

# **Jonsson Cancer Center Foundation/UCLA**

**Financial Statements  
June 30, 2013 and 2012**

# Jonsson Cancer Center Foundation/UCLA

## Index

June 30, 2013 and 2012

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## **Independent Auditor's Report**

The Board of Directors  
Jonsson Cancer Center Foundation/UCLA

We have audited the accompanying financial statements of net position and the related statements of revenues, expenses and changes in net position and of cash flows of the Jonsson Cancer Center Foundation/UCLA (the "Foundation"), a component unit of the University of California, as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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.

### ***Auditor's 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 our 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, we consider internal control relevant to the Foundation'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 Foundation'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.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Foundation at June 30, 2013 and 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.



***Emphasis of Matter***

As discussed in Note 2 to the financial statements, the Company changed the manner in which it accounts for Funds held in trusts by others for the year ended June 30, 2013. Our opinion is not modified with respect to this matter.

***Other Matters***

The accompanying management's discussion and analysis on pages 3 through 5 are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*PricewaterhouseCoopers LLP*

September 18, 2013

# **Jonsson Cancer Center Foundation/UCLA Management's Discussion and Analysis (Unaudited) June 30, 2013 and 2012**

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The Jonsson Cancer Center Foundation/UCLA, formerly the California Institute for Cancer Research, was established in 1956. The primary purpose of the Jonsson Cancer Center Foundation/UCLA ("Foundation") is to raise and distribute funds for cancer research at the University of California, Los Angeles ("UCLA").

The following discussion and analysis of the Foundation's financial performance presents an overview of its financial activities for the fiscal year ended June 30, 2013 ("FY13") with selected comparative information for the fiscal year ended June 30, 2012 ("FY12"). This discussion and analysis has been prepared by management and should be read in conjunction with the accompanying audited financial statements and footnotes.

## **Financial Highlights**

In FY13, the Foundation's net position, which represents the excess of total assets over total liabilities, increased by \$0.6 million to \$14.3 million as of June 30, 2013 due to an increase in investments and pledge receivables. This increase was offset by a decrease due to the write-off of certain trusts held by others due to a change in accounting principle which was implemented by the University of California and all of its component units (Note 2).

The Foundation's operating revenues totaled \$13 million for FY13, a slight decrease from FY12. The Foundation's program expenditures to support cancer research totaled \$11.2 million, a 6% increase over FY12. The decreased operating revenue combined with the increase of total operating expenses of \$12.2 million resulted in operating income of \$0.8 million in FY13.

## **Using This Report**

This annual report consists of a series of financial statements prepared in accordance with the Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis - For State and Local Governments.

The Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows present financial information in a form similar to that used by private sector companies. The Foundation's net position (the difference between assets and liabilities) is one indicator of the Foundation's financial health. Over time, increases or decreases in net position is one indicator of the improvement or erosion of the Foundation's financial condition when considered in combination with other nonfinancial information.

The Statements of Net Position include all assets and liabilities. The Statements of Revenues, Expenses and Changes in Net Position present revenues earned and expenses incurred during the year. Activities are reported as either operating or non-operating, with gifts reported as operating revenues and investment results reported as non-operating revenues. These statements are prepared using the accrual basis of accounting. Another way to assess the financial health of the Foundation is to look at the Statements of Cash Flows. Its primary purpose is to provide relevant information about the sources and uses of cash of an entity during a given period.

**Jonsson Cancer Center Foundation/UCLA  
Management's Discussion and Analysis (Unaudited)  
June 30, 2013 and 2012**

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**Condensed Statements of Net Position**

	2013		2012		2011	
<b>Assets</b>						
Current assets	\$ 6,487,644	45%	\$ 5,761,286	42%	\$ 5,332,113	44%
Non-current assets	7,870,373	55	7,912,017	58	6,817,858	56
Total assets	<u>14,358,017</u>	<u>100</u>	<u>13,673,303</u>	<u>100</u>	<u>12,149,971</u>	<u>100</u>
<b>Liabilities</b>						
Current liabilities	34,500	100	7,290	100	5,791	100
Non-current liabilities	-	-	-	-	-	-
Total liabilities	<u>34,500</u>	<u>100</u>	<u>7,290</u>	<u>100</u>	<u>5,791</u>	<u>100</u>
<b>Net position</b>						
Restricted						
Expendable	6,432,786	45	6,368,057	47	4,753,520	39
Unrestricted	7,890,731	55	7,297,956	53	7,390,660	61
Total net position	<u>\$ 14,323,517</u>	<u>100%</u>	<u>\$ 13,666,013</u>	<u>100%</u>	<u>\$ 12,144,180</u>	<u>100%</u>

The Condensed Statements of Net Position show assets, liabilities and net position for fiscal years 2013, 2012, and 2011. In FY13, the Foundation's total assets increased by \$0.7 million to \$14.3 million. Current assets increased by \$0.7 million to \$6.5 million and represented 45% of total assets (2013: 45%, 2012: 42%, 2011: 44%). Current assets consist primarily of short-term investments and pledges receivable within one year.

