



## MESSAGE FROM CHANCELLOR GENE BLOCK

**“Propelled by the generous support of our donors and philanthropic leaders, UCLA faculty and students impact society and improve lives every day.”**



UCLA enjoyed a very successful fundraising year in 2011–12. Thanks to the generosity of our alumni and friends, UCLA’s leadership as a world-class university is stronger than ever. In fiscal 2012, the university raised \$402 million, with 58,358 donors giving more than 75,000 gifts. The university has raised an average of \$413 million annually since the end of Campaign UCLA in 2006 and has been consistently ranked as the top public institution nationally in higher education fundraising by the Council for Aid to Education. We are extremely grateful to our alumni, friends, faculty and students who have actively participated in this remarkable achievement.

In the past year, UCLA thrived despite continued weakness in the economy and sharp cuts in state funding. Among a long list of accomplishments, our hospital and health services remain ranked among the best in the world; we again received more freshman applications than any other university; our faculty received many prestigious national and global awards; and we received more than \$1 billion in research grants for the third straight year.

As those achievements attest, UCLA has created an astounding legacy in our short history. Our campus is among the youngest of the world’s great institutions of higher learning, and we are defined by a uniquely optimistic and entrepreneurial spirit. Every day, our scholars address society’s and the globe’s most pressing needs. The impact of their work enhances people’s lives, fuels the Los Angeles economy and provides the intellectual capital that shapes our world.

UCLA’s role as a catalyst for improving our society is made possible by the generous gifts of our alumni and friends whose contributions support UCLA’s mission of education, research and service.

At the heart of our campus are the extraordinary students who inspire us every day. As a public university, we are committed to maintaining access to a UCLA education for outstanding students, regardless of their economic background. Many of our alumni, friends and faculty share this commitment and provide scholarship support and other resources to help students succeed. In fiscal 2012, scholarships provided support to broaden and strengthen the academic pipeline through gifts to the UCLA Community School for a new science, technology, engineering and math education initiative and to first-year Leaders of Tomorrow students at the David Geffen School of Medicine at UCLA.

Another example of a commitment to excellence in education and service was a generous gift to the history department to ensure that students and faculty can bring the vital lessons of history to the world today. Similarly, a gift to the Henry Samueli School of Engineering and Applied Science supports our ability to recruit the next generation of superstar faculty who are not only superior researchers but also exceptional teachers. The Samueli School of Engineering was also the beneficiary of a \$10 million gift for the discretionary use of Dean Vijay Dhir, providing him with critical resources that will enable the school to meet unexpected challenges and take advantage of unforeseen opportunities as they arise.

UCLA is recognized worldwide as a leader in medical and scientific research that impacts the lives of millions of people every year. As one example, our School of Public Health faculty and students are squarely focused on improving public health globally. This year, the school received a transformative gift, the largest in its history, to develop innovative solutions for healthier communities throughout Los Angeles and far beyond.

Our Institute of the Environment and Sustainability supports graduate students and is part of a corporate partnership program that offers students real-world learning and service opportunities. Much of the institute's research informs policy decisions at government agencies such as the California Air Resources Board and the U.S. Fish and Wildlife Service. In 2012, the Institute was infused with support from donors who believe in the mission.

Among the wealth of promising developments in medical research is the work of Dr. Helena Chang, whose pioneering research into women's health includes her pursuit of a biomarker that will help predict an especially aggressive form of breast cancer. A generous gift received during fiscal 2012 will support this life-saving work with state-of-the-art diagnostic resources for breast cancer. This academic year, we launched a campus-wide, multidisciplinary initiative focused on improving the health of UCLA students, staff and faculty, and our environment. We want our Healthy Campus Initiative to serve as a model for other institutions and communities. UCLA received an important contribution to support a key part of the Initiative, called "Promoting Healthy Behaviors Through Innovative Science."

Given UCLA's location in the world's entertainment capital, we are deeply involved in the arts—our world-class venues and programs include the Fowler and Hammer museums and the newly relaunched UCLA Center for the Art of Performance. This year, we strengthened our leadership position in the field of African visual culture locally, nationally and internationally with a gift from longtime supporters of the Fowler. The gift will further UCLA's broad interdisciplinary base of teaching and scholarship.

