

**California State University, Northridge Foundation**

**Financial Statements  
(With Supplementary Information)  
and Independent Auditor's Report**

**June 30, 2016**

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**COHN  REZNICK**  
ACCOUNTING • TAX • ADVISORY

# California State University, Northridge Foundation

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Independent Auditor's Report

To the Board of Directors  
California State University, Northridge Foundation

We have audited the accompanying financial statements of California State University, Northridge Foundation, which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California State University, Northridge Foundation as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Report on Summarized Comparative Information*

We have previously audited California State University, Northridge Foundation's 2015 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated September 21, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Report on Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of net position, revenues, expenses and changes in net position and other information are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Cohn Reznick LLP".

Los Angeles, California  
September 29, 2016

**California State University, Northridge Foundation**

**Statement of Financial Position  
June 30, 2016  
With Summarized Totals at June 30, 2015**

Assets

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 2,937,441	\$ 3,111,433
Investments	127,396,904	124,066,204
Pledges receivable, net	8,650,284	10,484,593
Prepaid expenses	94,465	83,721
Other receivables	215,482	311,033
Gift annuities receivable, net	265,766	218,256
Beneficial interest in charitable remainder trusts	1,371,295	1,288,641
Other assets	<u>2,798,076</u>	<u>888,026</u>
 Total	 <u>\$ 143,729,713</u>	 <u>\$ 140,451,907</u>

Liabilities and Net Assets

Liabilities		
Accounts payable and accrued liabilities	\$ 138,785	\$ 74,070
Amounts payable to the University	-	29,614
Amounts payable to other University auxiliary organizations	<u>93,269</u>	<u>7,720</u>
 Total liabilities	 <u>232,054</u>	 <u>111,404</u>
 Commitments and contingencies		
Net assets		
Unrestricted		
Undesignated	11,112,364	13,865,729
Designated	<u>7,237,962</u>	<u>6,491,976</u>
 Total unrestricted	 18,350,326	 20,357,705
Temporarily restricted	69,394,193	69,126,262
Permanently restricted	<u>55,753,140</u>	<u>50,856,536</u>
 Total net assets	 <u>143,497,659</u>	 <u>140,340,503</u>
 Total	 <u>\$ 143,729,713</u>	 <u>\$ 140,451,907</u>

See Notes to Financial Statements.

**California State University, Northridge Foundation**

**Statement of Activities  
Year Ended June 30, 2016  
With Summarized Totals for the Year Ended June 30, 2015**

	2016			2015	
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Total
Revenue and support					
Support					
Contributions	\$ -	\$ 7,409,975	\$ 4,896,604	\$ 12,306,579	\$ 9,296,621
In-kind contributions	318,478	-	-	318,478	401,339
Gifts of art and artifacts retained	1,910,700	-	-	1,910,700	-
Change in value of gift annuities	-	47,510	-	47,510	(710)
Change in value of beneficial interest in charitable remainder trusts	-	82,654	-	82,654	10,609
Total support	<u>2,229,178</u>	<u>7,540,139</u>	<u>4,896,604</u>	<u>14,665,921</u>	<u>9,707,859</u>
Other revenue					
Program income	547,344	-	-	547,344	765,957
Investment income (loss), net	(825,591)	(1,445,989)	-	(2,271,580)	1,019,455
Other income	412,841	-	-	412,841	427,907
Total other revenue	<u>134,594</u>	<u>(1,445,989)</u>	<u>-</u>	<u>(1,311,395)</u>	<u>2,213,319</u>
Total revenue and support	<u>2,363,772</u>	<u>6,094,150</u>	<u>4,896,604</u>	<u>13,354,526</u>	<u>11,921,178</u>
Net assets released from restrictions					
Purpose	<u>5,826,219</u>	<u>(5,826,219)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue and support and net assets released from restrictions	<u>8,189,991</u>	<u>267,931</u>	<u>4,896,604</u>	<u>13,354,526</u>	<u>11,921,178</u>
Expenses					
Program services					
Scholarships	2,638,681	-	-	2,638,681	2,350,077
Academic support	2,905,625	-	-	2,905,625	2,711,134
Institutional support	2,793,960	-	-	2,793,960	2,668,208
Capital projects	977,125	-	-	977,125	218,777
University programs	310,559	-	-	310,559	454,880
Total program services	<u>9,625,950</u>	<u>-</u>	<u>-</u>	<u>9,625,950</u>	<u>8,403,076</u>
Supporting services					
General and administrative	223,381	-	-	223,381	264,304
Fundraising	348,039	-	-	348,039	244,733
Total expenses	<u>10,197,370</u>	<u>-</u>	<u>-</u>	<u>10,197,370</u>	<u>8,912,113</u>
Change in net assets	(2,007,379)	267,931	4,896,604	3,157,156	3,009,065
Net assets, beginning	<u>20,357,705</u>	<u>69,126,262</u>	<u>50,856,536</u>	<u>140,340,503</u>	<u>137,331,438</u>
Net assets, end	<u>\$ 18,350,326</u>	<u>\$ 69,394,193</u>	<u>\$ 55,753,140</u>	<u>\$ 143,497,659</u>	<u>\$ 140,340,503</u>

See Notes to Financial Statements.

