



STATE OF ARIZONA
CORPORATION COMMISSION
CORPORATION ANNUAL REPORT
& CERTIFICATE OF DISCLOSURE

AZ Corp. Commission



01757210

DUE ON OR BEFORE 10/14/2006

FY06-07

FILING FEE \$10.00

The following information is required by A.R.S. §§10-1622 & 10-11622 for all corporations organized pursuant to Arizona Revised Statutes, Title 10. The Commission's authority to prescribe this form is A.R.S. §§10-121.A. & 10-3121.A. YOUR REPORT MUST BE SUBMITTED ON THIS ORIGINAL FORM. Make changes or corrections where necessary. Information for the report should reflect the current status of the corporation. See instructions on page 4 for proper format.

RECEIVED

1. -0048568-0
UNIVERSITY OF ARIZONA ALUMNI ASSOCIATION
FOUNDATION /ALUMNI BLDG #202
1111 N CHERRY AVE
TUCSON, AZ 85721

OCT 02 2006

RECEIVED

ARIZONA CORP. COMMISSION
CORPORATIONS DIVISION

OCT 02 2006

ARIZONA CORP. COMMISSION
CORPORATIONS DIVISION

Business Phone: _____

(Business phone is optional.)

State of Domicile: ARIZONA

Type of Corporation: NON-PROFIT

2. Statutory Agent: SANDRA KING RUHL
Mailing Address: PO BOX 210109
City, State, Zip: TUCSON, AZ 85721

Physical Address, If Different.

Physical Address: 1111 N CHERRY AVE
City, State, Zip: TUCSON, AZ 85721

ACC USE ONLY

Fee \$ _____

Penalty \$ _____

Reinstate \$ _____

Expedite \$ _____

Resubmit \$ _____

Use this box only if appointing a new Statutory Agent

If appointing a new statutory agent, the new agent MUST consent to that appointment by signing below.

I, (individual) or We, (corporation or limited liability company) having been designated the new Statutory Agent, do hereby consent to this appointment until my removal or resignation pursuant to law.

Signature of new Statutory Agent

Printed Name of new Statutory Agent

3. Secondary Address:

(Foreign Corporations are
REQUIRED to complete
this section).

4. Check the one category below which best describes the CHARACTER OF BUSINESS of your corporation.

BUSINESS CORPORATIONS

- | | |
|---|--|
| <input type="checkbox"/> 1. Accounting | <input type="checkbox"/> 20. Manufacturing |
| <input type="checkbox"/> 2. Advertising | <input type="checkbox"/> 21. Mining |
| <input type="checkbox"/> 3. Aerospace | <input type="checkbox"/> 22. News Media |
| <input type="checkbox"/> 4. Agriculture | <input type="checkbox"/> 23. Pharmaceutical |
| <input type="checkbox"/> 5. Architecture | <input type="checkbox"/> 24. Publishing/Printing |
| <input type="checkbox"/> 6. Banking/Finance | <input type="checkbox"/> 25. Ranching/Livestock |
| <input type="checkbox"/> 7. Barbers/Cosmetology | <input type="checkbox"/> 26. Real Estate |
| <input type="checkbox"/> 8. Construction | <input type="checkbox"/> 27. Restaurant/Bar |
| <input type="checkbox"/> 9. Contractor | <input type="checkbox"/> 28. Retail Sales |
| <input type="checkbox"/> 10. Credit/Collection | <input type="checkbox"/> 29. Science/Research |
| <input type="checkbox"/> 11. Education | <input type="checkbox"/> 30. Sports/Sporting Events |
| <input type="checkbox"/> 12. Engineering | <input type="checkbox"/> 31. Technology(Computers) |
| <input type="checkbox"/> 13. Entertainment | <input type="checkbox"/> 32. Technology(General) |
| <input type="checkbox"/> 14. General Consulting | <input type="checkbox"/> 33. Television/Radio |
| <input type="checkbox"/> 15. Health Care | <input type="checkbox"/> 34. Tourism/Convention Services |
| <input type="checkbox"/> 16. Hotel/Motel | <input type="checkbox"/> 35. Transportation |
| <input type="checkbox"/> 17. Import/Export | <input type="checkbox"/> 36. Utilities |
| <input type="checkbox"/> 18. Insurance | <input type="checkbox"/> 37. Veterinary Medicine/Animal Care |
| <input type="checkbox"/> 19. Legal Services | <input type="checkbox"/> 38. Other: _____ |