To support students in their academic pursuits, UCLA received an estate gift to establish a scholarship fund that will provide four years of tuition for five undergraduates who are studying music, have disabilities or are military veterans. Another example of support for excellence in the arts at UCLA is the cutting-edge music and technology lab that will be built for students enrolled in our music industry and technology minor. A generous gift received during 2011–12 will enable UCLA to better prepare our extraordinarily talented students to shape the direction of the music industry for future generations.

Finally, our legendary Pauley Pavilion reopens after an extensive renovation this fall. The spectacular venue serves our campus in many ways—home to Bruin basketball, volleyball and gymnastics teams, it also hosts an array of cultural and community events. The renovation was made possible in large part by donors' support of our Campaign of Champions.

Today, UCLA is actively building a new financial model for the university based on increased self-reliance. We must grow our endowment and increase our revenues to meet the challenges ahead. With the philanthropic leadership of The UCLA Foundation—and the partnership of our alumni, friends, faculty and students—I am confident that UCLA will continue to thrive as a world-class public research university for many years to come.

I am deeply grateful for your commitment to excellence and for your generous support, and I look forward to what we will accomplish together in the years ahead.



**Gene D. Block**  
Chancellor



## MESSAGE FROM THE CHAIR

**“Every facet of UCLA’s excellence is enriched by the critical unrestricted funds provided by The UCLA Foundation.”**



I am exceedingly fortunate to have been a member of the UCLA community for more than four decades—as a student, athlete, alumnus and volunteer. Yet I have never been more proud of that association than during the past year.

Joining Chancellor Gene Block on the Board are extraordinary philanthropic leaders who share a commitment to advancing the university’s mission and sustaining its excellence. Every facet of that excellence—UCLA’s undergraduate and graduate students, its faculty and its alumni—is enriched and enhanced by the critical unrestricted funds provided by The UCLA Foundation.

Over the past 10 years, assets under management by The UCLA Foundation have increased to more than \$2 billion from approximately \$729 million, moving UCLA closer to our vision of self-reliance. The endowment’s growth provides UCLA with the resources to support current and future scholars, champions, visionaries, philanthropists, innovators and leaders. The amazing range of scholarship being undertaken by faculty and students attracts an equally amazing group of supporters. The result is a combination of scholarship, innovation and philanthropy that will change the world.

I am inspired by your support and look forward to the partnership with UCLA’s extraordinary community of alumni, friends, faculty, students and volunteers around the world.

**Steven L. Klosterman '74**

Chair

## PERFORMANCE HIGHLIGHTS

The UCLA Foundation's support to the campus remains strong despite negative investment returns. The campus has experienced an increase in both payout and grants from The Foundation, while The Foundation's net position, which represents the excess of total assets over total liabilities, decreased by 2% (\$30.3 million) to \$1.7 billion. Total assets decreased by 3% (\$2 billion), and total liabilities decreased 9% (\$229.8 million) as of June 30, 2012.

The financial statement reflects a \$54.1 million distribution of funds from the donor-advised Dream Fund. Of this amount, \$16.5 million was used to support projects and programs at UCLA.

UCLA consistently ranks among the top 10 nationally in higher education fundraising.

