THE UNIVERSITY FOUNDATION
CALIFORNIA STATE UNIVERSITY, CHICO

Chico, California

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITORS’ REPORT

June 30, 2014

With Comparative Totals as of June 30, 2013
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## The University Foundation
California State University, Chico

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INDEPENDENT AUDITORS’ REPORT

To the Board of Governors
The University Foundation
California State University, Chico
Chico, California

We have audited the accompanying financial statements of The University Foundation, California State University, Chico (the Foundation), a nonprofit organization, which comprise the statements of financial position as of June 30, 2014; the related statements of activities and cash flows for the years then ended; and the related notes to the financial statements. The prior-year summarized comparative information has been derived from the Foundation’s 2013 financial statements; in our report dated September 20, 2013, we expressed an unmodified opinion on those 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 auditors’ 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 Foundation’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 Foundation’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 the Foundation as of June 30, 2014, 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.
INDEPENDENT AUDITORS’ REPORT 
Continued 

Emphasis of a Matter 

As explained in note 1, the financial statements include investments valued at $25,839,109 (36.08% of net assets) with fair values estimated by the Foundation in the absence of readily determinable fair values. The Foundation’s estimates are based on information provided by the fund managers or the general partners.

Other Matter 

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis as required by the California State University Chancellor’s Office 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.

September 19, 2014 
Chico, California
FINANCIAL SECTION
### STATEMENTS OF FINANCIAL POSITION

**The University Foundation**  
California State University, Chico

June 30

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Plant Fund</th>
<th>Board Designated Fund</th>
<th>Sponsored Programs Fund</th>
<th>Campus Programs Fund</th>
<th>Student Loans and Scholarship Fund</th>
<th>Endowment Fund</th>
<th>Annuity and Life Income Fund</th>
<th>Total All Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 144,930</td>
<td>$ -</td>
<td>$ 189</td>
<td>$ 1,511</td>
<td>$ 244,914</td>
<td>$ 62,662</td>
<td>$ 22,183</td>
<td>$ -</td>
<td>$ 476,389</td>
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<tr>
<td>Net accounts and other receivables</td>
<td>6,604</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>69,499</td>
<td>550,150</td>
<td>5,307</td>
<td>-</td>
<td>631,560</td>
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<tr>
<td>Interfund receivables (payables)</td>
<td>4,747</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(4,747)</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Prepaid expenses</td>
<td>83,567</td>
<td>-</td>
<td>4,188</td>
<td>4,026,726</td>
<td>6,049,577</td>
<td>5,884,799</td>
<td>44,037,887</td>
<td>10,814,893</td>
<td>73,984,029</td>
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<tr>
<td>Contributions receivable - net</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>18,224</td>
<td>23,727</td>
<td>-</td>
<td>651,008</td>
<td>692,959</td>
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<tr>
<td>Notes receivable</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>121,850</td>
<td>-</td>
<td>-</td>
<td>121,850</td>
<td>123,950</td>
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<tr>
<td>Buildings and equipment - net of accumulated depreciation</td>
<td>-</td>
<td>260,034</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>260,034</td>
<td>216,070</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$ 3,405,807</td>
<td>$ 260,034</td>
<td>$ 4,033,618</td>
<td>$ 6,404,731</td>
<td>$ 6,521,338</td>
<td>$ 44,251,133</td>
<td>$ 11,461,154</td>
<td>$ 76,342,192</td>
<td>$ 70,613,932</td>
</tr>
</tbody>
</table>

| **LIABILITIES AND NET ASSETS** |                      |            |                       |                         |                      |                                     |                |                               |                 |
| **LIABILITIES**          |              |            |                       |                         |                      |                                     |                |                               |                 |
| Accounts payable         | $ 259,329    | $ -        | $ 4,377               | $ 550                   | $ 229,085            | $ -                                 | $ 4,958        | $ 66,114                      | $ 564,413       |
| Accrued expenses         | 32,592       | -          | -                     | -                       | 11,052               | 133                                 | 11,023         | -                             | 54,800          |
| Deferred revenue         | -            | -          | -                     | -                       | -                    | -                                   | -              | 39,000                        | -               |
| Notes payable            | -            | -          | 39,000                | -                       | -                    | -                                   | -              | 2,212,035                     | 2,212,035       |
| Liability under trust agreements | -     | -          | -                     | -                       | -                    | -                                   | -              | 1,853,454                     | 1,853,454       |
| Liability for amount held for others | -   | -          | -                     | -                       | -                    | -                                   | -              | 1,853,454                     | 1,853,454       |
| **Total Liabilities**    | $ 291,921    | -          | $ 4,377               | $ 39,550                | $ 240,137            | $ 15,981                            | $ 4,131,603    | $ 4,723,702                    | $ 4,637,702     |

| **NET ASSETS**           |              |            |                       |                         |                      |                                     |                |                               |                 |
| Unrestricted             | 3,113,886    | 260,034    | -                     | -                       | 192,773              | -                                   | 3,217,243      | -                             | 6,783,936       |
| Temporarily restricted   | -            | -          | -                     | -                       | 3,994,068            | 5,971,821                           | 6,521,205      | 11,308,081                    | 28,722,981      |
| Permanently restricted   | -            | -          | -                     | -                       | -                    | -                                   | -              | 29,709,828                    | 64,017,745     |
| **Total Net Assets**     | 3,113,886    | 260,034    | -                     | -                       | 3,994,068            | 6,164,594                           | 6,521,205      | 44,235,152                    | 71,618,490      |
| **Total Liabilities and Net Assets** | $ 3,405,807 | $ 260,034  | $ 4,033,618           | $ 6,404,731            | $ 6,521,338          | $ 44,251,133                        | $ 11,461,154   | $ 76,342,192                   | $ 70,613,932    |

The accompanying notes are an integral part of these financial statements.
## STATEMENTS OF FUNCTIONAL ACTIVITIES AND CHANGES IN NET ASSETS

**The University Foundation**  
California State University, Chico  
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<table>
<thead>
<tr>
<th>Years Ended June 30</th>
<th>General Fund</th>
<th>Plant Fund</th>
<th>Board Designated Fund</th>
<th>Sponsored Programs Fund</th>
<th>Campus Programs Fund</th>
<th>Student Loans and Scholarship Fund</th>
<th>Endowment Fund</th>
<th>Annuity and Life Income Fund</th>
<th>Total All Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$147,181</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$147,181</td>
</tr>
<tr>
<td>2013</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$169,705</td>
</tr>
</tbody>
</table>

### UNRESTRICTED NET ASSETS

#### REVENUES AND OTHER SUPPORT

- **University programs’ receipts**: 
  - 2014: $147,181  
  - 2013: $ -  
- **Donations and contributions**: 
  - 2014: $280,738  
  - 2013: $ -  
- **Interest and dividend income**: 
  - 2014: $154,592  
  - 2013: $ -  
- **Realized and unrealized gains**: 
  - 2014: $ -  
  - 2013: $ -  
- **Other income**: 
  - 2014: $59,335  
  - 2013: $147,651  

**Total Unrestricted Revenues**  
- 2014: $494,665  
- 2013: $280,738  

**Change in endowment deficiencies**: 
- 2014: $ -  
- 2013: $ -  

**Net assets released from restrictions**: 
- 2014: $295,396  
- 2013: $3,517,611  

**Total Unrestricted Support and Reclassifications**  
- 2014: $494,665  
- 2013: $3,664,792  

### EXPENSES

- **Program services**: 
  - **Instruction**: 
    - 2014: $ -  
    - 2013: $ -  
  - **Research**: 
    - 2014: $ -  
    - 2013: $ -  
  - **Public service**: 
    - 2014: $ -  
    - 2013: $ -  
  - **Academic support**: 
    - 2014: $ -  
    - 2013: $ -  
  - **Student services**: 
    - 2014: $ -  
    - 2013: $ -  
  - **Student grants and scholarships**: 
    - 2014: $ -  
    - 2013: $ -  

**Total Program Services**: 
- 2014: $2,852,945  
- 2013: $1,281,728  

- **Supporting services**: 
  - **Institutional support**: 
    - 2014: $458,173  
    - 2013: $ -  
  - **Operation and maintenance of plant**: 
    - 2014: $30,885  
    - 2013: $ -  
  - **Development and fundraising**: 
    - 2014: $814,352  
    - 2013: $ -  
  - **Depreciation**: 
    - 2014: $1,877  
    - 2013: $ -  

**Total Supporting Services**: 
- 2014: $1,305,287  
- 2013: $1,288,535  

### Increase (Decrease) in Unrestricted Net Assets Before Transfers

**Balance Forward**: 
- 2014: $(810,622)  
- 2013: $(71,423)  

The accompanying notes are an integral part of these financial statements.
## STATEMENTS OF FUNCTIONAL ACTIVITIES AND CHANGES IN NET ASSETS

### The University Foundation

**California State University, Chico**

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

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<th>Board Designated Fund</th>
<th>Sponsored Programs Fund</th>
<th>Campus Programs Fund</th>
<th>Student Loans and Scholarship Fund</th>
<th>Endowment Fund</th>
<th>Annuity and Life Income Fund</th>
<th>Total All Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance Brought Forward</strong></td>
<td>$ (810,622)</td>
<td>$ 45,841</td>
<td>$ (71,423)</td>
<td>$ 118,916</td>
<td>$ 85,594</td>
<td>$ 57,537</td>
<td>$ 783,655</td>
<td>$ -</td>
<td>$ 209,498</td>
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<td><strong>TRANSFERS</strong></td>
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<td>Board of Governors allocations</td>
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<td>Administration fee transfers</td>
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<td>Plant fund transfers - depreciation</td>
<td>1,877</td>
<td>(1,877)</td>
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<tr>
<td><strong>Net Transfers</strong></td>
<td>781,176</td>
<td>(1,877)</td>
<td>71,423</td>
<td>(118,916)</td>
<td>(55,422)</td>
<td>(57,537)</td>
<td>(618,847)</td>
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<td><strong>Increase (Decrease) in Unrestricted Net Assets</strong></td>
<td>(29,446)</td>
<td>43,964</td>
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<tr>
<td><strong>TEMPORARILY RESTRICTED NET ASSETS</strong></td>
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<tr>
<td>Donations and contributions</td>
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<td>Interest and dividend income</td>
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<td>Realized and unrealized gains (losses)</td>
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<tr>
<td>Change in value of split interest agreements</td>
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<td>Change in endowment deficiencies</td>
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<td>Reclassification for change in donor intent</td>
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<td>Reclassification for maturing trust</td>
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<tr>
<td>Net assets released from restrictions</td>
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<tr>
<td><strong>Increase in Temporarily Restricted Net Assets</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance Forward</strong></td>
<td>$ (29,446)</td>
<td>$ 43,964</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
### STATEMENTS OF FUNCTIONAL ACTIVITIES AND CHANGES IN NET ASSETS

The University Foundation  
California State University, Chico  
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#### Years Ended June 30

<table>
<thead>
<tr>
<th>Fund</th>
<th>General Fund</th>
<th>Plant Fund</th>
<th>Board Designated Fund</th>
<th>Sponsored Programs Fund</th>
<th>Campus Programs Fund</th>
<th>Student Loans and Scholarship Fund</th>
<th>Endowment Fund</th>
<th>Annuity and Life Income Fund</th>
<th>Total All Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$ (29,446)</td>
<td>$ 43,964</td>
<td>$ -</td>
<td>$ 321,973</td>
<td>$ 369,827</td>
<td>$ 600,613</td>
<td>$ 3,740,586</td>
<td>$ 107,901</td>
<td>$ 5,155,418</td>
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<tr>
<td>2013</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 3,464,410</td>
</tr>
</tbody>
</table>