**California State University, Northridge Foundation**

**Statement of Cash Flows  
Year Ended June 30, 2016  
With Summarized Totals for the Year Ended June 30, 2015**

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in net assets	\$ 3,157,156	\$ 3,009,065
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Bad debt recoveries	(86,436)	(29,140)
Change in discount of pledges receivable	64,221	(185,321)
Net realized and unrealized loss on investments	4,440,592	771,074
Contributions restricted for investment in perpetuity	(4,896,604)	(1,183,812)
Change in value of gift annuities receivable	(47,510)	710
Change in value of beneficial interest in charitable remainder trusts	(82,654)	(10,609)
Changes in operating assets and liabilities		
Pledges receivable	1,856,524	1,500,288
Prepaid expenses	(10,744)	(45,974)
Other receivables	95,551	(10,393)
Other assets	(1,910,050)	(3,726)
Accounts payable and accrued liabilities	64,715	42,947
Amounts payable to the University	(29,614)	28,052
Amounts payable to other University auxiliary organizations	85,549	(1,788)
	<u>2,700,696</u>	<u>3,881,373</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Purchases of investments	(12,119,766)	(30,745,790)
Proceeds from sale of investments	4,348,474	26,111,036
	<u>(7,771,292)</u>	<u>(4,634,754)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Contributions restricted for investment in perpetuity	4,896,604	1,183,812
	<u>4,896,604</u>	<u>1,183,812</u>
Net increase (decrease) in cash and cash equivalents	(173,992)	430,431
Cash and cash equivalents, beginning	3,111,433	2,681,002
	<u>3,111,433</u>	<u>2,681,002</u>
Cash and cash equivalents, end	<u>\$ 2,937,441</u>	<u>\$ 3,111,433</u>

See Notes to Financial Statements.

California State University, Northridge Foundation

Notes to Financial Statements  
June 30, 2016

**Note 1 - Business activity and summary of significant accounting policies**

**Business activity**

California State University, Northridge Foundation (the "Foundation") is a nonprofit 501(c)(3) California corporation that serves as an auxiliary organization to California State University, Northridge (the "University") with a goal of furthering the purposes and objectives of the University. The Foundation's main function is to administer the receipt and disbursement of gifts, grants, contracts, bequests, and trusts from various donors to different departments of the University. The Foundation also assists the University in various activities, including accumulation and managing life income, annuity and student scholarship funds, and administering funds for various educational related functions, special programs, and other activities.

**Basis of accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Financial statement presentation**

To ensure the observance of certain constraints and restrictions placed on the use of resources, the accounts of the Foundation are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

*Unrestricted - Undesignated* - These generally result from revenues generated by receiving unrestricted contributions, providing services and receiving income from investments less expenses incurred in providing program related services, raising contributions and performing administrative functions.

*Unrestricted - Board-Designated* - The Foundation's Board of Directors has adopted a policy regarding operating reserves and annually reviews the policy and amount. As of June 30, 2016, the Foundation's Board of Directors has designated \$5,000,000 as an operating fund reserve as mandated by the Board of Trustees of the California State University. As of June 30, 2016, the Foundation's Board of Directors has designated \$2,237,962 for institutional support (see Note 7).

*Temporarily Restricted* - The Foundation reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from purpose or time restrictions. The Foundation has \$69,394,193 of temporarily restricted net assets at June 30, 2016.

*Permanently Restricted* - These net assets are from donors who stipulate that resources are to be maintained permanently, but permit the Foundation to expend all of the income (or other economic benefits) derived from the donated assets. The Foundation has \$55,753,140 of permanently restricted net assets at June 30, 2016.



## California State University, Northridge Foundation

### Notes to Financial Statements June 30, 2016

#### **Contributions**

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions. Contributions for which donors have not stipulated restrictions, as well as contributions for which donors have stipulated restrictions that are met within the same reporting period, are reported as unrestricted support.

Unconditional promises to give with payments due in future periods are reported as restricted support. Gifts of land, buildings and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulation, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Conditional promises to give, which depend on the occurrence of a specified future and uncertain event to bind the promissory, shall be recognized when the conditions on which they depend are substantially met.

#### **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, demand deposits and all highly liquid investments with an initial maturity at date of purchase of three months or less.

#### **Investments**

Investments are reported at their fair values in the statement of financial position. Realized and unrealized gains and losses are included in the statement of activities as investment income.

Investments are made according to the investment policies, guidelines, and objectives adopted by the Foundation's Board of Directors. These guidelines provide for investments in equities, fixed income, and other securities with performance measured against appropriate indices. The investments are generally managed by outside investment managers contracted by the Foundation. Market values of such investments and credit ratings of bond issuers are routinely reviewed by the Foundation's Board of Directors.

#### **Fair value measurements**

The Foundation values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

## California State University, Northridge Foundation

### Notes to Financial Statements June 30, 2016

#### **Pledges receivable**

Pledges receivable are stated at unpaid balances, less an allowance for doubtful accounts and a discount on those pledges receivable due in greater than one year. The Foundation provides for losses on receivables using the allowance method. The allowance is based on experience and other circumstances. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Foundation's policy to charge off uncollectible receivables when management determines the receivable will not be collected.