### For the year ended June 30, 2012 (FY11–12):

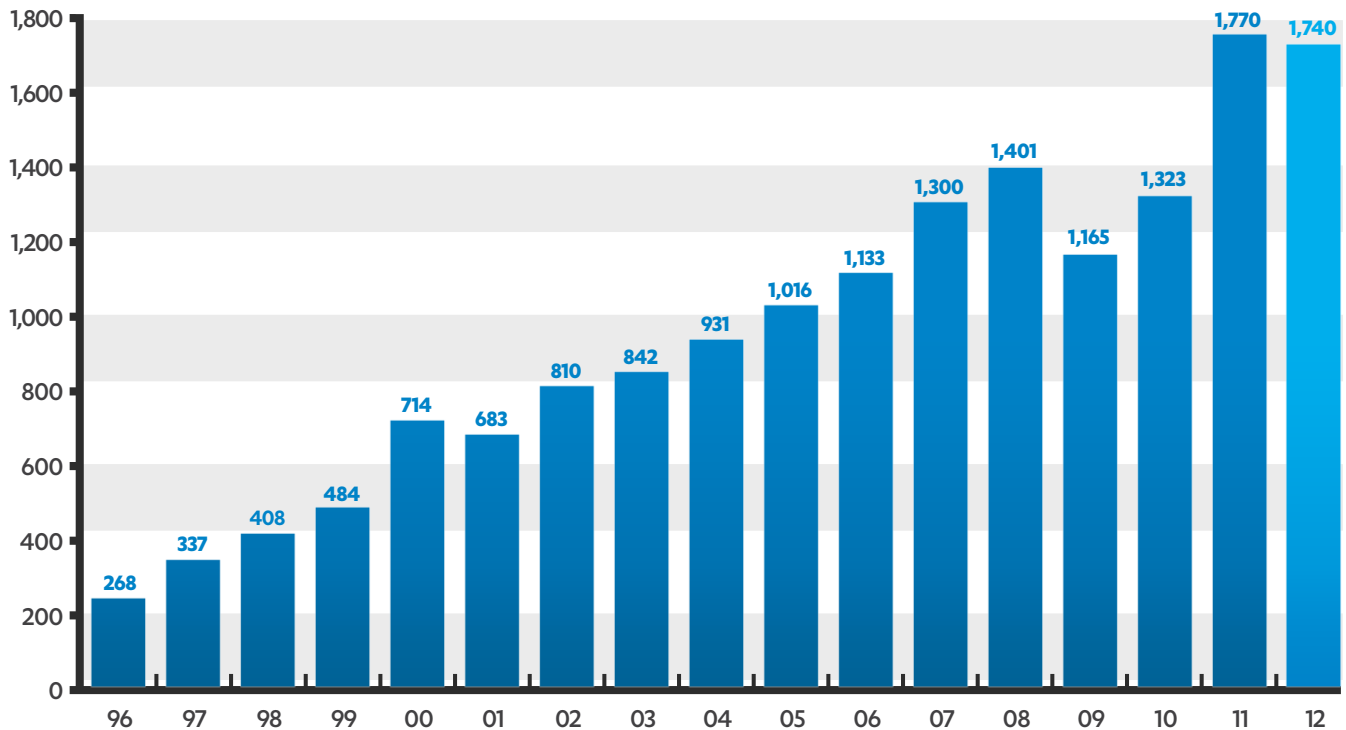
<b>\$1.7 billion</b>	Net position, comprised of total assets exceeding total liabilities, decreased \$30.3 million (a 2% decrease)
<b>\$2.0 billion</b>	Total assets (a 3% decrease)
<b>\$229.8 million</b>	Total liabilities (a 9% decrease)
<b>\$171.6 million*</b>	Revenue in the form of donor contributions (a 51% decrease)
<b>\$182.3 million</b>	Expenditures in grants and transfers to the campus (a 24% increase)
<b>(\$54.1 million)</b>	Operating loss (due to decreased contribution revenue combined with increased campus support and external charitable distributions) compared to FY10-11's operating income of \$199.3 million (a 127% decrease)
<b>(\$24.8 million)</b>	Non-operating loss (a 114% decrease—due to negative investment returns)
<b>\$48.6 million</b>	Other income from private gifts of permanent endowments (a 37% decrease)
<b>(1.5%)</b>	Endowed pool return (a 109% decrease) due to market volatility
<b>\$73.7 million</b>	Total FY11-12 endowment payout available to the campus and affiliated entities (a 15% increase)

\*Excludes contributions managed by The Regents, additions to permanently endowed funds and endowed or conditional pledges.

## FOUNDATION NET POSITION

The Foundation's net position (total assets exceeding total liabilities) reached \$1.7 billion, a marginal decrease of 2%. These funds support UCLA's mission and address campus priorities. Over the past 10 years, The Foundation's net position has grown by 115%.

