Unaudited Financial Statements

For the Years Ended June 30, 2007 and 2006

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Contents

UNIVERSITY OF NEVADA, LAS VEGAS
STATEMENTS OF NET ASSETS
AS OF JUNE 30, 2007 AND 2006
UNAUDITED

	University		University Related Organization	
	2007	2006	2007	2006
Assets				
Current Assets:				
Cash and cash equivalents	31,864,000	64,396,000	11,903,000	17,857,000
Short-term investments	130,300,000	109,214,000	5,121,000	5,056,000
Accounts receivable, net	4,915,000	5,950,000	-	-
Receivable from U.S. Government	10,158,000	8,431,000	-	-
Receivable from State of Nevada	16,294,000	5,435,000	-	-
Current portion of pledges receivable, net	-	-	3,147,000	2,013,000
Accrued interest receivable	-	-	546,000	534,000
Current portion of loans receivable, net	478,000	598,000	-	-
Inventories	1,844,000	1,795,000	-	-
Current portion of deferred expenditures and deposits	369,000	78,000	80,000	72,000
Total Current Assets	196,222,000	195,897,000	20,797,000	25,532,000
Noncurrent Assets:				
Cash held by State Treasurer	64,382,000	25,440,000	-	-
Restricted cash and cash equivalents	31,363,000	31,598,000	-	-
Pledges receivable, net	0	-	18,672,000	19,210,000
Receivable from State of Nevada	19,307,000	89,284,000	-	-
Other restricted investments	0	65,325,000	-	-
Endowment investments	54,285,000	48,090,000	73,930,000	64,071,000
Investments	0	-	20,681,000	19,191,000
Loans receivable, net	2,991,000	2,789,000	-	-
Long-term deferred expenditures and deposits	1,845,000	2,315,000	-	-
Assets held in charitable remainder trusts	0	-	4,535,000	4,173,000
Capital assets, net	692,799,000	548,658,000	1,914,000	1,979,000
Other assets	0	-	638,000	709,000
Total Noncurrent Assets	866,972,000	813,499,000	120,370,000	109,333,000
Total Assets	1,063,194,000	1,009,396,000	141,167,000	134,865,000
Liabilities				
Current Liabilities:				
Accounts payable	33,581,000	27,992,000	157,000	41,000
Accrued payroll and related liabilities	11,514,000	10,835,000	-	-
Unemployment insurance and worker's compensation liability	2,208,000	1,926,000	-	-
Current portion of compensated absences	8,746,000	7,707,000	-	-
Current portion of long term debt	9,530,000	7,529,000	170,000	185,000
Current portion of obligations under capital leases	1,026,000	1,077,000	-	-
Accrued interest payable	4,579,000	5,318,000	-	-
Deferred revenue	16,813,000	13,823,000	-	-
Funds held in trust for others	3,483,000	5,313,000	-	-
Total Current Liabilities	91,480,000	81,520,000	327,000	226,000
Noncurrent Liabilities:				
Deferred revenue	407,000	420,000	-	-
Refundable advances under federal loan program	2,661,000	2,669,000	-	-
Compensated absences	4,001,000	3,870,000	-	-
Long term debt	241,494,000	246,666,000	950,000	1,120,000
Obligations under capital leases	4,342,000	5,250,000	-	-
Liability under charitable remainder trusts	-	-	435,000	399,000
Other liabilities	-	-	60,000	68,000
Total Noncurrent Liabilities	252,905,000	258,875,000	1,445,000	1,587,000
				-
Total Liabilities	344,385,000	340,395,000	1,772,000	1,813,000
Total Net Assets	$ 718,809,000	$ 669,001,000	$ 139,395,000	$ 133,052,000
Net Assets consist of:				
Invested in capital assets, net of related debt	473,584,000	402,017,000	86,000	130,000
Restricted for:				
Nonexpendable	11,632,000	11,604,000	64,475,000	53,235,000
Expendable				
Scholarships, research and instruction	42,858,000	38,475,000	59,302,000	67,477,000
Loans	767,000	688,000	0	0
Capital projects	81,161,000	113,806,000	0	0
Debt service	548,000	7,310,000	0	0
Unrestricted	108,259,000	95,101,000	15,532,000	12,210,000
Total Net Assets	$ 718,809,000	$ 669,001,000	$ 139,395,000	$ 133,052,000

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

UNIVERSITY OF NEVADA, LAS VEGAS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006
UNAUDITED

