Jonsson Cancer Center Foundation/UCLA

Financial Statements For the Year Ended June 30, 2010 (With Summarized Financial Information For the Year Ended June 30, 2009)

Jonsson Cancer Center Foundation/UCLA Index June 30, 2010 (With summarized comparative information as of June 30, 2009)

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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, 2010, 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 2009 financial statements, and in our report dated October 20, 2009, we expressed an ungualified 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.

ricandohura Coores LLP

November 4, 2010

Jonsson Cancer Center Foundation/UCLA Statement of Financial Position June 30, 2010 (With summarized comparative information as of June 30, 2009)

	2010	2009
Assets		
Cash and investments		
Cash and cash equivalents	\$ 48,239	\$ 109,032
The UCLA Foundation unendowed short-term investment		
pool	4,502,595	4,989,114
University of California, endowed investment pool	3,674,303	3,355,718
The UCLA Foundation long-term investment pool	1,991,883	1,890,249
Total cash and investments	10,217,020	10,344,113
Accrued investment income	54,126	179,164
Accounts receivable and other assets	36,941	110,521
Contributions receivable, net	859,764	951,875
Contributions receivable from split-interest agreements	287,440	254,846
Total assets	<u>\$ 11,455,291</u>	<u>\$ 11,840,519</u>
Liabilities and Net Assets		
Liabilities Grants payable and accrued expenses	\$ 1,374	\$ 1,011,302
	<u>φ 1,074</u>	<u>φ 1,011,002</u>
Total liabilities	1,374	1,011,302
Net assets		
Unrestricted	6,920,949	6,565,332
Temporarily restricted	858,665	908,167
Permanently restricted	3,674,303	3,355,718
Total net assets	11,453,917	10,829,217
Total liabilities and net assets	<u>\$ 11,455,291</u>	<u>\$ 11,840,519</u>

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

Jonsson Cancer Center Foundation/UCLA Statement of Activities Year Ended June 30, 2010 (With summarized financial information for the year ended June 30, 2009)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2010 Total	2009 Total
Revenue, gains / (losses), and					
other support Contributions Benefits-Institute chapters Investment income	\$ 1,685,130 88,448 278,933	\$ 7,465,529 - 44,072	\$ - - -	\$ 9,150,659 88,448 323,005	\$ 12,286,967 73,550 359,060
Net unrealized and realized gains / (losses)	101,634	-	318,585	420,219	(1,552,200)
Change in value of split-interest agreements Contributions released from	13,201	19,392	-	32,593	(7,626)
restrictions	7,578,495	(7,578,495)			
Total revenue, gains / (losses), and other support	9,745,841	(49,502)	318,585	10,014,924	11,159,751
Expenses Program services Seed grants Other grants	254,982 <u>8,393,513</u>	-	<u> </u>	254,982 <u>8,393,513</u>	424,536 11,800,133
Total program services	8,648,495	-	-	8,648,495	12,224,669
Fundraising Management and general	317,380 <u>424,349</u>	-	-	317,380 <u>424,349</u>	448,792 608,763
Total expenses	9,390,224			9,390,224	13,282,224
Change in net assets	355,617	(49,502)	318,585	624,700	(2,122,473)
Net assets at beginning of year	6,565,332	908,167	3,355,718	10,829,217	12,951,690
Net assets at end of year	<u>\$ 6,920,949</u>	<u>\$ 858,665</u>	<u>\$ 3,674,303</u>	<u>\$ 11,453,917</u>	<u>\$ 10,829,217</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, 2010 (With summarized comparative information for the year ended June 30, 2009)

	2010	2009
Cash flows from operating activities Change in net assets Adjustments to reconcile change in net assets to	\$ 624,700	\$ (2,122,473)
net cash provided by operating activities Noncash gifts Realized and unrealized (gains)/losses on investments Changes in assets and liabilities	(57,007) (420,219)	(120,627) 1,552,200
Accrued investment income Accounts receivable and other assets Contributions receivable, net Contributions receivable from split-interest agreements	125,038 73,580 92,111 (32,594)	(2,049) 336,257 532,125 7,627
Grants payable and accrued expenses Net cash (used in)/provided by operating activities	<u>(1,009,928)</u> (604,319)	<u>830,355</u> <u>1,013,415</u>
Cash flows from investing activities Proceeds from sales of investments Purchase of investments	8,193,657 (7,650,131)	11,306,712 _(12,287,779)
Net cash provided by/(used in) investing activities	543,526	(981,067)
Cash flows from financing activities Cash received for long-term contributions Cash transferred to UCLA Foundation	1,753,596 <u>(1,753,596)</u>	1,005,450 (1,005,450)
Net cash used in financing activities		
Net (decrease)/increase in cash and cash equivalents	(60,793)	32,348
Cash and cash equivalents, beginning of year	109,032	76,684
Cash and cash equivalents, end of year	<u>\$ 48,239</u>	<u>\$ 109,032</u>
Supplemental noncash activities information Gifts of securities	\$57,007	\$120,627