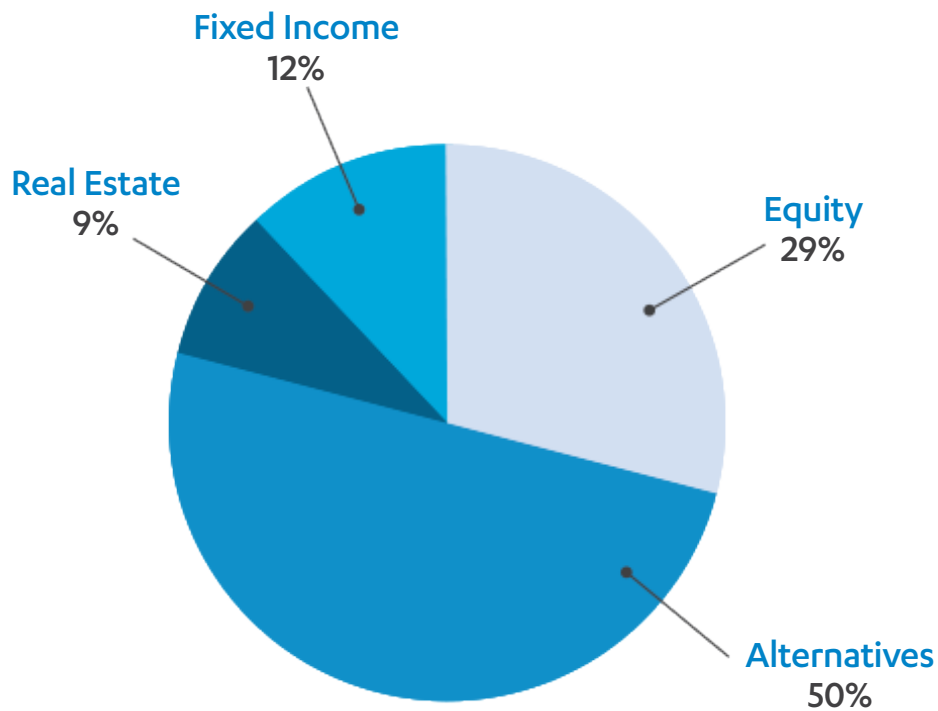
**Total Net Assets: \$1.7 Billion**  
**Fiscal Year Ended June 30, 2012 (\$ Millions)**



## ENDOWED INVESTMENT POOL ASSET MIX

On June 30, 2012, the balance in The Foundation's endowed investment pool was \$1.4 billion. The pool is diversified by asset class, sector and geography, and has been constructed to achieve a return objective sufficient to cover 5% annual payout, inflation and costs over the long term.

