

Jonsson Cancer Center Foundation/UCLA

Financial Statements

For the Year Ended June 30, 2011

(With Summarized Financial Information

For the Year Ended June 30, 2010)

Jonsson Cancer Center Foundation/UCLA
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June 30, 2011
(With summarized comparative information as of June 30, 2010)

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Report of Independent Auditors

The Board of Directors of
Jonsson Cancer Center Foundation/UCLA

In our opinion, the accompanying statement of financial position and the related statements of activities and cash flows present fairly, in all material respects, the financial position of the Jonsson Cancer Center Foundation/UCLA (the "Foundation") at June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Foundation's 2010 financial statements, and in our report dated November 4, 2010, we expressed an unqualified opinion on those financial statements. We conducted our audit of these statements 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

November 4, 2011

Jonsson Cancer Center Foundation/UCLA
Statement of Financial Position
June 30, 2011
(With summarized comparative information as of June 30, 2010)

	2011	2010
Assets		
Cash and investments		
Cash and cash equivalents	\$ 41,325	\$ 48,239
The UCLA Foundation unendowed short-term investment pool	4,845,332	4,502,595
University of California Regents, general endowment pool	4,093,027	3,674,303
The UCLA Foundation endowed investment pool	<u>2,198,607</u>	<u>1,991,883</u>
Total cash and investments	11,178,291	10,217,020
Accrued investment income	171,451	54,126
Accounts receivable and other assets	27,612	36,941
Contributions receivable, net	408,674	859,764
Contributions receivable from split-interest agreements	<u>363,943</u>	<u>287,440</u>
Total assets	<u>\$ 12,149,971</u>	<u>\$ 11,455,291</u>
Liabilities and Net Assets		
Liabilities		
Grants payable and accrued expenses	<u>\$ 5,791</u>	<u>\$ 1,374</u>
Total liabilities	5,791	1,374
Net assets		
Unrestricted	7,390,660	6,920,949
Temporarily restricted	660,493	858,665
Permanently restricted	<u>4,093,027</u>	<u>3,674,303</u>
Total net assets	<u>12,144,180</u>	<u>11,453,917</u>
Total liabilities and net assets	<u>\$ 12,149,971</u>	<u>\$ 11,455,291</u>

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

Jonsson Cancer Center Foundation/UCLA
Statement of Activities
Year Ended June 30, 2011
(With summarized financial information for the year ended June 30, 2010)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2011 Total	2010 Total
Revenue, gains/(losses), and other support					
Contributions	\$ 1,549,218	\$ 8,633,953	\$ -	\$ 10,183,171	\$ 9,150,659
Benefits-Institute chapters	91,899	-	-	91,899	88,448
Investment income	238,813	45,253	-	284,066	323,005
Net unrealized and realized gains	206,724	238,040	418,724	863,488	420,219
Change in value of split-interest agreements	(616)	77,119	-	76,503	32,593
Contributions released from restrictions	9,192,537	(9,192,537)	-	-	-
Total revenue, gains/ (losses), and other support	<u>11,278,575</u>	<u>(198,172)</u>	<u>418,724</u>	<u>11,499,127</u>	<u>10,014,924</u>
Expenses					
Program services					
Seed grants	227,904	-	-	227,904	254,982
Other grants	9,747,655	-	-	9,747,655	8,393,513
Total program services	<u>9,975,559</u>	<u>-</u>	<u>-</u>	<u>9,975,559</u>	<u>8,648,495</u>
Fundraising	357,370	-	-	357,370	317,380
Management and general	475,935	-	-	475,935	424,349
Total expenses	<u>10,808,864</u>	<u>-</u>	<u>-</u>	<u>10,808,864</u>	<u>9,390,224</u>
Change in net assets	469,711	(198,172)	418,724	690,263	624,700
Net assets at beginning of year	6,920,949	858,665	3,674,303	11,453,917	10,829,217
Net assets at end of year	<u>\$ 7,390,660</u>	<u>\$ 660,493</u>	<u>\$ 4,093,027</u>	<u>\$ 12,144,180</u>	<u>\$ 11,453,917</u>

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

Jonsson Cancer Center Foundation/UCLA

Statement of Cash Flows

Year Ended June 30, 2011

(With summarized comparative information for the year ended June 30, 2010)

