



**CALIFORNIA STATE UNIVERSITY
SAN MARCOS FOUNDATION**

Financial Statements and Supplemental Information

Years Ended June 30, 2016 and 2015



CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION
Financial Statements and Supplemental Information
Years Ended June 30, 2016 and 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
California State University San Marcos Foundation

We have audited the accompanying financial statements of California State University San Marcos Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 San Marcos Foundation as of June 30, 2016 and 2015 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on pages 17-25 is presented for purposes of additional analysis and is 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.

Correction of Errors

As discussed in Note 12 to the financial statements, classification errors resulting in the understatement of amounts previously reported for unrestricted net assets and overstatement of permanently restricted net assets were discovered during the current year. Accordingly, amounts reported for unrestricted, temporarily restricted and permanently restricted net assets have been adjusted to correct the errors. Our opinion is not modified with respect to the matter.

AKT LLP

San Diego, California
September 21, 2016

CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION**Statements of Financial Position**

June 30, 2016 and 2015 (Reclassified)

ASSETS	<u>2016</u>	<u>2015</u>
Current Assets:		
Cash and cash equivalents	\$ 3,152,644	\$ 1,235,603
Other receivables	20,518	17,427
Due from related parties	343,212	252,077
Current portion of pledges receivable, net of discount	748,830	817,996
Current portion of investment	<u>2,303,472</u>	<u>1,500,000</u>
Total Current Assets	6,568,676	3,823,103
Pledges receivable, less current portion, net of discount	3,411,954	3,213,840
Investments, less current portion	24,242,898	27,469,891
Student loans receivable, less allowance for doubtful accounts of \$69,065 in 2016 and \$0 in 2015	149,293	260,451
Related party note receivable	<u>200,000</u>	<u>-</u>
Total Assets	<u>\$ 34,572,821</u>	<u>\$ 34,767,285</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 199,158	\$ 199,579
Due to related parties	534,825	274,269
Deferred revenue	<u>20,050</u>	<u>-</u>
Total Current Liabilities	754,033	473,848
Net Assets:		
Unrestricted:		
Board-designated:		
Campus programs	5,513,281	5,180,905
Scholarships	613,685	684,214
Quasi endowment	585,518	660,419
Undesignated	416,300	17,279
Donor-restricted endowment fund deficiencies	<u>(416,300)</u>	<u>(17,279)</u>
	6,712,484	6,525,538
Temporarily restricted	7,172,754	8,606,129
Permanently restricted	<u>19,933,550</u>	<u>19,161,770</u>
Total Net Assets	<u>33,818,788</u>	<u>34,293,437</u>
Total Liabilities and Net Assets	<u>\$ 34,572,821</u>	<u>\$ 34,767,285</u>

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION**Statement of Activities**

Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and Other Support:				
Contributions	\$ 2,341,449	\$ 1,649,664	\$ 771,780	\$ 4,762,893
Campus programs	890,437	-	-	890,437
Interest and dividend income	366,844	56,388	-	423,232
Net realized and unrealized loss on investments	(238,117)	(905,637)	-	(1,143,754)
Net assets released from restriction satisfaction of program restrictions	<u>2,233,790</u>	<u>(2,233,790)</u>	<u>-</u>	<u>-</u>
Total Revenue and Other Support	5,594,403	(1,433,375)	771,780	4,932,808
Expenses:				
Program services:				
Campus programs	3,942,903	-	-	3,942,903
Student scholarships	<u>935,565</u>	<u>-</u>	<u>-</u>	<u>935,565</u>
Total Program Services	4,878,468	-	-	4,878,468
Supporting services:				
General administration	381,350	-	-	381,350
Fundraising	<u>147,639</u>	<u>-</u>	<u>-</u>	<u>147,639</u>
Total Expenses	<u>5,407,457</u>	<u>-</u>	<u>-</u>	<u>5,407,457</u>
Change in Net Assets	186,946	(1,433,375)	771,780	(474,649)
Net Assets, beginning	<u>6,525,538</u>	<u>8,606,129</u>	<u>19,161,770</u>	<u>34,293,437</u>
Net Assets, ending	<u>\$ 6,712,484</u>	<u>\$ 7,172,754</u>	<u>\$ 19,933,550</u>	<u>\$ 33,818,788</u>

CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION**Statement of Activities**

Year Ended June 30, 2015 (Reclassified)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and Other Support:				
Contributions	\$ 2,816,672	\$ 2,571,130	\$ 341,611	\$ 5,729,413
Campus programs	703,858	-	-	703,858
Interest and dividend income	265,166	225,718	-	490,884
Net realized and unrealized loss on investments	(34,056)	(288,318)	-	(322,374)
Net assets released from restriction satisfaction of program restrictions	<u>2,073,259</u>	<u>(2,073,259)</u>	-	-
Total Revenue and Other Support	5,824,899	435,271	341,611	6,601,781
Expenses:				
Program services:				
Campus programs	3,906,870	-	-	3,906,870
Student scholarships	<u>878,257</u>	-	-	<u>878,257</u>
Total Program Services	4,785,127	-	-	4,785,127
Supporting services:				
General administration	278,826	-	-	278,826
Fundraising	<u>195,019</u>	-	-	<u>195,019</u>
Total Expenses	<u>5,258,972</u>	-	-	<u>5,258,972</u>
Change in Net Assets	565,927	435,271	341,611	1,342,809
Net Assets, beginning (as previously classified)	5,668,047	8,217,622	19,064,959	32,950,628
Reclassification (Note 12)	<u>291,564</u>	<u>(46,764)</u>	<u>(244,800)</u>	-
Net Assets, beginning (as reclassified)	<u>5,959,611</u>	<u>8,170,858</u>	<u>18,820,159</u>	<u>32,950,628</u>
Net Assets, ending	<u>\$ 6,525,538</u>	<u>\$ 8,606,129</u>	<u>\$ 19,161,770</u>	<u>\$ 34,293,437</u>

CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION**Statements of Cash Flows**

Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (474,649)	\$ 1,342,809
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contributions restricted for long-term investment	(771,780)	(341,611)
Net realized and unrealized loss on investments	1,143,754	322,374
Provision for doubtful accounts	(69,065)	-
Changes in operating assets and liabilities:		
Other receivables	(3,091)	(8,853)
Due from related parties	(91,135)	7,832,017
Pledges receivable, net of discount	(128,948)	(1,156,133)
Student loans receivable	180,223	128,342
Accounts payable	(421)	119,032
Due to related parties	260,556	3,862
Deferred revenue	20,050	-
Net Cash Provided by Operating Activities	65,494	8,241,839
Cash Flows from Investing Activities:		
Purchases of investments	(5,232,211)	(10,464,914)
Proceeds from sale of investments	6,511,978	2,939,605
Related party note receivable	(200,000)	-
Net Cash Provided (Used) by Investing Activities	1,079,767	(7,525,309)
Cash Flows Provided by Financing Activities:		
Contributions restricted for long-term investment	771,780	341,611
Net Increase in Cash and Cash Equivalents	1,917,041	1,058,141
Cash and Cash Equivalents, beginning	1,235,603	177,462
Cash and Cash Equivalents, ending	\$ <u>3,152,644</u>	\$ <u>1,235,603</u>

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2016 and 2015

Note 1 – Organization and Summary of Significant Accounting Policies

Nature of Activities

California State University San Marcos Foundation (Foundation) is a nonprofit California corporation and an auxiliary organization of California State University San Marcos (University), organized and operated in accordance with the California Code of Regulations and the Education Code of the State of California. The Foundation was formed in 2009 to focus on attracting gifts to the University and to assist the University in accumulating and managing endowment, student loan and student scholarship funds.