	University		Organization	
	2007	2006	2007	2006
Revenues				
Operating Revenues				
Student tuition and fees (net of scholarship allowances of 23543000 and 23901000	112,984,000	107,020,000	0	0
Donor contributions - cash	0	0	33,078,000	26,326,000
Donor contributions - noncash	0	0	502,000	2,304,000
Federal grants and contracts	65,050,000	57,995,000	0	0
State grants and contracts	31,503,000	25,009,000	0	0
Local grants and contracts	1,987,000	1,403,000	0	0
Other grants and contracts	4,651,000	5,662,000	0	0
Sales and services of educational departments	23,969,000	25,958,000	0	0
Sales and services of auxiliary enterprises (net of scholarship allowances of 931000 and 973000	44,930,000	41,806,000	0	0
Interest earned on loans receivable	44,000	48,000	0	0
Other operating revenues	1,501,000	928,000	104,000	137,000
Total operating revenues	286,619,000	265,829,000	33,684,000	28,767,000
Expenses				
Operating Expenses				
Employee compensation and benefits	316,323,000	277,687,000	2,019,000	2,003,000
Utilities	12,559,000	11,202,000	0	0
Supplies and services	100,668,000	99,328,000	1,012,000	828,000
Scholarships and fellowships	15,391,000	15,125,000	0	0
Program expenses	0	0	94,000	40,000
Depreciation	26,787,000	25,435,000	75,000	105,000
Total operating expenses	471,728,000	428,777,000	3,200,000	2,976,000
Operating (loss) income	(185,109,000)	(162,948,000)	30,484,000	25,791,000
Nonoperating Revenue (Expenses)				
State appropriations	185,026,000	175,772,000	-	-
Gifts (including $8,458,000 and $9,846,000 from the UNLV Foundation)	9,233,000	14,342,000	-	-
Investment income	32,685,000	20,700,000	12,377,000	5,975,000
Loss on disposal of plant assets	(969,000)	(888,000)	-	-
Interest on capital asset-related debt	(9,273,000)	(8,046,000)	-	-
Payments to University of Nevada, Las Vegas	-	-	(40,079,000)	(15,343,000)
Net transfers to System Administration	(14,257,000)	(5,008,000)	-	-
Other nonoperating revenues (expenses)	(41,000)	4,581,000	328,000	352,000
Net nonoperating revenues (expenses)	202,404,000	201,453,000	(27,374,000)	(9,016,000)
Income (loss) before other revenue, expenses, gains or losses	17,295,000	38,505,000	3,110,000	16,775,000
Capital grants and gifts (including $31,577,000 and $5,448,000 from the UNLV Foundation)	32,408,000	7,385,000	0	0
State appropriations restricted for capital purposes	61,000	63,733,000	0	0
Additions to permanent endowments (including $44,000 and $49,000 from the UNLV Foundation)	44,000	82,000	3,233,000	1,678,000
Total other revenues	32,513,000	71,200,000	3,233,000	1,678,000
Increase in net assets	49,808,000	109,705,000	6,343,000	18,453,000
Net Assets				
Net Assets - beginning of year	669,001,000	559,296,000	133,052,000	114,599,000
Net Assets - end of year	$ 718,809,000	$ 669,001,000	$ 139,395,000	$ 133,052,000

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

UNIVERSITY OF NEVADA, LAS VEGAS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006
UNAUDITED

	University	
	2007	2006
Cash flows from operating activities		
Tuition and fees	$ 114,353,000	$ 107,648,000
Grants and contracts	102,744,000	84,175,000
Payments to suppliers	(101,900,000)	(97,257,000)
Payments for utilities	(12,301,000)	(10,802,000)
Payments for compensation and benefits	(313,682,000)	(274,566,000)
Payments for scholarships and fellowships	(15,383,000)	(15,125,000)
Loans issued to students and employees	(1,175,000)	(1,030,000)
Collection of loans to students and employees	1,200,000	967,000
Sales and services of auxiliary enterprises	44,799,000	41,235,000
Sales and services of educational departments	24,569,000	25,571,000
Other receipts	1,495,000	1,025,000
Net cash used by operating activities	(155,281,000)	(138,159,000)
Cash flows from noncapital financing activities		
State appropriations	174,299,000	176,226,000
Net transfers to System Administration	(14,257,000)	(5,008,000)
Gifts and grants for other than capital purposes	9,062,000	12,378,000
Gifts for endowment purposes	44,000	83,000
Direct lending receipts	50,248,000	47,950,000
Direct lending disbursements	(50,340,000)	(47,939,000)
Agency transactions	(1,834,000)	2,402,000
Other	34,000	84,000
Net cash provided by noncapital financing activities	167,256,000	186,176,000
Cash flows from capital financing activities		
Proceeds from capital debt	39,457,000	138,429,000
Proceeds from sale of land	-	7,347,000
Capital appropriations	70,330,000	5,387,000
Capital grants and gifts received	32,162,000	6,491,000
Bond issuance costs	(60,000)	(1,207,000)
Purchases of capital assets	(162,808,000)	(78,478,000)
Principal paid on capital debt and leases	(42,006,000)	(19,478,000)
Interest paid on capital debt and leases	(13,816,000)	(7,913,000)
Other	492,000	3,000
Net cash used by capital financing activities	(76,249,000)	50,581,000
Cash flows from investing activities		
Proceeds from sales and maturities of investments	81,040,000	37,588,000
Purchase of investments	(21,067,000)	(96,167,000)
Interest and dividends on investments	14,148,000	9,850,000
Net increase in cash equivalents, non current investments	(3,672,000)	1,095,000
Net cash used by investing activies	70,449,000	(47,634,000)
Net (decrease) increase in cash and cash equivalents	6,175,000	50,964,000
Cash and cash equivalents, beginning of year	121,434,000	70,470,000
Cash and cash equivalents, end of year	$ 127,609,000	$ 121,434,000
Reconciliation of operating loss to net cash used by operating activities		
Operating loss	$ (185,109,000)	$ (162,948,000)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	26,787,000	25,435,000
Supplies expense related to noncash gifts	155,000	417,000
Changes in assets and liabilities:		
Receivables, net	(1,016,000)	(5,438,000)
Loans receivable, net	10,000	144,000
Inventories	(49,000)	246,000
Deferred expenditures and deposits	(291,000)	102,000
Accounts payable	(873,000)	1,747,000
Accrued payroll and related liabilities	679,000	1,369,000
Accrued unemployment and workers' compensation insurance	282,000	375,000
Deferred revenue	2,982,000	(212,000)
Refundable advances under federal loan program	(8,000)	(128,000)
Compensated absences	1,170,000	732,000
Net cash used by operating activies	$ (155,281,000)	$ (138,159,000)
Non cash transactions		
Capital assets acquired by incurring capital lease obligations and accounts payable	$ 25,174,000	$ 18,830,000
Capital assets acquired by gift	$ 405,000	$ 886,000
Donated supplies reducing proceeds of gifts and grants for other than capital purposes	$ 155,000	$ 417,000
Loss on disposal of assets	$ 969,000	$ 888,000

