

**Basic Financial Statements and Report of Independent
Certified Public Accountants**

UNLV Medicine, Inc. dba UNLV Health

June 30, 2023

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Compliance Section

Report of Independent Certified Public Accountants on Internal

Control Over Financial Reporting and5.5 p(8 (.e Td(Compla TdOthrol Over .4 (20)Tj0.0006 Tc 0.00)TJ47-1.153Mat on



Board of Directors of UNLV Health
and the Board of Regents of the Ne



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

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

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity's ability to continue as a going concern for a reasonable period of time.

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

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2023 on our consideration of the Entity's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Entity's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Entity's internal control over financial reporting and compliance.



San Jose, California
November 16, 2023

UNLV Medicine, Inc. dba UNLV Health

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

As of June 30, 2023 and 2022

UNLV Medicine, Inc. dba UNLV Health (“UNLV Health” or the “Company”) presents its financial statements for fiscal years ended June 30, 2023 and 2022. These financial statements should be read in conjunction with the audited financial

UNLV Medicine, Inc. dba UNLV Health

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

As of June 30, 2023 and 2022

FINANCIAL POSITION—Continued

The major components of UNLV Health's assets, liabilities, and net positions as of June 30, 2023 and 2022 were as follows:

**Percentage
Change**

UNLV Medicine, Inc. dba UNLV Health

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

As of June 30, 2023 and 2022

FINANCIAL POSITION—Continued

UNLV Health's assets

UNLV Health's total assets during fiscal year 2023 increased by \$2,068,466, or 6%, to \$37,277,064.

Cash and cash equivalents, including restricted cash and cash equivalents, increased during fiscal year 2023 by \$739,800 or 10%, to \$7,885,266. The increase in cash and cash equivalents is primarily attributable to improved cash collections of patient accounts receivable.

Patient accounts receivable, net of allowances for contractual adjustments and allowances for uncollectible accounts,

UNLV Medicine, Inc. dba UNLV Health

MANAGEMENT'S DISCUSSION AND ANALYSIS—CONTINUED
(Unaudited)

As of June 30, 2023 and 2022

FINANCIAL POSITION—Continued

UNLV Health's deferred outflow

During fiscal year 2018, UNLV Health purchased Campus Pharmacy Mojave from Integrated Clinical Services, Inc. for \$520,000. The purchase price of \$520,000, less the fair value of the tangible assets of \$75,000, is being amortized over five years. The valuation was determined using projected future revenues based on a stable patient base that took into account the possible risk of lost patient volume and/or nonrenewal of insurance contracts as well as any other unknown risks. During 2018, UNLV loaned funds to UNLV Health for this pharmacy acquisition. In fiscal years 2020 and 2021, UNLV forgave this indebtedness (see liabilities below). The accumulated amortization of the deferred outflow was \$445,000, \$520,000 and \$437,890 at June 30, 2023 and 2022, respectively.

UNLV Health's liabilities

Long-term liabilities for fiscal year 2023 increased by \$1,067,071 or 13%, to \$16,914,989 due to the adoption of GASB 96.

UNLV Health's net position

Net position represents the residual interest in assets after all liabilities have been deducted. UNLV Health's net position was \$10,826,642 and \$9,832,357 at June 30, 2023 and 2022, respectively, and is reported in three major categories: invested in capital assets net of related debt, unrestricted and restricted.

Invested in capital assets net of related debt decreased by \$750,194 or 181% to (\$336,199) due to the addition of new leases that increased the overall lease liability in excess of the net property, plant and equipment.

Under generally accepted accounting principles in the United States of America ("GAAP"), net position, not subject to externally imposed restrictions governing its use, must be classified as unrestricted for financial reporting purposes. Although UNLV Health's unrestricted net positions of \$11,068,736 and \$9,403,608 as of June 30, 2023 and 2022, respectively, were not subject to externally imposed restrictions, the net positions generally result from providing or agreeing to provide healthcare services. The healthcare services provide other community benefits and perform educational and administrative functions. The limits on the use of unrestricted net assets are the broad limits resulting from the environment in which UNLV Health operates and the limits resulting from contractual agreements with suppliers, creditors and others entered into the ordinary course of business.

UNLV Health's restricted net positions were \$94,105 and \$14,754 at June 30, 2023 and 2022, respectively, in line with contributions received during fiscal years 2023 and 2022.