The Foundation's financial statements are included as a component unit of the University's annual general-purpose financial statements. This is required by accounting principles generally accepted in the United States of America (U.S. GAAP) applicable to governmental entities.

Related Parties

The Foundation is related to other auxiliaries of the University, include the University Auxiliary and Research Services Corporation (UARSC), San Marcos University Corporation (UCorp) and Associated Students, Inc. of California State University San Marcos (ASI). Although independent, these auxiliaries and the University periodically provide various services to one another.

Basis of Presentation

The Foundation reports information regarding its financial position and activities according to the three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- Unrestricted net assets represent expendable funds available for operations, which are not otherwise limited by donor restrictions.
- Temporarily restricted net assets consist of contributed funds subject to donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Foundation may spend the funds.
- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Use of Estimates

The preparation of the financial statements 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. These estimates include determining the fair value of investments, determining the allowance for doubtful accounts for receivables, and discounting pledges receivable. Actual results could differ from those estimates used by management.

Income Taxes

The Foundation is a qualified nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. However, the Foundation remains subject to taxes on any net income which is derived from a trade or business, regularly carried on, and unrelated to its exempt purpose. The Foundation is not a private foundation.

CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2016 and 2015

Note 1 – Organization and Summary of Significant Accounting Policies, continued

Income Taxes, continued

The Foundation follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Foundation recognizes accrued interest and penalties associated with uncertain tax positions as part of the statement of activities, when applicable. Management has determined that the Foundation has no uncertain tax positions as of June 30, 2016 and 2015, therefore no amounts have been accrued.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with original maturity dates of three months or less to be cash equivalents.

Investments

The Foundation has significant investments in equity securities and mutual funds, and is therefore subject to concentrations of credit risk. The investments in equity securities and mutual funds with readily determinable fair values, based on daily share prices and daily provided net asset values, are reported at fair value with gains and losses included in the statements of activities.

Investments in alternative investments represent shares in hedge funds that hold, among other investments, bonds, bank loans, busted converts, mezzanine debt, distressed assets, equity and real estate. The Foundation accounted for its investments in these hedge funds at fair value, using net asset value per share of the hedge funds.

The investments of the Foundation are exposed to interest rate and market risk. Economic conditions can impact these risks and resulting fair values can be either positively or adversely affected. If the level of risk increases in the near term, it is possible that the investment balances and the amounts reported in the financial statements could be materially affected by market fluctuations. Although the fair value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Foundation and its beneficiaries.

Pledges Receivable

Pledges that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are discounted to their estimated net present value. After pledges are originally recorded, an allowance for uncollectible pledges may be established based on specific circumstances. Contributions, including unconditional promises to give (pledges), are recognized in the year the promise is made as opposed to when the assets are received. No allowance for doubtful accounts has been recorded as of June 30, 2016 and 2015 because management believes all amounts are collectible.

Related Party Note Receivable

Related party note receivable consists of a loan made by the Foundation to the University. An allowance for uncollectible related party notes receivable is provided based upon management's estimate of the collectability. No allowance has been recorded.

Revenue Recognition

All contributions are considered available for the Foundation's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2016 and 2015

Note 1 – Organization and Summary of Significant Accounting Policies, continued

Revenue Recognition, continued

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are released to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions are satisfied within the same reporting period and are reported as unrestricted support in that period.

Revenue from campus programs is recognized in the fiscal year in which it is realized or realizable.

Subsequent Events

The Foundation has evaluated subsequent events through September 21, 2016, which is the date the financial statements were available to be issued.

Note 2 – Concentrations of Credit Risk

The Foundation maintains cash and cash equivalents in bank deposit and investment accounts. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 and investment accounts are insured by the Securities Investor Protection Corporation (SIPC) up to a limit of \$500,000. The Foundation's account balances may, at times, exceed the limits. The Foundation has not experienced any such losses in these accounts.

