ANDRE AGASSI FOUNDATION FOR EDUCATION

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

ANDRE AGASSI FOUNDATION FOR EDUCATION
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CliftonLarsonAllen

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Andre Agassi Foundation for Education
Las Vegas, Nevada

We have audited the accompanying financial statements of Andre Agassi Foundation for Education (the Foundation), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Andre Agassi Foundation for Education

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Andre Agassi Foundation for Education as of December 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, the Foundation is unable to obtain the underlying detail and value of an individual retirement account, in which the Foundation has a beneficial interest, to determine the appropriate value to record in the statement of financial position. As such, we were unable to verify the existence and substantiate the value of the asset. Our opinion is not modified with respect to that matter.

CliftonLarsonAllen LLP

Minneapolis, Minnesota
September 10, 2013

ANDRE AGASSI FOUNDATION FOR EDUCATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012

ASSETS

Cash and Cash Equivalents	$	3,875,173
Pledges Receivable, Net		862,455
Related Party Receivable		116,487
Beneficial Interest in Individual Retirement Account		395,482
Investments		91,512,712
Property and Equipment, Net		32,685,124
Deferred Bond Issuance Costs, Net		448,680
Total Assets	$	129,896,113

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts Payable and Accrued Expenses	$	309,135
Contributions Payable and Grant Commitments		1,500,000
Due to Related Party		56,225
Amounts Due Beneficiaries		155,529
Interest Rate Swap Liabilities		8,472,812
Bonds Payable		17,500,000
Total Liabilities		27,993,701
COMMITMENTS (Note 9)		
NET ASSETS		
Unrestricted		99,886,720
Temporarily Restricted		1,870,428
Permanently Restricted		145,264
Total Net Assets		101,902,412
Total Liabilities and Net Assets	$	129,896,113

See accompanying Notes to Financial Statements.

ANDRE AGASSI FOUNDATION FOR EDUCATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE GAINS AND OTHER SUPPORT				
Fundraising:				
General Contributions and Pledges	$ 9,744,422	$ 1,545,455	$ 145,264	$ 11,435,141
In-Kind Contributions	77,861	-	-	77,861
Loss on Restricted Pledges	-	(299,006)	-	(299,006)
Assets Released from Restriction	8,736,548	(8,736,548)	-	-
Total Fundraising	18,558,831	(7,490,099)	145,264	11,213,996
Investment Income:				
Interest and Dividends	2,086,771	-	-	2,086,771
Realized/Unrealized Gains	7,863,602	-	-	7,863,602
Investment Advisor and Manager Fees	(560,452)	-	-	(560,452)
Total Net Investment Income	9,389,921	-	-	9,389,921
Other Income:				
Loss on Interest Rate Swap Agreement	(71,680)	-	-	(71,680)
Other Income	53,369	-	-	53,369
Total Other Income	(18,311)	-	-	(18,311)
Total Revenue, Gains and Other Support	27,930,441	(7,490,099)	145,264	20,585,606
EXPENSES				
Program:				
Contributions:				
Boys and Girls Club of Las Vegas	227,500	-	-	227,500
Andre Agassi College Preparatory Academy	2,780,000	-	-	2,780,000
Miscellaneous Contributions and Grants	76,035	-	-	76,035
Total Contributions	3,083,535	-	-	3,083,535
Bond Interest Expense	1,356,624	-	-	1,356,624
Bond Issuance Costs	19,651	-	-	19,651
Letter of Credit Fees	356,212	-	-	356,212
Other Program Expenses	1,713,188	-	-	1,713,188
Total Program	3,445,675	-	-	3,445,675
Fundraising	143,949	-	-	143,949
General and Administrative:				
Salaries and Benefits	455,281	-	-	455,281
Other Expenses	377,204	-	-	377,204
Total General and Administrative	832,485	-	-	832,485
Total Expenses	7,505,644	-	-	7,505,644
INCREASE (DECREASE) IN NET ASSETS	20,424,797	(7,490,099)	145,264	13,079,962
Net Assets at Beginning of Year	79,461,923	9,360,527	-	88,822,450
NET ASSETS AT END OF YEAR	$ 99,886,720	$ 1,870,428	$ 145,264	$ 101,902,412

See accompanying Notes to Financial Statements.

