



# Cash Book Basics & Recent Updates



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Norwood  
March 26, 2025



# Overview

- Reporting Components and Requirements
- Due Dates & Manager Statements
- PROSPER: Submitting & Troubleshooting
- What does PERAC do with the cash books?
- Translating Investment Statements to Journal Entries



# Reporting Components and Requirements



# Monthly Cash Book Reporting Components:

## Core Components:

- **Year to Date (YTD):**
  - Trial Balance (TB) report
- **Month to Date (MTD):**
  - Cash Receipts (CR)
  - Cash Disbursements (CD)
  - Adjustments (AJE)
  - General Ledger (GL)

## Additional Components:

- Investment Manager Statements or Pooled Fund Worksheets (PFW) (Monthly/Quarterly)
- Custodian reports (Monthly)
- Consultant Statements (Quarterly)

(Ref. 840 CMR 4.03)



# Due Dates (Updated April 2024 – 840 CMR 4.0 & PERAC Memo #12, 2024):

Month of Accounting	Due Date	Late Status Date
January	31-May	1-Jun
February	31-May	1-Jun
March	30-Jun	1-Jul
April	30-Jun	1-Jul
May	31-Jul	1-Aug
June	31-Jul	1-Aug
July	31-Aug	1-Sep
August	30-Sep	1-Oct
September	31-Oct	1-Nov
October	30-Nov	1-Dec
November	31-Dec	1-Jan
December	31-Mar	1-Apr



# December/Year End Reporting

- December cash books:
  - Pre-Close Books: Consists of the 5 core reports. Reporting should be inclusive of all year-end accruals and adjusting entries **prior** to applying closing entries.
    - Pre-Close reports should reconcile to the Annual Statement - Assets, Liabilities, Receipts, and Disbursements balances.
    - PTG User Reminder - Save a final pre-close MTD AJE and MTD GL report as you will not be able to regenerate reports without closing entries after closing the books.
  - Post-Close Books: Only YTD TB & YTD GL reports required. There should not be any additional entries reflected except for the closing entries
    - Ending balances of 4000 and 5000 accounts on TB should be zero.



# Investment Manager Statement Requirements:

PERAC requires a monthly or quarterly fund manager's statement for each pooled fund investment the retirement system holds. The fund manager's statement must contain the following six elements of information:

- Beginning and ending value of the board's investment in the pooled fund
  - Realized and Unrealized Gains or Losses
  - Income either received by the Board or reinvested
  - Contributions or Distributions
  - Purchases or Sales of additional units of the fund
  - Expenses and Fees such as management fees, carried interest, etc.
- *The Pooled Fund Worksheet was designed to aid in providing this information. However, if the fund manager's statement contains all six elements, preference is to receive copies of the Manager statements. Pooled Fund Worksheets may be accepted in lieu of a statement, but not necessary in conjunction with manager statements.*



# Submitting Cash Books in PROSPER



# Submitting Cash Books in PROSPER (1):

The screenshot shows the PROSPER system interface. On the left is a navigation sidebar with icons for Home, Tasks, Compliance, Finance, Benefits, and Disability. The 'Finance' section is highlighted. In the 'Refinements' area, 'Cash Books' is selected and highlighted with a red box. The main content area is titled 'Financial Home' and features a 'Submit Cash Books' button, also highlighted with a red box. Below this is a table titled 'Monthly Cash Books' with columns for Period, Created, Submitted, and Status.

Period	Created	Submitted	Status
Feb 2023	12/16/2022		Created
Dec 2020	11/30/2022		Created
Nov 2020	11/30/2022		Created



# Submitting Cash Books in PROSPER (2)

Choose the period you are submitting:

- (1) Select Month
- (2) Select Year
- (3) Click NEXT

Attach your reports:

- Click on each report, choose file, and attach
- “Submit” Button is not available until all 5 Core reports are attached.

Cash Books Submission

Period Selection

Month\* Jan

Year\* 2023

Cancel Next

Forms	Complete	Attachments
Trial Balances (TB) – Year to Date (YTD)	–	
Adjusting Journal Entries (AJE)	–	
Cash Disbursements (CD)	–	
Cash Receipts (CR)	–	
General Ledger (GL)	–	
Additional Documents		

Withdraw Submit



# Submitting Cash Books in PROSPER (3)

Massachusetts Public Employee Retirement Administration Commission  
Hello, Board Member20127 Sign Out

Rejected:  
Approved:  
Submission #: 1

Cash Books Submission		
Forms	Complete	Attachments
<a href="#">Trial Balances (TB) – Year to Date (YTD)</a>	✓	1
<a href="#">Adjusting Journal Entries (AJE)</a>	✓	1
<a href="#">Cash Disbursements (CD)</a>	✓	1
<a href="#">Cash Receipts (CR)</a>	✓	1
<a href="#">General Ledger (GL)</a>	✓	1

Additional Documents

Withdraw Submit

Activate Windows  
Go to Settings to activate Windows.