#### **Gift annuities receivable**

The Foundation is the beneficiary of 12 charitable gift annuities administered on the Foundation's behalf by the California State University Foundation, an auxiliary of the California State University Office of the Chancellor. These annuities represent the assets received in the form of contributions in exchange for distributions of a fixed amount for a specific period of time to the donor or other beneficiaries. At June 30, 2016, the fair market value of the donated assets was \$461,222, the annuitant liability was \$265,766 and the net receivable due from the California State University Foundation at June 30, 2016 was \$195,456. The present value of the estimated future payments is calculated using discount rates ranging from 6.1% to 8.6% and applicable mortality tables.

#### **Beneficial interest in charitable remainder trusts**

The Foundation has been designated as the beneficiary of assets held in four charitable remainder trusts administered by other trustees. A receivable is recorded at the present value of the amount held by the trustee that is expected to be received by the Foundation. The Foundation uses an interest rate commensurate with the risks involved to discount the contribution receivable. The discount rate used during the year ended June 30, 2016 was 2%. The amortization of this discount and changes in actuarial assumptions are reflected in the statement of activities as a change in value of beneficial interest in charitable remainder trusts.

#### **Other receivables**

The Foundation is the irrevocable beneficiary or owner of other assets, including an interest in a life estate, a note receivable payable to the Foundation and two life insurance policies in which the Foundation is both the owner and beneficiary. The life estate is presented at the present value of the underlying real estate. The note receivable is presented at its current market value and the life insurance policies are presented at their cash surrender value.

#### **Collections**

The collections, which were acquired through contributions since the Foundation's inception, are recognized as assets on the statement of financial position within other assets. The Foundation's collections are made up of art and artifacts that are held for educational, research, scientific, and curatorial purposes. Each of the items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously. During the year ended June 30, 2016, the Foundation received art which was appraised at \$1,910,700.

#### **In-kind contributions**

The Foundation records various types of in-kind contributions. Contributions of tangible assets are recognized at fair value when received. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses. For the year ended June 30, 2016, the Foundation recorded in-kind contributions of \$318,478 (see Note 6).

## California State University, Northridge Foundation

### Notes to Financial Statements June 30, 2016

#### **Income taxes**

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the Revenue Taxation Code of California. Accordingly, no provision for income taxes is included in the accompanying financial statements.

The Foundation has no unrecognized tax benefits at June 30, 2016. The Foundation's federal income tax returns for fiscal years 2015, 2014 and 2013 remain open. The Foundation's state income tax returns for fiscal years 2015, 2014, 2013 and 2012 remain open. Management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If applicable, the Foundation recognizes interest and penalties associated with tax matters as part of income tax expense and includes accrued interest and penalties with the related tax liability in the statement of financial position.

#### **Functional allocation of expenses**

The costs of providing services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the program services and supporting services benefited. Program services include the following:

*Scholarships* - expenditures related to distribution of funds to University students in pursuit of their undergraduate or graduate education.

*Academic support* - expenditures related to the University's colleges and the affiliated academic departments, programs, institutes, and centers. This also includes expenditures related to the Oviatt Library and the activities related to faculty research.

*Institutional support* - expenditures related to the University's support services related to student affairs, information technology, alumni relations, community relations, and other campus-wide activities.

*Capital projects* - expenditures related to projects and equipment to further the University's mission and goals.

*University programs* - expenditures related to programs of the University complementary to its mission, including intercollegiate athletics.

#### **Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

#### **Comparative totals**

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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

# California State University, Northridge Foundation

## Notes to Financial Statements June 30, 2016

### New accounting pronouncements

In August 2016, the Financial Accounting Standards Board approved Accounting Standards Update ("ASU") 2016-14 to amend the requirement for financial statements and notes for not-for-profit entities. This ASU will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The Foundation is in the process of determining the impact and the date of adoption of the new standard.

### Subsequent events

The Foundation has evaluated subsequent events through September 29, 2016, which is the date the financial statements were available to be issued.

### Note 2 - Concentrations of credit risk

Financial instruments which potentially subject the Foundation to concentrations of credit risk include cash and cash equivalents. The Foundation maintains its cash and cash equivalents and investments with high-credit quality financial institutions. At times, such amounts may exceed federally insured limits which is currently \$250,000 per institution.

The Foundation's investments are subject to various risks, such as interest rate, credit and overall market volatility risks. Further, because of the significance of the investments to the Foundation's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes.

At June 30, 2016, three donors accounted for approximately 49% of the Foundation's total pledges receivable. For the year ended June 30, 2016, two donors accounted for approximately 24% of the Foundation's contributions.