NON-PROFIT CORPORATIONS

- | |
|--|
| <input type="checkbox"/> 1. Charitable |
| <input type="checkbox"/> 2. Benevolent |
| <input type="checkbox"/> 3. Educational |
| <input type="checkbox"/> 4. Civic |
| <input type="checkbox"/> 5. Political |
| <input type="checkbox"/> 6. Religious |
| <input checked="" type="checkbox"/> 7. Social |
| <input type="checkbox"/> 8. Literary |
| <input type="checkbox"/> 9. Cultural |
| <input type="checkbox"/> 10. Athletic |
| <input type="checkbox"/> 11. Science/Research |
| <input type="checkbox"/> 12. Hospital/Health Care |
| <input type="checkbox"/> 13. Agricultural |
| <input type="checkbox"/> 14. Animal Husbandry |
| <input type="checkbox"/> 15. Homeowner's Association |
| <input type="checkbox"/> 16. Professional, commercial
industrial or trade association |
| <input type="checkbox"/> 17. Other: _____ |

5. CAPITALIZATION: (Business Corporations and Business Trusts are **REQUIRED** to complete this section.)

Business trusts must indicate the number of transferable certificates held by trustees evidencing their beneficial interest in the trust estate. Please Print or Type Clearly.

5a. Please examine the corporation's original Articles of Incorporation for the amount of **shares authorized**.

Number of Shares/Certificates **Authorized**

Class

Series Within Class (if any)

N/A

5b. Review all corporation amendments to determine if the original number of shares has changed. Examine the corporation's minutes for the number of **shares issued**.

Number of Shares/Certificates **Issued**

Class

Series Within Class (if any)

N/A**6. SHAREHOLDERS:** (Business Corporations and Business Trusts are **REQUIRED** to complete this section.)

List shareholders holding more than 20% of any class of shares issued by the corporation, or having more than a 20% beneficial interest in the corporation. Please Type or Print Clearly.

Name: N/A

Name: _____

NONE ☐

Name: _____

Name: _____

7. OFFICERS Please Type or Print Clearly. You Must List at Least One.

Name: _____

Name: _____

Title: SEE ATTACHED LIST

Title: _____

Address: _____

Address: _____

Date taking office: _____

Date taking office: _____

Name: _____

Name: _____

Title: _____

Title: _____

Address: _____

Address: _____

Date taking office: _____

Date taking office: _____

8. DIRECTORS Please Type or Print Clearly. You Must List at Least One.

Name: _____

Name: _____

Address: SEE ATTACHED LIST

Address: _____

Date taking office: _____

Date taking office: _____

Name: _____

Name: _____

Address: _____

Address: _____

Date taking office: _____

Date taking office: _____

The University of Arizona Alumni Association
Board of Directors
2005-2006

First Name	Last Name	Board Title	Address 1	Address 2	City, State, Zip
Don	Aquilano		Gazelle TechVentures	11611 N. Meridian Street, #310	Carmel, IN 46032
Chris	Baker		6026 E. Seneca Street		Tucson, AZ 85712
Monica	Bellanger		Arizona Alumni Association	PO Box 210109	CAMPUS
Cade	Bernson		ASUA	Building 19, Room 325W	CAMPUS
Jerry	Bott		13703 Shipwatch Drive		Jacksonville, FL 32225
Amanda	Brobbe		GPSC	Administration Building, Room 322	CAMPUS
Kay	Brown	Chair	361 North Nightfall	PO Box 210109	Tucson, AZ 85748
Blake	Buchanan		Arizona Alumni Association		CAMPUS
Brad	Buller		5086 E. Roma Avenue		Phoenix, AZ 85018
Esther	Capin		4957 E. Calle Brillante		Tucson, AZ 85718
John	Casey		3843 N. 60th Place		Scottsdale, AZ 85251
Peter	Chan		7805 E. Starbright Court		Tucson, AZ 85750
Bob	Charles	Vice Chair/Sec.	2955 Park Lake Drive		Boulder, CO 80301
William	Chavira		7867 S. Michele Lane		Tempe, AZ 85284
Wally	Chester	Past Chair	WDP Partners	11411 N. Tatum Blvd.	Phoenix, AZ 85028
Bob	Crawford		31 W. Verde Lane		Tempe, AZ 85284
Sally	Drachman		6042 E. West Miramar Drive		Tucson, AZ 85715
Norma	Feldman		3490 Via Guadalupe		Tucson, AZ 85716
Dorothy	Finley		Finley Distributing Co.	2104 S. Euclid Avenue	Tucson, AZ 85713
Lloyd	Fox		P.O. Box 47250		Phoenix, AZ 85068
Mike	Gordon		PO Box 277		Lakeside, MI 49116
Michelle	Hale		706 E. Washington Street, #102		Phoenix, AZ 85034-1899
Gary	Harper		SRP	PO Box 52025 M/S POB 009	Phoenix, AZ 85072-2025
Andy	Harris		4449 E. Bradford		Orange, CA 92867
Hank	Helley		1470 Golden Gate Avenue, #4		San Francisco, CA 94115-4621
Wanda	Howell		Nutritional Sciences	Shantz 326	CAMPUS
Jim	Hunter		832 First Street		Manhattan Beach, CA 90266
Martha	Hunter		2911 North Manor Drive		Phoenix, AZ 85014
Rob	Ingold		1650 W. El Paseo Real, #173		Yuma, AZ 85364-4434
Robert	Johnston		PO Box 210203		Tucson, AZ 85721-0203
Tom	Jones		Grand Canyon State Elec. Coop.	120 N. 44th Street, Suite 100	Phoenix, AZ 85034-1899
Becky	Jordan		5618 W. Hatcher Road		Glendale, AZ 85302-3237
Cindy	Klingberg		130 W. Yucca Place		Tucson, AZ 85704
John	Lacy		DeConcini, McDonald, Yetwin & Lacy	2525 E. Broadway, Suite 200	Tucson, AZ 85716
Peter	Likins		Administration Building 712	PO Box 210066	CAMPUS
Chris	Littlefield	Chair Elect	The Dial Corporation	15501 N. Dial Boulevard	Scottsdale, AZ 85260-1619
Linda	Lohse		Vance Foundation	2440 E. Broadway	Tucson, AZ 85719
Selma Paul	Marks		2827 E. Hawthorne		Tucson, AZ 85716
Jon	Matheus		3292 S. Morgan Way		Yuma, AZ 85365
Judy	Mellor		7467 E. 34th Street		Tucson, AZ 85710-6046
Patrick	Mitchell		Strategic Impact, Inc.	444 N. Capitol Street, NW, # 840	Washington, DC 20001
Ralph	Moore		111 Bayside Circle		Windsor, CO 80550