	2011	2010
Cash flows from operating activities		
Change in net assets	\$ 690,263	\$ 624,700
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities		
Noncash gifts	(108,033)	(57,007)
Realized and unrealized gain on investments	(863,488)	(420,219)
Changes in assets and liabilities		
Accrued investment income	(117,325)	125,038
Accounts receivable and other assets	9,329	73,580
Contributions receivable, net	451,090	92,111
Contributions receivable from split-interest agreements	(76,503)	(32,594)
Grants payable and accrued expenses	4,417	(1,009,928)
Net cash provided by/(used in) operating activities	<u>(10,250)</u>	<u>(604,319)</u>
Cash flows from investing activities		
Proceeds from sales of investments	7,114,501	8,193,657
Purchase of investments	<u>(7,111,165)</u>	<u>(7,650,131)</u>
Net cash (used in)/provided by investing activities	3,336	543,526
Cash flows from financing activities		
Cash received for long-term contributions	1,539,572	1,753,596
Cash transferred to UCLA Foundation	<u>(1,539,572)</u>	<u>(1,753,596)</u>
Net cash used in financing activities	-	-
Net decrease in cash and cash equivalents	(6,914)	(60,793)
Cash and cash equivalents, beginning of year	<u>48,239</u>	<u>109,032</u>
Cash and cash equivalents, end of year	<u>\$ 41,325</u>	<u>\$ 48,239</u>
Supplemental noncash activities information		
Gifts of securities	\$ 108,033	\$ 57,007

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

Jonsson Cancer Center Foundation/UCLA

Notes to Financial Statements

June 30, 2011

1. Organization

The Jonsson Cancer Center Foundation/UCLA (the "Foundation") is a nonprofit organization whose primary purpose is to raise and distribute funds for cancer research at UCLA. UCLA provides the facilities and the staff for the operation and administration of the Foundation's activities. The Foundation transfers monies to UCLA, which assumes responsibility for actual disbursement. The Foundation has two independently operated chapters located throughout the greater Los Angeles area that assist in the fund raising effort.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and with the AICPA Audit and Accounting Guide "Not-for-Profit Organizations".

Recently Adopted New Accounting Pronouncements

The Financial Accounting Standards Board ("FASB") issued an accounting standards update that provides for new disclosure requirements related to fair value measurements. The requirements, which the Foundation adopted effective July 1, 2010, includes separate disclosure of significant transfers in and out of Levels 1 and 2 and the reasons for the transfers. The update also clarified existing disclosure requirements for the level of disaggregation, inputs and valuation techniques. Since the guidance affects disclosures only, the adoption did not have a material impact on the Foundation's financial statements.

Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2010, from which the summarized information was derived.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Foundation considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

Contributions Receivable

Unconditional promises to give are recorded at fair value. To determine fair value, an annual discount rate was applied to future payments. In accordance with the fair value standards, the discount rates used were determined using a risk free rate adjusted for the risk of donor default. Amortization of these discounts is included in contribution revenue. Conditional promises to give are not included as revenue until the conditions are substantially met. Contributions receivable are reviewed for collectability and reserves for uncollectible amounts are established when needed.

Jonsson Cancer Center Foundation/UCLA
Notes to Financial Statements
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

Contributions Receivable from Split Interest Agreements

The Foundation is a beneficiary of assets held in trusts administered by other trustees. Contributions receivable from split interest agreements are recorded at estimated fair value of the amount held by the trustee that is due to the Foundation. The Foundation uses an interest rate commensurate with the risks involved and changes in life expectancy to discount the contributions receivable. The amortization of this discount and changes in actuarial assumptions are reflected in the Statement of Activities as a change in value of split-interest agreements.

Net Assets

The net assets of the Foundation are reported within categories as follows:

Permanently Restricted Net Assets

The portion of net assets resulting (a) from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation, and (b) from reclassification from (or to) other classes of net assets as a consequence of donor-imposed stipulations.

Temporarily Restricted Net Assets

The portion of net assets resulting (a) from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations, and (b) from reclassification to (or from) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of the Foundation pursuant to those stipulations. Temporarily restricted net assets are to be used solely for cancer research.

Unrestricted Net Assets

The portion of net assets that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. The only limits on unrestricted net assets are broad limits resulting from the nature of the Foundation and the purposes specified in its articles of incorporation or bylaws and, perhaps, limits resulting from contractual agreements. Unrestricted net assets include Board designated funds.

Revenue Recognition

Contributions, including the fair value of unconditional pledges, are recorded as revenues when received. Investment income and realized gains or losses are recognized as revenues when earned or realized, respectively. Unrealized investment gains or losses are recorded in the Statement of Activities as a result of changes in fair value.

Income Taxes

The Foundation is exempt from federal income and California franchise taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation is a public charity described in Section 501(a)(2) and corresponding California Revenue and Taxation Code sections.

Jonsson Cancer Center Foundation/UCLA

Notes to Financial Statements

June 30, 2011

2. Summary of Significant Accounting Policies (continued)

Subsequent Events

Subsequent events have been evaluated through November 4, 2011, which is the date the financial statements were available to be issued.

3. Investment Pools

The Foundation invests its funds in the University of California Regents' ("UC Regents") General Endowment Pool ("GEP") as well as the UCLA Foundation's endowed and unendowed investment pools ("EIP" and "UIP", respectively) in order to maximize its investment returns. Both the UC Regents' and the UCLA Foundation's endowed investment pools have a long-term investment horizon and hold investments in equity securities, alternative investments and fixed income instruments. Alternative investments include hedge funds, private equity, and venture capital.