Note 3 – Pledges Receivable

Pledges receivable consist of the following as of June 30:

	<u>2016</u>	<u>2015</u>
Due in less than one year	\$ 748,830	\$ 817,996
Due in one to five years	2,498,380	2,026,811
Due in more than five years	<u>2,500,000</u>	<u>2,800,000</u>
Gross pledges receivable	5,747,210	5,644,807
Less unamortized present value discount at rates ranging from 2.32% to 4.20%	<u>(1,586,426)</u>	<u>(1,612,971)</u>
Pledges receivable, net	<u>\$ 4,160,784</u>	<u>\$ 4,031,836</u>

Note 4 – Investments and Fair Value Measurement

Fair Value Measurements

The Foundation defines fair value as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. The Foundation applies fair value measurements to assets and liabilities that are required to be recorded at fair value under generally accepted accounting principles. Fair value measurement techniques maximize the use of observable inputs and minimize the use of unobservable inputs, and are categorized in a fair value hierarchy based on the transparency of inputs. In addition, the Foundation reports certain investments using the net asset value per share as determined by investment managers, allowing the net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met. The three levels are defined as follows:

CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2016 and 2015

Note 4 – Investments and Fair Value Measurement, continued

Fair Value Measurements, continued

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2016 and 2015.

Mutual funds, bonds and equity securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Hedge funds: Valued at the partner's reported capital account balance, which approximates fair value.

Investment in investment partnerships: Valued on the reported market values by the management of the funds held.

Investments at fair value according to the fair value hierarchy are as follows as of June 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Current portion				
Core fixed income institutional mutual funds	\$ 1,398,819	\$ -	\$ -	\$ 1,398,819
Corporate bonds	-	904,653	-	904,653
	<u>1,398,819</u>	<u>904,653</u>	<u>-</u>	<u>2,303,472</u>
Long term portion				
Core fixed income institutional mutual funds	\$ 7,320,467	\$ -	\$ -	\$ 7,320,467
International equity mutual funds	4,882,633	-	-	4,882,633
Domestic equity mutual funds	3,838,609	-	-	3,838,609
Domestic equity securities	3,310,745	-	-	3,310,745
Corporate bonds	-	2,436,395	-	2,436,395
Hedge funds	-	-	2,000,941	2,000,941
Investments in limited partnerships	-	453,108	-	453,108
	<u>19,352,454</u>	<u>2,889,503</u>	<u>2,000,941</u>	<u>24,242,898</u>
	<u>\$ 20,751,273</u>	<u>\$ 3,794,156</u>	<u>\$ 2,000,941</u>	<u>\$ 26,546,370</u>

CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2016 and 2015

Note 4 – Investments and Fair Value Measurement, continued

Investments at fair value according to the fair value hierarchy are as follows as of June 30, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Current portion				
Core fixed income institutional mutual funds	\$ 1,500,000	\$ -	\$ -	\$ 1,500,000
Long term portion				
Core fixed-income institutional mutual funds	\$ 6,241,029	\$ -	\$ -	\$ 6,241,029
International equity mutual funds	5,374,515	-	-	5,374,515
Domestic equity securities	4,906,579	-	-	4,906,579
Domestic equity mutual funds	4,787,530	-	-	4,787,530
Corporate bonds	-	3,020,303	-	3,020,303
Hedge funds	-	-	1,659,887	1,659,887
Investments in limited partnerships	-	1,480,048	-	1,480,048
	<u>\$ 22,809,653</u>	<u>\$ 4,500,351</u>	<u>\$ 1,659,887</u>	<u>\$ 28,969,891</u>

Changes in the fair value of level 3 investments are as follows as of June 30:

	<u>2016</u>	<u>2015</u>
Fair value, beginning	\$ 1,659,887	\$ 2,137,275
Purchases	529,891	-
Sales	(15,947)	(541,833)
Investment gains (losses)	<u>(172,890)</u>	<u>64,445</u>
Fair value, ending	<u>\$ 2,000,941</u>	<u>\$ 1,659,887</u>

