



REPORT OF INDEPENDENT AUDITORS  
AND FINANCIAL STATEMENTS

**UCLA ALUMNI ASSOCIATION  
(NOT-FOR-PROFIT ORGANIZATION  
AFFILIATED WITH UCLA)**

June 30, 2022 and 2021

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## **Report of Independent Auditors**

The Board of Directors  
UCLA Alumni Association (Not-for-Profit Organization Affiliated with UCLA)

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of UCLA Alumni Association, which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of UCLA Alumni Association as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of UCLA Alumni Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about UCLA Alumni Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 UCLA Alumni Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about UCLA Alumni Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

The image shows a handwritten signature in cursive script that reads "Moss Adams LLP". The signature is written in dark ink and is positioned above the printed name and date.

Los Angeles, California  
December 2, 2022

**UCLA Alumni Association**  
**Not-for-Profit Organization Affiliated with UCLA**  
**Statements of Financial Position**

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		June 30,	
		2022	2021
<b>ASSETS</b>			
Cash and cash equivalents	\$	612,116	\$ 309,795
Interest and dividends receivable		168,483	186,418
Accounts receivable and other assets		419,524	772,668
Investments		15,185,151	17,714,852
Total assets	\$	16,385,274	\$ 18,983,733
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Liability to UCLA	\$	55,965	\$ 77,774
Accounts payable and accrued liabilities		87,985	21,617
Deferred revenue		72,000	36,000
Total liabilities		215,950	135,391
<b>NET ASSETS</b>			
Net assets without donor restrictions		16,169,324	18,848,342
Total liabilities and net assets	\$	16,385,274	\$ 18,983,733

**UCLA Alumni Association**  
**Not-for-Profit Organization Affiliated with UCLA**  
**Statements of Activities**

	Without Donor Restrictions	
	Years Ended June 30,	
	2022	2021
<b>OPERATING REVENUES</b>		
Sustaining donor contributions	\$ 219,150	\$ 238,302
Travel	178,029	51,770
Royalties and corporate sponsorships	1,599,862	1,670,281
Program income	45,773	11,905
Endowment payout	665,706	739,284
Contributions of nonfinancial assets - services	4,865,919	4,613,416
Total operating revenues	7,574,439	7,324,958
<b>OPERATING EXPENSES</b>		
Program expenses		
Program salaries and benefits	1,565,491	1,476,021
Travel	26,345	22,851
Alumni awards	90,001	35,668
Outreach and engagement	37,739	8,908
Student outreach and engagement	53,935	4,496
Career development	19,099	2,614
Program services rendered in-kind	2,445,081	2,706,532
Support expenses		
Support salaries and benefits	833,815	947,473
Administration	166,730	80,585
Volunteer relations	32,212	8,895
Sustaining donor	36,716	18,176
Marketing and communications	1,650	417
Support services rendered in-kind	2,420,838	1,906,884
Total operating expenses	7,729,652	7,219,520
(Loss) income from operating activities	(155,213)	105,438
<b>NON-OPERATING REVENUES AND EXPENSES</b>		
Interest income	5,896	9,150
Net unrealized (loss) gain on investments	(2,529,701)	3,827,103
(Loss) income from non-operating activities	(2,523,805)	3,836,253
CHANGE IN NET ASSETS	(2,679,018)	3,941,691
NET ASSETS, beginning of year	18,848,342	14,906,651
NET ASSETS, end of year	\$ 16,169,324	\$ 18,848,342

**UCLA Alumni Association**  
**Not-for-Profit Organization Affiliated with UCLA**  
**Statements of Cash Flows**

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	Years Ended June 30,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (2,679,018)	\$ 3,941,691
Adjustments to reconcile change in the net assets to net cash provided by (used in) in operating activities		
Net unrealized loss (gain) on investments	2,529,701	(3,827,103)
(Increase) decrease in		
Interest and dividends receivable	17,935	(37,158)
Accounts receivable and other assets	353,144	210,522
Increase (decrease) in		
Liability to UCLA	(21,809)	8,414
Accounts payable and accrued liabilities	66,368	2,012
Deferred revenue	36,000	(365,000)
Net cash provided by (used in) operating activities	302,321	(66,622)
CHANGE IN CASH AND CASH EQUIVALENTS	302,321	(66,622)
CASH AND CASH EQUIVALENTS, beginning of year	309,795	376,417
CASH AND CASH EQUIVALENTS, end of year	\$ 612,116	\$ 309,795