### Note 3 - Investments

At June 30, 2016, investments consist of the following:

Equities		
Domestic	\$ 29,079,027	23%
International	15,706,418	12%
Emerging markets	9,166,162	7%
Index funds	11,482,930	9%
Fixed income		
Government agencies	18,946,607	15%
Corporate bonds	7,464,978	6%
Government bonds	6,069,194	5%
Index funds	8,033,128	6%
Real estate fund	2,302,783	2%
Limited partnerships	19,145,677	15%
	<u>\$ 127,396,904</u>	<u>100%</u>

**California State University, Northridge Foundation**

**Notes to Financial Statements  
June 30, 2016**

At June 30, 2016, the Foundation has the following investments in limited partnerships that calculate net asset value ("NAV") per share:

<u>Investment strategy</u>	<u>NAV</u>	<u>Redemption terms</u>	<u>Redemption restrictions</u>	<u>Redemption restrictions in place at year-end</u>	<u>Unfunded commitments</u>
Global multi-asset	<u>\$ 19,145,677</u>	Annually	None	None	<u>\$ -</u>

Investment income (loss) for the year ended June 30, 2016 is as follows:

Realized losses on sale of investments	\$ (58,867)
Unrealized losses on investments	(4,381,725)
Interest and dividends	2,704,027
Investment management fees	<u>(535,015)</u>
	<u>\$ (2,271,580)</u>

**Note 4 - Fair value measurements**

At June 30, 2016, financial assets that are carried at fair value are classified in the table below in one of the three categories as described in Note 1:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	\$ 65,434,537	\$ -	\$ -	\$ 65,434,537
Fixed income	15,598,655	24,915,252	-	40,513,907
Real estate fund	2,302,783	-	-	2,302,783
Limited partnerships	-	-	19,145,677	19,145,677
<b>Total investments</b>	<b>83,335,975</b>	<b>24,915,252</b>	<b>19,145,677</b>	<b>127,396,904</b>
Gift annuities receivable	-	265,766	-	265,766
Beneficial interest in charitable remainder trusts	-	1,371,295	-	1,371,295
<b>Total</b>	<b>\$ 83,335,975</b>	<b>\$ 26,552,313</b>	<b>\$ 19,145,677</b>	<b>\$ 129,033,965</b>

Financial assets valued using Level 1 inputs are based on quoted market prices within active markets and are valued on a recurring basis. Financial assets valued using Level 2 inputs are valued based on investment yields. The fair value of limited partnerships is determined using the NAV of shares held by the Foundation at the value reported by the general partner, which can lag for 45 days. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards.

The fair value of gift annuities receivable is determined based on the annuitant liability adjusted to reflect changes in life expectancies (see Note 1). The fair value of beneficial interest in charitable remainder trusts is determined based on the value of the underlying assets provided by the trustee. Valuation provided by fund administrators consider variables such as the financial performance of underlying investments, recent sales prices of underlying investments and other pertinent information. In addition, actual market exchanges at year-end provide additional observable market inputs of the exit price.

**California State University, Northridge Foundation**

**Notes to Financial Statements  
June 30, 2016**

The Foundation reviews valuations and assumptions provided by fund administrators for reasonableness and believes that the carrying amounts of these financial instruments are reasonable estimates of fair value. For the year ended June 30, 2016, there have been no changes in the valuation methodologies.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) are as follows:

Balance, beginning	\$ 19,629,918
Unrealized losses	<u>(484,241)</u>
Balance, end	<u>\$ 19,145,677</u>
Change in unrealized losses for investments held at June 30, 2016	<u>\$ (484,241)</u>

The Foundation's policy is to recognize transfers in and transfers out as of the actual date of the event or change in circumstance that caused the transfer. There were no transfers during the year ended June 30, 2016.

**Note 5 - Pledges receivable**

At June 30, 2016, pledges receivable consist of unconditional promises to give and have been recorded at their present values. Those receivables that are due in future periods have been discounted to their present values, using a discount rate of 3%. The receivables are recorded as follows:

	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Due in one year	\$ 4,196,039	\$ 638,856	\$ 4,834,895
Due in two to five years	<u>3,310,173</u>	<u>820,421</u>	<u>4,130,594</u>
Total	<u>\$ 7,506,212</u>	<u>\$ 1,459,277</u>	8,965,489
Less discount to net present value			(216,585)
Less allowance for uncollectible pledges			<u>(98,620)</u>
			<u>\$ 8,650,284</u>

California State University, Northridge Foundation

Notes to Financial Statements  
June 30, 2016

**Note 6 - Related party transactions**

University departmental support is dependent on the annual requirements of the various University faculties and departments and on contributed goods received during the year. Contributed goods that have a value that will depreciate, or that have a short useful life, are transferred to the University. Contributed goods with a cultural or artistic life are retained by the Foundation. Contributed goods transferred to the University during the year ended June 30, 2016, and included in program services expense, amounted to \$318,478 (see Note 1).

During the year ended June 30, 2016, amounts paid to the University were as follows:

Salaries and benefits	\$	1,020,060
Scholarships		2,616,862
Other goods and services		1,457,943

During the year ended June 30, 2016, amounts received from the University for services, rent and programs totaled \$155,878.

The Foundation receives contributed services from the University for various administrative duties. For the year ended June 30, 2016, the value of such contributed services is approximately \$374,570, which is not included in the accompanying statement of activities. If the contributed services were recorded, the amount would be recorded as unrestricted contributions and unrestricted administrative expense.