The Foundation uses the net asset value to determine the fair value of all the underlying investments that (a) do not have readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

Commitments and redemptions schedule for those investments valued based on net asset values are as follows:

	<u>Fair value at June 30, 2016</u>	<u>Unfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
Investments in Partnerships				
Crescent capital high income fund [a]	\$ 453,108	None	Quarterly	60 days
Maverick hedge funds [b]	1,836,146	None	Quarterly	95 days
Goldentree hedge funds [c]	164,795	None	Quarterly	90 days
	<u>Fair value at June 30, 2015</u>	<u>Unfunded commitment</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
Investments in Partnerships				
Crescent capital high income fund [a]	\$ 1,480,048	None	Quarterly	60 days
Maverick hedge funds [b]	1,482,392	None	Quarterly	95 days
Goldentree hedge funds [c]	177,495	None	Quarterly	45 days

[a] Capital high income fund are relative value and is event driven with below investment grade bank loans and bonds.

[b] Maverick hedge funds are relative value and is event driven. Private investment fund that invests in Global and Asia multi-industry equities and specialized debt and credit instrument investment funds.

[c] Goldentree hedge funds are relative value and is event driven.

CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2016 and 2015

Note 6 – Restrictions on Net Assets

Temporarily restricted net assets consisted of the following as of June 30:

	<u>2016</u>	<u>2015</u>
Campus programs	\$ 5,327,218	\$ 5,995,698
Student scholarships	1,795,291	2,561,003
Capital improvements	<u>50,245</u>	<u>49,428</u>
	<u>\$ 7,172,754</u>	<u>\$ 8,606,129</u>

Permanently restricted net assets consisted of the following as of June 30:

	<u>2016</u>	<u>2015</u>
Earnings thereon are available for the following purposes:		
Student scholarships	\$ 12,284,841	\$ 12,016,520
Campus programs	6,322,675	5,819,216
Student loans	<u>1,326,034</u>	<u>1,326,034</u>
	<u>\$ 19,933,550</u>	<u>\$ 19,161,770</u>

Net assets released from time and donor restrictions, by incurring expenses or costs satisfying the restricted purpose or by occurrence of events specified by the donors, were as follows:

	<u>2016</u>	<u>2015</u>
Satisfaction of donor restrictions:		
Student scholarships	\$ 90,422	\$ 20,500
Campus Programs	8,380	-
Appropriation of earnings for use:		
Campus programs	220,269	253,646
Student scholarships	312,255	402,076
Student loans	82,562	3,170
Satisfaction of time restrictions	<u>1,519,902</u>	<u>1,393,867</u>
	<u>\$ 2,233,790</u>	<u>\$ 2,073,259</u>

Note 7 – Endowments

The Foundation has adopted the guidance on net classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and also requires disclosures about endowment funds, both donor-restricted endowment funds and institution-designated endowment funds.

The Foundation's endowments consist of funds established for a variety of purposes. The endowments are generally donor-restricted for the purpose of student scholarships, student loans and campus program activities. Also, the Board has designated certain funds as quasi-endowments for certain projects and programs. 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 or absence of donor-imposed restrictions.

CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2016 and 2015

Note 7 – Endowments, continued

The Board of the Foundation has interpreted 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 that is 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 fund
- 2) The purposes of the Foundation and the donor-restricted endowment fund
- 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
- 7) The investment policies of the Foundation

As of June 30, 2016, the endowments' net asset composition by type of fund consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (416,300)	\$ 1,906,410	\$ 19,933,550	\$ 21,423,660
Board-designated endowment funds	585,518	-	-	585,518
	<u>\$ 169,218</u>	<u>\$ 1,906,410</u>	<u>\$ 19,933,550</u>	<u>\$ 22,009,178</u>