UNLV Medicine, Inc. dba UNLV Health

MANAGEMENT'S DISCUSSION AND ANALYSIS—CONTINUED
(Unaudited)

As of June 30, 2023 and 2022

UNLV Medicine, Inc. dba UNLV Health

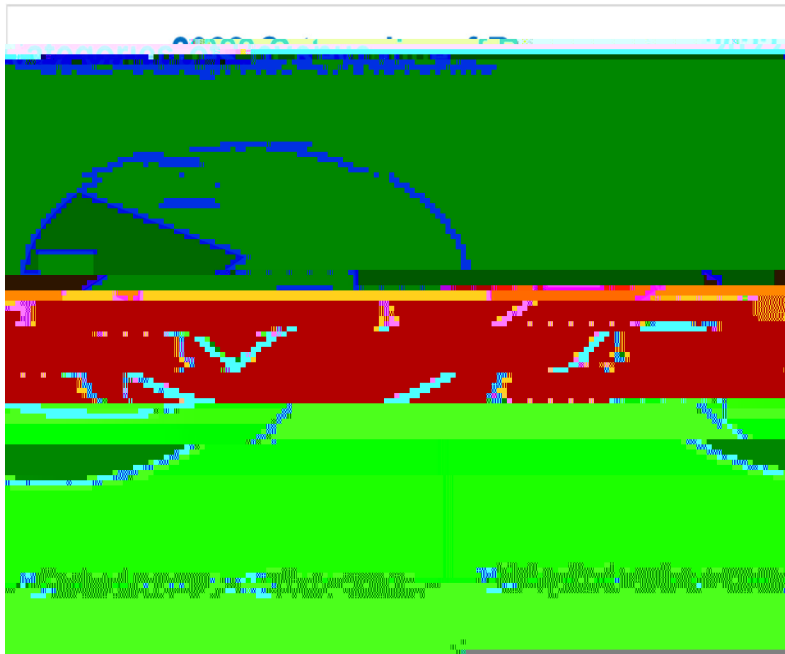
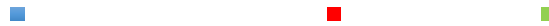
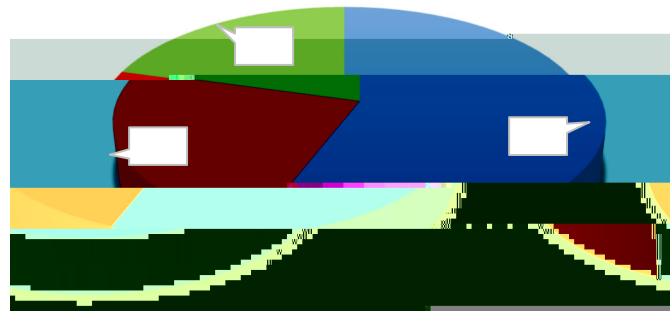
**MANAGEMENT'S DISCUSSION AND ANALYSIS—CONTINUED
(Unaudited)**

As of June 30, 2023 and 2022

RESULTS OF OPERATIONS—Continued

Categories and percentages of operating and non-operating revenues that support UNLV Health's core activities for the fiscal years ended June 30, 2023 and 2022 were as follows:

2023 Categories of Revenue



UNLV Medicine, Inc. dba UNLV Health

MANAGEMENT'S DISCUSSION AND ANALYSIS—CONTINUED
(Unaudited)