Non-current assets decreased slightly to \$7.9 million and comprised 55% of total assets (2013: 55%, 2012: 58%, 2011: 56%). Non-current assets consist of long-term investments, pledges receivable, and funds held in trust by others and related parties.

**Jonsson Cancer Center Foundation/UCLA  
Management's Discussion and Analysis (Unaudited)  
June 30, 2013 and 2012**

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**Condensed Statements of Revenues, Expenses and Changes in Net Position**

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Operating revenues and expenses</b>			
Contributions	\$ 13,005,443	\$ 13,034,566	\$ 10,275,070
Expenses	<u>12,158,160</u>	<u>11,507,087</u>	<u>10,808,864</u>
Operating income (loss)	<u>847,283</u>	<u>1,527,479</u>	<u>(533,794)</u>
<b>Non-operating revenues (expenses)</b>			
Investment income	280,170	285,931	284,066
Increase (decrease) in fair value of investments	581,790	(245,920)	863,488
Change in value of funds held in trust by others	-	(43,304)	-
Change in value of funds held in trust by related parties	<u>(65,795)</u>	<u>(2,353)</u>	<u>76,503</u>
Non-operating income (loss)	<u>796,165</u>	<u>(5,646)</u>	<u>1,224,057</u>
 Increase in net position	 <u>1,643,448</u>	 <u>1,521,833</u>	 <u>690,263</u>
<b>Net position</b>			
Beginning of year	13,666,013	12,144,180	11,453,917
Cumulative effect of change in accounting principle	<u>(985,944)</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ 14,323,517</u>	<u>\$ 13,666,013</u>	<u>\$ 12,144,180</u>

The Condensed Statements of Revenues, Expenses and Changes in Net Position summarize operating income/(loss), non-operating income/(loss) for fiscal years 2013, 2012, and 2011. During FY13, the Foundation's net position increased by \$0.7 million primarily due to an increase in the fair value of investments.

In FY13, the Foundation recorded \$0.8 million in operating income as compared to the two previous years, which ended with operating income of \$1.5 million in FY12 and operating losses of \$0.5 million in FY11. The change from FY12 to FY13 is primarily due to an increase in program support provided by the Foundation to UCLA.

**Factors Impacting Future Periods**

Management is not aware of any factors that would have a significant impact on future periods.

**Jonsson Cancer Center Foundation/UCLA**  
**Statements of Net Position**  
**June 30, 2013 and 2012**

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	2013	2012
<b>Assets</b>		
Current assets		
Cash	\$ 81,713	\$ 63,048
Short-term investments	5,422,747	4,861,651
Accounts and other receivables	48,637	51,241
Accrued investment income	182,030	167,013
Pledges receivable, net	752,517	618,333
Total current assets	<u>6,487,644</u>	<u>5,761,286</u>
Non-current assets		
Long-term investments	6,387,423	5,929,603
Funds held in trust by others	-	985,944
Funds held in trust by related parties	407,679	239,927
Pledges receivable, net	1,075,271	756,543
Total non-current assets	<u>7,870,373</u>	<u>7,912,017</u>
Total assets	<u>\$ 14,358,017</u>	<u>\$ 13,673,303</u>
<b>Liabilities and Net Position</b>		
Current liabilities		
Accounts and grants payable	\$ 34,500	\$ 7,290
Total current liabilities	<u>34,500</u>	<u>7,290</u>
Total liabilities	<u>34,500</u>	<u>7,290</u>
<b>Net position</b>		
Restricted		
Expendable		
Funds functioning as endowments	4,175,679	3,886,557
Gifts	2,257,107	2,481,500
Unrestricted	7,890,731	7,297,956
Total net position	<u>14,323,517</u>	<u>13,666,013</u>
Total liabilities and net position	<u>\$ 14,358,017</u>	<u>\$ 13,673,303</u>

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

**Jonsson Cancer Center Foundation/UCLA**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**Years Ended June 30, 2013 and 2012**