# **UCLA Alumni Association**

## **Not-for-Profit Organization Affiliated with UCLA**

### **Notes to Financial Statements**

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#### **Note 1 – Nature of Organization**

The mission of UCLA Alumni Association (the “Association”), the campus alumni association of the University of California Los Angeles (“UCLA” or the “University”), 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 organization that provides services and benefits to alumni, students, and the campus community. 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 seventy (70) UCLA alumni identity and affinity-based groups, regional networks, 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 individuals supporting the work of the Association are employees of UCLA but a share of their salaries is charged back to the Association by UCLA, and UCLA makes payment of certain expenses on behalf of the Association, which is reimbursed by the Association on a quarterly basis. These financial statements include only those transactions either incurred directly by the Association or charged by UCLA to the Association.

UCLA and the Association are both engaged in alumni relations. In pursuit of its comprehensive effort to serve the alumni of UCLA, UCLA and other affiliate organizations provide the use of personnel, facilities, and assets to the Association and do not charge for said services. Furthermore, in their effort to manage alumni relations, certain key officials of UCLA have ex-officio positions on the Association’s Board of Directors.

Beginning in the year ended June 30, 2021, all Association scholarship and grants funds, in accordance with best practices for scholarship awards, were administered centrally by the UCLA Office of Financial Aid. All funds now reside under the purview of the UCLA Office of Financial Aid.

#### **Note 3 – Summary of Significant Accounting Policies**

**Financial statement presentation** – The accompanying financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

**Cash and cash equivalents** – Cash equivalents consist of short-term, highly liquid investments that are readily convertible into cash and were purchased with maturities of less than three months.



**UCLA Alumni Association**  
**Not-for-Profit Organization Affiliated with UCLA**  
**Notes to Financial Statements**

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**Note 3 – Summary of Significant Accounting Policies (continued)**

**Accounts receivable and other assets** – Accounts receivable and other assets consist of deposits, as well as various receivables from third parties and related parties. Related-party receivables include amounts owed to the Association by the UCLA Foundation for sustaining donor contributions, estate contributions, and the endowment payout. The Association performs an annual assessment of the collectability of its accounts receivable and has determined that an allowance for uncollectible accounts is unnecessary, as the risk of significant uncollectible accounts is low.

**Investments** – Investments are measured at fair value in the statements of financial position. 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 is determined through a unitization process based on the fair value of the assets placed in the pool by each participant. Investment income and net realized and unrealized gains and losses net of investment expense are allocated equitably based on the number of units assigned to each participant. Interest and dividends earned but not received by year end are accrued for in interest and dividend receivable.

**Deferred revenue** – Advances received under long-term contractual agreements are recognized as earned based on the terms of the agreement. Additionally, cash received in advance of tours provided directly by the Alumni Travel program or other general program activity is considered deferred until the point of cancellation is reached as revenue could be refunded to the participant.

**Net assets** – The Association classifies its net assets as being without donor restriction as there are no purpose or time restrictions associated with the use of the funds.

**Sustaining donor contributions** – Sustaining donor contributions include membership contributions, comprised of blue, gold, and gold legacy memberships, and donations from sustaining donors, which are recorded as revenue when received.

**Operating revenues** – Operating revenues include travel, royalties, and corporate sponsorships that are earned through fulfillment of contractual business agreements with third parties. Revenue recognition occurs as performance obligations are satisfied over the life of the contract. Royalties and corporate sponsorships received in advance of satisfied performance obligations are recorded as deferred revenue. Operating revenues also include program income, which is recognized when earned by administering programs and hosting events.

**Endowment payout** – The Association receives quarterly payments from the UCLA Foundation, which represents the Association's share of dividends and interest resulting from the beneficial interest in the Foundation's long-term investment portfolio. Endowment income is recorded as revenue when earned.

**Interest income** – The Association earns interest on its short-term investments held with the UCLA Foundation. Interest income received is retained within the short-term investment pool and is recorded as revenue when earned.