The University of Arizona Alumni Association
Board of Directors
2005-2006

First Name	Last Name	Board Title	Address 1	Address 2	City, State, Zip
Matt	Muehlbach		Hecker and Muehlebach, P.L.L.C.	405 W. Franklin Street	Tucson, AZ 85701
Pat	Murphy		Gutilla & Murphy P.C.	4150 W. Northern Avenue	Phoenix, AZ 85051
Mike	Myers		62 Hearlstone Drive		Gansevoort, NY 12831
Mike	Noel		1601 E. Placita Pluma		Tucson, AZ 85718-3948
Dominic	Ortega		1520 E. Placita Lupita		Tucson, AZ 85718
Barbara	Peck		LP&G Marketing, Advertising & Public Relations	400 N. Toole Avenue, Suite 280	Tucson, AZ 85701
Vince	Rabago		PO Box 86511		Tucson, AZ 85754
Bill	Ridenour		4514 e. Pebble Ridge Road		Paradise Valley, AZ 85253-4034
Helen	Rosen		4615 North 22nd Street, #109		Phoenix, AZ 85016
Sandy	Ruhl	UAAA President	Arizona Alumni Association	PO Box 210109	CAMPUS
Mandley	Rust		1341 N. Camino de Juan		Tucson, AZ 85745-1615
Jennifer	Sprung		2823 N. Forgeus Avenue		Tucson, AZ 85716
Wayne	Swan		2541 N. Jeanette Avenue		Tucson, AZ 85749
Joice	Tinsley		JP Morgan/Chase (Bank One)	2823 N. Forgeus Avenue	Tucson, AZ 85701
Michael	Treadwell		Westcor	11411 N. Tatum Blvd.	Phoenix, AZ 85028
Linda	Vensel		Arizona Dept. of Agriculture	1688 W. Adams	Phoenix, AZ 85007
Charles	Whitehill		Bank of America Building	33 N. Stone Avenue, Suite 2010	Tucson, AZ 85701-1431
Barry	Wong		29 W. Medlock Drive		Phoenix, AZ 85013

**Exempt Organization Business
Income Tax Return (and proxy tax under Section 6033(e))**

OMB No. 1545-0687

For calendar year 2004 or other tax year beginning 7/01 2004,
and ending 6/30, 2005**2004**

▶ See separate instructions.