**PERMANENTLY RESTRICTED NET ASSETS**

| Donations and contributions | -            | -          | -                     | -                       | -                    | -                                    | 260,785        | -                             | 260,785         |
| Interfund transfers         | -            | -          | -                     | -                       | -                    | -                                    | -              | -                             | 34,589          |
| Reclassification for change in donor intent | -            | -          | -                     | -                       | -                    | -                                    | 24,216         | -                             | 24,216          |
| Reclassification for maturing trust | -            | -          | -                     | -                       | -                    | -                                    | -              | -                             | -               |
| Change in value of split interest agreements | -            | -          | -                     | -                       | -                    | -                                    | -              | 201,841                       | 201,841         |

**Increase in Permanently Restricted Net Assets**

<table>
<thead>
<tr>
<th>Increase (Decrease) in Net Assets</th>
<th>(29,446)</th>
<th>43,964</th>
<th>-</th>
<th>321,973</th>
<th>369,827</th>
<th>600,613</th>
<th>4,025,587</th>
<th>201,841</th>
<th>486,842</th>
<th>3,332,069</th>
</tr>
</thead>
</table>

**NET ASSETS - BEGINNING OF YEAR**

| Unrestricted                     | 3,143,332 | 216,070 | -  | -       | 162,601 | -       | 3,052,435 | -       | 6,574,438 | 6,031,812 |
| Temporarily Restricted - As Previously Reported | - | - | - | 3,672,095 | 5,632,166 | 5,920,592 | 8,469,092 | 819,905 | 24,513,850 | 21,566,212 |
| Reclassification of endowment to accounts payable | - | - | - | - | - | (736,789) | - | (736,789) | (710,935) |
| Temporarily Restricted - As Restated | - | - | - | 3,672,095 | 5,632,166 | 5,920,592 | 7,732,303 | 819,905 | 23,777,061 | 20,855,277 |
| Permanently restricted            | -         | -       | -  | -       | -       | -       | 29,424,827 | 6,199,904 | 35,624,731 | 32,292,662 |
| Total Net Assets - Beginning of Year - As Restated | 3,143,332 | 216,070 | -  | 3,672,095 | 5,794,767 | 5,920,592 | 40,209,565 | 7,019,809 | 65,976,230 | 59,179,751 |

The accompanying notes are an integral part of these financial statements.
# STATEMENTS OF CASH FLOWS

The University Foundation  
California State University, Chico

<table>
<thead>
<tr>
<th>Years Ended June 30</th>
<th>General Fund</th>
<th>Plant Fund</th>
<th>Board Designated Fund</th>
<th>Sponsored Programs Fund</th>
<th>Campus Programs Fund</th>
<th>Student Loans and Scholarship Fund</th>
<th>Endowment Fund</th>
<th>Annuity and Life Income Fund</th>
<th>Total All Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents - Beginning of Year</td>
<td>$ 96,333</td>
<td>$ -</td>
<td>$ 485</td>
<td>$ 943</td>
<td>$ 148,282</td>
<td>$ 37,922</td>
<td>$ 12,615</td>
<td>$ -</td>
<td>$ 296,580</td>
</tr>
</tbody>
</table>

## CASH FLOWS FROM OPERATING ACTIVITIES

Increase (Decrease) in net assets

<table>
<thead>
<tr>
<th>Item</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation</td>
<td>$ -</td>
<td>$ 103,687</td>
</tr>
<tr>
<td>Net unrealized gain on investments</td>
<td>$(55,347)</td>
<td>$(4,128,607)</td>
</tr>
<tr>
<td>Net unrealized gain on split interest agreements</td>
<td>$(630)</td>
<td>$(3,467,733)</td>
</tr>
<tr>
<td>Increase (Decrease) due to noncash assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables - net</td>
<td>$(29,446)</td>
<td>$(722,756)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>$ 4,008</td>
<td>$(360,484)</td>
</tr>
<tr>
<td>Contributions receivable - net</td>
<td>$ 22,683</td>
<td>$(2,266,327)</td>
</tr>
<tr>
<td>Interfund receivables (payables)</td>
<td>$ 4,008</td>
<td>$ -</td>
</tr>
<tr>
<td>Increase (Decrease) due to noncash liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$(5,721,093)</td>
<td>$(7,903,303)</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>$(35,023)</td>
<td>$(73,195)</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>$(577,929)</td>
<td>$(26,343)</td>
</tr>
<tr>
<td>Liability under trust agreements</td>
<td>$ 392,125</td>
<td>$ 1,050</td>
</tr>
<tr>
<td>Liability for amount held for others</td>
<td>$ 190,021</td>
<td>$ -</td>
</tr>
</tbody>
</table>

Increase (Decrease) in net assets Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:

<table>
<thead>
<tr>
<th>Item</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation</td>
<td>$ -</td>
<td>$ 103,687</td>
</tr>
<tr>
<td>Net unrealized gain on investments</td>
<td>$(55,347)</td>
<td>$(4,128,607)</td>
</tr>
<tr>
<td>Net unrealized gain on split interest agreements</td>
<td>$(630)</td>
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</tr>
<tr>
<td>Increase (Decrease) due to noncash assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables - net</td>
<td>$(29,446)</td>
<td>$(722,756)</td>
</tr>
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<td>$ 4,008</td>
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</tr>
<tr>
<td>Contributions receivable - net</td>
<td>$ 22,683</td>
<td>$(2,266,327)</td>
</tr>
<tr>
<td>Interfund receivables (payables)</td>
<td>$ 4,008</td>
<td>$ -</td>
</tr>
<tr>
<td>Increase (Decrease) due to noncash liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$(5,721,093)</td>
<td>$(7,903,303)</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>$(35,023)</td>
<td>$(73,195)</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>$(577,929)</td>
<td>$(26,343)</td>
</tr>
<tr>
<td>Liability under trust agreements</td>
<td>$ 392,125</td>
<td>$(17,195)</td>
</tr>
<tr>
<td>Liability for amount held for others</td>
<td>$ 190,021</td>
<td>$(17,195)</td>
</tr>
</tbody>
</table>

## CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th>Item</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of investments</td>
<td>$(48,597)</td>
<td>$(147,651)</td>
</tr>
<tr>
<td>Sale of investments</td>
<td>$(12,477)</td>
<td>$(12,773)</td>
</tr>
<tr>
<td>Collections of notes receivable</td>
<td>$(7,926)</td>
<td>$(12,477)</td>
</tr>
<tr>
<td>Equipment purchased by grants and gifts</td>
<td>$(2,356,592)</td>
<td>$(12,091)</td>
</tr>
<tr>
<td>Net Cash Provided (Used) by Investing Activities</td>
<td>$(57,024)</td>
<td>$(93,878)</td>
</tr>
</tbody>
</table>

## CASH FLOWS FROM FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Item</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan proceeds on notes payable</td>
<td>$ 39,000</td>
<td>$ 39,000</td>
</tr>
<tr>
<td>Increase (Decrease) in Cash and Cash Equivalents</td>
<td>$(57,024)</td>
<td>$(93,878)</td>
</tr>
<tr>
<td>Cash and Cash Equivalents - End of Year</td>
<td>$ 144,930</td>
<td>$ 189,266</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities  The University Foundation, California State University, Chico (the Foundation), is a not-for-profit auxiliary organization of California State University, Chico (CSU, Chico), whose primary purpose is to administer all CSU, Chico-related philanthropic activities as well as manage other activities related to the CSU, Chico, community. Since fundraising is a major component of the philanthropic activities, most operational costs are considered fundraising costs. The accompanying financial statements combine the accounts and the results of operations and activities of the General Fund, Plant Fund, Board Designated Fund, Sponsored Programs Fund, Campus Programs Fund, Student Loans and Scholarship Fund, Endowment Fund, and the Annuity and Life Income Fund in accordance with reporting instructions received from the California State University Chancellor’s Office.

Basis of Accounting  The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

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

Use of Estimates  The preparation of the financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Comparative Financial Information  The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation’s financial statements for the year ended June 30, 2013, from which the summarized information was derived.

Fund Accounting  The accounts of the Foundation are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund. In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-210-45, Not-For-Profit Balance Sheet Presentation, net assets are classified as unrestricted, temporarily restricted, or permanently restricted based on the absence or existence and type of donor-imposed restrictions. The funds are organized as follows:

General Fund:  This fund is used to account for all financial resources except those required to be accounted for in another fund. This fund recognizes as income various administrative fees from other funds.

Plant Fund:  This fund is used to account for acquisition of physical properties as well as funds expended and invested in physical properties for the General Fund and Campus Programs Fund.
Board Designated Fund: This fund is used to account for all amounts specifically allocated by the Board of Governors to certain programs. These funds are used primarily for development activities and to finance other CSU, Chico-related projects. The amount expended from Board designations amounted to $71,423 and $186,926 in 2014 and 2013, respectively.

Sponsored Programs Fund: This fund includes contributions which are restricted by donors for a specific purpose. Contributions with specific donor restrictions, and the related investment earnings, are recorded as temporarily restricted net assets. The Foundation receives an annual administration fee equal to 1.75% of the net asset balance.

Campus Programs Fund: All donor-restricted philanthropic activities are accounted for in this fund (Chico State Fund accounts). This fund also accounts for certain temporarily restricted resources administered by the Foundation on behalf of campus organizations (agency accounts). Donations and contributions are recorded as temporarily restricted net assets. The Foundation receives an administrative fee equal to 5% of certain Campus Programs Fund income.

Student Loans and Scholarship Fund: This fund is used to account for loans and scholarships made to students of CSU, Chico. Contributions and net income to the Student Loan Fund are added to the amount available for student loans. Contributions with specific donor restrictions, and the related investment earnings, are recorded as temporarily restricted net assets. The Foundation receives an annual administration fee equal to 1.75% of the net asset balance on those endowments.

Endowment Fund: This fund is used to account for all permanently restricted endowments and the temporarily restricted earnings from those endowments. Amounts are allocated from this fund for scholarships and other donor-designated activities. This fund is also used for contributions that have been designated by the Board of Governors as quasiendowments and the related investment earnings are recorded as unrestricted net assets.

During the 2013-14 year, funds totaling $736,789, held on behalf of the Associated Students of CSU, Chico (Associated Students), were disbursed to the Associated Students. The disbursement of funds results in the accompanying 2013 financial statements being restated by an increase in accounts payable of $736,789, a decrease in investment earnings of $25,854, and a decrease in beginning temporarily restricted net assets of $710,935.

Annuity and Life Income Fund: This fund is used to account for all annuities and other life income contracts (unitrusts). The Foundation has been named the beneficiary of cash, investments, and real property under several unitrust agreements. Under such agreements, the Foundation agrees to safeguard and administer the trust assets on behalf of the grantor in exchange for the grantor’s irrevocable promise to bequest the assets to the Foundation upon the grantor’s death.

The California Insurance Code provides limitations on investment vehicles utilized for charitable gift annuity agreements.
Contributions are recorded at fair value as temporarily or permanently restricted support, depending on donor stipulation for the principal amount. The fair value of the contributions is estimated based on the fair value of the assets contributed by the donor, less the present value of the payments expected to be made to other beneficiaries. The present value calculation included a discount rate of 4%.

Liability under trust agreements represents the present value of expected payments to be made to beneficiaries.

**Cash and Cash Equivalents** The Foundation considers cash and cash equivalents to include cash on hand and in commercial checking accounts. The cash balances held in financial institutions at times may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit. The Foundation has a concentration of cash invested in Tri Counties Bank. The Foundation has secured a contract for deposit of monies with Tri Counties Bank whereby deposits up to $2.5 million will be subject to the security provided to local public agencies.