# **UCLA Alumni Association**

## **Not-for-Profit Organization Affiliated with UCLA**

### **Notes to Financial Statements**

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#### **Note 3 – Summary of Significant Accounting Policies (continued)**

**Contributions of nonfinancial assets** – The Association recognizes in-kind service contributions based on the fair value of the services received from its not-for-profit affiliates. Such contributions amounted to \$4,865,919 and \$4,613,416, respectively, for the years ended June 30, 2022 and 2021. The fair value was derived from the cost of the services provided and was recorded as program and support expenses on the statements of activities for the years ended June 30, 2022 and 2021. For the year ended June 30, 2022, in-kind program services rendered amounted to \$2,445,081 and included \$1,899,555 in salaries and benefits and \$545,526 in other program expenses. For the year ended June 30, 2022, in-kind support services rendered amounted to \$2,420,838, and consisted of only salary and benefits expenses. For the year ended June 30, 2021, in-kind program services rendered amounted to \$2,706,532 and included \$2,310,853 in salaries and benefits and \$395,679 in other program expenses. For the year ended June 30, 2021, in-kind support services rendered amounted to \$1,906,884, and consisted of only salary and benefits expenses.

**Functional allocation of expenses** – The Association classifies expenditures as either program or support expenses based on the nature of the expense. Allocation of expenses between functional categories for salary and benefit expenses and services rendered in-kind is determined by management and is based on the level of effort by employees attributable to either program or support activities.

**Concentrations of credit and market risk** – Cash and cash equivalents generally consist of cash and money market funds. These funds are primarily held in three financial institutions and are uninsured except for the minimum Federal Deposit Insurance Corporation (FDIC) coverage. The FDIC provides unlimited insurance coverage on non-interest-bearing accounts and funds held in interest-bearing transaction accounts up to \$250,000. The Association believes its credit policies do not result in significant adverse risk and historically has not experienced any credit-related losses. As of June 30, 2022 and 2021, no bank balances were uninsured.

The Association does not believe there to be a significant credit risk associated with its accounts receivable as there are no significant balances due from a single source.

The Association holds significant investments in the form of short-term investment pools and long-term investment pools held by the UCLA Foundation, a related party. These investments are professionally managed. 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 93% of the Association's total assets at June 30, 2022 and 2021, respectively, 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.

**Income taxes** – The Association is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the Revenue and Taxation Code of the State of California. However, certain activities of the Association are subject to unrelated business income taxes.

**UCLA Alumni Association**  
**Not-for-Profit Organization Affiliated with UCLA**  
**Notes to Financial Statements**

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**Note 3 – Summary of Significant Accounting Policies (continued)**

The Association appropriately provides the details of such activities in its annual tax return. The Association recognizes the impact of tax positions in the financial statements if that position is more-likely-than-not to be sustained on audit, based on the technical merits of the position. To date, the Association has not recorded any uncertain tax positions. The Association recognizes potential accrued interest and penalties related to uncertain tax positions in income tax expense. For the years ended June 30, 2022 and 2021, the Association did not recognize any amount in potential interest and penalties associated with uncertain tax positions.

**Use of estimates** – The preparation of financial statements in conformity with U.S. GAAP 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.

**Accounting standard adopted** – On July 1, 2021, the Association adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Under ASU 2020-07, contributed nonfinancial assets are required to be presented as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The ASU has been applied retrospectively to all periods presented within the financial statements.

**Fair value measurements** – Fair value is defined as the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

**Level 1** – Quoted prices in active markets for identical assets or liabilities.

**Level 2** – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

**Level 3** – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given instrument is based on the lowest level of input that is significant to the fair value measurement. The Association's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the instrument.

**UCLA Alumni Association**  
**Not-for-Profit Organization Affiliated with UCLA**  
**Notes to Financial Statements**

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**Note 3 – Summary of Significant Accounting Policies (continued)**

Investments that do not have a readily determinable fair value are measured using the net asset value (NAV) per share (or its equivalent) practical expedient and are not classified in the fair value hierarchy.

**Note 4 – Fair Value Measurement**

The Association invests its funds with the UCLA Foundation in order to maximize the return on its investments. The Association has beneficial interests in both the UCLA Foundation's Endowed Investment Pool (EIP) and its Unendowed Investment Pool (UIP).