Department of the Treasury
Internal Revenue Service

A <input type="checkbox"/> Check box if address changed	<input type="checkbox"/> () check box if name changed and see instructions	D Employer identification number (Employees' trust, see instructions for Block D.) 866052716
B Exempt under Section <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 408(e) <input type="checkbox"/> 220(e) <input type="checkbox"/> 408A <input type="checkbox"/> 530(a) <input type="checkbox"/> 529(a)	Please Print or Type UNIVERSITY OF ARIZONA ALUMNI ASSOCIATION P.O. BOX 210109 TUCSON, AZ 85721-0109	E New unrelated business activity codes (See instructions for Block E.) 541800 561520
C Book value of all assets at end of year 6,777,517.	F Group exemption number (see instructions for Block F) ▶	
G Check organization type ▶ <input checked="" type="checkbox"/> 501(c) corporation <input type="checkbox"/> 501(c) trust <input type="checkbox"/> 401(a) trust <input type="checkbox"/> Other trust		
H Describe the organization's primary unrelated business activity. ▶ MAGAZINE ADVERTISING & TOUR TRAVEL		
I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? ... <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If 'Yes,' enter the name and identifying number of the parent corporation. ▶		
J The books are in care of ▶ THE ASSOCIATION Telephone number ▶ 520-621-4846		

Part I Unrelated Trade or Business Income

	(A) Income	(B) Expenses	(C) Net
1a Gross receipts or sales ...			
b Less returns and allowances ... c Balance ▶	1c		
2 Cost of goods sold (Schedule A, line 7) ...	2		
3 Gross profit (subtract line 2 from line 1c) ...	3		
4a Capital gain net income (attach Schedule D) ...	4a		
b Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797) ...	4b		
c Capital loss deduction for trusts ...	4c		
5 Income (loss) from partnerships and S corporations (attach statement) ...	5		
6 Rent income (Schedule C) ...	6		
7 Unrelated debt-financed income (Schedule E) ...	7		
8 Interest, annuities, royalties, and rents from controlled organizations (Schedule F) ...	8		
9 Investment income of a section 501(c)(7), (9), or (17) organization (Sch G) ...	9		
10 Exploited exempt activity income (Schedule I) ...	10		
11 Advertising income (Schedule J) ...	11 98,398.	70,592.	27,806.
12 Other income (see instructions - attach schedule) ...	12		
13 Total (combine lines 3 through 12) ...	13 98,398.	70,592.	27,806.

Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions.)
(Except for contributions, deductions must be directly connected with the unrelated business income.)

14 Compensation of officers, directors, and trustees (Schedule K) ...	14	
15 Salaries and wages ...	15	
16 Repairs and maintenance ...	16	
17 Bad debts ...	17	
18 Interest (attach schedule) ...	18	
19 Taxes and licenses ...	19	
20 Charitable contributions (see instructions for limitation rules) ...	20	
21 Depreciation (attach Form 4562) ...	21	
22 Less depreciation claimed on Schedule A and elsewhere on return ...	22a	22b
23 Depletion ...	23	
24 Contributions to deferred compensation plans ...	24	
25 Employee benefit programs ...	25	
26 Excess exempt expenses (Schedule I) ...	26	
27 Excess readership costs (Schedule J) ...	27	
28 Other deductions (attach schedule) ...	28	
29 Total deductions (add lines 14 through 28) ...	29	
30 Unrelated business taxable income before net operating loss deduction (subtract line 29 from line 13) ...	30	27,806.
31 Net operating loss deduction ...	31	
32 Unrelated business taxable income before specific deduction (subtract line 31 from line 30) ...	32	27,806.
33 Specific deduction (Generally \$1,000, but see line 33 instructions for exceptions) ...	33	1,000.
34 Unrelated business taxable income (subtract line 33 from line 32). If line 33 is greater than line 32, enter the smaller of zero or line 32. ...	34	26,806.

Part III Tax Computation**35 Organizations Taxable as Corporations** (see instructions for tax computation)Controlled group members (sections 1561 and 1563) — check here ☐. See instructions and:

a Enter your share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order):

(1) \$ (2) \$ (3) \$

b Enter organization's share of: (1) additional 5% tax (not more than \$11,750) \$

(2) additional 3% tax (not more than \$100,000) \$

c Income tax on the amount on line 34

35c 4,021.

36 Trusts Taxable at Trust Rates (see instructions for tax computation) Income tax on the amounton line 34 from: ☐ Tax rate schedule or ☐ Schedule D (Form 1041)

36

37 Proxy tax (see instructions)

37

38 Alternative minimum tax

38

39 Total (add lines 37 and 38 to line 35c or 36, whichever applies)

39 4,021.

Part IV Tax and Payments**40a Foreign tax credit** (corporations attach Form 1118; trusts attach Form 1116)

40a

b Other credits (see instructions)

40b

c General business credit — Check here and indicate which forms are attached:☐ Form 3800 ☐ Form(s) (specify) ▶

40c

d Credit for prior year minimum tax (attach Form 8801 or 8827)

40d

e Total credits (add lines 40a through 40d)

40e 0.

41 Subtract line 40e from line 39

41 4,021.