**Total Long-Term Investments: \$1.4 Billion**  
**Fiscal Year Ended June 30, 2012**

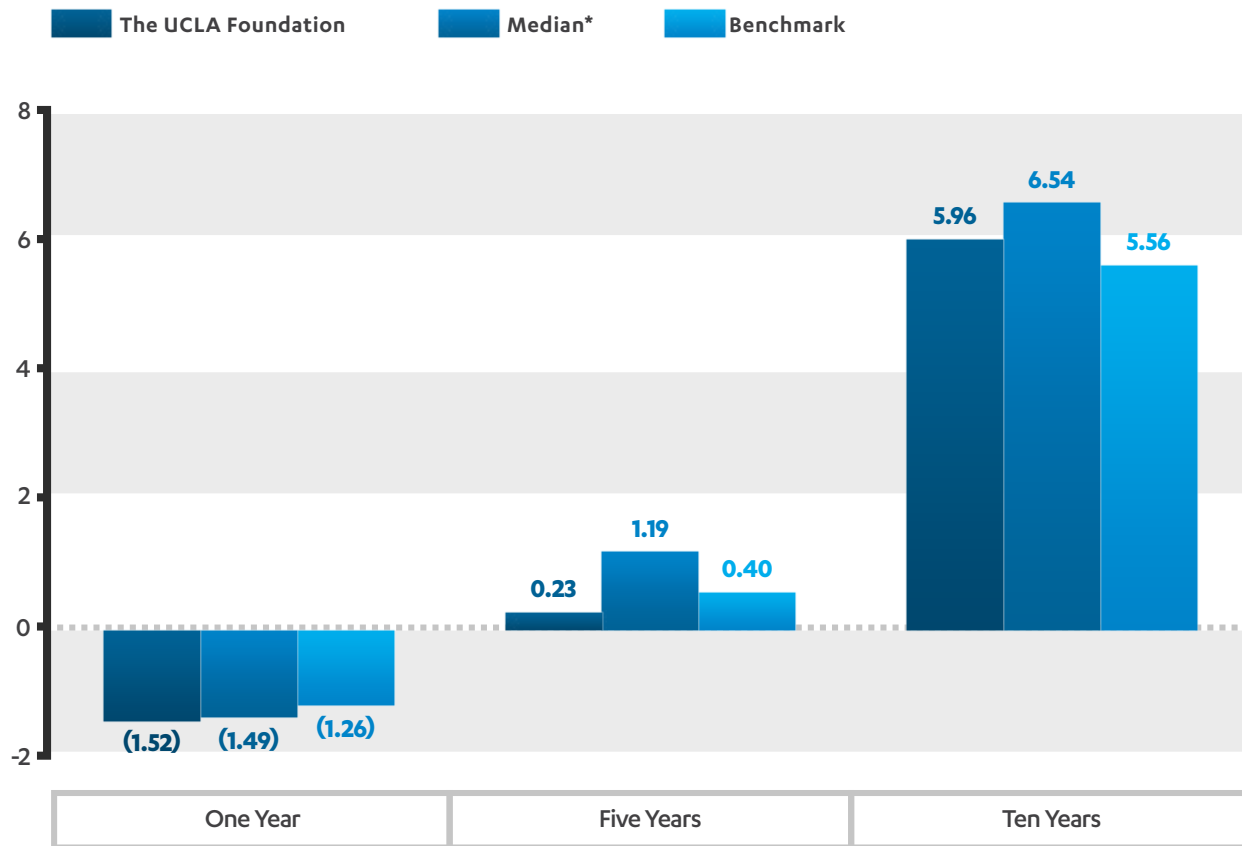


For the fiscal year ended June 30, 2012, The Foundation's endowed pool generated a negative investment return of 1.5% primarily as a result of exposure to international equities and commodities, both of which experienced negative returns for the period.

## ENDOWED INVESTMENT POOL

In FY11–12, The Foundation’s endowed pool returns experienced a negative investment return of 1.5% as a result of a weakened economy and market volatility.