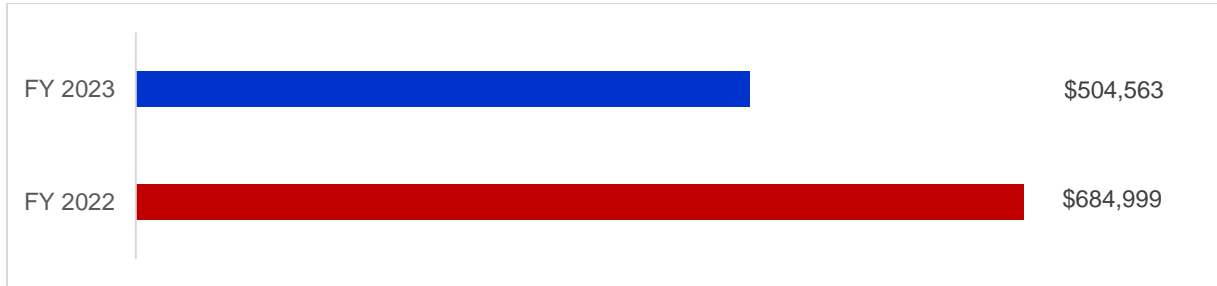
UNLV Medicine, Inc. dba UNLV Health

**MANAGEMENT’S DISCUSSION AND ANALYSIS—CONTINUED
(Unaudited)**

As of June 30, 2023 and 2022

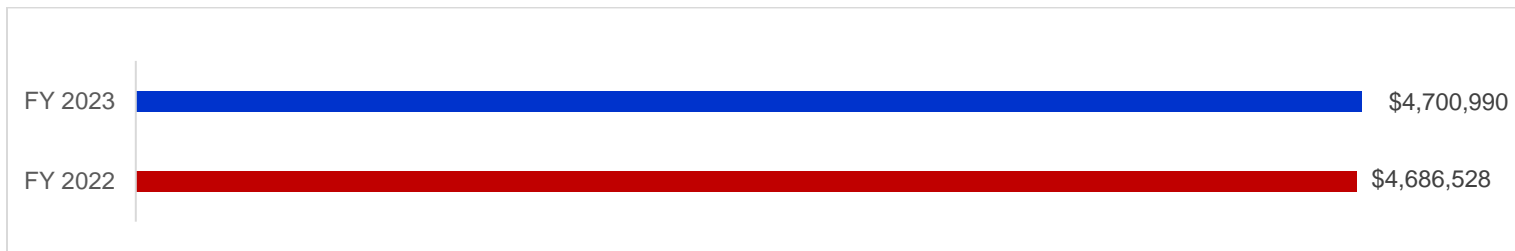
RESULTS OF OPERATIONS—Continued

Supplies



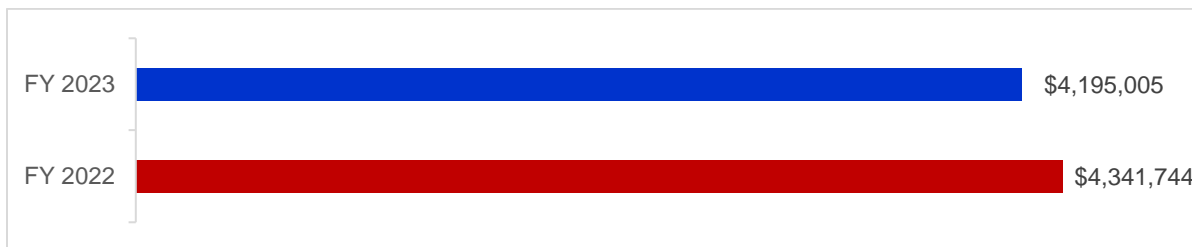
Supplies expense for the fiscal year ended June 30, 2023 decreased by \$180,436, or 26%, to \$504,563 primarily due to the decrease in number of patients requesting vaccinations.

Purchased services



Purchased services for the fiscal year ended June 30, 2023 increased by \$14,464, or 0.3%, to \$4,700,990 due primarily to the increased number of vacancies in physician position.

Depreciation and amortization expense



Depreciation and amortization for the fiscal year ended June 30, 2023 decreased by \$146,739, or 3% to \$4,195,005 due primarily to some fully depreciated assets.

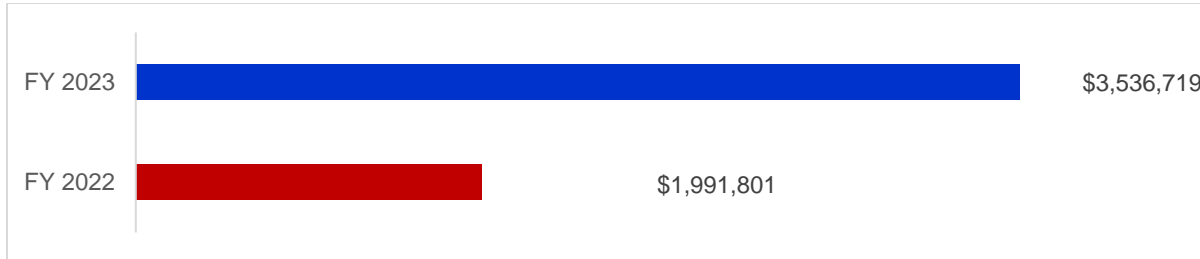
UNLV Medicine, Inc. dba UNLV Health

MANAGEMENT'S DISCUSSION AND ANALYSIS—CONTINUED
(Unaudited)

As of June 30, 2023 and 2022

RESULTS OF OPERATIONS—Continued

Non-operating income—KSOM support



KSOM support for the fiscal years ended June 30, 2023 increased by \$1,544,918, or 78%, to \$3,536,719; consisting of gifts to support physician salaries and information technology.