The EIP has a long-term investment horizon and consists principally of equity securities, bonds, mutual funds, and alternative investments, which are managed in a unitized investment pool. The alternative instruments include hedge funds, private equity, and venture capital. Quarterly investment income, including unrealized gains and losses, is allocated equitably based on the units owned by each participant at the beginning of each quarter. The fair values of the investments in this category have been estimated using the NAV per share of the investments. At each quarter end, a fair value unit price is established based on the value of endowed pool assets divided by the total number of pool units at the beginning of the quarter. Investors who wish to purchase units or sell existing units can only do so at quarter-end at the aforementioned NAV. The valuation of the Association's share in the UCLA Foundation's portfolio uses unobservable inputs that are supported by little or no market activity and are significant to the fair value measurement of the interest.

Management established the fair value of its beneficial interest through monitoring of fund activities for assets held by the UCLA Foundation. The Association's investments in the pool are not endowed, and there are no restrictions on the redemption of the interest as of June 30, 2022 and 2021, respectively, except for approval by the Board of Directors.

The UIP has a short-term investment horizon and consists of investments in the UC Regents Short-term Investment Pool. These investments are considered to be cash equivalents. The fair values of these investments have been estimated using a NAV of \$1 per share.

**UCLA Alumni Association**  
**Not-for-Profit Organization Affiliated with UCLA**  
**Notes to Financial Statements**

**Note 4 – Fair Value Measurement (continued)**

The Association's cash equivalents and investments were classified by level within the valuation hierarchy as of June 30, 2022 and 2021, as follows:

2022					
	Level 1	Level 2	Level 3	Assets Measured Using NAV Practical Expedient	Total
Beneficial interest – EIP	\$ -	\$ -	\$ -	\$ 15,185,151	\$ 15,185,151
Beneficial interest – UIP	-	-	-	220,903	220,903
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,406,054</u>	<u>\$ 15,406,054</u>
2021					
	Level 1	Level 2	Level 3	Assets Measured Using NAV Practical Expedient	Total
Beneficial interest – EIP	\$ -	\$ -	\$ -	\$ 17,714,852	\$ 17,714,852
Beneficial interest – UIP	-	-	-	282,181	282,181
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,997,033</u>	<u>\$ 17,997,033</u>

The Association's financial assets that are valued using the fair value practical expedient of NAV are summarized as follows:

	Fair Value at June 30, 2022	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Other Restrictions
Beneficial interest – EIP	\$ 15,185,151	\$ -	Quarterly	1 – 90 Days	(1)
Beneficial interest – UIP	\$ 220,903	\$ -	Daily	N/A	(2)

(1) Redemption of interest held in the UCLA Foundation endowment fund requires approval by the Association's Board of Directors

(2) Redemption of interest held in the UCLA Foundation unendowed investment pool is not restricted.

# **UCLA Alumni Association**

## **Not-for-Profit Organization Affiliated with UCLA**

### **Notes to Financial Statements**

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#### **Note 5 – Liquidity**

As of June 30, 2022 and 2021, the Association's financial assets available within one year were:

	2022	2021
Cash and cash equivalents	\$ 557,703	\$ 289,864
Interest and dividends receivable	168,483	186,418
Accounts receivable and other assets	419,524	772,668
Foundation long-term investments	15,185,151	17,714,852
	<u>\$ 16,330,861</u>	<u>\$ 18,963,802</u>

Investments are held by the Association and are considered to be long-term; however, these amounts could be made available within 90 days if necessary. As part of the Association's liquidity plan, it structures its financial assets to be available as obligations become due. Cash and cash equivalents are held in bank accounts and are invested in UIP.

#### **Note 6 – Related-Party Transactions and Services**

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, transactions throughout the years ended June 30, 2022 and 2021, of \$2,702,085 and \$2,591,568, respectively, resulted in a payable to UCLA of \$55,965 and \$77,774 at June 30, 2022 and 2021, respectively.

The Association maintains a cash account for the benefit of the guests of Bruin Woods, a related party, which amounted to \$54,413 and \$19,931 at June 30, 2022 and 2021, respectively. These amounts are included in cash and cash equivalents and accounts payable and accrued liabilities on the statements of financial position.

Interest and dividends receivable from the UCLA Foundation were \$168,483 and \$186,418, respectively, as of June 30, 2022 and 2021.

#### **Note 7 – Subsequent Events**

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are available to be issued. The Association recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Association's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before the financial statements are available to be issued. The Association has evaluated subsequent events through December 2, 2022, which is the date the financial statements were available to be issued.