**Interfund Receivables and Payables** The Foundation records direct interfund receivables and payables as they occur. As a result of the use of a general checking account for all funds, indirect interfund receivables’ and payables’ entries are recorded upon receipt, disbursement, or transfer of amounts among funds.

**Fair Value Measurements** FASB ASC 820, *Fair Value Measurements and Disclosures*, defines fair value and establishes a framework for measuring fair value under generally accepted accounting principles.

The Foundation classifies its fair value assets and liabilities into a hierarchy of three levels based on the markets in which they are traded and the reliability of the assumptions used to determine fair value. The asset or liability measurement level within the hierarchy is based on the lowest level of any assumption that is significant to the measurement.

Valuations within the hierarchy levels are based upon the following:

**Level 1**: Quoted market prices for identical instruments traded in active exchange markets.

**Level 2**: Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable or can be corroborated by observable market data.

**Level 3**: Model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the Foundation’s estimates of assumptions that market participants would use on pricing the asset or liability. Valuation techniques include management judgment and estimation, which may be significant.
Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during the years ended June 30, 2014 and 2013.

Money Market Funds: Amounts are interest-bearing deposit accounts, which at times may be in excess of the Federal Deposit Insurance Corporation insurance limit. The Foundation does not consider these amounts for use in general operations; therefore, they are not classified as cash and cash equivalents.

Mutual Funds and Equity Securities: Each investor in a mutual fund will typically receive units of participation or shares in the mutual fund. These shares are valued daily, based on the underlying securities owned by the mutual fund, and are usually publicly traded equity securities. Equity securities are instruments that signify an ownership position in a corporation and represents a claim on its proportional share in the corporation's assets and profits. Ownership is determined by the number of shares an investor owns divided by the total number of shares outstanding. Equity securities are valued daily based on the closing market price in the active exchange markets.

Debt and Fixed Income Securities: Corporate and municipal bonds and other debt and fixed income securities are generally valued by a computerized pricing service or, for less actively traded issues, by utilizing a yield-based matrix system to arrive at an estimated market value. Each bond series has a unique set of variables including coupon payment, number of payments, interest rate, and the maturity value. These factors are used to determine the estimated market value and can be determined daily.

Pooled Investments: The Foundation holds short-term deposits in the Local Agency Investment Fund (LAIF), which is a State of California, Treasurer’s Office, investment pool. The fair value of the LAIF pool at June 30, 2014 and 2013, was 100.03%, of the carrying value and is deemed to not represent a material difference. At June 30, 2014 and 2013, the LAIF pool included structured notes and asset-backed securities representing 1.86% and 1.96%, respectively, of the total portfolio, which are subject to market risk as interest rates fluctuate. The value of each participating LAIF dollar equals the fair value divided by the amortized cost.

Unit Investment Trusts (UIT) typically issue redeemable securities or units, similar to a mutual fund, and will buy back an investor’s units, at the investor’s request, at their approximate net asset value. A UIT does not actively trade its investment portfolio; instead, it buys a relatively fixed portfolio of specific stocks or bonds and holds them with little or no change for the life of the UIT. A UIT will have a termination date, which is established when the UIT is created. In the case of a UIT investing in bonds, for example, the termination date may be determined by the maturity date of the bond investments. When a UIT terminates, any remaining investment portfolio securities are sold and the proceeds are paid to the investors. Distributions to investors are calculated by annualizing the distribution paid and dividing by the market price. The distribution rate may include realized short-term capital gains as well as return of capital.
Index funds are passively managed mutual funds that try to mirror the performance of a specific index. The Foundation is invested in a commodity index that seeks to replicate, net of expenses, the Dow Jones-UBS Commodity Total Return index. This index also reflects the returns that are potentially available through an unleveraged investment in future contracts on physical commodities comprised of the index plus the rate of interest that could be earned on cash collateral invested in specified Treasury Bills. The Foundation is also invested in index funds that seek to track the performance of international indexes by investing in common stocks of companies located in emerging markets around the world. The indexes are valued daily based on the closing market prices of the underlying stocks, estimates of closing prices on futures contracts, and pricing models.

**Real Estate, Artwork, and Collections:** Amounts are carried at the fair market value of the interests as of the dates the interests were donated and are periodically adjusted upon the performance of an appraisal.

**Partnership Interests:** The fair value of the partnership interests have been estimated by the Foundation. The Foundation’s estimates are based on information provided by the fund managers or the general partners.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while 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.

**Alternative Investments** When a readily determinable fair value does not exist, the assets are referred to as alternative investments. Generally, investments classified in the fair value hierarchy as Levels 2 and 3 are considered to be alternative investments. The estimated fair values may differ significantly from the value that would have been used had ready markets for the investments existed, and the difference could be material. Certain pooled investments and partnership interests reflect significant estimates and represent $25,839,109 (36.08% of net assets) and $19,908,663 (29.84% of net assets) for the years ended June 30, 2014 and 2013, respectively.

**Promises to Give** Unconditional promises to give, whether expected to be collected within one year or in a future year, are recorded at net realizable value. Promises to give are discounted based on the present value of the expected collections. Conditional promises to give are not recorded until the conditions are substantially met.

**Buildings and Equipment** Buildings and equipment are stated at cost, or if acquired by gift, are recorded at estimated market value at the date of acquisition. Fixed assets are not capitalized by the Foundation if the title remains with or reverts to the grantor. Planned major maintenance is accounted for using the direct expense method. Expenditures for new construction, major renewals and replacements, and equipment over $5,000 are capitalized.

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method.
Restricted and Unrestricted Revenue and Support  Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished and the amount is appropriated for expenditure), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Income Taxes  The Foundation 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. The Foundation has been classified as an organization that is not a private foundation under Section 509(a)(2). The Foundation has not entered into any activities that would jeopardize its tax-exempt status. Income from certain investments with activity not related to the Foundation’s tax-exempt purpose is subject to taxation as unrelated business income (UBI). The analysis of net UBI is ongoing and the tax effect has not been determined. Accordingly, no provision for income taxes has been recorded.

The Foundation files exempt organization returns in the U.S. federal and California jurisdictions. The federal returns for tax years 2010 and beyond, and the California returns for tax years 2009 and beyond, remain subject to examination by the taxing authorities.

The Foundation accounts for income taxes in accordance with FASB ASC 740, Income Taxes, which clarifies the accounting for uncertainty in income taxes recognized in the Foundation’s financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FASB ASC 740, Income Taxes, also provides guidance on derecognition and measurement of a tax position taken or expected to be taken in a tax return. Based on this analysis, a liability is recorded if uncertain tax benefits have been received. The Foundation’s practice is to recognize interest and penalties, if any, related to uncertain tax positions in the tax expense. There were no uncertain tax positions identified or related interest and penalties recorded as of June 30, 2014, and the Foundation does not expect this to change significantly over the next 12 months.

Subsequent Events  Management has evaluated subsequent events through September 19, 2014, the date which the report was available to be issued.
2. CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following unconditional promises to give:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major pledges</td>
<td>$44,265</td>
<td>$2,019,987</td>
</tr>
<tr>
<td>Less: Unamortized discount (5%)</td>
<td>2,313</td>
<td>286</td>
</tr>
<tr>
<td><strong>Total Pledges Receivable</strong></td>
<td>41,952</td>
<td>2,019,701</td>
</tr>
<tr>
<td>Restricted to future periods:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beneficial interest in irrevocable family trust</td>
<td>-</td>
<td>368,792</td>
</tr>
<tr>
<td>Beneficial interest in irrevocable estate</td>
<td>935,407</td>
<td>827,507</td>
</tr>
<tr>
<td>Less: Unamortized discount (4%)</td>
<td>284,400</td>
<td>107,901</td>
</tr>
<tr>
<td><strong>Total Beneficial Interests</strong></td>
<td>651,007</td>
<td>1,088,398</td>
</tr>
</tbody>
</table>

**Contributions Receivable - Net**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$692,959</td>
<td>$3,108,099</td>
</tr>
</tbody>
</table>

The contributions receivable are estimated to be collected as follows:

<table>
<thead>
<tr>
<th>Amounts due in:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than one year</td>
<td>$23,415</td>
<td></td>
</tr>
<tr>
<td>One to five years</td>
<td>18,537</td>
<td></td>
</tr>
<tr>
<td>More than five years</td>
<td>651,007</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$692,959</td>
<td></td>
</tr>
</tbody>
</table>

3. NOTES RECEIVABLE

Notes receivable consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Note due from Bonnie Reimers, secured by property in Butte County. Interest-only payments are due monthly until December 31, 2012. Beginning January 1, 2013, interest plus $175 principal are due monthly through December 31, 2016. The remaining balance of principal and interest are due and payable December 31, 2016. Interest accrues at 6.00% per annum.</td>
<td>$121,850</td>
<td>$123,950</td>
</tr>
<tr>
<td>Less: Current portion</td>
<td>2,100</td>
<td>2,100</td>
</tr>
<tr>
<td><strong>Notes Receivable - Net</strong></td>
<td>$119,750</td>
<td>$121,850</td>
</tr>
</tbody>
</table>
### 4. INVESTMENTS

The following is a schedule of the assets at fair value, by level within the fair value hierarchy, as of June 30, 2014 and 2013.

<table>
<thead>
<tr>
<th>June 30, 2014</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>INVESTMENTS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money market funds</td>
<td>$1,385,006</td>
<td>$ -</td>
<td>$ -</td>
<td>$1,385,006</td>
</tr>
<tr>
<td>Mutual funds by investment objective:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth funds</td>
<td>5,373,129</td>
<td>-</td>
<td>-</td>
<td>5,373,129</td>
</tr>
<tr>
<td>Blend funds</td>
<td>3,408,755</td>
<td>-</td>
<td>-</td>
<td>3,408,755</td>
</tr>
<tr>
<td>Value funds</td>
<td>2,774,046</td>
<td>-</td>
<td>-</td>
<td>2,774,046</td>
</tr>
<tr>
<td>International funds</td>
<td>7,016,024</td>
<td>-</td>
<td>-</td>
<td>7,016,024</td>
</tr>
<tr>
<td>Bond and fixed income funds</td>
<td>18,496,309</td>
<td>-</td>
<td>-</td>
<td>18,496,309</td>
</tr>
<tr>
<td>Equity securities by industry type:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td>505,924</td>
<td>-</td>
<td>-</td>
<td>505,924</td>
</tr>
<tr>
<td>Healthcare</td>
<td>93,164</td>
<td>-</td>
<td>-</td>
<td>93,164</td>
</tr>
<tr>
<td>Energy</td>
<td>259,130</td>
<td>-</td>
<td>-</td>
<td>259,130</td>
</tr>
<tr>
<td>Services</td>
<td>70,730</td>
<td>-</td>
<td>-</td>
<td>70,730</td>
</tr>
<tr>
<td>Financial</td>
<td>144,737</td>
<td>-</td>
<td>-</td>
<td>144,737</td>
</tr>
<tr>
<td>Other</td>
<td>487,621</td>
<td>-</td>
<td>-</td>
<td>487,621</td>
</tr>
<tr>
<td>Debt and fixed income securities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Treasury</td>
<td>-</td>
<td>38,561</td>
<td>-</td>
<td>38,561</td>
</tr>
<tr>
<td>States and municipalities</td>
<td>-</td>
<td>763,874</td>
<td>-</td>
<td>763,874</td>
</tr>
<tr>
<td>Corporate</td>
<td>-</td>
<td>420,146</td>
<td>-</td>
<td>420,146</td>
</tr>
<tr>
<td>Mortgage backed securities</td>
<td>-</td>
<td>13,511</td>
<td>-</td>
<td>13,511</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Pooled investments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Agency Investment Fund</td>
<td>-</td>
<td>2,446,320</td>
<td>-</td>
<td>2,446,320</td>
</tr>
<tr>
<td>Unit investment trusts</td>
<td>-</td>
<td>327,806</td>
<td>-</td>
<td>327,806</td>
</tr>
<tr>
<td>Index funds</td>
<td>-</td>
<td>-</td>
<td>6,167,081</td>
<td>6,167,081</td>
</tr>
<tr>
<td>Real estate</td>
<td>-</td>
<td>-</td>
<td>3,422,095</td>
<td>3,422,095</td>
</tr>
<tr>
<td>Artwork and collections</td>
<td>-</td>
<td>-</td>
<td>698,032</td>
<td>698,032</td>
</tr>
<tr>
<td>Partnerships by investment objective:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hedge funds and commodity pools</td>
<td>-</td>
<td>-</td>
<td>5,742,332</td>
<td>5,742,332</td>
</tr>
<tr>
<td>International</td>
<td>-</td>
<td>-</td>
<td>2,205,041</td>
<td>2,205,041</td>
</tr>
<tr>
<td>Growth and special opportunity</td>
<td>-</td>
<td>-</td>
<td>5,271,532</td>
<td>5,271,532</td>
</tr>
<tr>
<td>Private equity</td>
<td>-</td>
<td>-</td>
<td>3,282,963</td>
<td>3,282,963</td>
</tr>
<tr>
<td>Real estate</td>
<td>-</td>
<td>-</td>
<td>3,170,160</td>
<td>3,170,160</td>
</tr>
<tr>
<td><strong>Total Assets at Fair Value</strong></td>
<td>$40,014,575</td>
<td>$4,010,218</td>
<td>$29,959,236</td>
<td>$73,984,029</td>
</tr>
</tbody>
</table>
### Notes to the Financial Statements