ANDRE AGASSI FOUNDATION FOR EDUCATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ 13,079,962
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	1,645,225
Amortization	19,651
Change in Fair Value of Interest Rate Swap	71,680
Amortization of Discount in Pledges Receivable	(2,634,298)
Change in Allowance for Doubtful Pledges	(660,994)
Realized/Unrealized Gain on Investments	(7,863,602)
Contribution of Annuity	155,529
Change in Operating Assets and Liabilities:	
Pledges Receivable	7,225,498
Related Party Receivable	(111,685)
Accounts Payable and Accrued Expenses	(364,159)
Contributions Payable and Grant Commitments	467,500
Due to Related Party	25,855
Net Cash Provided by Operating Activities	11,056,162
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Investments	(9,335,522)
Proceeds from Sales of Investments	19,089,193
Purchases of Property and Equipment	(1,011,738)
Net Cash Provided by Investing Activities	8,741,933
CASH FLOWS FROM FINANCING ACTIVITIES	
Bond Payment	(17,505,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,293,095
Cash and Cash Equivalents - Beginning of Year	1,582,078
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 3,875,173
SUPPLEMENTAL INFORMATION	
Cash Paid for Bond Interest Expense	$ 1,356,624

See accompanying Notes to Financial Statements.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The Andre Agassi Foundation for Education (the Foundation) is a nonprofit corporation organized under the laws of the State of Ohio. The Foundation is dedicated to assisting underprivileged, abused and abandoned children with regards to building their self-respect and their school, career and developmental skills. Accordingly, the Foundation contributes to programs and organizations that provide recreational, educational, and protective services to children from low-income families. The Foundation's primary support is through donor contributions obtained from a special charity event, charitable pledges and grants. The major recipient of the Foundation's contributions is the Andre Agassi College Preparatory Academy (the School or AACPA).

Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting.

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets that are subject to donor-imposed stipulations that require passage of time or the occurrence of a specific event. The Foundation's contributions receivable are included in this net asset category until collected and the donor restrictions have been met.

Permanently Restricted Net Assets – Net assets that are subject to donor-imposed restrictions that require the principal balance to be kept in perpetuity while permitting the Foundation to use or expend part or all of the income derived from the assets. These restrictions neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

Cash and Cash Equivalents

Cash and cash equivalents include bank balances and financial instruments with a maturity of three months or less at acquisition. For the purpose of the statements of cash flows, cash and cash equivalents that are restricted or segregated within managed investments are excluded.

The Foundation maintains bank balances that periodically exceed federally insured limits should the institution become insolvent. The Foundation believes that the risk of loss is remote.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Contributions, including unconditional promises to give, are recognized as revenue in the period pledged. In accordance with accounting standards, contributions receivable, less an appropriate reserve, are recorded at their estimated fair value. Amounts due more than one year later are recorded at the present value of the estimated future cash flows, discounted at a rate which is applicable to the years in which the promises were received. Amortization of the discount is credited to contribution income. The expiration of the donor imposed restriction on a contribution is recognized in the period in which the restriction expires and the related resources are classified as unrestricted net assets.

Beneficial Interest in Individual Retirement Account

The Foundation is the beneficiary of an individual retirement account. Upon termination of the retirement account, the Foundation receives the assets remaining in the account. The beneficial interest is recorded at the fair value of the account's assets net of the present value of the estimated future use of the account. Changes in net assets of the account are recorded as gains or losses in the statement of activities. Net assets and changes in the net assets are recorded as temporarily restricted. The Foundation is currently unable to receive detail of the underlying assets of this account to determine the fair market value. The value in the statement of financial position has not changed since 2010.

Investments

Pursuant to accounting standards, investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included in the statements of activities. Foreign investments, investments in corporate, municipal government and government agency securities are stated at current market value determined by closing market prices or closing market bid quotations as referenced in published sources of current market quotations. Foreign investments are translated into United States dollars at year-end rates of exchange.