NON-OPERATING INCOME (LOSS)

Non-operating income—grants and contracts



Various donations for the fiscal year ended June 30, 2023 decreased by \$7,000, or 100%, to \$0. Fiscal year ended June 30, 2023 did not include any funds related to the CARES Act.

Interest expense

Interest expense for the fiscal year ended June 30, 2023 increased by \$170,304, or 89%, to \$362,315 due to recording interest on the ROU assets required under GASB 87 and 96 effective July 1, 2021 and July 1, 2022, respectively.

UNLV Medicine, Inc. dba UNLV Health

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

As of June 30, 2023 and 2022

CASH FLOW STATEMENTS

The following table compares the results of operations for the fiscal years ended June 30, 2023 and 2022.

| | 2023 | 2022 |
|----------------------------|--------------|-------------|
| Cash provided by (used in) | | |
| Operating activities | \$ 4,547,756 | |

BASIC FINANCIAL STATEMENTS

UNLV Medicine, Inc. dba UNLV Health

STATEMENT OF NET POSITION

As of June 30, 2023

ASSETS

CURRENT ASSETS

| | |
|---|-------------------|
| Cash and cash equivalents | \$ 7,791,161 |
| Restricted cash and cash equivalents | 94,105 |
| Patient accounts receivable, net of estimated contractual allowances and estimated uncollectables of \$6,315,608 and \$2,122,593. | 5,482,856 |
| Other receivables | 3,293,249 |
| Due from affiliates, net | 98,855 |
| Inventory | 426,671 |
| Prepaid expenses and other assets | 143,423 |
| Total current assets | <u>17,330,320</u> |

NONCURRENT ASSETS

| | |
|-----------------------------|-------------------|
| Property and equipment, net | 263,235 |
| Right-of-use assets, net | 19,683,509 |
| Total assets | <u>37,277,064</u> |

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

| | |
|---|------------------|
| Accounts payable | \$ 2,053,387 |
| Patient refunds | 305,391 |
| Accrued payroll and employee related expenses | 1,260,839 |
| Other short-term liabilities | 95,579 |
| Right-of-use lease liabilities | 2,969,145 |
| Right-of-use software liabilities | 398,809 |
| Due to affiliates, net | 2,452,283 |
| Total current liabilities | <u>9,535,433</u> |

NONCURRENT LIABILITIES

| | |
|---|-------------------|
| Right-of-use lease liabilities, net of current portion | 15,752,160 |
| Right-of-use software liabilities, net of current portion | 1,162,829 |
| Total liabilities | <u>26,450,422</u> |

COMMITMENTS AND CONTINGENCIES (Note N)

NET POSITION

| | |
|---|----------------------|
| Invested in capital assets, net of related debt | (336,199) |
| Restricted, expendable | 94,105 |
| Unrestricted | 11,068,736 |
| Total net position | <u>10,826,642</u> |
| Total liabilities and net position | <u>\$ 37,277,064</u> |

The accompanying notes are an integral part of this statement.

UNLV Medicine, Inc. dba UNLV Health

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Fiscal Year Ended June 30, 2023

REVENUES

| | |
|-----------------------------|---------------|
| Net patient service revenue | \$ 37,995,689 |
| Net contract revenue | 16,240,718 |
| Other revenue | 10,861,625 |
| Total revenue | 65,098,032 |

OPERATING EXPENSES

| | |
|---------------------------------------|------------|
| Employee salaries, wages and benefits | 23,432,214 |
| Physician services | 22,639,945 |
| Medical fees | 11,805,434 |
| Supplies | 504,563 |

UNLV Medicine, Inc. dba UNLV Health

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2023

Cash flows from operating activities:

| | |
|---|---------------|
| Receipts from patients and third-party payors | \$ 39,034,588 |
| Payments to employees | (23,341,679) |
| Payments to suppliers | (40,601,344) |
| Other receipts | 29,456,191 |
| Net cash provided by operating activities | 4,547,756 |

Cash flows from capital and related financing activities:

| | |
|---|-------------|
| Payments on leases | (3,692,443) |
| Payments of interest | (6,054) |
| Net cash used in capital and related financing activities | (3,698,497) |

