

UCLA ALUMNI ASSOCIATION
(A NONPROFIT ORGANIZATION AFFILIATED WITH UCLA)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2008

UCLA ALUMNI ASSOCIATION
(A NONPROFIT ORGANIZATION AFFILIATED WITH UCLA)
CONTENTS
June 30, 2008

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Activities	3
Statement of Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6 – 9

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San Diego
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INDEPENDENT AUDITOR'S REPORT

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, 2008, 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, 2007 financial statements and, in our report dated September 6, 2007, 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 2008 financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 2008, 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 LLP

Los Angeles, California
September 16, 2008

UCLA ALUMNI ASSOCIATION
(A NONPROFIT ORGANIZATION AFFILIATED WITH UCLA)
STATEMENT OF FINANCIAL POSITION
June 30, 2008
(with Comparative Totals for 2007)

	ASSETS	
Assets	2008	2007
Cash and cash equivalents	\$ 127,026	\$ 386,753
Accounts and interest receivable	213,937	212,705
Prepaid expenses and other assets	451,538	413,869
Investments, at fair value (cost, \$14,020,520 and \$13,238,695 for 2008 and 2007, respectively)	15,955,440	16,198,272
Total assets	\$ 16,747,941	\$ 17,211,599
LIABILITIES AND NET ASSETS		
Liabilities		
University of California, Los Angeles	\$ 615,108	\$ 484,594
Accounts payable and accrued expenses	32,634	4,305
Grant payable, net	387,793	426,469
Deferred revenue	47,590	201,505
Total liabilities	1,083,125	1,116,873
Net assets		
Unrestricted		
Working Capital	1,082,054	909,255
Long-Term Fund	14,423,136	14,905,016
Opportunity Fund	159,626	280,455
Total net assets	15,664,816	16,094,726
Total liabilities and net assets	\$ 16,747,941	\$ 17,211,599

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, 2008
(with Comparative Totals for the Year Ended 2007)

	Unrestricted	
	2008	2007
Revenues, support and gains		
Membership dues	\$ 1,299,282	\$ 1,335,067
Royalties and corporate sponsorship	1,367,671	1,320,785
Travel commissions	358,177	360,362
Bruin Woods	293,289	312,424
UCLA Foundation support	350,000	300,000
Program income	133,916	143,757
University support	110,000	110,000
Investment income	676,218	626,399
Net realized and unrealized gains (losses) on investments	(711,479)	1,795,956
	<u>3,877,074</u>	<u>6,304,750</u>
Expenses		
Program Expenses		
Advocacy	9,143	10,623
Alumni relations	69,344	82,266
Chapters and clubs	85,286	82,883
Fundraising	27,327	73,086
Scholarships	66,563	58,355
Student activities and development	206,536	171,611
Travel	129,366	71,513
Volunteer relations	53,160	40,806
Support Services		
Administration	299,865	137,439
Donor wall	21,323	23,165
Marketing	342,281	374,395
Membership	545,564	492,140
Salaries and benefits, full-time employees	2,236,604	2,131,710
Salaries and benefits, student staff	214,622	178,551
	<u>4,306,984</u>	<u>3,928,543</u>
Change in net assets	(429,910)	2,376,207
Net assets, beginning of year	<u>16,094,726</u>	<u>13,718,519</u>
Net assets, end of year	<u>\$ 15,664,816</u>	<u>\$ 16,094,726</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, 2008
(with Comparative Totals for the Year Ended 2007)

	Unrestricted			Total
	Working Capital	Long-Term Fund	Opportunity Fund	
Net assets, June 30, 2006	\$ 327,103	\$ 13,195,596	\$ 195,820	\$ 13,718,519
Change in net assets	2,376,207	-	-	2,376,207
Net assets transferred from Long-Term Fund to Working Capital	796,000	(796,000)	-	-
Net assets transferred from Opportunity Fund to Working Capital	40,000	-	(40,000)	-
Investment income transferred to Long-Term Fund and Opportunity Fund	(1,795,755)	1,763,820	31,935	-
Net assets transferred from Working Capital to Opportunity Fund and Long-Term Fund - Credit Card	(834,300)	741,600	92,700	-
Net assets, June 30, 2007	<u>909,255</u>	<u>14,905,016</u>	<u>280,455</u>	<u>16,094,726</u>
Change in net assets	(429,910)	-	-	(429,910)
Net assets transferred from Long-Term Fund to Working Capital	550,000	(550,000)	-	-
Net assets transferred from Opportunity Fund to Working Capital	200,000	-	(200,000)	-
Investment loss transferred to Long-Term Fund and Opportunity Fund	698,962	(684,105)	(14,857)	-
Net assets transferred from Working Capital to Opportunity Fund and Long-Term Fund - Credit Card	(846,253)	752,225	94,028	-
Net assets, June 30, 2008	<u>\$ 1,082,054</u>	<u>\$ 14,423,136</u>	<u>\$ 159,626</u>	<u>\$ 15,664,816</u>

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, 2008
(with Comparative Totals for the Year Ended 2007)

	2008	2007
Cash flows from operating activities		
Change in net assets	\$ (429,910)	\$ 2,376,207
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net realized and unrealized losses (gains) on investments	711,479	(1,795,956)
Discount amortization of grant payable	21,324	23,165
Increase in accounts and interest receivable	(1,232)	(33,140)
Increase in prepaid expenses and other assets	(37,669)	(229,204)
Increase (decrease) in liability to University of California, Los Angeles	130,514	(8,892)
Increase in accounts payable and accrued expenses	28,329	2,297
Increase (decrease) in deferred revenue	<u>(153,915)</u>	<u>136,997</u>
Net cash provided by operating activities	<u>268,920</u>	<u>471,474</u>
Cash flows from investing activities		
Purchase of investments	(4,098,227)	(3,243,874)
Proceeds from sales of investments	<u>3,629,580</u>	<u>3,047,927</u>
Net cash used in investing activities	<u>(468,647)</u>	<u>(195,947)</u>
Cash flows from financing activities		
Payment on grant payable	<u>(60,000)</u>	<u>(60,000)</u>
Net cash used in financing activities	<u>(60,000)</u>	<u>(60,000)</u>
Net increase (decrease) in cash	(259,727)	215,527
Cash and cash equivalents, beginning of year	<u>386,753</u>	<u>171,226</u>
Cash and cash equivalents, end of year	<u>\$ 127,026</u>	<u>\$ 386,753</u>

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, 2008

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 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 \$1.3 million in scholarships and grants during the year ended June 30, 2008.

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
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NOTES TO FINANCIAL STATEMENTS
June 30, 2008

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 95% of the Association's assets at June 30, 2008, 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, 2008

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.

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:

	<u>2008</u>	<u>2007</u>
The UCLA Foundation		
Endowed Investment Pool, at fair value (cost, \$13,002,443 and \$12,609,959 for 2008 and 2007, respectively)	\$ 14,937,363	\$ 15,569,536
Unendowed Investment Pool, at cost, which approximates fair value	<u>1,018,077</u>	<u>628,736</u>
Total investments	<u>\$ 15,955,440</u>	<u>\$ 16,198,272</u>

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June 30, 2008

NOTE 5 – GRANT PAYABLE

During the year ended June 30, 2008, the Association made the second 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 made in June 2007. The present value of the future payments at the applied discount rate at June 30, 2008 was \$387,793.

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, 2008 of \$615,108.

The Association received \$293,289 of revenue from Bruin Woods during the year ended June 30, 2008. In addition, the Association maintains a cash account for the benefit of the guests of Bruin Woods.