42 Other taxes. Check if from: ☐ Form 4255 ☐ Form 8611 ☐ Form 8697 ☐ Form 8866☐ Other (attach schedule)

42

43 Total tax (add lines 41 and 42)

43 4,021.

44a Payments: A 2003 overpayment credited to 2004

44a

b 2004 estimated tax payments

44b

c Tax deposited with Form 8868

44c

d Foreign organizations — Tax paid or withheld at source (see instructions)

44d

e Backup withholding (see instructions)

44e

f Other credits and payments:☐ Form 2439 ☐ Form 4136 ☐ Other

Total ▶

44f

45 Total payments (add lines 44a through 44f)

45 0.

46 Estimated tax penalty (see instructions). Check ☒ if Form 2220 is attached

46 201.

47 Tax due — If line 45 is less than the total of lines 43 and 46, enter amount owed

47 4,222.

48 Overpayment — If line 45 is larger than the total of lines 43 and 46, enter amount overpaid

48

49 Enter the amount of line 48 you want: Credited to 2005 estimated tax ▶

Refunded ▶

49

Part V Statements Regarding Certain Activities and Other Information (See instructions.)

1 At any time during the 2004 calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)?

If 'Yes,' the organization may have to file Form TD F 90-22.1. If 'Yes,' enter the name of the foreign country here

Yes	No
	X

2 During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? ...
If 'Yes,' see the instructions for other forms the organization may have to file.

Yes	No
	X

3 Enter the amount of tax-exempt interest received or accrued during the tax year: \$ 0.

Schedule A — Cost of Goods Sold — Enter method of inventory valuation ▶

1 Inventory at beginning of year

1

2 Purchases

2

3 Cost of labor

3

4a Additional section 263A costs (attach schedule)

4a

b Other costs (attach sch)

4b

5 Total — Add lines 1 through 4b

5

6 Inventory at end of year

6

7 Cost of goods sold. Subtract line 6 from line 5. (Enter here and on line 2, Part I.)

7

8 Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization?

Yes	No
	X

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer *Brandon Ruhl*Date *2/14/06*Title *President*May the IRS discuss this return with the preparer shown below (see instructions)? ☒ Yes ☐ No**Paid Preparer's Use Only**

Preparer's signature

Firm's name (or yours if self-employed), address, and ZIP code

James L. ...
LUDWIG, SCHACHT & KLEWER, PLLC
4783 E. CAMP LOWELL DRIVE
TUCSON, AZ 85712

Date

*2/3/06*Check if self-employed ☐

Preparer's SSN or PTIN

P00343046

EIN 36-4538293

Phone no. 520-545-0500

BAA

Form 990-T (2004)

UNIVERSITY OF ARIZONA ALUMNI ASSOCIATION

STATEMENTS OF FINANCIAL POSITION June 30, 2006 and 2005

ASSETS

	<u>2006</u>	<u>2005</u>
Current assets:		
Cash and cash equivalents	\$ 1,167,927	\$ 1,475,359
Accounts receivable	123,021	125,692
Accrued interest receivable	9,105	-
Guaranteed royalty payments receivable - current	500,000	500,000
Prepaid expenses and other current assets	80,973	25,575
Statue inventory	74,800	149,600
Investments	4,072,681	3,095,195
Total current assets	6,028,507	5,371,421
Guaranteed royalty payments receivable - non-current, net	908,843	1,342,179
Furniture and equipment, net	57,390	63,917
Total assets	<u>\$ 6,994,740</u>	<u>\$ 6,777,517</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 56,440	\$ 20,721
Deferred revenue - royalty payments, current	757,143	757,143
Deferred revenue - membership	634,064	61,805
Deferred revenue - other	148,193	4,110
Capital leases payable, current	6,910	6,288
Total current liabilities	1,602,750	850,067
Deferred revenue - royalty payments, non-current	1,892,857	2,650,000
Capital leases payable, non-current	21,807	28,717
Note payable	-	164,900
Total liabilities	3,517,414	3,693,684
Net assets, unrestricted	3,477,326	3,083,833
Total liabilities and net assets	<u>\$ 6,994,740</u>	<u>\$ 6,777,517</u>

See independent auditors' report and
accompanying notes to financial statements.