Investments in hedge funds are valued at fair value based on the applicable percentage ownership of the underlying partnerships' net assets as of the measurement date, as provided by the fund managers. The underlying investment partnerships value securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of underlying investment partnerships, which may include private placement or other securities for which prices are not readily available, are determined by the general partner or sponsor of the respective other investment partnership and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The fair value of the Foundation's investments in other investment partnerships generally represents the amount the Foundation would expect to receive if it were to liquidate its investment in the other investment partnerships excluding any redemption charges that may apply.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

Realized gains and losses on sales of securities are determined on a specific identity basis and are included under investment income in the accompanying statements of activities. Unrealized appreciation (depreciation) of investments is recorded in the accompanying statements of activities. Changes in the value of foreign investments resulting from changes in the exchange rates are reported as part of the unrealized appreciation (depreciation) of the related investments.

Market volatility of equity-based investments is expected to substantially impact the value of such investments at any given time. Management evaluates the investment portfolio on an ongoing basis.

Property and Equipment

Property and equipment are recorded at cost if purchased or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Buildings	27.6 Years
Leasehold Improvements	5 to 15 Years
Furniture and Fixtures	5 to 7 Years
Computers and Office Equipment	2 to 5 Years
Software	3 Years

Deferred Bond Issuance Cost

Bond issuance cost at December 31, 2012 was $589,533. Costs are amortized over the term of the bonds using the effective interest method. Accumulated amortization at December 31, 2012 was $140,853. Amortization expense for the year ended December 31, 2012 was $19,651.

Amounts Due Beneficiaries

A liability is recorded for the amount due beneficiaries of charitable gift annuities when the Foundation acts as trustee. The present value of the estimated future payments to be distributed during the beneficiary's expected life and the remainder interest at the beneficiary's death is recorded as a liability using a discount rate of 5% based on the year the gift was received.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest Rate Swaps

The Foundation uses interest rate swaps to assist in managing interest incurred on its long-term debt. The difference between amounts received and amounts paid under such agreements, as well as any costs or fees, is recorded as a reduction of, or addition to, interest expense as incurred over the life of the swap. The Foundation accounts for interest rate swap agreements in accordance with the Derivative Instruments and Hedging accounting standards, which requires the Foundation to measure every derivative instrument (including certain derivative instruments embedded in other contracts) at fair value and record them in the balance sheets as either an asset or liability. Changes in fair value of derivatives are recorded currently in revenue as a change in fair value of the swap unless special hedge accounting criteria are met whereby the change is recorded as a component of other comprehensive income. Based on the Foundation's analysis, the swaps do not qualify for hedge treatment and all changes in fair value are recorded in current year income.

Revenue Recognition

Pursuant to accounting standards, contributions are measured at their fair values and are recognized as revenue when they are pledged.

Contributions – Contributions include donations from the general public.

Special Event – Special event support primarily represents donations relating to table seating and auctions from an annual special entertainment event, "The Grand Slam." Special event revenue is recognized when the event is provided.

In-Kind Contributions – The Foundation receives unrestricted donated services, goods to auction and other gift items for the annual special event.

In-Kind Contributions

Donated services are recognized as contributions if the services: create or enhance nonfinancial assets or required specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Donated materials are recorded as contributions at the estimated fair value on the date received. The value of the contribution of materials is recognized as both revenue and as expense to the Foundation. Donated property and equipment is recorded as a contribution at the estimated fair value on the date received. The value of the contribution of property and equipment is recognized as revenue to the Foundation and also capitalized within property and equipment and depreciated over the estimated useful life of the asset. The Foundation recognized $77,861 of donated services, materials, and property and equipment for the year ended December 31, 2012.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the services benefited.

Financial Instruments and Credit Risk Concentration

Market risk arises primarily from changes in the market value of financial instruments. Exposure to market risk is influenced by a number of factors, including the relationships between financial instruments, and the volatility and liquidity in the markets in which the financial instruments are traded. In many cases, the use of financial instruments serves to modify or offset market risk associated with other transactions and, accordingly, serves to decrease the Foundation's overall exposure to market risk. The Foundation attempts to control its exposure to market risk through a diversified investment portfolio.

Concentration of credit risk arises primarily from investing a large portion of total investments with a few investment managers or investment partnerships. The Foundation is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, investment managers and banks. In the event counterparties do not fulfill their obligations, the Foundation may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Foundation's policy to transact with counterparties with good credit standing.