The Foundation allocates funds annually to the office of the President for operational expenses and and for institutional priorities. These funds, which are \$50,000, are utilized at the discretion of the University President. The Foundation also provides supplemental compensation to the University President which totaled \$33,988 for the year ended June 30, 2016.

**Note 7 - Contingencies**

From time to time, the Foundation may have claims against it arising from its normal operations. Currently, there are no claims or litigation against the Foundation.

**Note 8 - Restricted net assets**

**Designated net assets**

Included in the Foundation's unrestricted net assets are amounts available as internally designated reserves for the following purposes as of June 30, 2016:

General reserve	\$	5,000,000
University advancement		1,247,432
Supplement for Visibility Initiative		956,285
President's designated fund		<u>34,245</u>
	\$	<u><u>7,237,962</u></u>

## California State University, Northridge Foundation

### Notes to Financial Statements June 30, 2016

#### Temporarily restricted net assets

At June 30, 2016, temporarily restricted net assets consist of the following:

Scholarships	\$ 18,839,488
Academic support	33,386,083
Institutional support	11,753,164
Capital projects	4,462,640
University programs	952,818
	<hr/>
	\$ 69,394,193
	<hr/>

#### Permanently restricted net assets

At June 30, 2016, permanently restricted net assets consist of the following:

Scholarships	\$ 26,614,570
Academic support	22,225,731
Institutional support	6,881,190
Capital projects	20,450
University programs	11,199
	<hr/>
	\$ 55,753,140
	<hr/>

#### Note 9 - Endowments

The Foundation's endowment consists of individual funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

The Foundation's management and Board of Directors have interpreted the State of California Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the Foundation and donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.



**California State University, Northridge Foundation**

**Notes to Financial Statements  
June 30, 2016**

**Investment return objectives, risk parameters and strategies**

The Foundation has adopted investment and spending policies, approved by the Foundation's Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by endowments while seeking to maintain the purchasing power of the endowment assets. Performance of the overall endowment against this objective is measured over an investment horizon of five to seven years. The endowments are also managed to optimize the long run total rate of return on invested assets, assuming a prudent level of risk. The goal for this rate of return is one that funds the Foundation's existing spending policy and allows sufficient reinvestment to grow the endowment principal at a rate that exceeds inflation (as measured by the Consumer Price Index). Over the short term, the return for each element of the endowment portfolio should match or exceed each of the returns for the broader capital markets in which assets are invested.

**Spending policy**

The Foundation's Board of Directors has developed a spending policy to distribute accumulated earnings on an annual basis to further the purposes of the individual donor-designated funds. The intent of this policy is to provide a stable spending distribution to allow university departments to effectively manage programs funded by endowment funds, while maintaining the purchasing power of the endowment funds' assets. The Foundation's Board of Directors annually approves the spending rate, which is distributed quarterly. For the year ended June 30, 2016, the spending rate was 4% of the market value of those endowments without deficiencies or deficits as described above. The amount distributed for program use for the year ended June 30, 2016 was \$3,149,078.

Endowment net asset composition by type of fund as of June 30, 2016 is as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ 1,259,039	\$ 28,831,514	\$ 55,753,140	\$ 85,843,693
Total funds	<u>\$ 1,259,039</u>	<u>\$ 28,831,514</u>	<u>\$ 55,753,140</u>	<u>\$ 85,843,693</u>

Changes in endowment net assets for the year ended June 30, 2016 are as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Balance, beginning	\$ 621,491	\$ 34,373,779	\$ 50,856,536	\$ 85,851,806
Contributions	-	-	4,896,604	4,896,604
Transfers in	637,548	-	-	637,548
Investment loss, net	-	(2,393,187)	-	(2,393,187)
Appropriated for expenditure	-	(3,149,078)	-	(3,149,078)
Balance, end	<u>\$ 1,259,039</u>	<u>\$ 28,831,514</u>	<u>\$ 55,753,140</u>	<u>\$ 85,843,693</u>

California State University, Northridge Foundation

Notes to Financial Statements  
June 30, 2016

The endowment assets are held as follows at June 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Investments	\$ 1,259,039	\$ 26,902,984	\$ 54,293,863	\$ 82,455,886
Pledges receivable	<u>-</u>	<u>1,928,530</u>	<u>1,459,277</u>	<u>3,387,807</u>
Total funds	<u>\$ 1,259,039</u>	<u>\$ 28,831,514</u>	<u>\$ 55,753,140</u>	<u>\$ 85,843,693</u>

