739
Gifts (including \$79,608 from System Related Organizations)	1,043	1,027	1,113	674	-	1,681	37,994	34,779	1,163	147	79,621
Investment income (loss), net	10,017	11,654	1,203	2,742	1,962	6,932	43,773	42,304	1,452	(360)	121,679
Gain (loss) on disposal of capital assets	41	(47)	(35)	-	13	17	(11,825)	(486)	(1,817)	-	(14,139)
Interest expense	(2,322)	(2)	(6)	(1,726)	(1,216)	(412)	(7,410)	(10,978)	(6)	-	(24,078)
Interest revenue	-	-	-	-	-	19	1,198	150	-	-	1,367
Payments to System campuses and divisions	(769)	(942)	(157)	(239)	9,109	(507)	(4,768)	(1,572)	(8)	(147)	-
Other nonoperating revenues	-	-	136	(1)	66	-	6,173	1,223	12	(47)	7,562
Federal grants and contracts	49,751	-	3,973	12,030	2,046	10,609	76,433	31,214	3,882	-	189,938
Total Nonoperating Revenues	183,937	22,524	24,815	54,933	46,560	62,742	494,614	351,324	24,647	(407)	1,265,689
Loss Before Other Revenue (Expenses)	(12,351)	13,131	(728)	(1,202)	9,661	(845)	11,224	35,624	(1,460)	-	53,054
Other Revenues (Expenses)											
State appropriations restricted for capital purposes	8,800	1,225	1,000	310	500	1,789	12,903	11,617	1,000	-	39,144
Capital grants and gifts (including \$39,217 from System Related Organizations)	15	-	-	-	-	37	24,591	18,257	111	-	43,011
Additions (Deductions) to permanent endowments (including \$590 to System Related Organizations)	35	1,136	-	-	9	558	6	110	-	-	1,854
Total Other Revenues	8,850	2,361	1,000	310	509	2,384	37,500	29,984	1,111	-	84,009
Increase (Decrease) in Net Position	(3,501)	15,492	272	(892)	10,170	1,539	48,724	65,608	(349)	-	137,063
NET POSITION											
Net position - beginning of year	162,441	102,690	39,200	67,588	103,097	79,580	784,724	677,072	14,865	-	2,031,257
Net position - end of year	\$ 158,940	\$ 118,182	\$ 39,472	\$ 66,696	\$ 113,267	\$ 81,119	\$ 833,448	\$ 742,680	\$ 14,516	\$ -	\$ 2,168,320

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

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

To the Board of Regents
Nevada System of Higher Education
Reno, Nevada

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and the aggregate discretely presented component units of the Nevada System of Higher Education (the "System"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the System's basic financial statements and have issued our report thereon dated October 30, 2025. Our report includes a reference to other auditors who audited the financial statements of the following, as described in our report on the System's financial statements:

- College of Southern Nevada Foundation, a discretely presented component unit
- Desert Research Institute Foundation, a discretely presented component unit
- Desert Research Institute Research Parks LTD, a discretely presented component unit
- Great Basin College Foundation, a discretely presented component unit
- Nevada Health and Bioscience Asset Corporation, a discretely presented component unit
- Nevada State University Foundation, a discretely presented component unit
- Rebel Golf Foundation, a discretely presented component unit
- Truckee Meadows Community College Foundation, a discretely presented component unit
- University of Nevada, Las Vegas Rebel Football Foundation, a discretely presented component unit
- University of Nevada, Las Vegas Rebel Soccer Foundation, a discretely presented component unit
- University of Nevada, Las Vegas Foundation, a discretely presented component unit
- University of Nevada, Las Vegas Research Foundation, a discretely presented component unit
- Western Nevada College Foundation, a discretely presented component unit

This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by some of those auditors. The financial statements of the Great Basin College Foundation, Nevada State University Foundation, University of Nevada, Las Vegas Rebel Football Foundation, Rebel Golf Foundation and Nevada Health and Bioscience Asset Corporation were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System'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 System'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 identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2025-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System'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*.

The System's Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System'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 System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Reno, Nevada
October 30, 2025

2025-001: Internal Control over Financial Reporting
Significant Deficiency in Internal Control

Criteria: Management is responsible for establishing and maintaining an effective system of internal control over financial statement reporting. One of the components of an effective system of internal control over financial reporting is preparation of appropriate account reconciliations and eliminating entries.

Condition: Nevada State University (NSU) did not properly record the elimination entry for student loan revenue and expense. In addition, NSU did not properly record financial aid and scholarships expense. Lastly, NSU recorded an adjustment in the current year to transfer assets from construction in progress to in service. However, those assets had actually been placed in service from 2019 – 2024 and were not previously recognized as such.

Cause: NSU did not have adequate internal controls to ensure appropriate reconciliation entries were recorded during the financial statement close process.

Effect: Adjustments were made as follows:

- NSU overstated student loans revenue and expense by \$8.8 million.
- NSU understated financial aid and scholarships revenue and expense by \$2.0 million.
- NSU recorded an adjustment of \$1.7 million for depreciation that should have been recorded in prior periods had the assets been placed in service at the appropriate time.

Recommendation: We recommend NSU enhance internal controls to ensure appropriate reconciliation entries are recorded during the financial statement close process.

Views of Responsible Officials: Nevada State University agrees with this finding.

Nevada System of Higher Education

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RESPONSES TO FINDINGS

Year Ended June 30, 2025

FINANCIAL STATEMENT FINDINGS AND RESPONSES

FINDING 2025-001 – Internal Control over Financial Reporting

Responses

NSU – Agrees with the finding.

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

Although the net position was not affected by the student loans and scholarship revenue and expense, Nevada State University (NSU) has established procedures to provide additional monitoring and review of financial statement related entries. In addition, we have established procedures to monitor more frequently construction in progress and other acquired assets and related depreciation throughout the year to ensure timeliness of capital asset related transactions and processes. These additional processes will be in place as of November 1, 2025.

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

NSU will review construction in progress and other asset acquisitions on a more frequent basis, such as quarterly, throughout the fiscal year. This will ensure that assets are placed in service at the appropriate time. During the year-end and financial statement preparation process, the checklist for year-end journal entries and tasks will be more carefully monitored including periodic status reviews by the Associate Vice President of Fiscal Services.

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

The NSU Controller and Assistant Controller are responsible for the ongoing review and reconciliation processes related to fixed assets and the preparation of financial statements. The Associate Vice President of Fiscal Services will conduct the final review of the year-end checklists, including journal entries, to ensure they been fully completed. The Associate Vice President of Fiscal Services will also complete the final review of the annual financial statements to ensure they are accurate.