UNIVERSITY OF ARIZONA ALUMNI ASSOCIATION

STATEMENTS OF ACTIVITIES For the years ended June 30, 2006 and 2005

	2006	2005
Revenues and support:		
University of Arizona allocations	\$ 1,682,207	\$ 1,603,816
Earnings from University of Arizona Foundation Alumni Endowment	170,234	161,882
University of Arizona Foundation gift income	-	126,945
Investment income, net	357,053	243,691
Royalties	864,872	960,391
Alumni and student relations program revenue	364,977	333,137
Advertising	56,400	98,398
Astronomy camp	64,313	56,860
In-kind contributions	112,224	165,652
Donations	104,353	-
Membership	171,815	481
Other income	7,452	10,427
Total revenues and support	3,955,900	3,761,680
Expenses:		
Program expenses:		
Publications and communications	496,870	583,713
Alumni and student relations	1,532,515	1,060,801
Database management	360,485	366,102
Travel program	177,221	214,850
Astronomy camp	60,981	73,107
Total program expenses	2,628,072	2,298,573
General and administrative expenses	761,189	648,463
Fundraising	173,206	294,801
Total expenses	3,562,407	3,241,837
Change in net assets	393,493	519,843
Net assets, beginning of year	3,083,833	2,563,990
Net assets, end of year	\$ 3,477,326	\$ 3,083,833

See independent auditors' report and
accompanying notes to financial statements.

UNIVERSITY OF ARIZONA ALUMNI ASSOCIATION

STATEMENTS OF CASH FLOWS For the years ended June 30, 2006 and 2005

	2006	2005
Cash flows from operating activities:		
Change in net assets	\$ 393,493	\$ 519,843
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	13,948	3,776
Realized and unrealized gain on investments, net	(250,517)	(148,312)
Dividends reinvested	(107,747)	(28,726)
Forgiveness of note payable	(100,000)	-
Change in operating assets and liabilities:		
Accounts receivable	2,671	(81,589)
Accrued interest receivable	(9,105)	-
Guaranteed royalty payments receivable	433,336	416,372
Prepaid expenses and other current assets	(55,398)	(13,931)
Statue inventory	74,800	(149,600)
Accounts payable	35,718	(34,542)
Deferred revenue - royalty payments	(757,143)	(757,143)
Deferred revenue - membership	572,259	61,805
Deferred revenue - other	144,083	(9,290)
Total adjustments	(3,095)	(741,180)
Net cash provided by (used in) operating activities	390,398	(221,337)
Cash flows from investing activities:		
Purchases of furniture and equipment	(7,421)	(30,624)
Proceeds from sale of investments	856,529	1,120,000
Purchases of investments	(1,475,751)	(1,000,000)
Net cash (used in) provided by investing activities	(626,643)	89,376
Cash flows from financing activities:		
Proceeds from note payable	-	170,000
Repayment of note payable	(64,900)	(5,100)
Principal payments on capital leases payable	(6,287)	(2,064)
Net cash (used in) provided by financing activities	(71,187)	162,836
Change in cash and cash equivalents	(307,432)	30,875
Cash and cash equivalents, beginning of year	1,475,359	1,444,484
Cash and cash equivalents, end of year	<u>\$ 1,167,927</u>	<u>\$ 1,475,359</u>

See independent auditors' report and
accompanying notes to financial statements.

UNIVERSITY OF ARIZONA ALUMNI ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, Continued

Concentration of Credit Risk

The Federal Deposit Insurance Corporation (FDIC) insures cash accounts at banks up to \$100,000. Investments held by other institutions are covered up to \$500,000 under insurance provided by the Securities Investor Protection Corporation (SIPC). However, SIPC does not protect against losses in market value. It is the opinion of management that the solvency of the referenced financial institutions is not of concern at this time. At June 30, 2006 and 2005, the Association had cash and investments in the amount of \$3,101,836 and \$2,391,843, respectively, at various banks and institutions in excess of FDIC and SIPC limitations.

Income Taxes

The Association is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from advertising activities not directly related to the Organization's tax-exempt purpose may be subject to taxation as unrelated business income. Income tax expense for such unrelated business income totaled \$-0- and \$6,315 for the years ended June 30, 2006 and 2005, respectively.

3. Guaranteed Royalty Payments Receivable

Guaranteed royalty payments receivable represents amounts due to the Association under its long-term royalty agreement with MBNA America Bank, N.A. Under the terms of the agreement, the Association will receive a total of \$5,300,000 in guaranteed payments. The balance as of June 30, 2006 represents the net present value of the remaining payments to be received under this agreement. Future guaranteed royalty payments to be received are:

2007	\$	500,000
2008		500,000
2009		500,000
Total guaranteed royalty payments receivable		1,500,000
Less discounts to net present value		(91,157)
Less current portion		(500,000)
Guaranteed royalty payments receivable, non-current portion	\$	<u>908,843</u>

4. Investments

Investments at June 30, 2006 are stated at fair value and are summarized as follows:

	Cost or Donated Value	Fair Value
Marketable securities:		
Mutual funds - mid cap	\$ 218,469	\$ 243,779
Mutual funds - global	204,437	249,626
Mutual funds - neutral	254,560	251,697
Mutual funds - large cap growth	554,121	771,228
Mutual funds - large cap value	637,813	757,702
Mutual funds - domestic fixed income	1,523,202	1,798,649
Total marketable securities	<u>\$ 3,392,602</u>	<u>\$ 4,072,681</u>