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

NOTE 1 - Organization:

The accompanying financial statements include the accounts of all University of Nevada, Las Vegas ("UNLV") operations and its component unit. UNLV is one of nine divisions or campuses of the Nevada System of Higher Education (the "System"), formerly known as the University and Community College System of Nevada, which also includes:

University of Nevada, Reno
Nevada State College
College of Southern Nevada
Truckee Meadows College
Western Nevada College
Great Basin College
Desert Research Institute
Nevada System of Higher Education Administration

The System is an agency of the State of Nevada (the "State") and UNLV receives significant support from, and has significant assets held by, the State, as set forth in the accompanying financial statements.

UNLV is not a separate legal entity; it is a campus of the System and is governed by the System's Board of Regents. Certain administrative expenditures of the System are not charged or allocated to UNLV because they are not directly related to UNLV's operations.

The University Related Organization column in the financial statements includes the financial data of UNLV's discretely presented component unit. The University of Nevada, Las Vegas Foundation ("UNLV Foundation") is a nonprofit corporation whose missions include the facilitation, solicitation and management of gift revenues for the benefit of UNLV; management of endowment and short-term funds on behalf of UNLV; and participation as appropriate and as requested in other activities to assist UNLV. This component unit is included in the University's financial reporting entity because of its relationship and the significance of its financial relationship with UNLV. The UNLV Foundation distributed $40,079,000 and $15,343,000 to UNLV during the years ended June 30, 2007 and June 30, 2006, respectively, for both restricted and unrestricted purposes. Complete financial statements for the UNLV Foundation can be obtained from their offices at 4505 Maryland Parkway, Las Vegas, Nevada 89154-1006.

UNLV contributes to the administrative and accounting support of the UNLV Foundation. This support totaled $1,152,000 and $1,141,000 for the years ended June 30, 2007 and June 30, 2006, respectively.

NOTE 2 – Summary of Significant Accounting Policies

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

BASIS OF PRESENTATION

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board ("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 Assets, the Statement of Revenues, Expenses and Changes in Net Assets and the Statement of Cash Flows. Financial reporting requirements also include Management's Discussion and Analysis of UNLV's financial position and results of operations.

During 2006, UNLV adopted GASB Statement No. 42, *Accounting and Reporting for Impairment of Capital Assets and for Insurance Recoveries,* which requires an evaluation of prominent events or changes in circumstances to determine whether an impairment loss should be recorded and that any insurance recoveries be netted with the impairment loss. UNLV has determined that no assets are impaired at June 30, 2006 or 2007.

During 2006, UNLV adopted GASB Statement No. 47, *Accounting for Termination Benefits,* which specifies when and how the cost of termination benefits should be recognized in accrual-based financial statements. UNLV has determined that no termination benefits are required to be recorded at June 30, 2007 or 2006.

BASIS OF ACCOUNTING

UNLV's financial statements have been prepared on the accrual basis of accounting whereby all revenues are recorded when earned and all expenses are recorded when they have been incurred. UNLV has the option to apply all Financial Accounting Standards Board ("FASB") pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. UNLV has elected not to apply FASB pronouncements issued after the applicable date.

CASH EQUIVALENTS

All highly liquid investments with an original maturity of three months or less are considered to be cash equivalents.

INVESTMENTS

UNLV investments are primarily stated at fair value. Fair value of investments is determined from quoted market prices, quotes obtained from brokers or reference to other publicly available market information. Interests in private equity partnerships are based upon valuations provided by the general partners of the respective partnerships as of March 31, 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 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 consumable supplies and items held for resale and are stated at either cost or lower of estimated cost or market. Cost is defined as average cost, except in certain instances where the first-in, first-out method is used.

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 promise is verifiable, the resources are measurable and collection is probable. Pledges receivable are recorded at net present value using the appropriate discount rate. An allowance for uncollectible pledges is estimated based on collection history and gross pledges receivable are reported net of this allowance.

CAPITAL ASSETS

Capital assets are defined as assets with an initial unit cost of $2,000 or more and an estimated useful life in excess of one year. Such assets are stated at cost at the date of acquisition or fair market value at date of donation in the case of gifts. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets acquired through federal grants and contracts where the federal government retains a reversionary interest are capitalized and depreciated. Accumulated depreciation is computed on a straight-line basis over the following estimated useful lives:

Asset	Years
Building and improvements	6 to 40
Land Improvements	10 to 15
Machinery and Equipment	3 to 18
Library Books	5

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

DEFERRED REVENUE

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

COMPENSATED ABSENCES

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

FEDERAL REFUNDABLE LOANS

Certain loans to students are administered by UNLV with funding primarily supported by the federal government. UNLV's Statement of Net Assets includes both the loans receivable and the related federal refundable loan liability representing federal capital contributions owed upon termination of the program.

NET ASSETS

Net assets are classified as follows:

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

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

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

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

OPERATING AND NONOPERATING REVENUES AND EXPENSES

UNLV:

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.

UNLV Foundation:

Donor contributions are recognized when all eligibility requirements are met, provided that the promise is verifiable, the resources are measurable and collection is probable.