In the normal course of its business, the Foundation enters into contracts and agreements with certain service providers, such as clearing and custody agents, trustees and administrators that contain a variety of representations and warranties and which provide general indemnifications and guarantees against specified potential losses in connection with their activities as an agent of, or providing services to, the Foundation. The Foundation expects the risk of any future obligation arising from potential losses under these arrangements to be remote and has not recorded any contingent liability in the financial statements for these indemnifications.

The money managers of underlying investment partnerships in which the Foundation invests may utilize derivative instruments with off-balance-sheet risk. The Foundation's exposure to risk is limited to the amount of its investment.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

Management uses its best judgment in estimating the fair value of the Foundation's financial instruments; however, there are inherent weaknesses in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented herein are not necessarily indicative of the amounts the Foundation could have realized in a sales transaction at December 31, 2012. The estimated fair value amounts have been measured as of December 31, 2012, and have not been re-evaluated or updated for purposes of these financial statements subsequent to those dates. As such, the estimated fair values of these financial instruments subsequent to the reporting date may be different than the amounts reported at year-end.

The carrying amounts of the Foundation's short-term financial instruments, including cash and cash equivalents, pledges receivable, contributions and accounts payable and accrued expenses, approximate fair value because of the short-term nature of these instruments.

Long-term investments are estimated based on quoted market prices for those or similar investments. For alternative investments for which there are no quoted market prices, additional information pertinent to the value of an unquoted investment is provided in Note 3.

Pledges receivable due in more than one year are recorded at the present value of the estimated future cash flows, discounted at risk-free rates applicable to the years in which the promises were received.

The fair value of the interest rate swaps are based on the London Interbank Offered Rate (LIBOR) swap rate and the creditworthiness of the Foundation and the counterparty. The estimated fair value of the swap is categorized as Level 2 of the fair value hierarchy.

The fair value of the Foundation's long-term debt is estimated based on the quoted market prices for the same issue if available, or similar issues, or based on the current rates offered to the Foundation for debt of the same remaining maturities with similar collateral requirements.

The information in Note 4 should not be interpreted as an estimate of the fair value of the entire Foundation since a fair value calculation is only required for a limited portion of the Foundation's assets and liabilities. Due to the wide range of valuation techniques and the degree of subjectivity used in making the estimate, comparisons between the Foundation's disclosures and those of other companies may not be meaningful.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and recognized by the Internal Revenue Service as other than a publicly supported charity other than a private foundation. Occasionally, the Foundation may be subject to unrelated business income tax. Any unrelated business income tax previously paid by the Foundation has been minimal.

The Foundation has adopted the accounting standard which addresses the determination whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements.

Under this guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position would be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertain income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. Management has evaluated the Foundation's tax positions and has concluded that the Foundation has taken no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this guidance. The Foundation files income tax returns in the U.S. federal jurisdiction. With few exceptions, the Foundation is no longer subject to U.S. federal or state and local income tax examinations by tax authorities before 2009.

The Foundation files Form 990 (Return of Organization Exempt from Income Tax). When the return is filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the tax position taken or the amount of the position that would be ultimately sustained. Examples of tax positions common to the Foundation include such matters as the tax status of the entity and various positions relative to potential sources of unrelated business taxable income (UBIT). The benefit of a tax position in the financial statements is in the period during which, based on all available evidence, management believes it is more-likely-than-not that the position will be sustained upon examination, including the resolution of appeal or litigation processes, if any.

Use of Estimates in the Preparation of Financial Statements

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

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The Foundation has evaluated subsequent events through September 10, 2013, the date on which the financial statements were issued.

Subsequent to year-end, the Foundation entered into an investment agreement in which a total of $1,000,000 was committed to be called as capital to the fund.

NOTE 2 PLEDGES RECEIVABLE

Pledges receivable represent amounts to be collected by the Foundation in installments. Pledges are discounted for the time value of money at the discount rate of 5.25%. Pledges receivable from officers (discounted) for year ended December 31, 2012 were approximately $628,000.