Changes in endowment net assets for the year ended June 30, 2016 consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 643,140	\$ 3,370,746	\$ 19,161,770	\$ 23,175,656
Investment return:				
Investment income, net of fees	-	56,388	-	56,388
Net realized and unrealized losses	(242,645)	(905,637)	-	(1,148,282)
Total Investment Return	(242,645)	(849,249)	-	(1,091,894)
Contributions	-	-	771,780	771,780
Appropriations for investment earnings for expenditures	(231,277)	(615,087)	-	(846,364)
Endowment net assets, end of year	<u>\$ 169,218</u>	<u>\$ 1,906,410</u>	<u>\$ 19,933,550</u>	<u>\$ 22,009,178</u>

The investment management and advisory fees paid were \$150,163 for the year ended June 30, 2016.

CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2016 and 2015

Note 7 – Endowments, continued

As of June 30, 2015, the endowments' net assets composition by type of fund consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (17,279)	\$ 3,370,746	\$ 19,161,770	\$ 22,515,237
Board-designated endowment funds	<u>660,419</u>	<u>-</u>	<u>-</u>	<u>660,419</u>
	<u>\$ 643,140</u>	<u>\$ 3,370,746</u>	<u>\$ 19,161,770</u>	<u>\$ 23,175,656</u>

Changes in endowment net assets for the year ended June 30, 2015 consisted of the following (reclassified):

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net asset, beginning				
Reclassified	383,765	4,092,240	18,820,159	23,296,164
Investment return:				
Investment income, net of fees	-	225,718	-	225,718
Net realized and unrealized losses	<u>(1,428)</u>	<u>(288,318)</u>	<u>-</u>	<u>(289,746)</u>
Total Investment Return	(1,428)	(62,600)	-	(64,028)
Contributions	275,000	-	341,611	616,611
Appropriations for investment earnings for expenditures	<u>(14,197)</u>	<u>(658,894)</u>	<u>-</u>	<u>(673,091)</u>
Endowment net assets, end of year	<u>\$ 643,140</u>	<u>\$ 3,370,746</u>	<u>\$ 19,161,770</u>	<u>\$ 23,175,656</u>

The investment management and advisory fees paid were \$106,147 for the year ended June 30, 2015.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States, deficiencies of this nature are charged to unrestricted net assets, totaling \$416,300 and \$17,279 as of June 30, 2016 and 2015, respectively. These deficiencies resulted from unfavorable market fluctuations. Endowment funds that had deficiencies in the previous year and have gains in the current year record the gains as unrestricted until the deficiency is restored. There were no gains recorded as unrestricted for the years ended June 30, 2016 and 2015.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide funding for programs supported by its endowment and increase the value of the original contributed capital by an amount not less than the annual increase in inflation. In order to meet this objective, the endowment asset portfolio is structured to achieve a compounded annual return, net of investment management expenses, of 5 percent plus the annual rate of inflation (Target Return).

CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2016 and 2015

Note 7 – Endowments, continued

Return Objectives and Risk Parameters, continued

The temporarily restricted endowment asset portfolio is structured to provide liquidity for short-term cash needs and safety of principal while seeking to enhance the portfolio's return. In achieving the Target Return, the Foundation seeks to maintain a level of portfolio risk by allocating investments to core fixed-income mutual funds, domestic equity securities, domestic and international equity mutual funds, hedge funds and cash instruments in a ratio similar to other peer university endowments of similar size, as surveyed annually by the National Association of College and University Business Officers.

Investment strategy

The investment strategy of the Foundation is to develop a diversified portfolio of passive investments. For core fixed-income mutual funds and equity funds, the selection of such holdings is based on the merits of long-term ownership without the intent of short-term trading. To achieve the Target Return, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends), less expenses.

Spending policy

The Foundation has a policy of appropriating for expenditure each year a percentage of the prior three-year average endowment balance by taking into account investment performance from the prior year. In establishing this policy, the Foundation considered the long-term expected return on its endowment. For the years ended June 30, 2016 and 2015, the Board approved a spending rate of 4 percent on all endowments. The rate is reviewed annually and may or may not change in future years depending on investment performance. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at the average annual rate of inflation. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as provide additional real growth through new gifts and investment return.

