

**UCLA ALUMNI ASSOCIATION**  
**(A NONPROFIT ORGANIZATION AFFILIATED WITH UCLA)**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2005**

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**UCLA ALUMNI ASSOCIATION**  
**(A NONPROFIT ORGANIZATION AFFILIATED WITH UCLA)**  
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**June 30, 2005**

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

## INDEPENDENT AUDITOR'S REPORT

PARTNERS

TROY A.  
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GOLDSTEIN

NORMAN L.  
GREENBAUM

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) as of June 30, 2005, 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, 2004 financial statements and, in our report dated September 10, 2004, 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 2005 financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 2005, 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  
August 30, 2005



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**UCLA ALUMNI ASSOCIATION**  
(A NONPROFIT ORGANIZATION AFFILIATED WITH UCLA)  
**STATEMENT OF FINANCIAL POSITION**  
June 30, 2005  
(with Comparative Totals for 2004)

<b>ASSETS</b>		<u>2005</u>	<u>2004</u>
<b>Assets</b>			
Cash and cash equivalents	\$	118,647	\$ 165,082
Accounts and interest receivable		166,579	485,518
Prepaid expenses and other assets		181,869	227,114
Investments, at fair value (cost, \$11,233,718 and \$11,723,510 for 2005 and 2004, respectively)		<u>12,999,086</u>	<u>12,904,583</u>
<b>Total assets</b>	<b>\$</b>	<b><u>13,466,181</u></b>	<b>\$ <u>13,782,297</u></b>
 <b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities</b>			
University of California, Los Angeles	\$	358,010	\$ 452,339
Accounts payable and accrued expenses		29,433	108,067
Deferred revenue		<u>1,033,730</u>	<u>1,788,278</u>
Total liabilities		<u>1,421,173</u>	<u>2,348,684</u>
 <b>Commitments and contingencies (Note 5)</b>			
<b>Net assets</b>			
Unrestricted			
Working Capital		385,905	755,279
Long-Term Fund		11,556,603	9,653,334
Opportunity Fund		102,500	-
Capital Project Reserve		<u>-</u>	<u>1,025,000</u>
Total net assets		<u>12,045,008</u>	<u>11,433,613</u>
<b>Total liabilities and net assets</b>	<b>\$</b>	<b><u>13,466,181</u></b>	<b>\$ <u>13,782,297</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, 2005  
 (with Comparative Totals for 2004)

	Unrestricted	
	2005	2004
<b>Revenues, support and gains</b>		
Membership dues	\$ 1,559,649	\$ 1,538,411
Royalties and corporate sponsorship	917,127	1,866,122
Investment income	593,221	553,303
Net realized and unrealized gain on investments	729,453	1,159,316
Travel commissions	369,276	252,642
Bruin Woods	280,530	382,000
UCLA Foundation support	90,000	90,000
Program income	160,270	71,332
University support	100,000	100,000
	<u>4,799,526</u>	<u>6,013,126</u>
<b>Expenses</b>		
Program expenses		
Advocacy	10,631	27,136
Alumni relations	129,503	42,412
Career development	18,041	32,247
Chapters and clubs	51,255	59,378
Fundraising	26,468	56,420
Scholarships	45,833	45,698
Student activities and development	138,540	198,186
Student outreach	3,689	2,510
Travel	137,205	77,785
Volunteer relations	61,727	58,650
Support services		
Administration	186,643	211,474
Marketing	385,660	416,175
Membership	456,199	431,354
Salaries and benefits, full-time employees	2,377,963	2,430,715
Salaries and benefits, student staff	158,774	138,928
	<u>4,188,131</u>	<u>4,229,068</u>

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, 2005  
 (with Comparative Totals for 2004)

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	Unrestricted	
	2005	2004
<b>Change in net assets</b>	<b>\$ 611,395</b>	<b>\$ 1,784,058</b>
<b>Net assets, beginning of year</b>	<u>11,433,613</u>	<u>9,649,555</u>
<b>Net assets, end of year</b>	<u><b>\$ 12,045,008</b></u>	<u><b>\$ 11,433,613</b></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, 2005  
(with Comparative Totals for 2004)