#### June 30, 2013

<table>
<thead>
<tr>
<th>INVESTMENTS</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money market funds</td>
<td>$ 854,280</td>
<td>-</td>
<td>-</td>
<td>$ 854,280</td>
</tr>
<tr>
<td>Mutual funds by investment objective:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth funds</td>
<td>3,318,890</td>
<td>-</td>
<td>-</td>
<td>3,318,890</td>
</tr>
<tr>
<td>Blend funds</td>
<td>7,357,981</td>
<td>-</td>
<td>-</td>
<td>7,357,981</td>
</tr>
<tr>
<td>Value funds</td>
<td>3,325,711</td>
<td>-</td>
<td>-</td>
<td>3,325,711</td>
</tr>
<tr>
<td>International funds</td>
<td>7,482,605</td>
<td>-</td>
<td>-</td>
<td>7,482,605</td>
</tr>
<tr>
<td>Bond and fixed income funds</td>
<td>5,548,617</td>
<td>-</td>
<td>-</td>
<td>5,548,617</td>
</tr>
<tr>
<td>Equity securities by industry type:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td>249,926</td>
<td>-</td>
<td>-</td>
<td>249,926</td>
</tr>
<tr>
<td>Healthcare</td>
<td>207,063</td>
<td>-</td>
<td>-</td>
<td>207,063</td>
</tr>
<tr>
<td>Energy</td>
<td>232,892</td>
<td>-</td>
<td>-</td>
<td>232,892</td>
</tr>
<tr>
<td>Services</td>
<td>171,281</td>
<td>-</td>
<td>-</td>
<td>171,281</td>
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<tr>
<td>Financial</td>
<td>136,319</td>
<td>-</td>
<td>-</td>
<td>136,319</td>
</tr>
<tr>
<td>Other</td>
<td>463,363</td>
<td>-</td>
<td>-</td>
<td>463,363</td>
</tr>
<tr>
<td>Debt and fixed income securities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>States and municipalities</td>
<td>-</td>
<td>751,067</td>
<td>-</td>
<td>751,067</td>
</tr>
<tr>
<td>Corporate</td>
<td>-</td>
<td>411,604</td>
<td>-</td>
<td>411,604</td>
</tr>
<tr>
<td>Mortgage backed securities</td>
<td>-</td>
<td>28,099</td>
<td>-</td>
<td>28,099</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Pooled investments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Agency Investment Fund</td>
<td>-</td>
<td>11,172,775</td>
<td>-</td>
<td>11,172,775</td>
</tr>
<tr>
<td>Unit investment trusts</td>
<td>-</td>
<td>263,737</td>
<td>-</td>
<td>263,737</td>
</tr>
<tr>
<td>Index funds</td>
<td>-</td>
<td>-</td>
<td>1,106,586</td>
<td>1,106,586</td>
</tr>
<tr>
<td>Real estate</td>
<td>-</td>
<td>-</td>
<td>3,358,595</td>
<td>3,358,595</td>
</tr>
<tr>
<td>Artwork and collections</td>
<td>-</td>
<td>-</td>
<td>715,607</td>
<td>715,607</td>
</tr>
<tr>
<td>Partnerships by investment objective:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hedge funds and commodity pools</td>
<td>-</td>
<td>-</td>
<td>7,529,301</td>
<td>7,529,301</td>
</tr>
<tr>
<td>International</td>
<td>-</td>
<td>-</td>
<td>2,010,539</td>
<td>2,010,539</td>
</tr>
<tr>
<td>Growth and special opportunity</td>
<td>-</td>
<td>-</td>
<td>2,919,298</td>
<td>2,919,298</td>
</tr>
<tr>
<td>Private equity</td>
<td>-</td>
<td>-</td>
<td>3,081,218</td>
<td>3,081,218</td>
</tr>
<tr>
<td>Real estate</td>
<td>-</td>
<td>-</td>
<td>3,261,724</td>
<td>3,261,724</td>
</tr>
<tr>
<td><strong>Total Assets at Fair Value</strong></td>
<td>$ 29,348,928</td>
<td>$ 12,666,817</td>
<td>$ 23,982,868</td>
<td>$ 65,998,613</td>
</tr>
</tbody>
</table>
The following is a schedule which summarizes the changes in the fair value of the Foundation’s Level 3 assets for the year ended June 30, 2014. The gains and losses included in the following schedule are reported as revenue in the statement of functional activities within the temporarily restricted net asset classification.

<table>
<thead>
<tr>
<th>Hedge Funds and Commodity Pools</th>
<th>International</th>
<th>Growth and Special Opportunity</th>
<th>Private Equity</th>
<th>Real Estate</th>
<th>Total Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance - June 30, 2013</td>
<td>$ 1,106,586</td>
<td>$ 3,358,595</td>
<td>$ 715,607</td>
<td>$ 7,529,301</td>
<td>$ 2,010,539</td>
</tr>
<tr>
<td>Interest/dividends/net rental income</td>
<td>125,490</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Realized gains (losses)</td>
<td>-</td>
<td>-</td>
<td>83,649</td>
<td>-</td>
<td>(10,159)</td>
</tr>
<tr>
<td>Unrealized gains (losses) relating to assets held at year end</td>
<td>2,100,131</td>
<td>-</td>
<td>315,606</td>
<td>223,299</td>
<td>441,532</td>
</tr>
<tr>
<td>Purchases, sales, issuances, and settlements - net</td>
<td>2,834,874</td>
<td>63,500</td>
<td>(2,186,224)</td>
<td>(28,797)</td>
<td>1,920,861</td>
</tr>
<tr>
<td>Transfers in (out)</td>
<td>-</td>
<td>-</td>
<td>(17,575)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balance - June 30, 2014</td>
<td>$ 6,167,081</td>
<td>$ 3,422,095</td>
<td>$ 698,032</td>
<td>$ 5,742,332</td>
<td>$ 2,205,041</td>
</tr>
</tbody>
</table>

The following is a schedule which summarizes the changes in the fair value of the Foundation’s Level 3 assets for the year ended June 30, 2013.

<table>
<thead>
<tr>
<th>Hedge Funds and Commodity Pools</th>
<th>International</th>
<th>Growth and Special Opportunity</th>
<th>Private Equity</th>
<th>Real Estate</th>
<th>Total Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance - June 30, 2012</td>
<td>$ 1,173,821</td>
<td>$ 3,154,095</td>
<td>$ 693,092</td>
<td>$ 7,175,127</td>
<td>$ 1,654,514</td>
</tr>
<tr>
<td>Interest/dividends/net rental income</td>
<td>18,209</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Realized gains (losses)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(21,518)</td>
</tr>
<tr>
<td>Unrealized gains (losses) relating to assets held at year end</td>
<td>85,444</td>
<td>204,500</td>
<td>354,174</td>
<td>271,105</td>
<td>307,777</td>
</tr>
<tr>
<td>Purchases, sales, issuances, and settlements - net</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>84,920</td>
</tr>
<tr>
<td>Transfers in (out)</td>
<td>-</td>
<td>-</td>
<td>22,515</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balance - June 30, 2013</td>
<td>$ 1,106,586</td>
<td>$ 3,358,595</td>
<td>$ 715,607</td>
<td>$ 7,529,301</td>
<td>$ 2,010,539</td>
</tr>
</tbody>
</table>
5. BUILDINGS AND EQUIPMENT

Buildings and equipment consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building improvements</td>
<td>$28,615</td>
<td>$28,615</td>
</tr>
<tr>
<td>Equipment and furnishings</td>
<td>1,307,587</td>
<td>1,159,936</td>
</tr>
<tr>
<td>Subtotal</td>
<td>1,336,202</td>
<td>1,188,551</td>
</tr>
<tr>
<td>Less: Accumulated depreciation</td>
<td>1,076,168</td>
<td>972,481</td>
</tr>
<tr>
<td>Buildings and Equipment - Net</td>
<td>$260,034</td>
<td>$216,070</td>
</tr>
</tbody>
</table>

Depreciation expense charged to operations amounted to $103,687 and $116,985 for the years ended June 30, 2014 and 2013, respectively.

6. NOTES PAYABLE

Noninterest bearing note payable to the Research Foundation to be repaid in 3 installments over 28 months. Installments are due on December 31, 2014 ($9,000), July 1, 2015 ($11,000), and April 1, 2016 ($19,000). The note is unsecured.

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$39,000</td>
<td>$7,000</td>
</tr>
<tr>
<td>Less: Current portion</td>
<td>9,000</td>
<td>-</td>
</tr>
<tr>
<td>Notes Payable - Long-Term Portion</td>
<td>$30,000</td>
<td>$7,000</td>
</tr>
</tbody>
</table>

NOTES TO THE FINANCIAL STATEMENTS
The University Foundation
California State University, Chico
June 30, 2014 and 2013
7. DONOR-RESTRICTED ENDOWMENT FUNDS

The Foundation follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and its own governing documents in order to account for its donor-restricted endowment funds.

General Board Policy on Administration of Endowment Funds

The Foundation follows the State Prudent Management of Institutional Funds Act (SPMIFA) and its own governing documents in order to account for its donor-restricted endowment funds. The Board of Governors of the Foundation has interpreted SPMIFA 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 the 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 is classified as temporarily restricted net assets until those amounts are relieved of their purpose and time restrictions through appropriation for expenditure in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, 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 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.

