

**UCLA ALUMNI ASSOCIATION**  
**(A NONPROFIT ORGANIZATION AFFILIATED WITH UCLA)**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2007**

**UCLA ALUMNI ASSOCIATION**  
**(A NONPROFIT ORGANIZATION AFFILIATED WITH UCLA)**  
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**June 30, 2007**

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SINGER LEWAK GREENBAUM & GOLDSTEIN LLP  
 Certified Public Accountants & Management Consultants

**INDEPENDENT AUDITOR'S REPORT**

LOS ANGELES  
 10960 Wilshire Blvd  
 Suite 1100  
 Los Angeles, CA 90024  
 Telephone: 310.477.3924  
 Fax: 310.478.6070  
 877-SLGG-LLP  
 (877) 754-4557

To the Board of Directors  
 UCLA Alumni Association  
 Los Angeles, California

We have audited the accompanying statement of financial position of the UCLA Alumni Association (a nonprofit organization affiliated with UCLA) (the "Association") as of June 30, 2007, and the related statements of activities, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year's summarized comparative information has been derived from the Association's June 30, 2006 financial statements and, in our report dated August 30, 2006, we expressed an unqualified opinion on those financial statements.

We conducted our audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2007 financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 2007, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Singer Lewak Greenbaum + Goldstein, LLP*

SINGER LEWAK GREENBAUM & GOLDSTEIN LLP

Los Angeles, California  
 September 6, 2007

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**UCLA ALUMNI ASSOCIATION**  
 (A NONPROFIT ORGANIZATION AFFILIATED WITH UCLA)  
**STATEMENT OF FINANCIAL POSITION**  
 June 30, 2007  
 (with Comparative Totals for 2006)

<b>ASSETS</b>		<u>2007</u>	<u>2006</u>
<b>Assets</b>			
Cash and cash equivalents		\$ 386,753	\$ 171,226
Accounts and interest receivable		212,705	179,565
Prepaid expenses and other assets		413,869	184,665
Investments, at fair value (cost, \$13,238,695 and \$12,498,225 for 2007 and 2006, respectively)		<u>16,198,272</u>	<u>14,206,369</u>
<b>Total assets</b>		<b><u>\$ 17,211,599</u></b>	<b><u>\$ 14,741,825</u></b>

<b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities</b>			
University of California, Los Angeles		\$ 484,594	\$ 493,486
Accounts payable and accrued expenses		4,305	2,008
Grant payable, net		426,469	463,304
Deferred revenue		<u>201,505</u>	<u>64,508</u>
<b>Total liabilities</b>		<u>1,116,873</u>	<u>1,023,306</u>
<b>Net assets</b>			
Unrestricted			
Working Capital		909,255	327,103
Long-Term Fund		14,905,016	13,195,596
Opportunity Fund		<u>280,455</u>	<u>195,820</u>
<b>Total net assets</b>		<u>16,094,726</u>	<u>13,718,519</u>
<b>Total liabilities and net assets</b>		<b><u>\$ 17,211,599</u></b>	<b><u>\$ 14,741,825</u></b>

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

**UCLA ALUMNI ASSOCIATION**  
 (A NONPROFIT ORGANIZATION AFFILIATED WITH UCLA)  
**STATEMENT OF ACTIVITIES**  
 For the Year Ended June 30, 2007  
 (with Comparative Totals for the Year Ended 2006)

	Unrestricted	
	2007	2006
<b>Revenues, support and gains</b>		
Membership dues	\$ 1,335,067	\$ 1,470,261
Royalties and corporate sponsorship	1,320,785	2,241,458
Travel commissions	360,362	394,600
Bruin Woods	312,424	292,000
UCLA Foundation support	300,000	210,000
Program income	143,757	77,729
University support	110,000	110,000
Investment income	626,399	596,090
Net realized and unrealized gain on investments	1,795,956	668,718
Total revenues, support and gains	6,304,750	6,060,856
<b>Expenses</b>		
Program expenses		
Advocacy	10,623	10,313
Alumni relations	82,266	39,021
Chapters and clubs	82,883	78,119
Fundraising	73,086	34,416
Scholarships	58,355	46,421
Student activities and development	171,611	171,424
Travel	71,513	113,903
Volunteer relations	40,806	37,017
Support services		
Administration	137,439	298,394
Donor wall	23,165	463,304
Marketing	374,395	294,211
Membership	492,140	542,978
Salaries and benefits, full-time employees	2,131,710	2,143,347
Salaries and benefits, student staff	178,551	114,477
Total expenses	3,928,543	4,387,345

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

**UCLA ALUMNI ASSOCIATION**  
 (A NONPROFIT ORGANIZATION AFFILIATED WITH UCLA)  
**STATEMENT OF ACTIVITIES**  
 For the Year Ended June 30, 2007  
 (with Comparative Totals for the Year Ended 2006)

	Unrestricted	
	2007	2006
Change in net assets	\$ 2,376,207	\$ 1,673,511
Net assets, beginning of year	<u>13,718,519</u>	<u>12,045,008</u>
Net assets, end of year	<u>\$ 16,094,726</u>	<u>\$ 13,718,519</u>