Pledges receivable are estimated to be collected as follows:

Year Ending December 31,	Amount
One Year or Less	$ 1,075,564
One to Five Years	127,500
Beyond Five Years	271,881
Total	1,474,945
Less: Present Value Discount	(214,381)
Less: Allowance for Doubtful Accounts	(398,109)
	$ 862,455

NOTE 3 INVESTMENTS

Private investment funds will often utilize various derivative financial instruments in the normal course of business in connection with proprietary trading and investing activities, arbitrage opportunities, or for managing risk. Derivatives held by funds are recorded at fair value utilizing methods above or possibly by valuations provided by counterparties for some negotiated contracts.

Special situation fund types include venture capital, distress securities, special situation and merger/arbitrage. These types of funds often hold private placement securities that require fund manager appraisal. These investments are less liquid than the Foundation’s other investments.

Credit Suisse serves as the investment advisor to the Foundation.

NOTE 3 INVESTMENTS (CONTINUED)

Investments consist of the following at December 31:

Other Investments	$ 954,595
Money Market Mutual Funds	14,041,827
Marketable Equity Securities:	
Equity Mutual Funds - Short-Term Bond	18,088,261
Equity Mutual Funds - Global	2,947,500
Technology	6,693,217
Professional Services	2,199,135
Retail	3,535,321
Manufacturing	3,602,891
Other	817,294
Private Investment Funds:	
Hedge Funds	33,616,482
Fund of Funds - Real Estate	4,464,077
Private Equity	552,112
Total	$ 91,512,712

NOTE 4 FAIR VALUE MEASUREMENTS

As defined in accounting standards, 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. In determining fair value, the Foundation uses various methods including market, income and cost approaches. Based on these approaches, the Foundation often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the Foundation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

Marketable equity securities are based on quoted market prices and are categorized as Level 1 of the fair value hierarchy. Investments in money market funds are based net asset value per ownership share and are categorized as Level 2 of the fair value hierarchy.

Other investments represent annuity contracts purchased to fund student scholarships. These investments are valued based on activity for similar assets or liabilities, are categorized as Level 2 of the fair value hierarchy.

Investments in the private investment fund are categorized as Level 2 or Level 3 of the fair value hierarchy. These investments as of December 31, 2012 included a wide range of hedge funds and real estate ventures. Valuation is based on net asset value per ownership share or ownership of capital provided by the investment fund managers.

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

For the year ended December 31, 2012, the application of valuation techniques applied to similar assets and liabilities has been consistent. The tables below present the balance of assets and liabilities at December 31, 2012, which are measured at fair value on a recurring basis:

		Fair Value Measurements Using		
Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Other Investments	$ 954,595	$ -	$ 954,595	$ -
Money Market Mutual Funds	14,041,827	14,041,827	-	-
Marketable Equity Securities:				
Equity Mutual Funds - Short-Term Bond	18,088,261	18,088,261	-	-
Equity Mutual Funds - Global	2,947,500	2,947,500	-	-
Technology	6,693,217	6,693,217	-	-
Professional Services	2,199,135	2,199,135	-	-
Retail	3,535,321	3,535,321	-	-
Manufacturing	3,602,891	3,602,891	-	-
Other	817,294	817,294	-	-
Private Investment Funds:				
Hedge Funds	33,616,482	-	33,616,482	-
Fund of Funds - Real Estate	4,464,077	-	1,540,618	2,923,459
Private Equity	502,112	-	502,112	-
Total Investments	91,462,712	51,925,446	36,613,807	2,923,459
Liabilities				
Interest Rate Swap Liability	8,472,812	-	8,472,812	-
Total Fair Value Assets and Liabilities	$ 99,935,524	$ 51,925,446	$ 45,086,619	$ 2,923,459

The following table sets forth a summary of changes in the fair value of the Foundation's Level 3 assets for the year ended December 31, 2012:

	Funds of Funds Real Estate
Balance, Beginning of Year	$ 1,992,751
Purchases	1,036,000
Sales	(153,513)
Unrealized Loss	(60,895)
Dividends and Interest	142,428
Expenses	(33,312)
Balance, End of Year	$ 2,923,459

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

The inputs or methodology used for valuing financial instruments are not necessarily an indication of the risks associated with investing in those instruments.

Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of December 31, 2012:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Hedge Funds				
Hedge Fund - Long/ Short (a)	$ 10,377,551	$ 385,623	Monthly, Quarterly & Annually	5 - 60 Days
Hedge Fund - Multi Strategy (b)	3,871,903	-	Quarterly	45 Days
Hedge Fund - Distressed (c)	1,766,781	506,489	Monthly & Quarterly	10 - 30 Days
Hedge Fund - Managed Futures (d)	8,742,671	-	Quarterly	45 Days
Hedge Fund - Debt Arbitrage (e)	261,874	209,900	Quarterly	30 - 60 Days
Hedge Fund - Global (f)	8,595,702	-	Monthly	5 - 30 Days
Fund of Funds				
Fund of Funds Real Estate (g)	2,923,459	2,279,000	N/A	N/A
Fund of Funds Real Estate (g)	1,540,618	-	Quarterly	60 Days
Private Equity				
Private Equity - Global (h)	502,112	235,059	Quarterly	30 - 90 Days
Total	$ 38,582,671	$ 3,616,071		

a) This category invests in hedge funds that invest both long and short in equity, equity related and debt securities primarily acquired in privately-negotiated transactions, leveraged acquisitions, reorganizations, and other equity transactions and seek to provide the partners with long-term capital gains through such investments. The unobservable inputs used to determine the fair value of investments in this category has been estimated using the net asset value per share and are available to redeem at that value. This category consists of multiple separate funds. One of the funds, representing less than 1% of this category, is in liquidation and as such redemptions may be held. All other funds in this category are available to redeem at value.

b) This category invests in hedge funds that pursue multiple strategies to diversify risk and reduce volatility. The funds invest in various investment companies that employ long-short strategies, event-driven arbitrage strategies, distressed debt strategies, global private equity investments and global macro-economic investment strategies. The unobservable inputs used to determine the fair value of the investments in this category has been estimated using the net asset value per share of the investments and are available to redeem at that value.

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

c) This category consists of multiple hedge funds which concentrate on distressed securities investing. The funds invest primarily in stocks or bonds of companies in bankruptcy or financial distress. The unobservable inputs used to determine the fair value of this investment has been estimated using the equivalent to a net asset value per share and are available to redeem at value.

d) This category seeks to identify and take advantage of market trends and reversals. The unobservable inputs used to determine the fair value of the investments in this category has been estimated using the net asset value per share of the investments and are available to redeem at that value.

e) This category represents funds that invest directly and indirectly in debt instruments. The unobservable inputs used to determine the fair value of this investment has been estimated using the net asset value per share and are available to redeem at that value.

f) This category consists of multiple hedge funds which concentrate on global markets. The funds invest in various global private equity investments. The unobservable inputs used to determine the fair value of this investment has been estimated using the equivalent to a net asset value per share and are available to redeem at value.

g) This category invests in real estate investment trusts or similar entities, partnerships, limited liability companies, private real estate investment trusts or similar entities. This category represents three separate funds, all of which are not redeemable until 2014. The unobservable inputs used to determine the fair value of the investments in this category has been estimated using the net asset value per share of the investment.

h) This category represents funds that invest globally across all sectors of the private equity market. The unobservable inputs used to determine the fair value of this investment has been estimated using the net asset value per share and are available to redeem at that value.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2012:

Land	$ 163,914
Buildings	37,963,620
Computers and Office Equipment	515,241
Furniture and Fixtures	391,110
Leasehold Improvements	2,195,677
Software	2,746
	41,232,308
Less: Accumulated Depreciation	(8,547,184)
Property and Equipment, Net	$ 32,685,124

NOTE 6 BONDS PAYABLE AND INTEREST RATE SWAPS

Bonds payable were issued with the City of Las Vegas, Nevada as Economic Development Revenue Bonds on October 21, 2005, pursuant to a bond indenture between the City of Las Vegas and BNY Western Trust Company, as trustee. The bonds were issued for tax exempt purposes as qualified Internal Revenue Code Section 501(c)(3) nonhospital bonds. Total bonds payable for the year ended December 31, 2012 are $17,500,000. Proceeds were used for the redemption of $13,485,000 of bonds payable issued on June 1, 2003, and to finance building construction at the School. The bonds are secured by all of the Foundation's depository and investment accounts, its property and revenue and are due October 21, 2035.