**Performance Average Annual Total Returns (%)**  
**Fiscal Year Ended June 30, 2012**



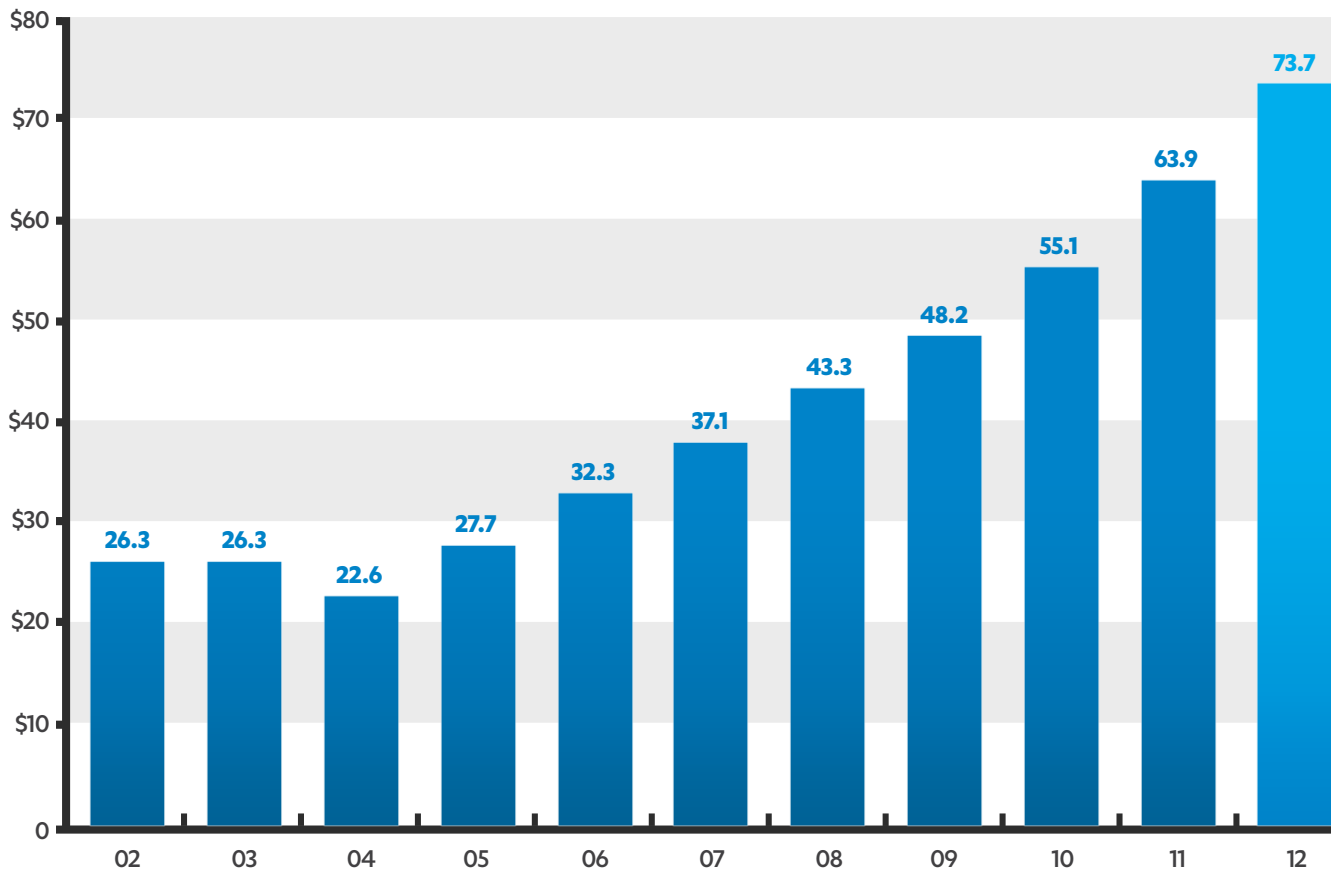
\*Median return is the Cambridge & Associates Endowment Composite.