SCHOLARSHIP ALLOWANCES

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statements of Revenues, Expenses, and Changes in Net Assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by UNLV, 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

Tuition and fees revenue include grants-in-aid for faculty and staff benefits charged to Employee Compensation and Benefits. Grants-in-aid for fiscal years 2007 and 2006 totaled $3,496,000 and $2,991,000 respectively.

TAX EXEMPTION

The System and its discretely presented component units 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 expenditures during the reporting period. Actual amounts could differ from those estimates.

COMPARATIVE INFORMATION

Certain reclassifications have been made to the 2006 financial statement information in order to conform to the 2007 presentation.

NEW ACCOUNTING PRONOUNCEMENTS

In August 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions*, which requires accrual-based measurement, recognition and disclosure of other postemployment benefit (OPEB) expense, such as retiree medical and dental costs, over the employee's year of service, along with the related liability, net of any plan assets. The provisions of GASB Statement No. 45 for governments that were phase 1 governments, such as the System, for the purpose of implementation of Statement 34—those with annual revenues of $100 million or more—are effective for fiscal years beginning after December 15, 2006. Management is working with the State of Nevada Public Employees Benefits Program to determine the impact to the System. The anticipated impact is unknown at this time.

In September 2006, the GASB issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues,* which provides guidance when an entity exchanges its interest in the expected future cash flows of a settlement for cash, and is effective for years beginning after December 15, 2006. The System has no activity which would be subject to this pronouncement.

In November 2006, the GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations,* which provides guidance for recording and disclosing activities related to pollution remediation which becomes effective for years beginning after December 15, 2007. The anticipated impact of this pronouncement is unknown at this time.

In May 2007, the GASB issued Statement No. 50, *Pension Disclosures-an amendment of GASB Statements No. 25 and No. 27,* which expands pension disclosure requirements and is effective for years beginning agter June 15, 2007. Management is working with the State of Nevada Public Employees Benefits Program to determine the impact to NSHE. The anticipated impact is unknown at this time.

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

NOTE 3 – Cash and Cash Equivalents:

Cash and cash equivalents of UNLV are stated at cost, which approximates market, and consists of deposits in money market funds, which are not federally insured and cash in the bank. Substantially all of UNLV's cash and cash equivalents are pooled with that of the other campuses and divisions of the System. At June 30, 2007 and 2006, the System's deposits in money market funds totaled $87,733,000 and $139,263,000 respectively, and cash in bank was $16,521,000 and $8,133,000, respectively. Of these balances, $100,000 and $200,000 at June 30, 2007 and 2006, respectively was covered by the Federal Depository Insurance Corporation ("FDIC"), the remaining deposits are uncollateralized and uninsured. Cash held by State Treasurer at June 30, 2007 and 2006 in the amount of $64,382,000 and $25,440,000, respectively, represents funds from certain state appropriations, enacted to provide UNLV 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 in the amount of $31,363,000 and $31,598,000 at June 30, 2007 and 2006, respectively, represents unspent bond proceeds, gifts and other cash balances restricted for use in capital projects. All of the above are included in cash and cash equivalents in the Statement of Cash Flows.

NOTE 4 – Investments:

Investments are stated at fair value. At June 30, 2007 and 2006, UNLV's operating and endowment investments totaled $184,585,000 and $157,304,000, respectively, and such investments were maintained in the Systems' operating and endowment investment pools. At June 30, 2007 and 2006, the System's operating and endowment investment pools totaled $567,538,000 and $620,640,000, respectively, and were comprised of the following:

	2007		2006	
	Cost	Market Value	Cost	Market Value
Mutual funds	$ 319,747,000	$ 378,905,000	$ 283,789,000	$ 320,524,000
Guaranteed investment contracts	13,758,000	13,758,000	149,680,000	149,680,000
Other partnerships	40,000,000	90,477,000	40,000,000	75,570,000
Private equity partnerships	27,832,000	48,101,000	28,772,000	43,101,000
Stocks	9,818,000	12,403,000	18,160,000	21,824,000
Endowment cash and cash equivalents	21,409,000	21,409,000	7,728,000	7,728,000
Other investments (including corporate and U.S. government bonds)	2,495,000	2,485,000	2,237,000	2,213,000
	$ 435,059,000	$ 567,538,000	$ 530,366,000	$ 620,640,000

Mutual funds consist of investments in shares of mutual funds with six separate fund managers. Investments held by the various mutual funds, in the approximate proportion of the System's ownership of such mutual funds, are summarized as follows:

	2007	2006
Stocks	36%	38%
U.S. government bonds	16%	25%
International securities	29%	24%
Cash and cash equivalents	7%	12%
Corporate bonds	12%	1%

The Board of Regents has established an investment income distribution policy for pooled investments which serve to mitigate earnings fluctuations at the campus level from year to year. In accordance with this policy, during the years ended June 30, 2007 and 2006, System Administration retained $14,257,000 and $5,008,000, respectively, of investment income from UNLV's operating fund investments. Such amount is included in Net Transfers to System Administration in the financial statements.

As of June 30, 2007, the System had entered into various investment agreements with private equity partnerships. Under the terms of certain of these investment agreements, the System is obligated to make additional investments in the private equity partnerships of $5,154,000.