## **Supplementary Information**

**California State University, Northridge Foundation**  
**Schedule of Net Position**  
**June 30, 2016**  
(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 2,937,441
Short-term investments	44,941,018
Accounts receivable, net	—
Leases receivable, current portion	—
Notes receivable, current portion	5,001
Pledges receivable, net	8,650,284
Prepaid expenses and other current assets	94,465
Total current assets	<u>56,628,209</u>
Noncurrent assets:	
Restricted cash and cash equivalents	—
Accounts receivable, net	1,637,061
Leases receivable, net of current portion	—
Notes receivable, net of current portion	210,481
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	82,455,886
Other long-term investments	—
Capital assets, net	—
Other assets	2,798,076
Total noncurrent assets	<u>87,101,504</u>
Total assets	<u>143,729,713</u>
Deferred outflows of resources:	
Unamortized loss on debt refunding	—
Net pension liability	—
Others	—
Total deferred outflows of resources	<u>—</u>
Liabilities:	
Current liabilities:	
Accounts payable	232,054
Accrued salaries and benefits	—
Accrued compensated absences, current portion	—
Unearned revenue	—
Capitalized lease obligations, current portion	—
Long-term debt obligations, current portion	—
Claims liability for losses and loss adjustment expenses, current portion	—
Depository accounts	—
Other liabilities	—
Total current liabilities	<u>232,054</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	—
Unearned revenue	—
Grants refundable	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	—
Claims liability for losses and loss adjustment expenses, net of current portion	—
Depository accounts	—
Other postemployment benefits obligations	—
Net pension liability	—
Other liabilities	—
Total noncurrent liabilities	<u>—</u>
Total liabilities	<u>232,054</u>
Deferred inflows of resources:	
Service concession arrangements	—
Net pension liability	—
Unamortized gain on debt refunding	—
Nonexchange transactions	—
Others	—
Total deferred inflows of resources	<u>—</u>
Net Position:	
Net investment in capital assets	—
Restricted for:	
Nonexpendable – endowments	55,753,140
Expendable:	
Scholarships and fellowships	18,839,488
Research	—
Loans	—
Capital projects	4,462,640
Debt service	—
Others	46,092,065
Unrestricted	18,350,326
Total net position	<u>\$ 143,497,659</u>

See Independent Auditor's Report.

**California State University, Northridge Foundation**  
Schedule of Revenues, Expenses and Changes in Net Position  
Year Ended June 30, 2016  
(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$_____)	\$ —
Grants and contracts, noncapital:	
Federal	—
State	—
Local	—
Nongovernmental	—
Sales and services of educational activities	—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$_____)	—
Other operating revenues	—
Total operating revenues	<u>—</u>
Expenses:	
Operating expenses:	
Instruction	4,475,447
Research	—
Public service	—
Academic support	2,905,625
Student services	—
Institutional support	2,793,960
Operation and maintenance of plant	—
Student grants and scholarships	—
Auxiliary enterprise expenses	22,338
Depreciation and amortization	—
Total operating expenses	<u>10,197,370</u>
Operating income (loss)	<u>(10,197,370)</u>
Nonoperating revenues (expenses):	
State appropriations, noncapital	—
Federal financial aid grants, noncapital	—
State financial aid grants, noncapital	—
Local financial aid grants, noncapital	—
Nongovernmental and other financial aid grants, noncapital	—
Other federal nonoperating grants, noncapital	—
Gifts, noncapital	9,639,153
Investment income (loss), net	(2,271,580)
Endowment income (loss), net	—
Interest expense	—
Other nonoperating revenues (expenses)	1,090,349
Net nonoperating revenues (expenses)	<u>8,457,922</u>
Income (loss) before other revenues (expenses)	(1,739,448)
State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	4,896,604
Increase (decrease) in net position	<u>3,157,156</u>
Net position:	
Net position at beginning of year, as previously reported	140,340,503
Restatements	—
Net position at beginning of year, as restated	<u>140,340,503</u>
Net position at end of year	<u>\$ 143,497,659</u>

See Independent Auditor's Report.

**California State University, Northridge Foundation**  
**Other Information**  
**June 30, 2016**  
(for inclusion in the California State University)

**1 Restricted cash and cash equivalents at June 30, 2016:**

Portion of restricted cash and cash equivalents related to endowments	\$	—
All other restricted cash and cash equivalents		—
<b>Total restricted cash and cash equivalents</b>	<b>\$</b>	<b>—</b>

**2.1 Composition of investments at June 30, 2016:**

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	\$ —	—	—	—	—	—	—
State of California Local Agency Investment Fund (LAIF)	—	—	—	—	—	—	—
Corporate bonds	6,389,040	—	6,389,040	—	9,109,066	9,109,066	15,498,106
Certificates of deposit	863,853	—	863,853	—	1,109,166	1,109,166	1,973,019
Mutual funds	—	—	—	—	—	—	—
Money Market funds	—	—	—	—	—	—	—
Repurchase agreements	—	—	—	—	—	—	—
Commercial paper	—	—	—	—	—	—	—
Asset backed securities	—	—	—	—	—	—	—
Mortgage backed securities	—	—	—	—	—	—	—
Municipal bonds	—	—	—	—	—	—	—
U.S. agency securities	6,629,684	—	6,629,684	—	12,316,923	12,316,923	18,946,607
U.S. treasury securities	2,182,448	—	2,182,448	—	3,886,746	3,886,746	6,069,194
Equity securities	21,053,803	—	21,053,803	—	42,407,715	42,407,715	63,461,518
Exchange traded funds (ETFs)	—	—	—	—	—	—	—
Alternative investments:							
Private equity (including limited partnerships)	7,005,716	—	7,005,716	—	12,139,961	12,139,961	19,145,677
Hedge funds	—	—	—	—	—	—	—
Managed futures	—	—	—	—	—	—	—
Real estate investments (including REITs)	816,474	—	816,474	—	1,486,309	1,486,309	2,302,783
Commodities	—	—	—	—	—	—	—
Derivatives	—	—	—	—	—	—	—
Other alternative investment types	—	—	—	—	—	—	—
Other external investment pools (excluding SWIFT)							
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Other major investments:							
Real estate fund	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
<b>Total investments</b>	<b>44,941,018</b>	<b>—</b>	<b>44,941,018</b>	<b>—</b>	<b>82,455,886</b>	<b>82,455,886</b>	<b>127,396,904</b>
Less endowment investments (enter as negative number)					(82,455,886)	(82,455,886)	(82,455,886)
<b>Total investments</b>	<b>\$ 44,941,018</b>	<b>—</b>	<b>44,941,018</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>44,941,018</b>