## ENDOWED INVESTMENT POOL PAYOUT

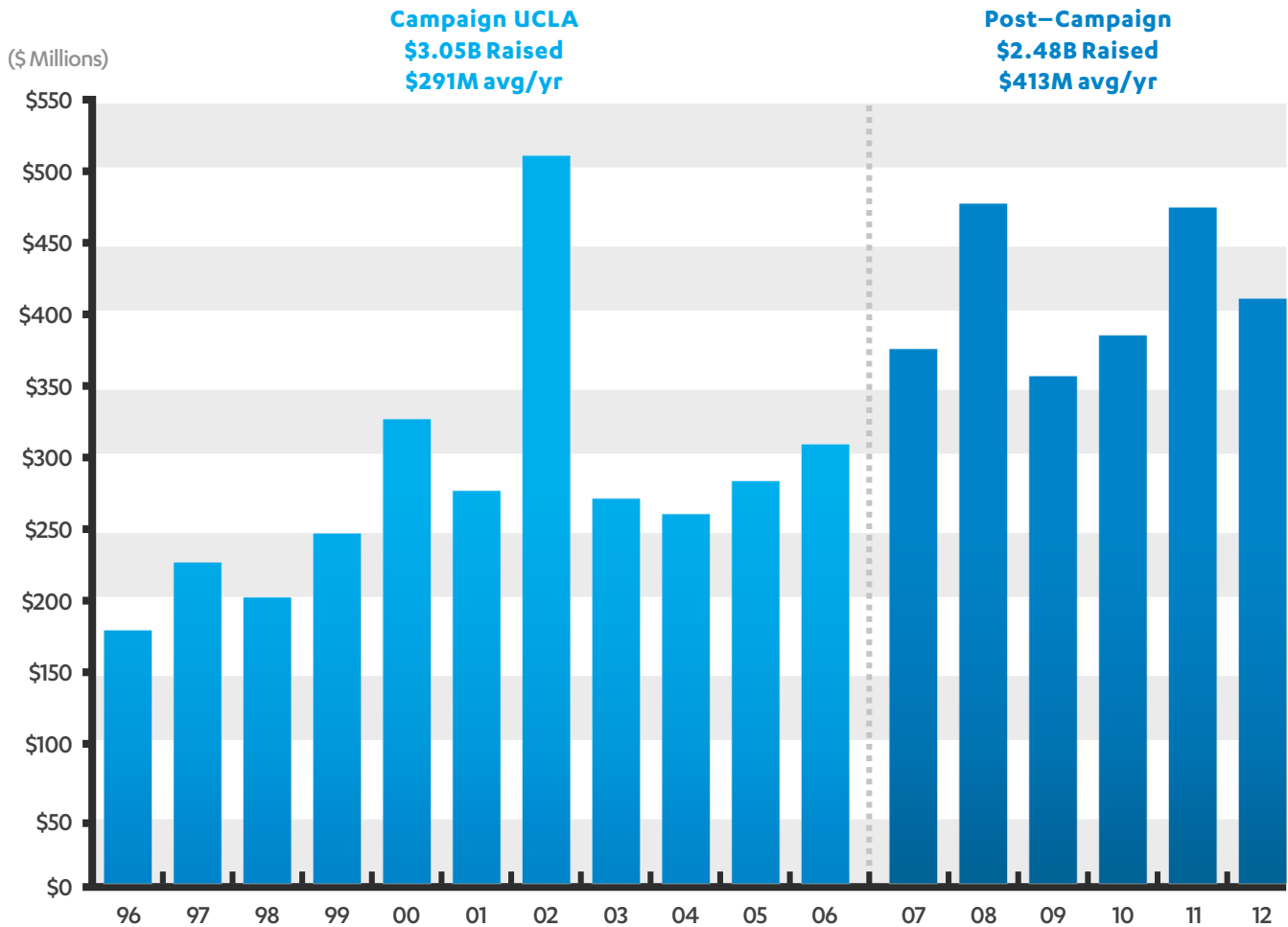
The Foundation has more than doubled its payout to campus and affiliated entities over the last 10 years through continued donor support and prudent investment management.

Fiscal Year Ended June 30, 2012 (\$ Millions)



## UCLA GIFT HISTORY

The university raised \$402 million\* in FY11–12, a decrease of 16 percent from FY10–11, which was the third highest fundraising year in UCLA history, when four gifts were valued at \$20 million or more. The university has raised an average of \$413 million per year since the end of Campaign UCLA in 2006. UCLA is consistently ranked among the top 10 nationally in higher education fundraising.



\*Includes contributions managed by The Regents

The UCLA Foundation is grateful for the generous support of tens of thousands of donors who play a vital role in maintaining UCLA's excellence as a public research university. Their gifts provide extraordinary faculty, high-achieving students and innovative researchers with the transformative resources they need to impact the university and the world.

The UCLA Foundation provides donors with resources to help fulfill their philanthropic visions. Governed by a Board of Directors led by donor-volunteers, The Foundation provides fiduciary oversight of the investment of assets managed to benefit the university. The UCLA Foundation receives contributions from UCLA's donor community of alumni, friends, private foundations and corporations, faculty, staff and students. It invests and manages resources to maximize long-term returns to support current and future generations of scholars and leaders. The Foundation determines the annual payout and disburses these funds to beneficiaries.

The UCLA Foundation is proud to play a role in advancing the campus mission of teaching, research and service. UCLA's donors are more than philanthropists; they are advocates for excellence. Their confidence in UCLA fuels the optimism of our campus today and the leadership of Bruins tomorrow.

In 2011, The UCLA Foundation's Board of Directors formed The UCLA Investment Company, a nonprofit organization, to assume oversight and management of the UCLA endowment and other assets under management by The UCLA Foundation. The UCLA Investment Company is led by the President/Chief Investment Officer, and is governed by a 12-member board.