	Unrestricted				Total
	Working Capital	Long-Term Fund	Opportunity Fund	Capital Project Reserve	
<b>Net assets, June 30, 2003</b>	\$ 556,310	\$ 8,068,245	\$ -	\$ 1,025,000	\$ 9,649,555
Change in net assets	1,784,058	-	-	-	1,784,058
Net assets transferred from Working Capital to Long-Term Fund	(187,470)	187,470	-	-	-
Investment income transferred from Long-Term Fund	(1,397,619)	1,397,619	-	-	-
<b>Net assets, June 30, 2004</b>	755,279	9,653,334	-	1,025,000	11,433,613
Change in net assets	611,395	-	-	-	611,395
Net assets transferred from Working Capital to Long-Term Fund	(258,095)	258,095	-	-	-
Investment income transferred to Long-Term Fund	(722,674)	722,674	-	-	-
Capital Project Reserve transfer to Long-Term Fund	-	922,500	-	(922,500)	-
Capital Project Reserve transfer to Opportunity Fund	-	-	102,500	(102,500)	-
<b>Net assets, June 30, 2005</b>	<b>\$ 385,905</b>	<b>\$ 11,556,603</b>	<b>\$ 102,500</b>	<b>\$ -</b>	<b>\$ 12,045,008</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, 2005**  
**(with Comparative Totals for 2004)**

	2005	2004
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 611,395	\$ 1,784,058
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Net realized and unrealized gain on investments	(729,453)	(1,159,316)
Decrease (increase) in accounts and interest receivable	318,939	(334,778)
Decrease (increase) in prepaid expenses and other assets	45,245	(49,179)
Increase (decrease) in liability to University of California, Los Angeles	(94,329)	44,301
Increase (decrease) in accounts payable and accrued expenses	(78,634)	11,188
Decrease in deferred revenue	(754,548)	(619,433)
	(681,385)	(323,159)
<b>Net cash used in operating activities</b>		
<b>Cash flows from investing activities</b>		
Purchase of investments	(3,673,168)	(3,989,838)
Proceeds from sales of investments	4,308,118	3,644,250
	634,950	(345,588)
<b>Net cash provided by (used in) investing activities</b>		
<b>Net decrease in cash</b>	(46,435)	(668,747)
<b>Cash and cash equivalents, beginning of year</b>	165,082	833,829
<b>Cash and cash equivalents, end of year</b>	\$ 118,647	\$ 165,082

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, 2005

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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 \$14 million in endowments, which are mostly funded by private philanthropy. In that effort, the Association awarded 798 scholarships providing approximately \$1 million in scholarships and grants to UCLA students during the year ended June 30, 2005.

**UCLA ALUMNI ASSOCIATION**  
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**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2005

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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 amortized into income on a straight-line basis over the term 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 97% of the Association's assets at June 30, 2005, 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.

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**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2005

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

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.

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 Long-Term Fund was established to provide investment income for the Association. Allocations to the Long-Term Fund are made pursuant to the bylaws and standing rules of the Association. Certain investments have been designated by the Board of Directors for the Long-Term Fund. Assets allocated to the Long-Term Fund and other investments have been placed in the UCLA Foundation Endowed and Unendowed Investment Pools.

The Endowed Investment Pool consists principally of equity securities, bonds, mutual funds and limited partnerships. The Unendowed Investment Pool consists principally of corporate and government bonds, secured mortgages and a U.C. Regents Short-Term Investment Pool. Investments comprised the following at June 30:

	<u>2005</u>	<u>2004</u>
Long-Term Fund		
Endowed Investment Pool, at fair value (cost, \$10,107,132 and \$9,068,939 for 2005 and 2004, respectively)	<u>\$ 11,556,603</u>	<u>\$ 9,653,334</u>
Other investments		
Endowed Investment Pool, at fair value (cost, \$421,042 and \$2,085,979 for 2005 and 2004, respectively)	736,939	2,682,659
Unendowed Investment Pool, at cost, which approximates fair value	<u>705,544</u>	<u>568,590</u>
Total other investments	<u>1,442,483</u>	<u>3,251,249</u>
<b>Total investments</b>	<b><u>\$ 12,999,086</u></b>	<b><u>\$ 12,904,583</u></b>

**UCLA ALUMNI ASSOCIATION**  
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**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2005

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**NOTE 4 – INVESTMENTS (Continued)**

In June 2005, to better reflect the purpose and their respective use, the Association's Board of Directors changed the name of the Life Membership Fund to the Long-Term Fund. In addition, the Board of Directors created the Opportunity Fund and liquidated the Capital Projects Reserve allocating a portion of the reserve to establish the Opportunity Fund with the remainder transferred to the Long-Term Fund. The purpose of the Opportunity Fund is to establish capital to pursue non-recurring opportunities presented to or pursued by the Association.

**NOTE 5 - COMMITMENTS AND CONTINGENCIES**

In May 1999, the Association entered into a commitment for certain rights to advertising and signage with the UCLA Athletic Department. For a period of 10 years through June 2009, the Association will pay \$127,000 per year for such rights. These rights have been assigned to a third party with commensurate annual compensation through October 2006. (See Note 3.)

In September 2004, the Association's largest corporate sponsor informed the Association of a dispute. Until the dispute is resolved, the outcome of the dispute is uncertain. As such, no journal entries reflecting amounts due to or due from the sponsor have been reflected in the accompanying financial statements.

**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, 2005 of \$358,010.