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

**UCLA ALUMNI ASSOCIATION**  
 (A NONPROFIT ORGANIZATION AFFILIATED WITH UCLA)  
**STATEMENT OF CHANGES IN NET ASSETS**  
 For the Year Ended June 30, 2007  
 (with Comparative Totals for the Year Ended 2006)

	Unrestricted			Total
	Working Capital	Long-Term Fund	Opportunity Fund	
<b>Net assets, June 30, 2005</b>	\$ 385,905	\$ 11,556,603	\$ 102,500	\$ 12,045,008
Change in net assets				
Net assets transferred from Working Capital to Long-Term Fund	1,673,511	-	-	1,673,511
Investment income transferred to Long-Term Fund and Opportunity Fund	(295,905)	295,905	-	-
Net assets transferred from Working Capital to Long-Term Fund - Credit Card	(671,408)	663,088	8,320	-
Net assets transferred from Working Capital to Opportunity Fund - Credit Card	(680,000)	680,000	-	-
	(85,000)	-	85,000	-
<b>Net assets, June 30, 2006</b>	327,103	13,195,596	195,820	13,718,519
Change in net assets				
Net assets transferred from Long Term Fund to Working Capital	2,376,207	-	-	2,376,207
Net assets transferred from Opportunity Fund to Working Capital	796,000	(796,000)	-	-
Investment income transferred to Long-Term Fund and Opportunity Fund	40,000	-	(40,000)	-
Net assets transferred from Working Capital to Long-Term Fund - Credit Card	(1,795,755)	1,763,820	31,935	-
Net assets transferred from Working Capital to Opportunity Fund - Credit Card	(741,600)	741,600	-	-
	(92,700)	-	92,700	-
<b>Net assets, June 30, 2007</b>	<b>\$ 909,255</b>	<b>\$ 14,905,016</b>	<b>\$ 280,455</b>	<b>\$ 16,094,726</b>

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

**UCLA ALUMNI ASSOCIATION**  
(A NONPROFIT ORGANIZATION AFFILIATED WITH UCLA)  
**STATEMENT OF CASH FLOWS**  
For the Year Ended June 30, 2007  
(with Comparative Totals for the Year Ended 2006)

	2007	2006
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 2,376,207	\$ 1,673,511
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net realized and unrealized gain on investments	(1,795,956)	(668,718)
Discount amortization of grant payable	23,165	-
Increase in accounts and interest receivable	(33,140)	(12,986)
Increase in prepaid expenses and other assets	(229,204)	(2,795)
Increase (decrease) in liability to University of California, Los Angeles	(8,892)	135,476
Increase (decrease) in accounts payable and accrued expenses	2,297	(27,425)
Increase in grant payable	-	463,304
Increase (decrease) in deferred revenue	136,997	(969,222)
	471,474	591,145
<b>Cash flows from investing activities</b>		
Purchase of investments	(3,243,874)	(3,648,679)
Proceeds from sales of investments	3,047,927	3,110,113
	(195,947)	(538,566)
<b>Cash flows from financing activities</b>		
Payment on grant payable	(60,000)	-
	(60,000)	-
<b>Net increase in cash</b>	215,527	52,579
<b>Cash and cash equivalents, beginning of year</b>	171,226	118,647
<b>Cash and cash equivalents, end of year</b>	\$ 386,753	\$ 171,226

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



**UCLA ALUMNI ASSOCIATION**  
**(A NONPROFIT ORGANIZATION AFFILIATED WITH UCLA)**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2007

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**NOTE 1 – ORGANIZATION**

The mission of the UCLA Alumni Association (the "Association"), the campus alumni association of the University of California at Los Angeles ("UCLA"), is to enrich the lives of alumni and involve them in the future of UCLA. The Association, established in 1934, is a separately incorporated, tax-exempt membership organization that provides services and benefits to members. The Association's activities, which involve alumni and student volunteers, include providing professional networking opportunities and career assistance, awarding scholarships to new and continuing UCLA students, informing alumni and friends of legislative issues in California that directly impact UCLA and the University of California, and engaging UCLA students through a Student Alumni Association. The Association's Alumni Awards program recognizes distinguished members of the UCLA community. The Association also supports approximately 70 UCLA alumni groups, regional clubs and professional school organizations that promote the general welfare of UCLA.

**NOTE 2 – BASIS OF PRESENTATION**

The Association and certain other support groups of UCLA are closely connected operationally and financially. As such, the Association is required to adhere to rules and guidelines contained in the University of California Policy on Support Groups, Campus Foundations and Alumni Associations. For example, the Association occupies a facility on the UCLA campus, the employees of the Association are employees of UCLA but are charged back to the Association by UCLA; and UCLA makes payment of certain expenses on behalf of the Association, which are later reimbursed by the Association. These financial statements include only those transactions either incurred directly by or charged by UCLA to the Association.