Note 8 – Transactions with Related Parties

The Foundation reimburses the University for salaries and various services. These amounts are paid by UARSC on behalf of the Foundation as part of their operating agreement.

During the year ended June 30, 2016 the Foundation loaned the University \$200,000 to be used for video boards in the Athletics Sports Center. The loan bears an interest rate of 3% and is a bridge loan to provide funding while private support is sought. The loan will be repaid over a three year term, beginning on July 2017, unless private support is received, whichever is first.

Transactions for the years ended June 30, 2016 and 2015 with related parties are reflected in the accompanying financial statements as follows:

<u>Related party</u>	<u>Description</u>	<u>Reported in</u>	<u>2016</u>	<u>2015</u>
Expenses to:				
University	Salary, benefits and other expenses	Various expenses	\$ 2,575,321	\$ 2,663,651
UARSC	Payroll expenses	Expenses	78,925	-
ASI	Programs, services and other	Various expenses	21,589	-
UCorp	Services and cost reimbursement	Various expenses	10	427,129
			<u>\$ 2,675,845</u>	<u>\$ 3,090,780</u>

CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2016 and 2015

Note 8 – Transactions with Related Parties, continued

<u>Related party</u>	<u>Description</u>	<u>Reported in</u>	<u>2016</u>	<u>2015</u>
Revenue from:				
University	Services and cost reimbursement	Revenue	\$ 458,595	\$ 102,864
UCorp	Services and cost reimbursement	Revenue	3,079	-
UARSC	Services and cost reimbursement	Revenue	1,110	-
ASI	Services and cost reimbursement	Revenue	750	-
			<u>463,534</u>	<u>102,864</u>
Due from:				
University	Reimbursed services	Due from related parties	\$ 343,212	\$ 247,039
ASI	Cost reimbursement	Due from related parties	-	5,038
			<u>\$ 343,212</u>	<u>\$ 252,077</u>
Due to:				
University	Salaries, benefits, and other expenses	Due to related parties	\$ 433,575	\$ 203,662
UARSC	Cost reimbursement	Due to related parties	101,250	22,325
UCorp	Cost reimbursement	Due to related parties	-	48,282
			<u>\$ 534,825</u>	<u>\$ 274,269</u>

Note 9 – Reclassifications

Certain items in the 2015 financial statements have been reclassified to conform to current year classifications. Such reclassifications had no effect on previously reported change in net assets.

Note 10 – Risks and Uncertainties

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect account balance and the amounts reported on the statement of net assets.

Note 11 – Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 12 – Prior Period Adjustments

During the years ending June 30, 2016 it was noted that board designated quasi-endowment funds were incorrectly reported as permanently restricted net assets. The reclassifications from permanently restricted to unrestricted net assets had no effect on total revenues or total net assets for the years ended June 30, 2016 and 2015.

SUPPLEMENTAL INFORMATION

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

Assets:	
Current assets:	
Cash and cash equivalents	\$ 3,152,644
Short-term investments	2,303,472
Accounts receivable, net	363,730
Leases receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	748,830
Prepaid expenses and other current assets	-
Total current assets	<u>6,568,676</u>
Noncurrent assets:	
Restricted cash and cash equivalents	-
Accounts receivable, net	-
Leases receivable, net of current portion	-
Notes receivable, net of current portion	200,000
Student loans receivable, net	149,293
Pledges receivable, net	3,411,954
Endowment investments	22,009,178
Other long-term investments	2,233,720
Capital assets, net	-
Other assets	-
Total noncurrent assets	<u>28,004,145</u>
Total assets	<u>34,572,821</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	652,120
Accrued salaries and benefits	-
Accrued compensated absences, current portion	81,863
Unearned revenue	20,050
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>754,033</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>754,033</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	19,933,550
Expendable:	
Scholarships and fellowships	1,795,291
Research	-
Loans	-
Capital projects	50,245
Debt service	-
Others	5,327,218
Unrestricted	6,712,484
Total net position	<u>\$ 33,818,788</u>