Investment Objectives, Strategies, and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a stable, predictable level of spending for the endowed purposes, and that provides for a rate of growth in the endowment that meets or exceeds the rate of inflation. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under the investment policy, as approved by the Board of Governors, the endowment assets are invested in a manner that is intended to produce results comparable to the yield results of various market indicators such as the Standard & Poor’s 500 Index, Barclays Capital Aggregate Bond Index, and the Consumer Price Index as indicators of inflation. The Foundation has targeted a long-term average rate of return of 9.3% annually for its endowment funds. Actual returns in any given year may vary from that target. To satisfy its long-term rate-of-return objectives, 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). The Foundation targets a diversified asset allocation that places an emphasis on equity-based investments, debt and fixed income securities, real estate, and partnership interests while maintaining prudent risk constraints.
Spending Policy and How the Investment Objectives Relate to Spending Policy

In establishing the spending policy, the Foundation considered the long-term expected return on its endowments. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow annually. This is consistent with the Foundation’s objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

The Foundation has a policy of appropriating for distribution each year 1.75% of the fair value of each endowment account for an administration fee. The assessment is calculated at the end of each quarter, based on the average of the ending account balances for the prior three months, and is deposited in the Foundation’s General Fund. If the administration fee will put an individual endowment into a deficient state, meaning the endowment fair value falls below the permanently restricted value, then, as a general practice the fee is reversed up to the amount that would allow the endowment to be whole.

In addition, the Foundation appropriates for distribution each year 4% of the average fair value of each scholarship related endowment. The average is calculated on the values at June 30 of each of the three years immediately preceding the fiscal year in which the distribution is to be made. For new accounts, only years with funds on deposit will be included in the average.

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 SPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature were reported in unrestricted net assets. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that were deemed prudent by the Board of Governors.
Endowment net assets consisted of the following at June 30, 2014 and 2013:

<table>
<thead>
<tr>
<th>June 30, 2014</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DONOR RESTRICTED ENDOWMENTS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents (overdraft)</td>
<td>$ (592,448)</td>
<td>$ 618,514</td>
<td>$ -</td>
<td>$ 26,066</td>
</tr>
<tr>
<td>Net accounts and other receivables</td>
<td>-</td>
<td>5,265</td>
<td>-</td>
<td>5,265</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>-</td>
<td>37,841</td>
<td>-</td>
<td>37,841</td>
</tr>
<tr>
<td>Investments</td>
<td>-</td>
<td>18,852,280</td>
<td>29,709,828</td>
<td>48,562,108</td>
</tr>
<tr>
<td>Notes receivable</td>
<td>-</td>
<td>121,850</td>
<td>-</td>
<td>121,850</td>
</tr>
<tr>
<td><strong>Total Donor Restricted Endowments</strong></td>
<td>(592,448)</td>
<td>19,635,750</td>
<td>29,709,828</td>
<td>48,753,130</td>
</tr>
<tr>
<td><strong>BOARD DESIGNATED ENDOWMENTS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net accounts and other receivables</td>
<td>42</td>
<td>-</td>
<td>-</td>
<td>42</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>31,446</td>
<td>-</td>
<td>-</td>
<td>31,446</td>
</tr>
<tr>
<td>Investments</td>
<td>3,778,203</td>
<td>-</td>
<td>-</td>
<td>3,778,203</td>
</tr>
<tr>
<td><strong>Total Board Designated Endowments</strong></td>
<td>3,809,691</td>
<td>-</td>
<td>-</td>
<td>3,809,691</td>
</tr>
<tr>
<td><strong>Endowment Net Assets - June 30, 2014</strong></td>
<td>$ 3,217,243</td>
<td>$ 19,635,750</td>
<td>$ 29,709,828</td>
<td>$ 52,562,821</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>June 30, 2013</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DONOR RESTRICTED ENDOWMENTS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents (overdraft)</td>
<td>$ (680,615)</td>
<td>$ 695,647</td>
<td>$ -</td>
<td>$ 15,032</td>
</tr>
<tr>
<td>Net accounts and other receivables</td>
<td>-</td>
<td>9,409</td>
<td>-</td>
<td>9,409</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>-</td>
<td>86,879</td>
<td>-</td>
<td>86,879</td>
</tr>
<tr>
<td>Investments</td>
<td>-</td>
<td>11,999,296</td>
<td>29,424,827</td>
<td>41,424,123</td>
</tr>
<tr>
<td>Contributions receivable</td>
<td>-</td>
<td>2,368,792</td>
<td>-</td>
<td>2,368,792</td>
</tr>
<tr>
<td>Notes receivable</td>
<td>-</td>
<td>123,950</td>
<td>-</td>
<td>123,950</td>
</tr>
<tr>
<td><strong>Total Donor Restricted Endowments</strong></td>
<td>(680,615)</td>
<td>15,283,973</td>
<td>29,424,827</td>
<td>44,028,185</td>
</tr>
<tr>
<td><strong>BOARD DESIGNATED ENDOWMENTS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net accounts and other receivables</td>
<td>46</td>
<td>-</td>
<td>-</td>
<td>46</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>79,888</td>
<td>-</td>
<td>-</td>
<td>79,888</td>
</tr>
<tr>
<td>Investments</td>
<td>3,653,116</td>
<td>-</td>
<td>-</td>
<td>3,653,116</td>
</tr>
<tr>
<td><strong>Total Board Designated Endowments</strong></td>
<td>3,733,050</td>
<td>-</td>
<td>-</td>
<td>3,733,050</td>
</tr>
<tr>
<td><strong>Endowment Net Assets - June 30, 2013</strong></td>
<td>$ 3,052,435</td>
<td>$ 15,283,973</td>
<td>$ 29,424,827</td>
<td>$ 47,761,235</td>
</tr>
</tbody>
</table>
Changes in endowment net assets for the year ended June 30, 2014, were as follows:

<table>
<thead>
<tr>
<th>DONOR RESTRICTED</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donor-Restricted Endowment Net Assets - June 30, 2013</td>
<td>$ (680,615)</td>
<td>$ 15,283,973</td>
<td>$ 29,424,827</td>
<td>$ 44,028,185</td>
</tr>
<tr>
<td>INVESTMENT RETURN</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>-</td>
<td>348,318</td>
<td>-</td>
<td>348,318</td>
</tr>
<tr>
<td>Realized and unrealized appreciation - net</td>
<td>-</td>
<td>5,159,920</td>
<td>-</td>
<td>5,159,920</td>
</tr>
<tr>
<td>Total Investment Return</td>
<td>-</td>
<td>5,508,238</td>
<td>-</td>
<td>5,508,238</td>
</tr>
<tr>
<td>OTHER CHANGES IN ENDOWMENT NET ASSETS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in endowment deficiencies</td>
<td>88,167</td>
<td>(88,167)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contributions</td>
<td>-</td>
<td>162,349</td>
<td>260,785</td>
<td>423,134</td>
</tr>
<tr>
<td>Other income</td>
<td>-</td>
<td>122,238</td>
<td>-</td>
<td>122,238</td>
</tr>
<tr>
<td>Appropriated for administration fees</td>
<td>(698,333)</td>
<td>-</td>
<td>-</td>
<td>(698,333)</td>
</tr>
<tr>
<td>Appropriated for scholarships</td>
<td>-</td>
<td>(471,692)</td>
<td>-</td>
<td>(471,692)</td>
</tr>
<tr>
<td>Appropriated for other expenditures</td>
<td>(306,855)</td>
<td>-</td>
<td>-</td>
<td>(306,855)</td>
</tr>
<tr>
<td>Transfers</td>
<td>118,800</td>
<td>5,199</td>
<td>-</td>
<td>123,999</td>
</tr>
<tr>
<td>Released from restrictions</td>
<td>886,388</td>
<td>(886,388)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Change in Donor-Restricted Endowment Net Assets</td>
<td>88,167</td>
<td>4,351,777</td>
<td>285,001</td>
<td>4,724,945</td>
</tr>
<tr>
<td>Donor-Restricted Endowment Net Assets - June 30, 2014</td>
<td>(592,448)</td>
<td>19,635,750</td>
<td>29,709,828</td>
<td>48,753,130</td>
</tr>
</tbody>
</table>

| BOARD DESIGNATED | | | | |
| Board-Designated Endowment Net Assets - June 30, 2013 | 3,733,050 | - | - | 3,733,050 |
| INVESTMENT RETURN | | | | |
| Interest and dividend income | 22,529 | - | - | 22,529 |
| Realized and unrealized depreciation - net | 319,896 | - | - | 319,896 |
| Total Investment Return | 342,425 | - | - | 342,425 |
| OTHER CHANGES IN ENDOWMENT NET ASSETS | | | | |
| Other income | 78,584 | - | - | 78,584 |
| Appropriated for other expenditures | (118,221) | - | - | (118,221) |
| Transfers | (226,147) | - | - | (226,147) |
| Total Change in Board-Designated Endowments | 76,641 | - | - | 76,641 |
| Board-Designated Endowment Net Assets - June 30, 2014 | 3,809,691 | - | - | 3,809,691 |
| Total Donor-Restricted and Board-Designated Endowment Net Assets - June 30, 2014 | $ 3,217,243 | $ 19,635,750 | $ 29,709,828 | $ 52,562,821 |
Changes in endowment net assets for the year ended June 30, 2013, were as follows:

<table>
<thead>
<tr>
<th>DONOR RESTRICTED</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donor-Restricted Endowment Net Assets - June 30, 2012</td>
<td>$ (832,648)</td>
<td>$ 12,544,822</td>
<td>$ 26,260,506</td>
<td>$ 37,972,680</td>
</tr>
<tr>
<td>INVESTMENT RETURN</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td></td>
<td>610,071</td>
<td></td>
<td>610,071</td>
</tr>
<tr>
<td>Realized and unrealized appreciation - net</td>
<td></td>
<td>3,839,862</td>
<td></td>
<td>3,839,862</td>
</tr>
<tr>
<td>Total Investment Return</td>
<td>-</td>
<td>4,449,933</td>
<td>-</td>
<td>4,449,933</td>
</tr>
<tr>
<td>OTHER CHANGES IN ENDOWMENT NET ASSETS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in endowment deficiencies</td>
<td>152,033</td>
<td>(152,033)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Reclassification for change in donor intent</td>
<td></td>
<td>(34,589)</td>
<td>34,589</td>
<td>-</td>
</tr>
<tr>
<td>Contributions</td>
<td>-</td>
<td>107,669</td>
<td>3,129,732</td>
<td>3,237,401</td>
</tr>
<tr>
<td>Other income</td>
<td>-</td>
<td>103,293</td>
<td>-</td>
<td>103,293</td>
</tr>
<tr>
<td>Appropriated for administration fees</td>
<td>(708,288)</td>
<td>-</td>
<td>-</td>
<td>(708,288)</td>
</tr>
<tr>
<td>Appropriated for scholarships</td>
<td></td>
<td>(794,360)</td>
<td>-</td>
<td>(794,360)</td>
</tr>
<tr>
<td>Appropriated for other expenditures</td>
<td>(192,284)</td>
<td>-</td>
<td>-</td>
<td>(192,284)</td>
</tr>
<tr>
<td>Transfers</td>
<td></td>
<td>4,810</td>
<td></td>
<td>4,810</td>
</tr>
<tr>
<td>Released from restrictions</td>
<td></td>
<td>(945,572)</td>
<td>(945,572)</td>
<td>-</td>
</tr>
<tr>
<td>Total Change in Donor-Restricted Endowment Net Assets</td>
<td>152,033</td>
<td>2,739,151</td>
<td>3,164,321</td>
<td>6,055,505</td>
</tr>
<tr>
<td>Donor-Restricted Endowment Net Assets - June 30, 2013</td>
<td>(680,615)</td>
<td>15,283,973</td>
<td>29,424,827</td>
<td>44,028,185</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BOARD DESIGNATED</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>INVESTMENT RETURN</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td></td>
<td>31,687</td>
<td>-</td>
<td>31,687</td>
</tr>
<tr>
<td>Realized and unrealized appreciation - net</td>
<td></td>
<td>312,380</td>
<td>-</td>
<td>312,380</td>
</tr>
<tr>
<td>Total Investment Return</td>
<td>344,067</td>
<td>-</td>
<td>-</td>
<td>344,067</td>
</tr>
<tr>
<td>OTHER CHANGES IN ENDOWMENT NET ASSETS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other income</td>
<td>80,554</td>
<td>-</td>
<td>-</td>
<td>80,554</td>
</tr>
<tr>
<td>Appropriated for administration fees</td>
<td>(61,576)</td>
<td>-</td>
<td>-</td>
<td>(61,576)</td>
</tr>
<tr>
<td>Appropriated for other expenditures</td>
<td>(120,722)</td>
<td>-</td>
<td>-</td>
<td>(120,722)</td>
</tr>
<tr>
<td>Total Change in Board-Designated Endowments</td>
<td>242,323</td>
<td>-</td>
<td>-</td>
<td>242,323</td>
</tr>
<tr>
<td>Board-Designated Endowment Net Assets - June 30, 2013</td>
<td>3,733,050</td>
<td>-</td>
<td>-</td>
<td>3,733,050</td>
</tr>
<tr>
<td>Total Donor-Restricted and Board-Designated Endowment Net Assets - June 30, 2013</td>
<td>$ 3,052,435</td>
<td>$ 15,283,973</td>
<td>$ 29,424,827</td>
<td>$ 47,761,235</td>
</tr>
</tbody>
</table>
8. **NET ASSETS**