UNIVERSITY OF ARIZONA ALUMNI ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

4. Investments, Continued

Investment income for the year ended June 30, 2006 consists of:

Interest and dividend income	\$ 109,536
Realized and unrealized gain on investments, net	250,517
Investment fees	(3,000)
Investment income, net	<u>\$ 357,053</u>

Investments at June 30, 2005 are stated at fair value and are summarized as follows:

	Cost or Donated Value	Fair Value
Marketable securities:		
Mutual funds - mid cap	\$ 241,378	\$ 263,866
Mutual funds - global	249,329	266,827
Mutual funds - large cap growth	616,355	769,530
Mutual funds - large cap value	696,208	815,105
Mutual funds - domestic fixed income	881,062	979,867
Total marketable securities	<u>\$ 2,684,332</u>	<u>\$ 3,095,195</u>

Investments at June 30, 2005 are stated at fair value and are summarized as follows, continued:

Investment income for the year ended June 30, 2005 consists of:

Interest and dividend income	\$ 98,379
Realized and unrealized gain on investments, net	148,312
Investment fees	(3,000)
Investment income, net	<u>\$ 243,691</u>

5. Furniture and Equipment

Furniture and equipment at June 30, 2006 and 2005 consists of:

	2006	2005
Office equipment under capital leases	\$ 37,069	\$ 37,069
Office furniture and equipment	38,046	30,624
Total furniture and equipment	75,115	67,693
Less accumulated depreciation	(17,725)	(3,776)
Furniture and equipment, net	<u>\$ 57,390</u>	<u>\$ 63,917</u>

UNIVERSITY OF ARIZONA ALUMNI ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

6. Capital Leases Payable

The Association is obligated under two capital leases. The total cost of office equipment under these leases is \$37,069 and accumulated depreciation was \$10,268 and \$2,854, at June 30, 2006 and 2005, respectively.

Capital leases payable at June 30, 2006 and 2005 consist of:

	<u>2006</u>	<u>2005</u>
Canon Financial Services, \$402 per month including interest through October 2009; collateralized by a copier.	\$ 13,753	\$ 17,103
Canon Financial Services, \$376 per month including interest through June 2010; collateralized by a copier.	<u>14,964</u>	<u>17,902</u>
Net minimum lease payments	28,717	35,005
Capital leases, current	<u>(6,910)</u>	<u>(6,288)</u>
Capital leases, non-current	<u>\$ 21,807</u>	<u>\$ 28,717</u>

The future maximum lease payments due under the capital leases at June 30, 2006 are:

Year ending <u>June 30,</u>	
2007	\$ 9,338
2008	9,338
2009	9,338
2010	<u>6,118</u>
Total lease payments	34,132
Less imputed interest	<u>(5,415)</u>
Net minimum lease payments	<u>\$ 28,717</u>

7. Note Payable

During the year ended June 30, 2005, a donor loaned the Association \$170,000 to purchase 100 Wildcat statues to be sold as part of the lifetime membership package offered to alumni. The note does not bear interest. Under the terms of the arrangement, the Association made payments to the donor at the rate of \$1,700 for each statue sold with a lifetime membership. The balance due on the note as of June 30, 2005 was \$164,900.

During the year ended June 30, 2006, the Association repaid the donor \$64,900. The donor forgave the remaining note balance of \$100,000, and there is no balance due on the note payable as of June 30, 2006.

UNIVERSITY OF ARIZONA ALUMNI ASSOCIATION

SCHEDULE OF EXPENSES
For the year ended June 30, 2006

	Operating Expenses	Payroll and Related Expenses	Total
Program expenses:			
Publications and communications	\$ 294,791	\$ 202,019	\$ 496,810
Alumni and student relations	664,351	868,164	1,532,515
Database management	59,228	301,257	360,485
Travel program	74,879	102,342	177,221
Astronomy camp	30,981	30,000	60,981
Total program expenses	1,124,230	1,503,782	2,628,012
General and administrative	517,290	243,899	761,189
Fundraising	13,820	159,386	173,206
Total expenses	<u>\$ 1,655,340</u>	<u>\$ 1,907,067</u>	<u>\$ 3,562,407</u>

Supplementary information
See independent auditors' report.