**2.2 Investments held by the University under contractual agreements at June 30, 2016:**

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2016:	\$	—	—	—	—	—	—
----------------------------------------------------------------------------------------------------------	----	---	---	---	---	---	---

**California State University, Northridge Foundation**  
**Other Information**  
**June 30, 2016**  
(for inclusion in the California State University)

**2.3 Restricted current investments at June 30, 2016 related to:**

Amount
\$ —
—
—
—
—
—
—
—
—
<b>Total restricted current investments at June 30, 2016</b>
<b>\$ —</b>

**2.4 Restricted noncurrent investments at June 30, 2016 related to:**

Amount
\$ 82,455,886
—
—
—
—
—
—
—
—
<b>Total restricted noncurrent investments at June 30, 2016</b>
<b>\$ 82,455,886</b>

**2.5 Fair value hierarchy in investments at June 30, 2016:**

	Total	Fair Value Measurements Using			Net Asset Value (NAV)
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
State of California Surplus Money Investment Fund (SMIF)	\$ —	—	—	—	—
State of California Local Agency Investment Fund (LAIF)	—	—	—	—	—
Corporate bonds	15,498,106	15,498,106	—	—	—
Certificates of deposit	1,973,019	1,973,019	—	—	—
Mutual funds	—	—	—	—	—
Money Market funds	—	—	—	—	—
Repurchase agreements	—	—	—	—	—
Commercial paper	—	—	—	—	—
Asset backed securities	—	—	—	—	—
Mortgage backed securities	—	—	—	—	—
Municipal bonds	—	—	—	—	—
U.S. agency securities	18,946,607	100,549	18,846,058	—	—
U.S. treasury securities	6,069,194	—	6,069,194	—	—
Equity securities	63,461,518	63,461,518	—	—	—
Exchange traded funds (ETFs)	—	—	—	—	—
Alternative investments:					
Private equity (including limited partnerships)	19,145,677	—	—	19,145,677	—
Hedge funds	—	—	—	—	—
Managed futures	—	—	—	—	—
Real estate investments (including REITs)	2,302,783	2,302,783	—	—	—
Commodities	—	—	—	—	—
Derivatives	—	—	—	—	—
Other alternative investment types	—	—	—	—	—
Other external investment pools (excluding SWIFT)					
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Other major investments:					
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
<b>Total investments</b>	<b>\$ 127,396,904</b>	<b>83,335,975</b>	<b>24,915,252</b>	<b>19,145,677</b>	<b>—</b>

**California State University, Northridge Foundation**  
**Other Information**  
**June 30, 2016**  
(for inclusion in the California State University)

**3.1 Composition of capital assets at June 30, 2016:**

	Balance June 30, 2015	Prior period Adjustments	Reclassifications	Balance June 30, 2015 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2016
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ —	—	—	—	—	—	—	—
Works of art and historical treasures	—	—	—	—	—	—	—	—
Construction work in progress (CWIP)	—	—	—	—	—	—	—	—
Intangible assets:								
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyrights and trademarks	—	—	—	—	—	—	—	—
Internally generated intangible assets in progress	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
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**California State University, Northridge Foundation**  
**Other Information**  
**June 30, 2016**  
(for inclusion in the California State University)

**3.2 Detail of depreciation and amortization expense for the year ended June 30, 2016:**

Depreciation and amortization expense related to capital assets	\$	—
Amortization expense related to other assets		—
Total depreciation and amortization	\$	<u>—</u>

**4 Long-term liabilities activity schedule:**

	Balance June 30, 2015	Prior period adjustments	Reclassifications	Balance June 30, 2015 (restated)	Additions	Reductions	Balance June 30, 2016	Current portion	Long-term portion
Accrued compensated absences	\$	—	—	—	—	—	—	—	—
Claims liability for losses and loss adjustment expenses	—	—	—	—	—	—	—	—	—
Capitalized lease obligations:									
Gross balance	—	—	—	—	—	—	—	—	—
Unamortized premium / (discount) on capitalized lease obligations	—	—	—	—	—	—	—	—	—
Total capitalized lease obligations	—	—	—	—	—	—	—	—	—
Long-term debt obligations:									
Auxiliary revenue bonds	—	—	—	—	—	—	—	—	—
Commercial paper	—	—	—	—	—	—	—	—	—
Notes payable related to SRB	—	—	—	—	—	—	—	—	—
Others: (list by type)									
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Total long-term debt obligations	—	—	—	—	—	—	—	—	—
Unamortized bond premium / (discount)	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	\$	—	—	—	—	—	—	—	—