**Net Asset Reserves**

The Board of Governors of the Foundation, under guidelines established by the Chancellor’s Office, developed policies that reserve the net assets of the Foundation. Future increases in net assets will also be reserved by these policies. Reservations of net assets are as follows:

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Plant Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in plant and equipment</td>
<td>$</td>
<td>$ 260,034</td>
</tr>
<tr>
<td>Reserve for working capital</td>
<td>351,456</td>
<td>-</td>
</tr>
<tr>
<td>Reserve for planned future operations</td>
<td>320,169</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Net Asset Reserves</strong></td>
<td>671,625</td>
<td>260,034</td>
</tr>
<tr>
<td>Available for general purposes</td>
<td>2,442,261</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td>$ 3,113,886</td>
<td>$ 260,034</td>
</tr>
</tbody>
</table>

**Unrestricted Net Assets**

The Board of Governor’s designated quasiendowments are recorded as unrestricted net assets. In addition, donor-restricted endowment funds with deficiencies are recorded as unrestricted net assets and amounted to $592,448 and $680,615 as of June 30, 2014 and 2013, respectively.

**Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scholarships and fellowships</td>
<td>$ 18,206,942</td>
<td>$ 14,665,748</td>
</tr>
<tr>
<td>Campus programs</td>
<td>5,971,821</td>
<td>5,632,166</td>
</tr>
<tr>
<td>Scholarship loans</td>
<td>550,150</td>
<td>543,841</td>
</tr>
<tr>
<td>Capital projects</td>
<td>707,401</td>
<td>746,024</td>
</tr>
<tr>
<td>Other</td>
<td>3,286,667</td>
<td>2,189,282</td>
</tr>
<tr>
<td><strong>Temporarily Restricted Net Assets</strong></td>
<td><strong>$ 28,722,981</strong></td>
<td><strong>$ 23,777,061</strong></td>
</tr>
</tbody>
</table>
Temporarily restricted net assets were released from restriction for the following purposes:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scholarships, fellowships, and loans</td>
<td>$1,271,348</td>
<td>$1,267,520</td>
</tr>
<tr>
<td>Campus programs</td>
<td>3,384,540</td>
<td>4,064,431</td>
</tr>
<tr>
<td>Capital projects</td>
<td>38,623</td>
<td>(293,327)</td>
</tr>
<tr>
<td>Endowments and sponsored programs</td>
<td>190,233</td>
<td>186,065</td>
</tr>
<tr>
<td>Administrative fees</td>
<td>792,781</td>
<td>934,519</td>
</tr>
<tr>
<td><strong>Net Assets Released From Restriction</strong></td>
<td><strong>$ 5,677,525</strong></td>
<td><strong>$ 6,159,208</strong></td>
</tr>
</tbody>
</table>

**Permanently Restricted Net Assets**

Permanently restricted net assets are restricted for investment in perpetuity. The income earned from these investments is reflected as temporarily restricted investment income. Annually, a portion of the earnings are expended to support the donor-designated purpose and are included in the schedule of temporarily restricted net assets released from restriction.

**9. RELATED-PARTY TRANSACTIONS**

**Operating Leases and Facility Use Agreements**

The Foundation operates as an auxiliary organization to CSU, Chico, under an operating agreement negotiated every five years. The current operating and lease agreements expire on June 30, 2015. The Foundation uses certain campus and other facilities under lease agreements requiring rental payments or space trade. All leases are cancelable with 30 days’ notice to the lessor.

**Business and Financial Services**

The CSU, Chico Research Foundation (the Research Foundation) provides administrative and financial services to the Foundation.

**Receivables/Payables With CSU, Chico**

Receivables with CSU, Chico resulted from student loans and miscellaneous campus programs’ transactions. The student loans’ receivable balance amounted to $550,150 and $543,841 for the years ended June 30, 2014 and 2013, respectively, and were reflected net of allowances for uncollectible accounts of $76,655 and $73,736, respectively. The allowance for uncollectible accounts was estimated by CSU, Chico. The payables resulted from miscellaneous supplies and services provided.

**Personnel**

The Foundation contracts with the Research Foundation for personnel services. The Research Foundation charges the Foundation for the cost of these services. As such, the personnel hired are employees of the Research Foundation who participate in the benefit plans offered. The Foundation indemnifies the Research Foundation for the acts of its employees under the Foundation’s supervision.
The following is a schedule of transactions with related parties:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TRANSACTIONS WITH CSU, CHICO</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments to University for salaries of University personnel</td>
<td>$131,221</td>
<td>$175,799</td>
</tr>
<tr>
<td>working on contracts, grants, and other programs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments to University for other than salaries to University</td>
<td>$1,865,680</td>
<td>$1,441,292</td>
</tr>
<tr>
<td>personnel</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments received from University for services, space, and</td>
<td>$355,722</td>
<td>$157,459</td>
</tr>
<tr>
<td>programs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gifts (cash or assets) to the University from recognized</td>
<td>$126,836</td>
<td>$-</td>
</tr>
<tr>
<td>auxiliary organizations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts payable to University</td>
<td>$(17,361)</td>
<td>$(22,348)</td>
</tr>
<tr>
<td>Student loan receivables from University</td>
<td>$550,150</td>
<td>$543,841</td>
</tr>
</tbody>
</table>

| **TRANSACTIONS WITH RESEARCH FOUNDATION**                      |            |            |
| Administrative and financial service expenses                   | $528,634   | $469,536   |
| Amounts payable for personnel service expenses                 | $(95,678)  | $(129,083) |
| Notes payable                                                  | $(39,000)  | $-         |

| **TRANSACTIONS WITH ASSOCIATED STUDENTS**                      |            |            |
| Accounts payable                                               | $-         | $(736,789) |

10. **SELF-INSURANCE**

The Foundation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Foundation participates with other auxiliaries and universities in the California State University Risk Management Authority (CSURMA), a public entity risk pool currently operating as a common risk management and insurance program. The Foundation pays an annual premium to CSURMA for its general liability and property insurance coverage.

CSURMA is economically dependent on its members for funding and has secured a commitment from members to provide sufficient cash flow to meet its operating needs and to fund losses over a period of time. CSURMA has reinsurance policies through a joint powers authority as well as commercial companies.

The relationship between the Foundation and CSURMA is such that CSURMA is not a component unit of the Foundation for financial reporting purposes. The Foundation’s share of year-end assets, liabilities, or fund equity is not calculated by CSURMA.
11. COMMITMENTS AND CONTINGENCIES

The Foundation Finance and Investment Committee approved a portion of the endowment funds to be placed in partnership interests as described in notes 1 and 3. The Foundation has agreed to contribute additional capital to certain partnerships. The remaining capital call commitment as of June 30, 2014, was approximately $875,000.
SUPPLEMENTARY INFORMATION SECTION
<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations and contributions</td>
<td>$280,738</td>
<td>$291,097</td>
</tr>
<tr>
<td>Interest income</td>
<td>154,592</td>
<td>26,489</td>
</tr>
<tr>
<td>Other income</td>
<td>59,335</td>
<td>55,084</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>494,665</td>
<td>372,670</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and related costs</td>
<td>225,574</td>
<td>275,665</td>
</tr>
<tr>
<td>Professional services</td>
<td>265,478</td>
<td>165,882</td>
</tr>
<tr>
<td>Insurance</td>
<td>30,885</td>
<td>36,278</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,877</td>
<td>1,908</td>
</tr>
<tr>
<td>Administrative and accounting services</td>
<td>458,173</td>
<td>407,064</td>
</tr>
<tr>
<td>Public relations and development</td>
<td>228,269</td>
<td>193,618</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>95,031</td>
<td>59,277</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>1,305,287</td>
<td>1,139,692</td>
</tr>
<tr>
<td><strong>Deficit of Revenues Over Expenses From Operations</strong></td>
<td>(810,622)</td>
<td>(767,022)</td>
</tr>
<tr>
<td>Administration fees</td>
<td>792,781</td>
<td>930,321</td>
</tr>
<tr>
<td><strong>Excess (Deficit) of Revenues Over Expenses</strong></td>
<td>$ (17,841)</td>
<td>$ 163,299</td>
</tr>
</tbody>
</table>
SCHEDULES OF SAVINGS AND INVESTMENTS

The University Foundation
California State University, Chico

Page 1 of 2

<table>
<thead>
<tr>
<th>INVESTMENTS</th>
<th>Book/Market Value 2014</th>
<th>Book/Market Value 2013</th>
<th>Purchase Date</th>
<th>Maturity Date</th>
<th>Interest Rate</th>
</tr>
</thead>
</table>

**SHORT-TERM DEPOSITS**

Local Agency Investment Fund - State Pool

<table>
<thead>
<tr>
<th>Value</th>
<th>Value</th>
<th>Date</th>
<th>Date</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,446,320</td>
<td>$11,172,775</td>
<td>Various</td>
<td>On demand</td>
<td>0.30%</td>
</tr>
</tbody>
</table>

**PORTFOLIOS HELD BY BROKERAGE FIRMS**

<table>
<thead>
<tr>
<th>Firm</th>
<th>Value</th>
<th>Value</th>
<th>Date</th>
<th>Date</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank of America</td>
<td>2,065,912</td>
<td>1,870,676</td>
<td>Various</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cetera/Financial Network Investment Co.</td>
<td>2,846,874</td>
<td>2,968,303</td>
<td>Various</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charles Schwab</td>
<td>33,980,047</td>
<td>19,028,462</td>
<td>Various</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Edward Jones</td>
<td>296,856</td>
<td>1,031,421</td>
<td>Various</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fidelity Investments</td>
<td>242,703</td>
<td>221,717</td>
<td>Various</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global Resources</td>
<td>-</td>
<td>172,548</td>
<td>Various</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HCM Freedom Fund</td>
<td>-</td>
<td>60,423</td>
<td>Various</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Janus</td>
<td>-</td>
<td>101</td>
<td>Various</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Merrill Lynch</td>
<td>357,577</td>
<td>382,078</td>
<td>Various</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Morgan Stanley</td>
<td>730,182</td>
<td>701,841</td>
<td>Various</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TD Waterhouse</td>
<td>84,667</td>
<td>103,275</td>
<td>Various</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stifel Nicolaus</td>
<td>2,582,782</td>
<td>470,789</td>
<td>Various</td>
<td></td>
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<tr>
<td>Sprott Global</td>
<td>231,852</td>
<td>-</td>
<td>Various</td>
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<tr>
<td>Vanguard Funds</td>
<td>86,844</td>
<td>75,242</td>
<td>Various</td>
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<tr>
<td>Wells Fargo</td>
<td>3,003,166</td>
<td>3,632,375</td>
<td>Various</td>
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<td></td>
</tr>
</tbody>
</table>