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

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 on 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

In July 2009, the Foundation adopted new guidance that established the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") as the single source of authoritative accounting principles generally accepted in the United States of America ("GAAP"). The Codification establishes a common referencing system for accounting standards and is generally organized by subject matter. Use of the Codification has no impact on the Foundation's financial condition or results of its operations. In connection with the use of the Codification, these financial statements no longer make reference to specific accounting standards by number or title.

In October 2009, the Foundation adopted new FASB guidance on determining the fair value of investments in certain entities that calculate net asset value per share. This guidance amended prior GAAP by stating that if an investment does not have a readily determinable fair value and has all the attributes of an investment company, a reporting entity is permitted, as a practical expedient, to estimate fair value using the investment's net asset value per share ("NAV"). The NAV should be calculated as of the reporting entity's measurement date and, if not, the NAV must be adjusted for significant market events since its calculation. This guidance also precludes a reporting entity from using this practical expedient if it is probable that it will sell the investment at a price other than NAV. The guidance also requires enhanced disclosures about the nature and risk of such investments. The adoption of this guidance 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 organization's financial statements for the year ended June 30, 2009, 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.

Jonsson Cancer Center Foundation/UCLA Notes to Financial Statements June 30, 2010

2. Summary of Significant Accounting Policies (continued)

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 collectibility and reserves for uncollectible amounts are established when needed.

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 statements of activities as a change in value of split-interest agreements.

Net Assets

The assets, liabilities, and 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 organization 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.

Jonsson Cancer Center Foundation/UCLA Notes to Financial Statements June 30, 2010

2. Summary of Significant Accounting Policies (continued)

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.

Subsequent Events

Subsequent events have been evaluated through November 4, 2010, 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 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 Regents of the University of California 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, 2010

3. Investment Pools (continued)

The following table summarizes the Foundation's investments at June 30, 2010, stated at fair value:

Investments

The UCLA Foundation's UIP	\$ 4,502,595
The UC Regents' GEP	3,674,303
The UCLA Foundation's EIP	
Total	<u>\$ 10,168,781</u>

4. Fair Value Measurements

Certain Foundation's 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, 2010:

	Total	Level 2	Level 3
Investments			
The UCLA Foundation's UIP	\$ 4,502,595	\$ 4,502,595	\$ –
The UC Regents' GEP	3,674,303	3,674,303	_
The UCLA Foundation's EIP	1,991,883	1,991,883	
Total Investments	\$10,168,781	\$ 10,168,781	\$
Contributions Receivable from Split-interest agreements	<u>\$ 287,440</u>	\$	<u>\$ 287,440</u>

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
			The UCLA	Under Split
		The UC	Foundation's	Interest
	Total	Regents' GEP	EIP	Agreements
Balance at 6/30/2009	\$ 5,500,813	3,355,718	\$ 1,890,249	\$254,846
Transfer out	(5,245,967)	(3,355,718)	(1,890,249)	
Change in value of split-				
interest agreements	32,594			32,594
Balance at 6/30/2010	<u>\$ 287,440</u>	<u>\$ </u>	<u>\$ </u>	\$287,440

The transfers out of Level 3 to Level 2 were recognized at the beginning of the period.

5. Contributions Receivable

Contributions receivable includes the following at June 30, 2010:

Less than one year One to five years	\$ 524,525 357,500
Total	882,025
Less: Discount for future payments	(21,672)
Less: Allowance for uncollectible pledges	 (589)
Total contributions receivable, net	\$ 859,764

6. Other Grants

Other grants for the year ended June 30, 2010 were made to UCLA programs as follows:

Restricted Research Support	\$ 5,054,446
Programmatic Initiatives	1,835,000
STOP CANCER	330,000
JCCC Programmatic Support	
Director's Discretionary	100,000
Clinical/Translational Support	254,067
Transdisciplinary Grants	300,000
Program Areas	35,000
Information/Outreach	35,000
Recruitment/Retention	450,000
Total	
	<u>\$ 8,393,513</u>