For purposes of applying GASB Statement No. 40, certain of the System's operating and endowment investments are subject to risks as follows:

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. 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 which are solely attributable to the University of Nevada, Reno, 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, 2007, is as follows (percentages based on System's total operating and endowment investments at June 30, 2007 as disclosed above):

US Government - Guaranteed	$ 1,466,000
Corporate Bonds:	
AAA	$ 106,000
AA	$ 506,000
A	$ 370,000
Not Rated	$ -
Commingled Funds:	
US Bond Funds - Not Rated	$59,103,000
Non-US Bond Funds - Not Rated	$47,091,000
Money Market Funds - Not Rated	$21,409,000

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 which are solely attributable to the University of Nevada, Reno, the System is not the trustee of these investments and, therefore, it currently has no policies with regard to interest rate risk for these investments.

Investments included in the above table have been identified as having interest rate risk and are principally invested in mutual funds. The segmented time distribution for these investments at June 30, 2007, is as follows:

Less than 1 year	$74,093,000
1 to 5 years	$41,483,000
6 to 10 years	$11,675,000
More than 10 years	$16,558,000

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. Currently, the System does not have a formal policy for custodial credit risk. At June 30, 2007, the following securities were held by various custodial banks and are represented by the following types of investments:

Mutual Funds	$ 2,152,000
Stocks	$12,403,000
International	$ 37,000
Guranteed Investment Contracts	$13,758,000
US Government Bonds	$ 1,467,000
Corporate Bonds	$ 981,000

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. 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 System's total operating and endowment investments. At June 30, 2007, 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 that changes in exchange rates will adversely affect the fair market value of an investment. At June 30, 2007 the System had $108,238,000 of investments in international mutual funds subject to foreign currency risk in both the operating and endowment pools. The US dollar balances of international mutual funds organized by the respective foreign currencies are as follows:

Euro	$ 55,873,000
Japanese Yen	$ 17,242,000
Swiss Franc	$ 4,243,000
South Korean Won	$ 4,847,000
Canadian Dollar	$ 4,875,000
Taiwan New Dollar	$ 2,520,000
Brazilian Real	$ 1,960,000
Chinese Renmibi	$ 1,737,000
Hong Kong Dollar	$ 1,011,000
Australian Dollar	$ 2,437,000
Other	$ 11,494,000

NOTE 5 - Endowment Pool:

Approximately $54,285,000 and $48,090,000 of UNLV's endowment fund investments at June 30, 2007 and 2006, respectively, are pooled on a unit market value basis with endowment fund investments of the other campuses and divisions of System.

The endowment pool is comprised of investments in the following at June 30, 2007 and 2006:

	2007	2006
Mutual Funds	65%	67%
Private Equity Partnerships	22%	21%
Stocks	4%	8%
Cash and cash equivalents	9%	4%

Each individual fund acquires or disposes of units on the basis of the market value per unit on the preceding quarterly valuation date. The unit market value at June 30, 2007 and 2006 was $530.31 and $470.14, respectively.

The System utilizes a spending rule for its pooled endowments, which determines the endowment income to be distributed currently for spending. For the years ended June 30, 2007 and 2006, the Board of Regents' policy authorized a distribution of 4.5% of the average unit market value for the twenty (20) preceding quarters. Under the provisions of this spending rule, $17.00 was distributed to each time-weighted unit for a total distribution to UNLV of $1,772,000 and $1,738,000 during the years ended June 30, 2007 and 2006, respectively.

NOTE 6 – Accounts, Pledges and Loans Receivable:

Accounts receivable consist primarily of amounts due from students for tuition and fees and from state, local and private sources for grant and contract agreements, and are presented on the accompanying Statements of Net Assets net of allowances of $4,325,000 for 2007 and $3,656,000 for 2006.

Loans receivable from students bear interest primarily at 5% per annum and are generally repayable in installments over a five to ten year period commencing nine months from the date of separation from UNLV. A provision for possible uncollectible amounts is recorded on the basis of estimated future losses for such items.

UNLV's loans receivable and corresponding allowance for uncollectible loan balances as of June 30, 2007 and 2006 are as follows:

	2007	2006
Loans receivable	$ 3,699,000	$ 3,673,000
Less: Allowance for doubtful accounts	(230,000)	(286,000)
Net loans receivable	3,469,000	3,387,000
Less: Current portion	(478,000)	(598,000)
Noncurrent loans receivables	$ 2,991,000	$ 2,789,000

NOTE 7 – Capital Assets:

Capital asset activity for the year ended June 30, 2007 is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Construction in progress	$ 90,953,000	$ 143,302,000	$ (39,255,000)	$ 195,000,000
Land	14,359,000	$ -	-	14,359,000
Collections	5,922,000	$ -	(42,000)	5,880,000
Total capital assets, not being depreciated	111,234,000	143,302,000	(39,297,000)	215,239,000
Capital assets, being depreciated:				
Buildings	526,235,000	53,856,000	(5,054,000)	575,037,000
Land improvements	33,618,000	1,207,000	-	34,825,000
Machinery and equipment	77,615,000	8,158,000	(2,833,000)	82,940,000
Library books and media	65,182,000	4,463,000	(61,000)	69,584,000
Total cost	702,650,000	67,684,000	(7,948,000)	762,386,000
Less accumulated depreciation for:				
Buildings	(141,379,000)	(13,974,000)	4,770,000	(150,583,000)
Land improvements	(26,655,000)	(1,446,000)	-	(28,101,000)
Machinery and equipment	(39,922,000)	(7,545,000)	2,356,000	(45,111,000)
Library books and media	(57,270,000)	(3,822,000)	61,000	(61,031,000)
Total accumulated depreciation	(265,226,000)	(26,787,000)	7,187,000	(284,826,000)
Total capital assets, being depreciated, net	437,424,000	40,897,000	(761,000)	477,560,000
Capital assets, net	$ 548,658,000	$ 184,199,000	$ (40,058,000)	$ 692,799,000