Total Portfolios Held by Brokerage Firms

<table>
<thead>
<tr>
<th>Total</th>
<th>Value</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>46,509,462</td>
<td>30,719,251</td>
<td></td>
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</table>

**PARTNERSHIP INTERESTS**

<table>
<thead>
<tr>
<th>Firm</th>
<th>Value</th>
<th>Value</th>
<th>Date</th>
<th>Date</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia Alternatives I</td>
<td>234,744</td>
<td>181,304</td>
<td>Various</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asia Alternatives II</td>
<td>214,567</td>
<td>161,878</td>
<td>Various</td>
<td></td>
<td></td>
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<tr>
<td>AWJ Global Sustainable Fund</td>
<td>-</td>
<td>940,813</td>
<td>Various</td>
<td></td>
<td></td>
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<tr>
<td>Berens African Development Partners</td>
<td>651,313</td>
<td>610,502</td>
<td>Various</td>
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<td></td>
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<tr>
<td>Bergens Global Value Fund, Ltd.</td>
<td>1,553,728</td>
<td>1,400,037</td>
<td>Various</td>
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<td></td>
</tr>
<tr>
<td>Brooke Private Equity Advisor Fund II, L.P.</td>
<td>320,803</td>
<td>384,820</td>
<td>Various</td>
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<tr>
<td>Commonfund Capital Partners 2000</td>
<td>1,021,970</td>
<td>1,084,166</td>
<td>Various</td>
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<tr>
<td>Common Sense Partners II, L.P.</td>
<td>302,235</td>
<td>3,288,089</td>
<td>Various</td>
<td></td>
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</tr>
<tr>
<td>Common Sense Special Opportunity Offshore, Ltd.</td>
<td>-</td>
<td>39,298</td>
<td>Various</td>
<td></td>
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</tr>
<tr>
<td>Conversus Capital, L.P.</td>
<td>-</td>
<td>15,600</td>
<td>Various</td>
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<td></td>
</tr>
<tr>
<td>Cube Global Multi-Strategy Fund</td>
<td>2,497,052</td>
<td>-</td>
<td>Various</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gerding Ellen Green Cities I</td>
<td>586,354</td>
<td>496,125</td>
<td>Various</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Morrison Street Fund II, L.P.</td>
<td>194,147</td>
<td>239,475</td>
<td>Various</td>
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<tr>
<td>Morrison Street Fund III, L.P.</td>
<td>395,180</td>
<td>520,583</td>
<td>Various</td>
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</tr>
<tr>
<td>New Boston Institutional Fund, L.P. VII</td>
<td>678,859</td>
<td>765,717</td>
<td>Various</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oak Hill Capital Partners III, L.P.</td>
<td>183,139</td>
<td>237,364</td>
<td>Various</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Protégé Partners Fund</td>
<td>-</td>
<td>958,716</td>
<td>Various</td>
<td></td>
<td></td>
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<tr>
<td>PRP II, L.P.</td>
<td>1,315,620</td>
<td>1,239,823</td>
<td>Various</td>
<td></td>
<td></td>
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<tr>
<td>RCP Fund IV, L.P.</td>
<td>308,307</td>
<td>268,127</td>
<td>Various</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rimrock Low Volatility (Cayman) Fund, Ltd.</td>
<td>2,942,817</td>
<td>2,341,683</td>
<td>Various</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TCM MPS Ltd SPC</td>
<td>339,173</td>
<td>-</td>
<td>Various</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology Partners Investors, LLC</td>
<td>187,971</td>
<td>127,763</td>
<td>Various</td>
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</tr>
<tr>
<td>Venture Investment Associates VI, L.P.</td>
<td>811,690</td>
<td>620,197</td>
<td>Various</td>
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<td></td>
</tr>
<tr>
<td>Weatherlow Offshore Fund I, Ltd.</td>
<td>3,221,138</td>
<td>2,880,000</td>
<td>Various</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Whitebox Asymmetric Opportunities Ltd</td>
<td>1,711,221</td>
<td>-</td>
<td>Various</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total Partnership Interests

<table>
<thead>
<tr>
<th>Total</th>
<th>Value</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>19,672,028</td>
<td>18,802,080</td>
<td></td>
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</tbody>
</table>

**OTHER INVESTMENTS**

Summary presented on the following graph

<table>
<thead>
<tr>
<th>Total</th>
<th>Value</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,356,219</td>
<td>5,304,507</td>
<td></td>
</tr>
</tbody>
</table>

**Total Investments**

<table>
<thead>
<tr>
<th>Total</th>
<th>Book/Market Value 2014</th>
<th>Book/Market Value 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>$73,984,029</td>
<td>$65,998,613</td>
<td></td>
</tr>
</tbody>
</table>
### Other Investments

**June 30, 2014**

![Pie chart showing the distribution of investments]

<table>
<thead>
<tr>
<th>Type</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate mortgage obligations (CMOs)</td>
<td>$13,511</td>
<td>$28,099</td>
</tr>
<tr>
<td>Corporate (CORP)</td>
<td>420,146</td>
<td>411,604</td>
</tr>
<tr>
<td>Federal bonds</td>
<td>38,561</td>
<td>39,535</td>
</tr>
<tr>
<td>Municipalities (MUNIs)</td>
<td>481,551</td>
<td>479,278</td>
</tr>
<tr>
<td>Real estate</td>
<td>3,422,095</td>
<td>3,358,595</td>
</tr>
<tr>
<td>State bonds</td>
<td>282,323</td>
<td>271,789</td>
</tr>
<tr>
<td>Artwork collection</td>
<td>171,482</td>
<td>189,057</td>
</tr>
<tr>
<td>Film collection</td>
<td>526,550</td>
<td>526,550</td>
</tr>
<tr>
<td><strong>Total Other Investments</strong></td>
<td>$5,356,219</td>
<td>$5,304,507</td>
</tr>
<tr>
<td></td>
<td>June 30</td>
<td>2014</td>
</tr>
<tr>
<td>---------------</td>
<td>---------------</td>
<td>------------</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$220,430</td>
<td>$173,087</td>
</tr>
<tr>
<td>Investments</td>
<td>488,209</td>
<td>464,418</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>-</td>
<td>7,034</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$708,639</td>
<td>$644,539</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td>$708,639</td>
<td>$644,539</td>
</tr>
</tbody>
</table>
## SCHEDULES OF ACTIVITIES OF THE
### ALUMNI ASSOCIATION

**The University Foundation**  
**California State University, Chico**

<table>
<thead>
<tr>
<th>Years Ended June 30</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES AND OTHER SUPPORT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Membership dues</td>
<td>$63,754</td>
<td>$72,532</td>
</tr>
<tr>
<td>Royalty income</td>
<td>38,807</td>
<td>35,336</td>
</tr>
<tr>
<td>Events income</td>
<td>23,483</td>
<td>26,061</td>
</tr>
<tr>
<td>Donations and contributions</td>
<td>27,654</td>
<td>30,100</td>
</tr>
<tr>
<td>Interest income</td>
<td>3,272</td>
<td>6,887</td>
</tr>
<tr>
<td>Realized and unrealized gain</td>
<td>54,249</td>
<td>45,121</td>
</tr>
<tr>
<td>Other income</td>
<td>11,462</td>
<td>167</td>
</tr>
<tr>
<td><strong>Total Revenues and Other Support</strong></td>
<td>222,681</td>
<td>216,204</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>7,178</td>
<td>5,650</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>193</td>
<td>254</td>
</tr>
<tr>
<td>Scholarships</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Foundation administration fees</td>
<td>7,092</td>
<td>7,293</td>
</tr>
<tr>
<td>Other expenses</td>
<td>141,898</td>
<td>144,010</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>166,361</td>
<td>167,207</td>
</tr>
<tr>
<td><strong>Increase in Net Assets Before Transfers</strong></td>
<td>56,320</td>
<td>48,997</td>
</tr>
<tr>
<td><strong>TRANSFERS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in Net Assets</td>
<td>7,780</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Assets - Beginning of Year</strong></td>
<td>644,539</td>
<td>595,542</td>
</tr>
<tr>
<td><strong>Net Assets - End of Year</strong></td>
<td>$708,639</td>
<td>$644,539</td>
</tr>
</tbody>
</table>
# Schedules of Net Position (CSU Format)

**The University Foundation**  
California State University, Chico

## ASSETS

### CURRENT ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$153,544</td>
<td>$101,779</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>2,446,320</td>
<td>8,781,761</td>
</tr>
<tr>
<td>Accounts receivable - net</td>
<td>81,410</td>
<td>17,006</td>
</tr>
<tr>
<td>Notes receivable - current portion</td>
<td>2,100</td>
<td>2,100</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>35,057</td>
<td>40,573</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td><strong>2,718,431</strong></td>
<td><strong>8,943,219</strong></td>
</tr>
</tbody>
</table>

### NONCURRENT ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted cash and cash equivalents</td>
<td>322,845</td>
<td>194,801</td>
</tr>
<tr>
<td>Notes receivable - net of current portion</td>
<td>119,750</td>
<td>121,850</td>
</tr>
<tr>
<td>Student loans receivable - net</td>
<td>550,150</td>
<td>543,841</td>
</tr>
<tr>
<td>Contribution receivable - net</td>
<td>692,959</td>
<td>3,108,099</td>
</tr>
<tr>
<td>Endowment investments</td>
<td>36,111,573</td>
<td>35,624,731</td>
</tr>
<tr>
<td>Other long-term investments</td>
<td>35,426,136</td>
<td>21,592,121</td>
</tr>
<tr>
<td>Capital assets - net</td>
<td>260,034</td>
<td>216,070</td>
</tr>
<tr>
<td>Other assets</td>
<td>140,314</td>
<td>269,200</td>
</tr>
<tr>
<td><strong>Total Noncurrent Assets</strong></td>
<td><strong>73,623,761</strong></td>
<td><strong>61,670,713</strong></td>
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</tbody>
</table>

### Total Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>76,342,192</strong></td>
<td><strong>70,613,932</strong></td>
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</tbody>
</table>

## LIABILITIES

### CURRENT LIABILITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>564,413</td>
<td>1,256,535</td>
</tr>
<tr>
<td>Long-term debt obligations - current portion</td>
<td>9,000</td>
<td>-</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>43,777</td>
<td>9,552</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td><strong>617,190</strong></td>
<td><strong>1,266,087</strong></td>
</tr>
</tbody>
</table>

### NONCURRENT LIABILITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unearned revenue</td>
<td>4,076,512</td>
<td>3,371,615</td>
</tr>
<tr>
<td>Long-term debt obligations - net of current portion</td>
<td>30,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Noncurrent Liabilities</strong></td>
<td><strong>4,106,512</strong></td>
<td><strong>3,371,615</strong></td>
</tr>
</tbody>
</table>

### Total Liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>4,723,702</strong></td>
<td><strong>4,637,702</strong></td>
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</tbody>
</table>