However, both UCLA and the Association are engaged in alumni relations. The efforts made by the Association to UCLA alumni relations are not charged directly to UCLA. In turn, in pursuit of its comprehensive effort to serve the alumni of UCLA, UCLA and other support groups provide the use of personnel, facilities and assets to the Association and do not charge for said services. Accordingly, these financial statements do not reflect either the benefits provided to or received from UCLA to serve the alumni relations program as each group, including the Association, bear the expense for these costs. Furthermore, in their effort to manage alumni relations, certain key officials of UCLA have ex-officio positions on the Association's Board of Directors.

On behalf of UCLA, the Association administers approximately \$18.5 million in endowments held at the UCLA Foundation, which are mostly funded by private philanthropy. In that effort, the Association awarded 794 scholarships providing approximately \$1.1 million in scholarships and grants during the year ended June 30, 2007.

The scholarships are funded through the UCLA Foundation to UCLA students, and as such are not reflected on the Association's financial statements.

**UCLA ALUMNI ASSOCIATION**  
**(A NONPROFIT ORGANIZATION AFFILIATED WITH UCLA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

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**NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Investments

In order to maximize investment income, the Association's investments are pooled with other investments of UCLA affiliated entities, and are held in trust under the UCLA Foundation. The Association's interest in its own investments is determined through a unitization process based on the market value of the cash and securities placed in the pool by each participant. Investment income and net realized and unrealized gains and losses are allocated equitably based on the number of units assigned to each participant.

Deferred Revenue

Advances received under long-term contractual agreements are recognized as earned based on the terms of the agreement.

Membership Revenues

Membership dues, which include annual memberships, life memberships and installments on life memberships, are recorded as revenue when received.

Concentrations of Credit and Market Risk

Financial instruments which potentially subject the Association to concentrations of credit risk consist of cash and cash equivalents, and investments. The Association places its cash and cash equivalents with high credit, quality financial institutions. At times, the Association maintains balances in excess of the Federal Deposit Insurance Corporation insurance limit of \$100,000. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to cash and cash equivalents.

The Association holds significant investments in the form of short-term and long-term investment pools held by the UCLA Foundation, a related party. Credit risk is the failure of another party to perform in accordance with the contract terms. The Association is exposed to credit risk for the amount of the investments. The Association has never sustained a loss on any investment due to non-performance and does not anticipate any non-performance by the users of the securities.

As investments accounted for 94% of the Association's assets at June 30, 2007, the Association is exposed to significant market risk, which is the risk of changes in value of a financial instrument caused by fluctuations in interest rates, foreign exchange rates, and equity prices. The Association's investments are professionally managed.

Income Taxes

The Association is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code; however, certain activities of the Association are subject to unrelated business income taxes. Accordingly, a provision for federal or state income taxes has not been made in the accompanying financial statements.

**UCLA ALUMNI ASSOCIATION**  
 (A NONPROFIT ORGANIZATION AFFILIATED WITH UCLA)  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2007

**NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Use of Estimates

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

Reclassification

Certain prior year amounts have been reclassified to conform to current year presentation.

**NOTE 4 – INVESTMENTS**

The Alumni Association invests its funds with the UCLA Foundation in order to maximize the return on its investments. The Association holds investments in both the UCLA Foundation's Endowed Investment Pool as well as its Unendowed Investment Pool.

The Endowed Investment Pool has a long-term investment horizon and consists principally of equity securities, bonds, mutual funds, and alternative investments. The alternative instruments include hedge funds, private equity, and venture capital.

The Unendowed Investment Pool has a short-term investment horizon and consists principally of investments in the U.C. Regents Short-Term Investment Pool. Investments comprise the following at June 30:

	2007	2006
The UCLA Foundation		
Endowed Investment Pool, at fair value (cost, \$12,609,959 and \$12,230,020 for 2007 and 2006, respectively)	\$ 15,569,536	\$ 13,938,164
Unendowed Investment Pool, at cost, which approximates fair value	628,736	268,205
<b>Total investments</b>	<b>\$ 16,198,272</b>	<b>\$ 14,206,369</b>

**UCLA ALUMNI ASSOCIATION**  
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**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

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**NOTE 5 – GRANT PAYABLE**

During the year ended June 30, 2007, the Association made the first installment of \$60,000 of an irrevocable pledge in the amount of \$600,000 to the Regents of University of California on behalf of UCLA to support construction of the UCLA Donor Wall in the Court of Philanthropy. The irrevocable pledge is to be paid over a ten year period discounted at 5%, in annual installments of \$60,000, with the first payment due in June 2007. The present value of the future payments at the applied discount rate at June 30, 2007 was \$426,469.

**NOTE 6 – RELATED PARTY TRANSACTIONS**

The Association routinely transacts with UCLA, which generally includes expense chargebacks for expenses paid by UCLA on behalf of the Association. As further described in Note 2, such transactions resulted in a payable to UCLA at June 30, 2007 of \$484,594.

The Association received \$312,424 of revenue from Bruin Woods during the year ended June 30, 2007. In addition, the Association maintains a cash account for the benefit of the guests of Bruin Woods.