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	2013	2012
<b>Operating revenues</b>		
Contributions	\$ 12,898,430	\$ 12,934,281
Benefits - institute chapter	107,013	100,285
Total operating revenues	<u>13,005,443</u>	<u>13,034,566</u>
<b>Operating expenses</b>		
Program Services		
Seed grants	397,062	399,944
Other grants	10,778,334	10,137,684
Subtotal: Program Services	<u>11,175,396</u>	<u>10,537,628</u>
Fundraising	443,926	403,171
Management and general	538,838	566,288
Total operating expenses	<u>12,158,160</u>	<u>11,507,087</u>
Operating income	<u>847,283</u>	<u>1,527,479</u>
<b>Non-operating revenues (expenses)</b>		
Investment Income	280,170	285,931
Increase (decrease) in fair value of investments	581,790	(245,920)
Change in value of funds held in trust by others	-	(43,304)
Change in value of funds held in trust by related parties	(65,795)	(2,353)
Non-operating income (loss)	<u>796,165</u>	<u>(5,646)</u>
Increase in net position	1,643,448	1,521,833
<b>Net position</b>		
Beginning of year	13,666,013	12,144,180
Cumulative effect of change in accounting principle	(985,944)	-
End of year	<u>\$ 14,323,517</u>	<u>\$ 13,666,013</u>

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

**Jonsson Cancer Center Foundation/UCLA**  
**Statements of Cash Flows**  
**Years Ended June 30, 2013 and 2012**

	2013	2012
<b>Cash flows from operating activities</b>		
Contributions	\$ 11,773,775	\$ 11,008,382
Operating expenses	<u>(12,130,950)</u>	<u>(11,505,588)</u>
Net cash used in operating activities	<u>(357,175)</u>	<u>(497,206)</u>
<b>Cash flows from investing activities</b>		
Proceeds from sales of investments	671,783	244,879
Purchases of investments	(561,096)	(16,319)
Interest and dividends on investments	<u>265,153</u>	<u>290,369</u>
Net cash provided by investing activities	<u>375,840</u>	<u>518,929</u>
Net increase in cash	18,665	21,723
<b>Cash</b>		
Beginning of year	<u>63,048</u>	<u>41,325</u>
End of year	<u>\$ 81,713</u>	<u>\$ 63,048</u>
<b>Reconciliation of operating income to net cash used in by operating activities</b>		
Operating income	\$ 847,283	\$ 1,527,479
Adjustments to reconcile operating income to net cash used in operating activities		
Non-cash gifts	(547,813)	(128,768)
Changes in assets and liabilities		
Accounts and other receivables	2,604	(23,629)
Pledges receivable, net	(452,912)	(966,202)
Funds held in trust by others	-	(907,585)
Funds held in trust by related parties	(233,547)	-
Accounts and grants payable	<u>27,210</u>	<u>1,499</u>
Net cash used in operating activities	<u>\$ (357,175)</u>	<u>\$ (497,206)</u>
<b>Supplemental non-cash activities information</b>		
Gifts of securities	\$ 547,813	\$ 128,768
Beneficiary interest in charitable remainder trust	-	907,585
Funds held in trust by related parties	\$ 233,547	\$ -

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

# Jonsson Cancer Center Foundation/UCLA

## Notes to Financial Statements

### June 30, 2013 and 2012

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#### 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 the University of California, Los Angeles ("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 fundraising effort.

#### 2. Summary of Significant Accounting Policies

##### **Basis of Accounting**

The accompanying financial statements include the accounts of the Jonsson Cancer Center Foundation and its two chapters.

These financial statements have been prepared using accounting principles generally accepted in the United States of America, including all applicable effective statements of the Governmental Accounting Standards Board ("GASB"). The statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

##### **Recently Adopted New Accounting Pronouncement**

In March 2012, the GASB issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB 65"), effective for the Foundation's fiscal year beginning July 1, 2013; however, the Foundation early adopted GASB 65 effective for the fiscal year beginning July 1, 2012. GASB 65 is a companion to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* ("GASB 63"). While GASB 63 modifies the presentation of deferred inflows and deferred outflows in the financial statements, GASB 65 reclassifies items previously reported as assets and liabilities into deferred outflows and inflows of resources. It also limits the use of the term "deferred." Implementation of GASB 65 had no effect on the Foundation's net position or changes in net position for the fiscal years ended June 30, 2013 ("FY13") and June 30, 2012 ("FY12").

A summary of the significant accounting policies applied in the preparation of these financial statements is presented below:

##### **Cash Equivalents**

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

##### **Investments**

Investments are carried at fair value and the Foundation's process to determine fair value is described below.

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.