## NET POSITION

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net investment in capital assets</td>
<td>260,034</td>
<td>216,070</td>
</tr>
<tr>
<td>Restricted for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonexpendable - endowments</td>
<td>36,111,573</td>
<td>35,624,731</td>
</tr>
<tr>
<td>Expendable:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scholarships and fellowships</td>
<td>18,206,942</td>
<td>13,928,959</td>
</tr>
<tr>
<td>Loans</td>
<td>550,150</td>
<td>543,841</td>
</tr>
<tr>
<td>Capital projects</td>
<td>707,401</td>
<td>746,024</td>
</tr>
<tr>
<td>Other</td>
<td>9,258,488</td>
<td>8,558,237</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>6,523,902</td>
<td>6,358,368</td>
</tr>
<tr>
<td><strong>Total Net Position</strong></td>
<td><strong>$71,618,490</strong></td>
<td><strong>$65,976,230</strong></td>
</tr>
<tr>
<td>Years Ended June 30</td>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td>---------------------</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and services of educational activities</td>
<td>$453,181</td>
<td>$518,128</td>
</tr>
<tr>
<td>Sales and services of auxiliary enterprises</td>
<td>442,392</td>
<td>441,178</td>
</tr>
<tr>
<td>Other operating revenues</td>
<td>287,339</td>
<td>192,009</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>1,182,912</td>
<td>1,151,315</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instruction</td>
<td></td>
<td>4,280</td>
</tr>
<tr>
<td>Research</td>
<td>12,291</td>
<td>20,992</td>
</tr>
<tr>
<td>Public service</td>
<td>282,633</td>
<td>713,887</td>
</tr>
<tr>
<td>Academic support</td>
<td>1,769,617</td>
<td>1,781,231</td>
</tr>
<tr>
<td>Student services</td>
<td>860,310</td>
<td>712,011</td>
</tr>
<tr>
<td>Institutional support</td>
<td>2,229,526</td>
<td>2,051,480</td>
</tr>
<tr>
<td>Operation and maintenance of plant</td>
<td>189,623</td>
<td>65,808</td>
</tr>
<tr>
<td>Student grants and scholarships</td>
<td>1,281,530</td>
<td>1,266,267</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>103,687</td>
<td>116,985</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>6,729,217</td>
<td>6,732,941</td>
</tr>
<tr>
<td><strong>Operating Loss</strong></td>
<td>(5,546,305)</td>
<td>(5,581,626)</td>
</tr>
<tr>
<td><strong>NONOPERATING REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gifts - noncapital</td>
<td>4,141,722</td>
<td>3,613,973</td>
</tr>
<tr>
<td>Investment income - net</td>
<td>1,088,841</td>
<td>783,657</td>
</tr>
<tr>
<td>Endowment income</td>
<td>4,896,204</td>
<td>4,031,801</td>
</tr>
<tr>
<td>Other nonoperating revenues</td>
<td>549,046</td>
<td>325,919</td>
</tr>
<tr>
<td><strong>Total Nonoperating Revenues</strong></td>
<td>10,675,813</td>
<td>8,755,350</td>
</tr>
<tr>
<td><strong>Revenue Before Other Additions</strong></td>
<td>5,129,508</td>
<td>3,173,724</td>
</tr>
<tr>
<td>Grants and gifts - capital</td>
<td>50,125</td>
<td>325,275</td>
</tr>
<tr>
<td>Additions to permanent endowments</td>
<td>462,627</td>
<td>3,297,480</td>
</tr>
<tr>
<td><strong>Increase in Net Position</strong></td>
<td>5,642,260</td>
<td>6,796,479</td>
</tr>
<tr>
<td><strong>Net Position - Beginning of Year</strong></td>
<td>65,976,230</td>
<td>59,179,751</td>
</tr>
<tr>
<td><strong>Net Position - End of Year</strong></td>
<td>$ 71,618,490</td>
<td>$ 65,976,230</td>
</tr>
</tbody>
</table>
RESTRICTED CASH AND CASH EQUIVALENTS AT JUNE 30, 2014

| Amount of restricted cash and cash equivalents related to endowments | $ - |
| All other restricted cash and cash equivalents | $ 322,845 |
| **Total Restricted Cash and Cash Equivalents** | **$ 322,845** |

<table>
<thead>
<tr>
<th>Current Unrestricted</th>
<th>Current Restricted</th>
<th>Total Current</th>
<th>Noncurrent Unrestricted</th>
<th>Noncurrent Restricted</th>
<th>Total Noncurrent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>COMPOSITION OF INVESTMENTS AT JUNE 30, 2014</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Agency Investment Fund (LAIF)</td>
<td>$ 1,966,067</td>
<td>$ 480,253</td>
<td>$ 2,446,320</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Money market funds</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,146</td>
<td>1,383,860</td>
<td>1,385,006</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7,081,029</td>
<td>29,987,234</td>
<td>37,068,263</td>
</tr>
<tr>
<td>Equity securities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,561,306</td>
<td>1,561,306</td>
</tr>
<tr>
<td>Debt and fixed income securities (treasury notes, GNMA's)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,236,092</td>
<td>1,236,092</td>
</tr>
<tr>
<td>Real estate</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,422,095</td>
<td>3,422,095</td>
</tr>
<tr>
<td>Other major investments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unit investment trusts</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>327,806</td>
<td>327,806</td>
</tr>
<tr>
<td>Index funds</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6,167,081</td>
<td>6,167,081</td>
</tr>
<tr>
<td>Artwork/collections</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>698,032</td>
<td>698,032</td>
</tr>
<tr>
<td>Partnership interests</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>19,672,028</td>
<td>19,672,028</td>
</tr>
<tr>
<td><strong>Total Investments</strong></td>
<td>$ 1,966,067</td>
<td>$ 480,253</td>
<td>$ 2,446,320</td>
<td>7,082,175</td>
<td>64,455,534</td>
<td>71,537,709</td>
</tr>
<tr>
<td>Less: Endowment investments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(36,111,573)</td>
<td>(36,111,573)</td>
</tr>
<tr>
<td><strong>Total Other Investments</strong></td>
<td>$ 1,966,067</td>
<td>$ 480,253</td>
<td>$ 2,446,320</td>
<td>7,082,175</td>
<td>$ 28,343,961</td>
<td>$ 35,426,136</td>
</tr>
</tbody>
</table>

INVESTMENTS HELD BY THE UNIVERSITY UNDER CONTRACTUAL AGREEMENT

| Portion of investments held by the University under contractual agreements | $ - | $ - | $ - | $ - |

37
RESTRICTED CURRENT INVESTMENTS AT JUNE 30, 2014, RELATED TO:

Restricted by donor stipulation $ 480,253

RESTRICTED NONCURRENT INVESTMENTS AT JUNE 30, 2014, RELATED TO:

Endowment investments $ 36,111,573
Restricted by donor stipulation 28,343,961
Total Restricted Noncurrent Investments at June 30, 2014 $ 64,455,534

<table>
<thead>
<tr>
<th>June 30</th>
<th>Balance 2013</th>
<th>Additions</th>
<th>Reductions</th>
<th>Transfers</th>
<th>Balance 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COMPOSITION OF CAPITAL ASSETS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AT JUNE 30, 2014</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NONDEPRECIABLE CAPITAL ASSETS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction in progress</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>DEPRECIABLE CAPITAL ASSETS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and building improvements</td>
<td>28,615</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>28,615</td>
</tr>
<tr>
<td>Equipment</td>
<td>1,159,936</td>
<td>147,651</td>
<td>-</td>
<td>-</td>
<td>1,307,587</td>
</tr>
<tr>
<td>Total Depreciable Capital Assets</td>
<td>1,188,551</td>
<td>147,651</td>
<td>-</td>
<td>-</td>
<td>1,336,202</td>
</tr>
<tr>
<td>Total Cost</td>
<td>1,188,551</td>
<td>147,651</td>
<td>-</td>
<td>-</td>
<td>1,336,202</td>
</tr>
<tr>
<td>LESS: ACCUMULATED DEPRECIATION</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and building improvements</td>
<td>(25,744)</td>
<td>(1,877)</td>
<td>-</td>
<td>-</td>
<td>(27,621)</td>
</tr>
<tr>
<td>Equipment</td>
<td>(946,737)</td>
<td>(101,810)</td>
<td>-</td>
<td>-</td>
<td>(1,048,547)</td>
</tr>
<tr>
<td>Total Accumulated Depreciation</td>
<td>(972,481)</td>
<td>(103,687)</td>
<td>-</td>
<td>-</td>
<td>(1,076,168)</td>
</tr>
<tr>
<td>Net Capital Assets</td>
<td>$ 216,070</td>
<td>$ 43,964</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 260,034</td>
</tr>
<tr>
<td>Depreciation and Amortization Expense Related to Capital Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 103,687</td>
</tr>
</tbody>
</table>
### NET POSITION - INVESTMENT IN CAPITAL ASSETS

Capital assets - net of accumulated depreciation
Long-term debt obligations

<table>
<thead>
<tr>
<th>Year</th>
<th>Balance 2013</th>
<th>Additions</th>
<th>Reductions</th>
<th>Balance 2014</th>
<th>Current Portion</th>
<th>Long-Term Portion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes payable</td>
<td>$ -</td>
<td>$ 39,000</td>
<td>$ -</td>
<td>$ 39,000</td>
<td>$ 9,000</td>
<td>$ 30,000</td>
</tr>
<tr>
<td>Total Long-Term Debt Activity</td>
<td>$ -</td>
<td>$ 39,000</td>
<td>$ -</td>
<td>$ 39,000</td>
<td>$ 9,000</td>
<td>$ 30,000</td>
</tr>
</tbody>
</table>

### LONG-TERM DEBT ACTIVITY SCHEDULE

<table>
<thead>
<tr>
<th>Year</th>
<th>Notes payable</th>
<th>Total Long-Term Debt Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$ 9,000</td>
<td>$ 39,000</td>
</tr>
<tr>
<td>2016</td>
<td>$ 30,000</td>
<td>$ 39,000</td>
</tr>
<tr>
<td>Total Long-Term Debt Obligations</td>
<td>$ 39,000</td>
<td>$ 39,000</td>
</tr>
</tbody>
</table>

### NET POSITION - RESTRICTED FOR NONEXPENDABLE ENDOWMENTS

Portion of restricted cash and cash equivalents related to endowments
Endowment investments

<table>
<thead>
<tr>
<th>Year</th>
<th>Notes payable</th>
<th>Total Long-Term Debt Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$ -</td>
<td>$ 36,111,573</td>
</tr>
<tr>
<td>2016</td>
<td>$ -</td>
<td>$ 36,111,573</td>
</tr>
<tr>
<td>Total Long-Term Debt Obligations</td>
<td>$ -</td>
<td>$ 36,111,573</td>
</tr>
</tbody>
</table>
**NATURE AND AMOUNT OF THE PRIOR-PERIOD ADJUSTMENT RECORDED TO BEGINNING NET POSITION**

Net position as of June 30, 2013, as previously reported

Record temporarily restricted funds as accounts payable to the Associated Students

**Net Position - as of June 30, 2013, As Restated**

<table>
<thead>
<tr>
<th>Net Position Class</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted for expendable scholarships and fellowships</td>
<td>$ 66,713,019 $(736,789)</td>
</tr>
<tr>
<td><strong>Net position as of June 30, 2013, As Restated</strong></td>
<td>$ 65,976,230</td>
</tr>
</tbody>
</table>

**PROVIDE A DETAILED BREAKDOWN OF THE JOURNAL ENTRIES (AT THE FINANCIAL STATEMENT LINE ITEM LEVEL) BOOKED TO RECORD EACH PRIOR-PERIOD ADJUSTMENT**

Net position class: Restricted for expendable scholarships and fellowships

<table>
<thead>
<tr>
<th>Journal Entry to Restate Beginning Net Position</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net position - beginning of year</td>
<td>$ 736,789</td>
<td>-</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>-</td>
<td>$ 736,789</td>
</tr>
<tr>
<td><strong>Journal Entry to Restate Beginning Net Position</strong></td>
<td>$ 736,789</td>
<td>$ 736,789</td>
</tr>
</tbody>
</table>