Cash flows from capital and related investing activities:

| | |
|---|-----------|
| Proceeds from sale of property and equipment | 20,930 |
| Purchase of property and equipment | (130,389) |
| Net cash used in capital and related investing activities | (109,459) |

NET INCREASE IN CASH 739,800

Cash and cash equivalents - beginning of year 7,145,466

Cash and cash equivalents - end of year \$ 7,885,266

Reconciliation of income from operations to net cash provided by (used in) operating activities:

| | |
|---|----------------|
| Operating loss | \$ (2,180,119) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation and amortization | 4,195,005 |
| Contributions from KSOM | 3,536,719 |
| Changes in operating assets and liabilities: | |
| Patient accounts receivable | 1,426,760 |
| Other receivables | (1,182,871) |
| Inventory | (43,300) |
| Due to affiliates | |

UNLV Medicine, Inc. dba UNLV Health

STATEMENT OF CASH FLOWS - CONTINUED

For the Fiscal Year Ended June 30, 2023

Supplemental disclosure of cash flow information:

| | |
|------------------------|-------------------|
| Cash paid for interest | <u>\$ 362,315</u> |
|------------------------|-------------------|

Supplemental noncash investing and financing activities information:

| | |
|--|---------------------|
| Right-of-use lease facilities being financed | <u>\$ 3,277,184</u> |
| Right-of-use lease equipment being financed | <u>\$ 405,118</u> |
| Right-of-use SBITA being financed | <u>\$ 1,930,526</u> |

The accompanying notes are an integral part of this statement.

UNLV Medicine, Inc. dba UNLV Health

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2023

NOTE A—COMR017hb.n3nR017hb.ND OPENOTE

UNLV Medicine, Inc. dba UNLV Health

NOTES TO FINANCIAL STATEMENTS—CONTINUED

For the Fiscal Year Ended June 30, 2023

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

4. *Patient Accounts Receivable*

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

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

5. *Patient Refunds*

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

6. *Inventory*

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

7. *Property and Equipment*

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

8. *Right-of-Use (ROU) Assets*

ROU assets are recognized at the lease commencement date and represent the Company's right to use an underlying asset for the lease term. ROU assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement and initial direct costs. Amortization is computed using the straight line method over the shorter of the contract term or the life of the asset.

9. *Subscription-Based Information Technology Arrangements (SBITAs)*

SBITAs are defined as a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. Assets and liabilities resulting from SBITAs are recognized and measured using the facts and circumstances that existed at the beginning of the fiscal years beginning after June 15, 2022 and all reporting periods thereafter. The subscription asset is initially measured as the sum or (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less

UNLV Medicine, Inc. dba UNLV Health

NOTES TO FINANCIAL STATEMENTS—CONTINUED

For the Fiscal Year Ended June 30, 2023

New Accounting Pronouncements—Continued

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

NOTE C—CONCENTRATION OF CREDIT RISK

The Company grants credit without collateral to its patients, most of whom are local residents and insured under third-party insurance or governmental payor agreements. The components of receivables from patients and third-party payors for the year ended June 30, 2023 were as follows:

| Financial Class | 2023 |
|------------------------|-------------|
| Medicare | 25% |
| Medicaid | 23% |
| Commercial | 22% |
| Governmental Agencies | 3% |
| Self Pay | 27% |
| | <u>100%</u> |

NOTE D—CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents are highly liquid assets including coin, currency and short-term investments that typically mature in 30-90 days. The Company maintains its cash accounts in deposit accounts, the balance of which is periodically in excess of federally insured limits. As of June 30, 2023, cash and cash equivalents consisted of the following:

| | 2023 |
|-----------------------|--------------|
| Cash on deposits | \$ 7,815,640 |
| Custodial credit risk | \$ 8,324,788 |

NOTE E—RESTRICTED CASH AND CASH EQUIVALENTS

Restricted cash refers to cash that is held onto by a company for specific reasons and is, therefore, not available for immediate ordinary business use. Restricted cash and cash equivalents of \$94,105 consisted of various small gifts.