These investment pools, whether held by the UC Regents or by the UCLA Foundation, are accounted for using a unitized investment pool methodology. The fair values of these investments have been estimated using net asset value as determined by the pool's manager (the UC Regents or the UCLA Foundation). At each month-end, a fair value unit price is established based on the value of endowed pool assets (end of the month) divided by the total number of pool units at the beginning of the month. Monthly investment income, realized and unrealized gains and losses are allocated equitably based on the units owned by each participant. There are no restrictions on the redemptions of these investments. For EIP, existing units can only be sold at month-end and for GEP, withdrawal from the corpus may be made only during the fourth quarter of a fiscal year. Both EIP and GEP investments are considered as Level 2 within the fair value hierarchy of ASC 820 fair value measurements.

The UCLA Foundation's UIP has a short-term investment horizon and consists principally of investments in the UC Regents' short-term investment pool ("STIP"). The UC Regents' STIP is invested in high quality money market and fixed income instruments with the objective to maximize returns consistent with safety of principal, liquidity, and cash flow requirements. The UCLA Foundation does not place any restrictions on amounts or frequency of trades for entities invested in its UIP. As such, it is a highly liquid asset similar to a money market fund and is valued at its net asset value of \$1.00. This investment is considered as Level 2 within the fair value hierarchy of ASC 820 fair value measurements.

The Foundation is exposed to credit risk for the amount of the investments in the event of nonperformance by the other parties to the investment transactions. To minimize any potential risk, both the UC Regents and the UCLA Foundation maintain investment guidelines.

Jonsson Cancer Center Foundation/UCLA
Notes to Financial Statements
June 30, 2011

3. Investment Pools (continued)

The following table summarizes the Foundation's investments at June 30, 2011, stated at fair value:

Investments	
The UCLA Foundation's UIP	\$ 4,845,332
The UC Regents' GEP	4,093,027
The UCLA Foundation's EIP	<u>2,198,607</u>
Total	<u>\$ 11,136,966</u>

4. Fair Value Measurements

Certain Foundation assets are measured and reported in the financial statements at fair value on a recurring basis. The fair value hierarchy of valuation techniques is utilized to determine such fair value. The three levels of the fair value hierarchy are as follows:

- Level 1 Quoted market prices in active markets for identical assets.
- Level 2 Quoted prices in active markets for similar assets; quoted prices for identical assets in markets that are inactive; and prices based on observable inputs other than an unadjusted quoted price.
- Level 3 Pricing inputs are unobservable for the assets.

Valuation inputs may be observable or unobservable, and refer to the assumptions that a market participant would consider significant to value an asset or liability. The determination of "observable" requires judgment by the Foundation. In general, the Foundation considers observable inputs to be data that are readily available, regularly updated, reliable, and verifiable. Unobservable inputs may be used when observable inputs are not readily available or current. In this situation, one or more valuation techniques may be used including the market approach (inputs based on recent market transactions or comparables) or the income approach (discounted cash flow).

The following table summarizes the valuation of the Foundation's assets by the ASC 820 fair value hierarchy levels as of June 30, 2011:

	Total	Level 2	Level 3
Investments			
The UCLA Foundation's UIP	\$ 4,845,332	\$ 4,845,332	\$ -
The UC Regents' GEP	4,093,027	4,093,027	-
The UCLA Foundation's EIP	<u>2,198,607</u>	<u>2,198,607</u>	-
Total investments	<u>11,136,966</u>	<u>11,136,966</u>	<u>-</u>
Contributions receivable from Split-interest agreements	<u>\$ 363,943</u>	<u>\$ -</u>	<u>\$ 363,943</u>

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Notes to Financial Statements
June 30, 2011

4. Fair Value Measurements (continued)

The following is a reconciliation of Level 3 assets. The table represents activities of Level 3 assets held at the beginning and the end of the period.

Contributions receivable from split interest agreements:

Balance at June 30, 2010	\$ 287,440
Change in value of split-interest agreements	<u>76,503</u>
Balance at June 30, 2011	<u>\$ 363,943</u>

5. Contributions Receivable

Contributions receivable includes the following at June 30, 2011:

Less than one year	\$ 246,393
One to five years	<u>175,000</u>
Total	421,393
Less: Discount for future payments	<u>(12,719)</u>
Total contributions receivable, net	<u>\$ 408,674</u>

6. Other Grants

Other grants for the year ended June 30, 2011 were made to UCLA programs as follows:

Research Support	\$ 5,871,030
Programmatic Initiatives	2,781,625
STOP CANCER	300,000
JCCC Programmatic Support	
Clinical/Translational Support	150,000
Director's Discovery	50,000
Information/Outreach	35,000
Program Areas	35,000
Recruitment/Retention	225,000
Transdisciplinary Grants	<u>300,000</u>
Total	<u>\$ 9,747,655</u>