Interest on the bonds is payable monthly at variable interest rates set weekly by a bond remarketing agent, subject to a 12% maximum. The initial weekly rate was 2.6%. Remarketing fees are 0.125% per year. Letter of credit fees are 0.475% per year. Bond holders can tender bonds for remarketing. The Foundation is required to maintain unrestricted cash and investments equal to 75% of the bond commitment.

The Foundation made a loan principal payment in 2012 in the amount of $735,000, which was according to the bond redemption schedule. The Foundation also made an additional loan principal payment of $16,770,000. These payments increase each year by about 5% - 6% to approximately $2,525,000 in the year 2035. This schedule can be waived or modified by the trustee. Also, the trustee and Foundation can agree to redeem bonds at any time in increments of $5,000.

Scheduled principal payments on bonds payable are as follows:

Year Ending December 31,	Scheduled Payment Amount	Contractual Payment Amount
2013	$ 775,000	$ 17,500,000
2014	820,000	-
2015	865,000	-
2016	910,000	-
2017	965,000	-
Thereafter	13,165,000	-
Total	$ 17,500,000	$ 17,500,000

The contractual payment column in the above schedule reflects the full value of the Foundation's revenue bonds to the City of Las Vegas as payable in fiscal 2013. The contractual payment arises from accounting standards that require debt obligations, which are subject to a remarketing agreement, secured by a letter of credit containing a reimbursement provision of less than one year be reflected as current debt obligation. The scheduled payment column reflects the anticipated payment schedule arising that there are no draws on the letter of credit and the bonds continue to be successfully remarketed.

NOTE 6 BONDS PAYABLE AND INTEREST RATE SWAPS (CONTINUED)

Pursuant to the loan agreement, the Foundation was issued a letter of credit which will permit the trustee to draw funds sufficient to make principal and interest payments. The letter of credit expires September 13, 2013.

The Foundation can elect to fix the rate of interest on the bonds. Such election will subject the bonds to sinking fund requirements that provide substantially level debt service payments and modification of early redemption rights.

The Foundation retains interest rate swap agreements and receives variable interest based on the seven-day bond Market Association Municipal Bond Index and 67% of the three-month US Dollar British Bankers' Association, London Inter-Bank Offered Rate. The Foundation pays fixed interest rates on the following terms:

Effective Date	Fixed Rate %	Term	Notional Amount
January 26, 2011	3.558	15 Years	$ 13,485,000
July 27, 2006	4.411	20 Years	10,392,500
July 27,2006	3.892	20 Years	10,392,500
			$ 34,270,000

Based on the Foundation's analysis, the swaps do not qualify for hedge treatment and all changes in fair market value are recorded in current earnings. The estimated fair value of the interest rate swaps for the year ended December 31, 2012 are $8,472,812 and are reported as a liability on the balance sheet. The swaps are categorized as Level 2 of the fair value hierarchy (see Note 3).

NOTE 7 NET ASSETS

The temporarily restricted and permanently restricted net asset balances as of December 31, 2012 consist of the following:

Temporarily Restricted:	
Pledges Restricted for Time	$ 1,870,428
Permanently Restricted:	
Permanent Endowment	145,264
Total	$ 2,015,692

NOTE 8 COMMITMENTS

Employee Benefit Plan

The Foundation offers its employees the opportunity to participate in a 401(k) plan. Employees must be employed for a minimum of six months and have completed 1,000 hours of service in order to participate. The Foundation may make a discretionary match to the employees' contribution for the plan year. The Foundation did not match any contributions during the year ended December 31, 2012.

NOTE 9 RELATED PARTY TRANSACTIONS

Effective October 2007, the Foundation started subleasing office space from Agassi Enterprises, Inc. on a month-to-month basis.

Due to related party represents advances from Agassi Enterprises, Inc. These advances are non-interest bearing and due on demand. At December 31, 2012, net amounts due to Agassi Enterprises, Inc. were approximately $56,000 and represents general and administrative expenses paid on behalf of the Foundation. In 2012, the Foundation reimbursed Agassi Enterprises, Inc. the following expenses which are included in salaries and benefits and general and administrative expenses in the accompanying statements of activities:

Employee Salary and Benefits	$	260,660
Travel and Entertainment Expenses		10,515
Office Rent		104,880
Total	$	376,055