Capital asset activity for the year ended June 30, 2006 consists of the following:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Construction in progress	$ 20,047,000	$ 76,479,000	$ (5,573,000)	$ 90,953,000
Land	16,033,000	$ 1,751,000	(3,425,000)	14,359,000
Collections	5,319,000	$ 603,000	-	5,922,000
Total capital assets, not being depreciated	41,399,000	78,833,000	(8,998,000)	111,234,000
Capital assets, being depreciated:				
Buildings	519,633,000	6,602,000	-	526,235,000
Land improvements	31,888,000	1,730,000	-	33,618,000
Machinery and equipment	74,413,000	11,093,000	(7,891,000)	77,615,000
Library books and media	60,277,000	4,987,000	(82,000)	65,182,000
Total cost	686,211,000	24,412,000	(7,973,000)	702,650,000
				-
Less accumulated depreciation for:				-
Buildings	(128,041,000)	(13,338,000)	-	(141,379,000)
Land improvements	(25,310,000)	(1,345,000)	-	(26,655,000)
Machinery and equipment	(39,769,000)	(7,156,000)	7,003,000	(39,922,000)
Library books and media	(53,756,000)	(3,596,000)	82,000	(57,270,000)
Total accumulated depreciation	(246,876,000)	(25,435,000)	7,085,000	(265,226,000)
Total capital assets, being depreciated, net	439,335,000	(1,023,000)	(888,000)	437,424,000
Capital assets, net	$ 480,734,000	$ 77,810,000	$ (9,886,000)	$ 548,658,000

The estimated cost to complete property authorized or under construction at June 30, 2007 was $165,422,000. These costs will be financed by State appropriations, private donations, available resources and/or long-term borrowings. Capitalized interest in the amounts of $2,341,000 and $1,474,000 was recorded for the fiscal years ended June 30, 2007 and 2006, respectively.

NOTE 8 - Long-Term Debt:

Long-term debt at June 30, 2007 consists of the following:

	Annual Interest Due Rate	Fiscal Year Final Payment	Beginning Balance	Additions	Reductions	Ending Balance	Current
Universities Subordinate Lien Revenue Bonds, Series 1992	5.25% to 6.70%	2008	610,000	-	(295,000)	315,000	315,000
Universities Refunding Revenue Bonds, Series 1997	4.50% to 6.00%	2007	567,000	-	(567,000)	-	-
Universities Revenue Bonds, Series 1998	4.00% to 5.25%	2014	4,580,000	-	(480,000)	4,100,000	505,000
Universities Revenue Bonds, Series 2000	5.00% to 5.75%	2011	1,605,000	-	(290,000)	1,315,000	305,000
Cox and Parking Garage Bonds, Series 2000C	5.00% to 5.38%	2011	23,475,000	-	(18,575,000)	4,900,000	1,140,000
Shadow Lane – Dental School Bond, Series 2001	4.25% to 5.25%	2012	18,160,000	-	(16,095,000)	2,065,000	380,000
Universities Refunding Revenue Bond, Series 2003A	2.00% to 5.00%	2017	13,425,000	-	(1,061,000)	12,364,000	2,045,000
Universities Revenue Bond, Series 2003B	2.00% to 5.00%	2034	22,140,000	-	(365,000)	21,775,000	360,000
Universities Revenue Bond, Series 2004A	2.00% to 4.50%	2034	31,170,000	-	(1,310,000)	29,860,000	1,330,000
Universities Revenue Bond, Series 2005B	3.25% to 5.00%	2036	91,045,000	-	-	91,045,000	695,000
Universities Revenue Bond, Series 2005B Refunding	3.25% to 5.00%	2030	12,070,000	-	-	12,070,000	15,000
Certificates of Participation Bond, Series 2006A	4.81% to 5.15%	2026	11,015,000	-	-	11,015,000	-
Certificates of Participation Bond, Series 2006B	4.81% to 4.98%	2011	1,925,000	-	-	1,925,000	450,000
Premium			6,818,000	-	(250,000)	6,568,000	250,000
Prepaid Interest on Advanced Refunding			(603,000)	(1,716,000)	253,000	(2,066,000)	(253,000)
Total Bonds Payable			238,002,000	(1,716,000)	(39,035,000)	197,251,000	7,537,000
Notes Payable			16,193,000	39,457,000	(1,877,000)	53,773,000	1,993,000
Total			$ 254,195,000	$ 37,741,000	$ (40,912,000)	$ 251,024,000	$ 9,530,000

Long-term debt at June 30, 2006 consists of the following:

	Annual Interest Due Rate	Fiscal Year Final Payment	Beginning Balance	Additions	Reductions	Ending Balance	Current
Universities Subordinate Lien Revenue Bonds, Series 1992	5.25% to 6.70%	2008	890,000	-	(280,000)	610,000	295,000
Universities Refunding Revenue Bonds, Series 1997	4.50% to 6.00%	2007	1,573,000	-	(1,006,000)	567,000	567,000
Universities Revenue Bonds, Series 1998	4.00% to 5.25%	2014	5,035,000	-	(455,000)	4,580,000	480,000
Universities Revenue Bonds, Series 2000	5.00% to 5.75%	2030	13,910,000	-	(12,305,000)	1,605,000	290,000
Cox and Parking Garage Bonds, Series 2000C	5.00% to 5.38%	2021	24,520,000	-	(1,045,000)	23,475,000	1,090,000
Shadow Lane – Dental School Bond, Series 2001	4.25% to 5.25%	2032	18,515,000	-	(355,000)	18,160,000	370,000
Universities Refunding Revenue Bond, Series 2003A	2.00% to 5.00%	2017	14,358,000	-	(933,000)	13,425,000	1,061,000
Universities Revenue Bond, Series 2003B	2.00% to 5.00%	2033	22,140,000	-	-	22,140,000	365,000
Universities Revenue Bond, Series 2004A	2.00% to 4.50%	2034	32,450,000	-	(1,280,000)	31,170,000	1,310,000
Universities Revenue Bond, Series 2005B	3.25% to 5.00%	2036	-	91,045,000	-	91,045,000	-
Universities Revenue Bond, Series 2005B Refunding	3.25% to 5.00%	2030	-	12,070,000	-	12,070,000	-
Certificates of Participation Bond, Series 2006A	4.81% to 5.15%	2026	-	11,015,000	-	11,015,000	-
Certificates of Participation Bond, Series 2006B	4.81% to 4.98%	2011	-	1,925,000	-	1,925,000	-
Premium			1,019,000	6,049,000	(250,000)	6,818,000	250,000
Prepaid Interest on Advanced Refunding			-	(704,000)	101,000	(603,000)	(151,000)
Total Bonds Payable			134,410,000	121,400,000	(17,808,000)	238,002,000	5,927,000
Notes Payable			170,000	16,325,000	(302,000)	16,193,000	1,602,000
Total			$ 134,580,000	$ 137,725,000	$ (18,110,000)	$ 254,195,000	$ 7,529,000

The revenue bonds are collateralized by tuition and fees, auxiliary enterprises revenues and certain other revenues as defined in the bond indentures.

There are a number of limitations and restrictions contained in the various bond indentures. The System is in compliance with the terms, covenants, provisions and conditions of the various bond indentures as they relate to the payment of bond interest and principal when due and maintenance of insurance coverage.

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.

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

	Principal	Interest
2008	$ 9,530,000	$ 10,155,000
2009	9,215,000	10,242,000
2010	9,755,000	9,862,000
2011	11,182,000	8,768,000
2012	10,066,000	8,398,000
2013 - 2017	53,253,000	36,052,000
2018 - 2022	45,757,000	26,196,000
2023 - 2027	41,536,000	17,181,000
2028 - 2032	35,039,000	9,248,000
2033 - 2037	25,691,000	1,680,000
	$ 251,024,000	$ 137,782,000

In July 2007, as part of a comprehensive plan to restructure support for the UNLV Foundation's activities, UNLV assumed and paid the $1,120,000 balance of the UNLV Foundation Revenue Bond in full from institutional capital improvement fees.

NOTE 9 – Obligations Under Capital Leases:

Obligations under capital leases were as follows for the year ending June 30, 2007:

	Beginning Balance	Additions	Reductions	Ending Balance	Current
Capital lease obligations	$ 6,327,000	$ 132,000	$ (1,091,000)	$ 5,368,000	$ 1,026,000

The following buildings and equipment included in the accompanying financial statements were leased under capital leases as of June 30, 2007 and 2006:

	2007	2006
Buildings and improvements	$ 4,600,000	$ 4,600,000
Machinery and equipment	6,404,000	6,272,000
Total	11,004,000	10,872,000
Less: Accumulated depreciation	(4,065,000)	(3,346,000)
Total	$ 6,939,000	$ 7,526,000

Total interest expense under capital lease agreements and included in the accompanying financial statements was $251,000 and $335,000 for the years ended June 30, 2007 and 2006, respectively.

NOTE 10 – Other Current and Noncurrent Liabilities Activity:

UNLV's activity with respect to other liabilities for the year ended June 30, 2007 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Refundable advances under federal loan program	$ 2,669,000	$ 623,000	$ (631,000)	$ 2,661,000	$ -
Compensated absences	11,577,000	8,348,000	(7,178,000)	12,747,000	8,746,000
Deferred revenue	14,243,000	16,800,000	(13,823,000)	17,220,000	16,813,000
Total	$ 28,489,000	$ 25,771,000	$ (21,632,000)	$ 32,628,000	$ 25,559,000

UNLV's activity with respect to other liabilities for the year ended June 30, 2006 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Refundable advances under federal loan program	$ 2,797,000	$ 572,000	$ (700,000)	$ 2,669,000	$ -
Compensated absences	10,845,000	7,855,000	(7,123,000)	11,577,000	7,707,000
Deferred revenue	16,008,000	13,959,000	(15,724,000)	14,243,000	13,823,000
Total	$ 29,650,000	$ 22,386,000	$ (23,547,000)	$ 28,489,000	$ 21,530,000

NOTE 11 – Extinguishment of Debt:

At June 30, 2007 and 2006, debt in the amount of $45,240,000 and $12,110,000, respectively, was considered extinguished through refunding of prior issues by a portion of the current issues. Sufficient proceeds were invested in state and local government securities and placed in escrow to assure the timely payment of the maturities of prior issues. Neither the debt nor the escrowed assets are reflected in the financial statements.

NOTE 12 – Irrevocable Letter of Credit:

In connection with its workers compensation liability coverage, the System is required to maintain a $834,000 standby letter of credit. An additional letter of credit was established in April 2004 in connection with the System's self-insured workers compensation liability coverage in the amount of $2,290,000. A letter of credit was established in July 2003 in connection with the DRI Lease Revenue Bond in the amount of $2,100,000. No advances were made under the letters of credit during the years ended June 30, 2007 and 2006.