# Jonsson Cancer Center Foundation/UCLA

## Notes to Financial Statements

### June 30, 2013 and 2012

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#### 2. Summary of Significant Accounting Policies (Continued)

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 quarter-end, a fair value unit price is established based on the value of endowed pool assets (end of the quarter) divided by the total number of pool units at the beginning of the quarter. Quarterly 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 the EIP, existing units can only be sold at quarter-end and for the GEP, withdrawal from the corpus may be made only during the fourth quarter of a fiscal year.

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.

The net change in the fair value of investments represents both realized and unrealized gains and losses on investments.

The Foundation is an income beneficiary of certain charitable trusts where the assets are invested and administered by outside trustees. Prior to July 1, 2013, the Foundation recorded its interest in these trusts at fair value, which approximated the present value of the estimated future cash receipts from these trusts.

University of California management reviewed the existing guidance and literature published by the National Association of College and University Business Officers (NACUBO) and requested clarification from the Government Accounting Standards Board (GASB). Based on clarification received from the GASB, the University has changed its policy associated with the recording of Investments in Trusts held by others. Attributable to the fact that the funds cannot be sold, disbursed or consumed for several years, or until a specific event has occurred, and the University cannot have control over, or meet the time requirements, as the funds are managed by outside trustees, the University has changed its accounting policy as of July 1, 2012. For these types of transactions, revenues will be recognized when resources are received, provided all eligibility criteria are met. The Foundation has reported the cumulative effect of this change in accounting principle in the amount of \$1.0 million in the accompanying Statement of Net Position as an adjustment to Beginning Net Position.

The Foundation is also an income beneficiary of certain trusts where the assets are invested by and under the control of the UCLA Foundation, a related entity. Due to this relationship, the Foundation continues to record these two trusts on the statement of net position.

#### **Pledges Receivable**

Pledges are written unconditional promises to make future payments. Pledges meeting the requirements specified by GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* ("GASB 33"), are included in the financial statements as pledges

# Jonsson Cancer Center Foundation/UCLA

## Notes to Financial Statements

### June 30, 2013 and 2012

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#### 2. Summary of Significant Accounting Policies (Continued)

receivable and recognized as revenue in the period pledged. Pledges extending beyond one year are discounted to recognize the present value of the future cash flows. In subsequent years, this discount is accreted and recorded as additional contribution revenue in accordance with donor imposed restrictions, if any. In addition, an allowance for uncollectible pledges is recorded as determined by management.

Conditional pledges, which depend on the occurrence of a specified future or uncertain event, plus all pledges for endowment purposes, are recognized when the conditions are substantially met.

#### **Net Position**

To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, net position and revenues, expenses, and gains and losses are classified and reported as follows, based on the existence or absence of donor-imposed restrictions.

*Restricted – non-expendable net position* includes permanent endowments. Such funds are generally subject to donor restrictions requiring that the principal be invested in perpetuity for the purpose of producing income and appreciation that may be expended or added to principal in accordance with the donor's wishes. Trust resources that are not expendable upon maturity are also classified as restricted non-expendable net position.

*Restricted – expendable net position* relates to contributions designated by donors for use by particular entities or programs or for specific purposes or functions of the Foundation. They also include funds functioning as endowments, of which the corpus can be invaded. Income and change in fair market value of endowment investments are classified as restricted-expendable net position unless otherwise specified by the donor. Trust resources that are expendable upon maturity are also classified as restricted expendable net position.

Unrestricted net position is the net position of the Foundation that is not subject to donor-imposed restrictions.

#### **Revenues and Expenses**

Contributions and pledges meeting the requirements of GASB 33 are recognized as operating revenues in the period received or pledged. Expenses of the Foundation are presented in the financial statements as operating activities in the period in which the expense was incurred.

Non-operating revenues and expenses include investment income and net realized gains/(losses) on the sale of investments and change in unrealized appreciation/(depreciation) in the fair value of investments held at the end of the period

#### **Use of Estimates**

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

#### **Income Taxes**

The Foundation is exempt from Federal income and excise taxes and California franchise taxes under Section 501(c)(3) of the Internal Revenue Code and corresponding sections of the California Revenue and Taxation Code, respectively.

**Jonsson Cancer Center Foundation/UCLA**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

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**2. Summary of Significant Accounting Policies (Continued)**

**Reclassifications**

Certain prior year amounts have been reclassified to match current year presentation in the accompanying financial statements.

**3. Investments**

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures* ("GASB 40"), the Foundation's investments are reported by investment type at fair value in the Composition of Investments below. GASB 40 also requires the disclosure of various types of investment risks based on the type of investment, as well as stated policies adopted by the Foundation to manage those risks.