UNIVERSITY OF ARIZONA ALUMNI ASSOCIATION

SCHEDULE OF EXPENSES
For the year ended June 30, 2005

	Operating Expenses	Payroll and Related Expenses	Total
Program expenses:			
Publications and communications	\$ 341,517	\$ 242,196	\$ 583,713
Alumni and student relations	495,399	565,402	1,060,801
Database management	71,682	294,420	366,102
Travel program	140,634	74,216	214,850
Astronomy camp	73,107	-	73,107
Total program expenses	1,122,339	1,176,234	2,298,573
General and administrative	366,199	282,264	648,463
Fundraising	43,377	251,424	294,801
Total expenses	<u>\$ 1,531,915</u>	<u>\$ 1,709,922</u>	<u>\$ 3,241,837</u>

Supplementary information
See independent auditors' report.

9. FINANCIAL DISCLOSURE (A.R.S. §10-11622.A.9)

Nonprofit corporations **must attach** a financial statement (e.g. income/expense statement, balance sheet including assets, liabilities). All other forms of corporations are exempt from filing a financial disclosure.

9A. MEMBERS (A.R.S. § 10-11622.A.6)

Only Nonprofit Corporations must answer this question.

This corporation **DOES** ☒ **DOES NOT** ☐ have members.

10. CERTIFICATE OF DISCLOSURE (A.R.S. §§10-1622.A.8 & 10-11622.A.7)

Has ANY person serving either by election or appointment as an officer, director, trustee, incorporator and/or person controlling or holding more than 10% of the issued and outstanding common shares or 10% of any other proprietary, beneficial or membership interest in the corporation been: [Underlined portion pertains to business corporations only]

1. Convicted of a felony involving a transaction in securities, consumer fraud or antitrust in any state or federal jurisdiction within the seven year period immediately preceding the execution of this certificate?
2. Convicted of a felony, the essential elements of which consisted of fraud, misrepresentation, theft by false pretenses or restraint of trade or monopoly in any state or federal jurisdiction within the seven year period immediately preceding execution of this certificate?
3. Or are subject to an injunction, judgment, decree or permanent order of any state or federal court entered within the seven year period immediately preceding execution of this certificate where such injunction, judgment, decree or permanent order involved the violation of:
(a) fraud or registration provisions of the securities laws of that jurisdiction, or
(b) the consumer fraud laws of that jurisdiction, or
(c) the antitrust or restraint of trade laws of that jurisdiction?

One box **must** be marked:

YES ☐ NO ☒

If "YES", the following information **must be submitted** as an attachment to this report for each person subject to one or more of the actions stated in Items 1. through 3. above.

- | | |
|---|--|
| 1. Full name and prior names used. | 5. Date and location of birth. |
| 2. Full birth name. | 6. Social Security Number |
| 3. Present home address. | 7. The nature and description of each conviction or judicial action; |
| 4. Prior addresses (for immediate preceding 7 year period). | the date and location; the court and public agency involved, and the file or cause number of the case. |

11. STATEMENT OF BANKRUPTCY, RECEIVERSHIP or CHARTER REVOCATION (A.R.S. §§10-202.D.2, 10-3202.D.2, 10-1623 & 10-11623)

A) Has the corporation filed a petition for bankruptcy or appointed a receiver?

One box **must** be marked:

YES ☐ NO ☒

B) Has any person serving as an officer, director, trustee or incorporator of the corporation served in any such capacity OR held or controlled over 20% of the issued and outstanding common shares, or 20% of any other proprietary, beneficial or membership interest in any other corporation which has been placed in bankruptcy, receivership or had its charter revoked, or administratively or judicially dissolved by any state or jurisdiction?

[Underlined portion pertains to business corporations only]

One box **must** be marked:

YES ☐ NO ☒

If "YES" to A and/or B, the following information **must be submitted** as an attachment to this report for each person subject to the statement above.

1. The names and addresses of each corporation and the person or persons involved. (e.g. officer, director, trustee or major stockholder)
2. The state in which each corporation was a) incorporated b) transacted business.
3. The dates of corporate operation.
4. If any involved person (listed in #1) has been involved in any other bankruptcy proceeding within the past year, the name and address of each corporation.
5. Date, Case number and Court where the bankruptcy was filed or receiver appointed.
6. Name and address of court appointed receiver.

12. SIGNATURES: Annual Reports must be signed and dated by at least one duly authorized officer or they will be rejected.

I declare, under penalty of law that all corporate income tax returns required by Title 43 of the Arizona Revised Statutes have been filed with the Arizona Department of Revenue. I further declare under penalty of law that I (we) have examined this report and the certificate, including any attachments, and to the best of my (our) knowledge and belief they are true, correct and complete.

Name SANDRA L. RUHL Date 9/29/06 Name _____ Date _____
Signature Sandra L. Ruhl Signature _____
Title PRESIDENT Title _____

(Signator(s) must be duly authorized corporate officer(s) listed in section 7 of this report.)