California State University San Marcos Foundation
Schedule of Revenues, Expenses, and 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		890,437
Sales and services of auxiliary enterprises (net of scholarship allowances of \$_____)		-
Other operating revenues		-
Total operating revenues		<u>890,437</u>
Expenses:		
Operating expenses:		
Instruction		1,740,049
Research		255,085
Public service		519,775
Academic support		816,409
Student services		619,195
Institutional support		492,355
Operation and maintenance of plant		-
Student grants and scholarships		935,565
Auxiliary enterprise expenses		29,024
Depreciation and amortization		-
Total operating expenses		<u>5,407,457</u>
Operating income (loss)		<u>(4,517,020)</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		3,991,113
Investment income (loss), net		128,727
Endowment income (loss), net		(849,249)
Interest expense		-
Other nonoperating revenues (expenses)		-
Net nonoperating revenues (expenses)		<u>3,270,591</u>
Income (loss) before other revenues (expenses)		<u>(1,246,429)</u>
State appropriations, capital		-
Grants and gifts, capital		771,780
Additions (reductions) to permanent endowments		-
Increase (decrease) in net position		<u>(474,649)</u>
Net position:		
Net position at beginning of year, as previously reported		34,293,437
Restatements		-
Net position at beginning of year, as restated		<u>34,293,437</u>
Net position at end of year	\$	<u><u>33,818,788</u></u>

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

	Amount
2.3 Restricted current investments at June 30, 2016 related to:	
Add description	\$ -
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Total restricted current investments at June 30, 2016	\$ -
 2.4 Restricted noncurrent investments at June 30, 2016 related to:	
Endowment investment	\$ 22,009,178
Add description	-
Total restricted noncurrent investments at June 30, 2016	\$ 22,009,178

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

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	\$ 32,843	-	-	32,843	49,020	-	81,863	81,863	-
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	-	-	-	-	-	-	-	-	-
Total long-term debt obligations	-	-	-	-	-	-	-	-	-
Unamortized bond premium / (discount)	-	-	-	-	-	-	-	-	-
Total long-term debt obligations, net	-	-	-	-	-	-	-	-	-
Total long-term liabilities	\$ 32,843	-	-	32,843	49,020	-	81,863	81,863	-

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	-	-	-	-	-	-	-	-	-
Capitalized lease obligation, net of current portion									\$ -

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	-	-	-	-	-	-	-	-	-
Long-term debt obligations, net of current portion									\$ -

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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)		
Deferred inflow from gain on refunding/lease modification		-
Add description		-
Net position - net investment in capital asset	\$	<u><u>-</u></u>

7.2 Calculation of net position - restricted for nonexpendable - endowments

Portion of restricted cash and cash equivalents related to endowments	\$	-
Endowment investments		22,009,178
Other adjustments: (please list)		
Unappropriated temporarily restricted endowment earnings	(1,906,410)	
Amounts of endowments underwater below principal	416,300	
Quasi endowment	(585,518)	
Add description		-
Net position - Restricted for nonexpendable - endowments per SNP	\$	<u><u>19,933,550</u></u>

8 Transactions with related entities

	<u>Amount</u>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 205,857
Payments to University for other than salaries of University personnel	2,139,550
Payments received from University for services, space, and programs	362,422
Gifts-in-kind to the University from discretely presented component units	-
Gifts (cash or assets) to the University from discretely presented component units	-
Accounts (payable to) University (enter as negative number)	(433,575)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University	343,212
Other amounts receivable from University	200,000

9 Other postemployment benefits obligation (OPEB)

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

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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	-
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		\$ 34,293,437
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, 2016, as restated		\$ 34,293,437

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

	Debit	Credit
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)	-	-