



MICHIGAN STATE UNIVERSITY MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

This MD&A Intro clarifies who is the MSU Foundation in re: MSU (considered a component unit; its info presented "discretely" (that is, separate from MSU's)).

The following discussion provides an overview of the financial position of Michigan State University (the "University") for the fiscal years ended June 30, 2016 and 2015. (see bottom) reminds readers that this MD&A which will contain NUMBERS (\$\$) is not audited and should be considered "in conjunction with the FS & footnotes." I.E., "IF YOU WANT TO KNOW, YOU MUST SOONER OR LATER GO (to the numbers on the financial statements, row by row and column by column, and read the footnotes, too. Included in this discussion is an analysis of the University's Statement of Net Position, which presents the assets, liabilities, and net position of the University, and when applicable, deferred outflows of resources and deferred inflows of resources. All are measured as of the end of the fiscal year. Further, the Statement of Revenues, Expenses, and Changes in Net Position reflects revenues and expenses recognized during the fiscal year. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles.

The Michigan State University Foundation (the "Foundation") is a legally separate entity which meets the criteria set forth for component units under GASB regulations. The Foundation provides financial support for the objectives, purposes, and programs of the University. Although the University does not control the timing, purpose, or amount of its receipts from the Foundation, the resources (and income thereon) the Foundation holds and invests are solely for the benefit of the University. Because the Foundation's resources are solely for the benefit of the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements. The Foundation is a private organization that reports under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB. No modifications have been made to the Foundation financial information included in the University's financial report to account for these differences.

The University's financial statements, related footnote disclosures, and discussion and analysis (which excludes the Foundation), have been prepared by management. The discussion and analysis, which is required supplemental information as required by GASB, is not audited and should be read in conjunction with the financial statements and footnotes.