NOTE 13 - Pension Plans:

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

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

The authority for establishing and amending the obligation to make contributions is provided by statute. Contribution rates are also established by statute. Active employees contribute to PERS at a rate of either 10.5% or 0% of annual covered wages depending on the contribution option selected. The System is required to contribute to PERS at a rate of either 10.5% or 20.25% of annual covered wages, depending on the option selected by the employee. The System is not liable for any unfunded liabilities of PERS.

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

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

UNLV's contribution to all retirement plans for the years ended June 30, 2007, 2006 and 2005, was approximately $23,107,000, $20,161,000 and $18,260,000, respectively, equal to the required contribution for those years.

NOTE 14 – Contingent Liabilities

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

NOTE 15 – Functional Classifications:

The following is the functional classifications of operating expenses reported on the Statement of Revenues, Expenses and Changes in Net Assets for the years ended June 30, 2007 and 2006:

	2007	2006
Instruction	$ 161,418,000	$ 146,019,000
Research	46,513,000	40,841,000
Public Service	10,813,000	11,872,000
Academic Support	54,042,000	49,167,000
Institutional Support	26,278,000	24,716,000
Student Services	52,725,000	44,348,000
Operations and Maintenance of Plant	38,187,000	38,303,000
Scholarships and Fellowships	15,391,000	15,125,000
Auxiliary Enterprises	39,574,000	32,891,000
Other Expenditures	-	60,000
Depreciation	26,787,000	25,435,000
Total Expenses	$ 471,728,000	$ 428,777,000

NOTE 16 – Related Organization:

As described in Note 1, the Related Organization columns in the financial statements includes the financial data of UNLV's discretely presented campus foundation.

UNLV Foundation:

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

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the UNLV Foundation will not be able to recover deposits or collateral securities that are in the possession of an outside party. The UNLV Foundation does not have a deposit policy for custodial credit risk. Of the cash balances held by custodians at June 30, 2007 and 2006, $204,000 and $109,000, respectively was covered by the FDIC and $2,991,000 and $147,000, respectively, was uninsured. Of the cash equivalent balance, $200 was covered by Securities Investor Protection Corporation ("SIPC") and $2,053,000 and $2,974,000, respectively, was covered by the Customer Asset Protection Company ("CAPCO"), excess protection provided by two brokerages. In addition, $736,000 and $644,000, respectively, was held in a bank and was uninsured, however, the cash and cash equivalents are invested in a money market account that is backed by the full faith and credit of the U.S. Government.

Investments in the custody of two brokerages are covered by CAPCO. Investments in the custody of the bank are in the nominee name of the bank and held by the Depository Trust Company.

Investments include the following at June 30, 2007 and 2006:

	2007	2006
Mutual funds	$ 2,309,000	$ 2,462,000
Common Stock	45,968,000	39,763,000
U.S. government obligations	11,761,000	28,376,000
Corporate obligations	12,420,000	10,854,000
Asset-backed securities	19,934,000	12,288,000
Total marketable securities at cost	92,392,000	93,743,000
Net unrealized gain (loss) on noncurrent investments	11,368,000	6,690,000
Total fair value of noncurrent investments	$103,760,000	$100,433,000

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% (+/-5%) of the fixed-income portfolios may be allocated to below-investment-grade securities.

Corporate Bonds	Total	AAA	AA	A	BBB	Below Investment Grade
Restricted fund –						
Schater Cullen	$ 28,000	$ -	$ -	$ -	$ -	$ 28,000
Payden & Rygel	4,366,000	44,000	774,000	1,502,000	2,046,000	-
Endowment fund:						
Wachovia	1,724,000	-	810,000	713,000	201,000	-
Loomis Sayles	5,929,000	274,000	218,000	1,097,000	-	4,340,000
Tradewinds-NWQ	314,000	-	-	44,000	-	270,000

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

Interest Rate Risk

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

For the restricted fund, the Lehman Aggregate Index average maturity as of June 30, 2007, was 6.23 years. The fixed-income portfolio's average maturity was 9.60 years. Interest rates range from 2.84% to 8.875%.

Maturity Under 1 Year	Maturity 1-5 Years	Maturity 5-10 Years	Maturity Over 10 Years	Total
$2,145,000	$2,673,000	$10,743,000	$3,990,000	$19,551,000

For the endowment fund, the Lehman Aggregate Bond Index average maturity as of June 30, 2007, was 7.30 years. The fixed-income portfolio's average maturity was 7.10 years. Interest rates range from 2.375% to 8.875%.

Maturity	Maturity	Maturity	Maturity

Under 1 Year	1-5 Years	5-10 Years	Over 10 Years	Total
$5,087,000	$10,796,000	$6,243,000	$2,199,000	$24,325,000

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. The UNLV Foundation's policy guidelines instruct managers to purchase sovereign debt rated "A" of better and may not invest in excess of 20% of the total fixed-income portfolio, of which no more than 5% of the total fixed-income portfolio may be invested in the debt of any one foreign country.

At June 30, 2007 and 2006, the UNLV Foundation had $808,000 and $653,000, respectively in foreign bonds.

During the year ended June 30, 2007 and 2006, the UNLV Foundation recognized $12,377,000 and $5,975,000, respectively, in investment income. Earnings included $3,758,000 and $3,017,000, respectively, from interest and dividends, $4,546,000 and $3,921,000, respectively, from net realized gains on the sale of investments, and $4,678,000 and $(451,000), respectively, from the change in investment fair value. Investment expenses of $589,000 and $480,000, respectively, and amortization of bond discounts of $16,000 and $32,000, respectively, were netted against earnings.