**Composition of Investments** *(as classified on the Statements of Net Position)*

	2013	2012
Current		
The UCLA Foundation unendowed short-term investment pool	\$ 5,422,747	\$ 4,861,651
Long-term		
The UCLA Foundation endowed investment pool	2,211,744	2,043,046
University of California Regents, general endowment pool	4,175,679	3,886,557
Subtotal: Long term investments	<u>6,387,423</u>	<u>5,929,603</u>
Funds held in trust by others	-	985,944
Funds held in trust by related parties	407,679	239,927
Total investments	<u>\$ 12,217,849</u>	<u>\$ 12,017,125</u>

**Composition of Investments** *(by investment type)*

	2013	2012
Commingled money market funds	\$ 5,422,747	\$ 4,861,651
Commingled balanced funds	6,387,423	5,929,603
Funds held in trust by others	-	985,944
Funds held in trust by related parties	407,679	239,927
Total Investments	<u>\$ 12,217,849</u>	<u>\$ 12,017,125</u>

**Credit Risk**

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.

	2013	2012
Commingled money market funds: Not rated	\$ 5,422,747	\$ 4,861,651

**Jonsson Cancer Center Foundation/UCLA**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

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**3. Investments (continued)**

**Custodial Risk**

Custodial risk is the risk that in the event of the failure of the custodian, the investments may not be returned. The Foundation invests only with the UC Regents and the UCLA Foundation, as a result, custodial risk is remote.

**Concentration of Credit Risk**

Concentration of credit risk is the risk associated with a lack of diversification or having too much invested in a few individual shares. To minimize any potential risk, both the UC Regents and the UCLA Foundation maintain investment policies that establish thresholds for holdings of individual securities within each of these pooled funds.

**Interest Rate Risk**

Interest rate risk is the risk that fixed income securities will decline because of rising interest rates. The Foundation measures interest rate risk using the effective duration method. The Interest Rate Risk schedule summarizes the average effective duration of its fixed income investments.

**Interest Rate Risk Associated with Investments & Investments Sensitive to changes in Interest Rates**

<i>(Effective duration in years)</i>	<b>2013</b>	<b>2012</b>
Commingled funds – money market funds	2.69	1.85

**Foreign Currency Risk**

Exposure from foreign currency risk results from investments in foreign currency-denominated equity or fixed income investments.

	<b>2013</b>	<b>2012</b>
<b>Commingled Funds</b>		
Various currency denominations		
Balanced Funds	\$ 989,284	\$ 1,143,758

**4. Pledges Receivable**

Pledges receivable are unconditional promises to pay a certain amount and consist of the following at June 30:

**Jonsson Cancer Center Foundation/UCLA**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

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**4. Pledges Receivable (continued)**

	<b>2013</b>	<b>2012</b>
Pledges receivable	\$ 1,887,517	\$ 1,431,667
Less		
Allowance for uncollectible pledges	(23,343)	(23,483)
Discount for future payments	(36,386)	(33,308)
Pledges receivable, net	<u>\$ 1,827,788</u>	<u>\$ 1,374,876</u>
Current pledges receivable, net	\$ 752,517	\$ 618,333
Non-current pledges receivable, net	1,075,271	756,543
	<u>\$ 1,827,788</u>	<u>\$ 1,374,876</u>

Management evaluates the collectability of its receivables and records an allowance for estimated uncollectible amounts. The Foundation recorded a provision for uncollectible pledges of \$23,343 in FY13 and \$23,483 in FY12 and this is recorded as a reduction in contributions. Pledges due beyond one year have been discounted at an annual rate of 2.10% for pledges received in FY13 and 2.4% for FY12. Ninety percent of the pledges receivable, net of discount, are from five donors in FY13 as compared to 96% from five donors in FY12.

**5. Other Grants**

Other grants made to the Foundation programs are as follows:

	<b>2013</b>	<b>2012</b>
Donor directed grants	\$ 8,733,334	\$ 5,881,016
Programmatic initiatives	-	2,286,667
STOP CANCER	-	300,000
JCCC programmatic support		
Clinical/translational research	350,000	600,001
Director's discovery	100,000	100,000
Information/outreach	85,000	35,000
Next generation technology	125,000	225,000
Program areas	35,000	35,000
Strategic investment in innovative faculty	750,000	275,000
Impact grants	600,000	400,000
Total	<u>\$ 10,778,334</u>	<u>\$ 10,137,684</u>