UNLV Medicine, Inc. dba UNLV Health

NOTES TO FINANCIAL STATEMENTS—CONTINUED

For the Fiscal Year Ended June 30, 2023

UNLV Medicine, Inc. dba UNLV Health

NOTES TO FINANCIAL STATEMENTS—CONTINUED

For the Fiscal Year Ended June 30, 2023

NOTE H—RIGHT-OF-USE ASSETS - SBITAs

The activity for software for the fiscal year ended June 30, 2023 was as follows:

| <u>Right-of-Use Assets</u> | <u>Start Date</u> | <u>End Date</u> | <u>Term (mos)</u> | <u>July 1, 2022</u> | <u>Additions / Amortization Expense</u> | <u>June 30, 2023</u> |
|---------------------------------------|-------------------|-----------------|-------------------|---------------------|---|----------------------|
| EMR (EPIC) | 7/1/2022 | 5/1/2027 | 59 | \$ 1,803,369 | \$ - | \$ 1,803,369 |
| Work-Vivo | 1/1/2023 | 12/1/2025 | 36 | - | 127,157 | 127,157 |
| Right-of-use assets | | | | <u>1,803,369</u> | <u>127,157</u> | <u>1,930,526</u> |
| Less: accumulated amortization | | | | <u>-</u> | <u>(387,980)</u> | <u>(387,980)</u> |
| Right-of-use assets at carrying value | | | | <u>\$ 1,803,369</u> | <u>\$ (260,823)</u> | <u>\$ 1,542,546</u> |

NOTE I—LEASE LIABILITIES

Facilities

| | <u>July 1, 2022</u> | <u>Additions</u> | <u>Reductions</u> | <u>June 30, 2022</u> |
|-------------------------------------|----------------------|---------------------|-----------------------|----------------------|
| 3196 Maryland Parkway | \$ 1,965,669 | \$ - | \$ (174,011) | \$ 1,791,658 |
| 5320 S. Rainbow Blvd. | 2,357,124 | - | (236,670) | 2,120,454 |
| 4000 E Charleston Blvd. | 4,184,930 | - | (537,598) | 3,647,332 |
| 3016 W. Charleston Blvd. | 3,974,182 | 3,277,184 | (364,266) | 6,887,100 |
| 1524 Pinto Lane | 1,135,863 | - | (474,955) | 660,908 |
| 5380 S. Rainbow Blvd. | 7,056 | - | (7,056) | - |
| 1707 W. Charleston Blvd. (PCC) | 4,289,907 | - | (1,071,932) | 3,217,975 |
| Lease liabilities—facilities | <u>\$ 17,914,731</u> | <u>\$ 3,277,184</u> | <u>\$ (2,866,488)</u> | <u>\$ 18,325,427</u> |

Equipment

| | <u>July 1, 2022</u> | <u>Additions</u> | <u>Reductions</u> | <u>June 30, 2022</u> |
|------------------------------------|---------------------|-------------------|---------------------|----------------------|
| Wells Fargo Lease | \$ 81,717 | \$ - | \$ (81,717) | \$ - |
| Wells Fargo Lease (New) | - | 395,084 | (6,063) | 389,021 |
| General Electric Financing | 7,642 | - | (6,033) | 1,609 |
| Hewlett Packard lease | 9,362 | 10,034 | (14,148) | 5,248 |
| Lease liabilities—equipment | <u>\$ 98,721</u> | <u>\$ 405,118</u> | <u>\$ (107,961)</u> | <u>\$ 395,878</u> |

Interest expense associated with facilities and equipment leases was \$320,945 for the year ended June 30, 2023.

NOTE J—SUBSCRIPTION LIABILITIES - SBITAs

| | <u>July 1, 2022</u> | <u>Additions</u> | <u>Reductions</u> | <u>June 30, 2022</u> |
|------------|---------------------|------------------|-------------------|----------------------|
| EMR (EPIC) | \$ 1,803,369 | \$ - | \$ (349,559) | \$ 1,453,810 |
| Work Vivo | | \$ - | - | 8 |

UNLV Medicine, Inc. dba UNLV Health

NOTES TO FINANCIAL STATEMENTS—CONTINUED

For the Fiscal Year Ended June 30, 2023

NOTE K—FUTURE MINIMUM LEASE AND SBITAs PAYMENTS

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

| | Principal | Interest | Total |
|------|--------------|------------|-----------|
| 2024 | \$ 3,367,802 | \$ 397,976 | 3,765,778 |

UNLV Medicine, Inc. dba UNLV Health

COMPLIANCE SECTION

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the the business-type activities of UNLV Medicine Inc. (dba UNLV Health) Uni31.3-0.0004

UNLV Medicine, Inc. dba UNLV Health
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2023

None reported.