**5 Future minimum lease payments - capitalized lease obligations:**

	Capitalized lease obligations related to SRB			All other capitalized lease obligations			Total capitalized lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2017	\$	—	—	—	—	—	—	—	—
2018	—	—	—	—	—	—	—	—	—
2019	—	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—
2022 - 2026	—	—	—	—	—	—	—	—	—
2027 - 2031	—	—	—	—	—	—	—	—	—
2032 - 2036	—	—	—	—	—	—	—	—	—
2037 - 2041	—	—	—	—	—	—	—	—	—
2042 - 2046	—	—	—	—	—	—	—	—	—
2047 - 2051	—	—	—	—	—	—	—	—	—
2052 - 2056	—	—	—	—	—	—	—	—	—
2057 - 2061	—	—	—	—	—	—	—	—	—
2062 - 2066	—	—	—	—	—	—	—	—	—
Total minimum lease payments	—	—	—	—	—	—	—	—	—
Less amounts representing interest									—
Present value of future minimum lease payments									—
Unamortized net premium (discount)									—
Total capitalized lease obligations									—
Less: current portion									—
<b>Capitalized lease obligation, net of current portion</b>									<u>\$</u> <u>—</u>

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**6 Long-term debt obligation schedule**

	Auxiliary revenue bonds			All other long-term debt obligations			Total long-term debt obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2017	\$ —	—	—	—	—	—	—	—	—
2018	—	—	—	—	—	—	—	—	—
2019	—	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—
2022 - 2026	—	—	—	—	—	—	—	—	—
2027 - 2031	—	—	—	—	—	—	—	—	—
2032 - 2036	—	—	—	—	—	—	—	—	—
2037 - 2041	—	—	—	—	—	—	—	—	—
2042 - 2046	—	—	—	—	—	—	—	—	—
2047 - 2051	—	—	—	—	—	—	—	—	—
2052 - 2056	—	—	—	—	—	—	—	—	—
2057 - 2061	—	—	—	—	—	—	—	—	—
2062 - 2066	—	—	—	—	—	—	—	—	—
Total minimum payments	—	—	—	—	—	—	—	—	—
Less amounts representing interest									—
Present value of future minimum payments									—
Unamortized net premium (discount)									—
Total long-term debt obligations									—
Less: current portion									—
<b>Long-term debt obligations, net of current portion</b>									<b>\$ —</b>

**7 Calculation of net position**

**7.1 Calculation of net position - net investment in capital assets**

Capital assets, net of accumulated depreciation	\$ —
Capitalized lease obligations, current portion	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, current portion	—
Long-term debt obligations, net of current portion	—
Portion of outstanding debt that is unspent at year-end	—
Other adjustments: (please list)	
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Net position - net investment in capital asset	<b>\$ —</b>

**7.2 Calculation of net position - restricted for nonexpendable - endowments**

Portion of restricted cash and cash equivalents related to endowments	\$ —
Endowment investments	82,455,886
Other adjustments: (please list)	
Temporarily Restricted Assets	(26,902,984)
Unrestricted Assets	(1,259,039)
Pledges Receivable	1,459,277
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Net position - Restricted for nonexpendable - endowments per SNP	<b>\$ 55,753,140</b>

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**8 Transactions with related entities**

	<b>Amount</b>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 1,020,060
Payments to University for other than salaries of University personnel	4,074,805
Payments received from University for services, space, and programs	155,878
Gifts-in-kind to the University from discretely presented component units	318,478
Gifts (cash or assets) to the University from discretely presented component units	291,250
Accounts (payable to) University (enter as negative number)	—
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	—
Other amounts receivable from University	—

**9 Other postemployment benefits obligation (OPEB)**

Annual required contribution (ARC)	\$	—
Contributions during the year		—
Increase (decrease) in net OPEB obligation (NOO)		—
Other adjustments		—
NOO - beginning of year		—
NOO - end of year	\$	—

**10 Pollution remediation liabilities under GASB Statement No. 49:**

Description	Amount
Add description	\$ —
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total pollution remediation liabilities	—
Less: current portion	—
Pollution remediation liabilities, net of current portion	\$ —

**11 The nature and amount of the prior period adjustment(s) recorded to beginning net position**

	Net Position Class	Amount Dr. (Cr.)
Net position as of June 30, 2015, as previously reported		\$ 140,340,503
Prior period adjustments:		
1 (list description of each adjustment)		—
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net position as of June 30, 2015, as restated		\$ 140,340,503

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**Provide a detailed breakdown of the journal entries (at the financial statement line item level) booked to record each prior period adjustment:**

	<u>Debit</u>	<u>Credit</u>
Net position class: _____ 1 (breakdown of adjusting journal entry)	\$ —	—
Net position class: _____ 2 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 3 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 4 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 5 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 6 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 7 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 8 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 9 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 10 (breakdown of adjusting journal entry)	—	—

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