# Submitting Cash Books in PROSPER (4)

Massachusetts Public Employee Retirement Administration Commission  
Hello, Board Member20127 Sign Out

Rejected:  
Approved:  
Submission #: 1

### Cash Books Submission

Forms	Complete	Attachments
Trial Balances (TB) - Year to Date (YTD)	✓	1
Adjusting Journal Entries (AJE)	✓	1
Cash Disbursements (CD)	✓	1
Cash Receipts (CR)	✓	1
General Ledger (GL)	✓	1
<b>Additional Documents</b>		

Withdraw Submit

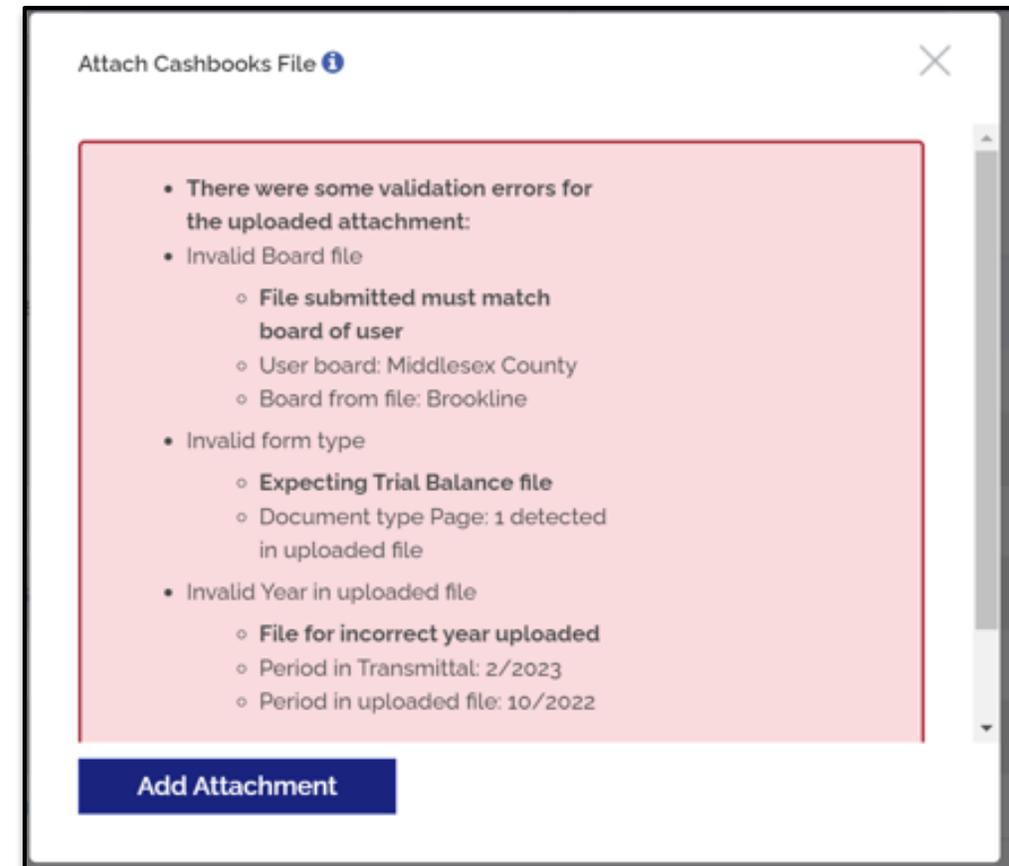


# Submitting Cash Books in PROSPER (5)

**PROSPER will perform basic validation checks (for PTG users):**

- Upload should have File NAME in first row. EX.. Trial Balance should have “Trial Balance” in first row.
- Board Name
- Period submitting

If file does NOT pass validation, you should receive **ERROR** message indicating what needs to be changed.





# Submitting Cash Books in PROSPER (6)

- On the **Finance** Home Page, you will be able to see the status of your Cash Books:
  - Created (Not Submitted), Submitted, Late, or Rejected.

Financial Home

Submit Cash Books

Monthly Cash Books					History
Period	Created	Submitted	Status	Completed	Submission #
Jan 2023	01/20/2023		Created		1
Oct 2022	01/20/2023		Created		1
Feb 2022	01/20/2023	01/20/2023	Submitted		1
Jan 2022	12/07/2022	12/07/2022	Submitted		

Activate Windows



# Investment Manager Statements Panel (1)

**STATE** Massachusetts Public Employee Retirement Administration Commission Hello, Board Member22216 Sign Out

**Tasks**  
Audit - Material List

**Finance**

**Admin**  
Notifications (Last go Days)

**Directory**

**Memos**

### Task Overview

Annual Statements	Not Submitted 0	Extension 0	Late 0	Under Review 0	Rejected 0
Investment Manager Statements	Not Submitted 1	Under Review 0			
Cashbooks	Not Submitted 5	Late 0	Rejected 0		
Audit	Pre-Audit Planning Questionnaire 0	Material List 1			



# Investment Manager Statements Panel (2)

**STATE** Massachusetts Public Employee Retirement Administration Commission Hello, Board Member22216 Sign Out

**Tasks** **Refinements**

- Finance
  - Cash Books
  - Annual Statements
  - Investment Manager Statements**
- Admin
- Directory
- Memos

**Financial Home**

**Submit Investment Manager Statements**

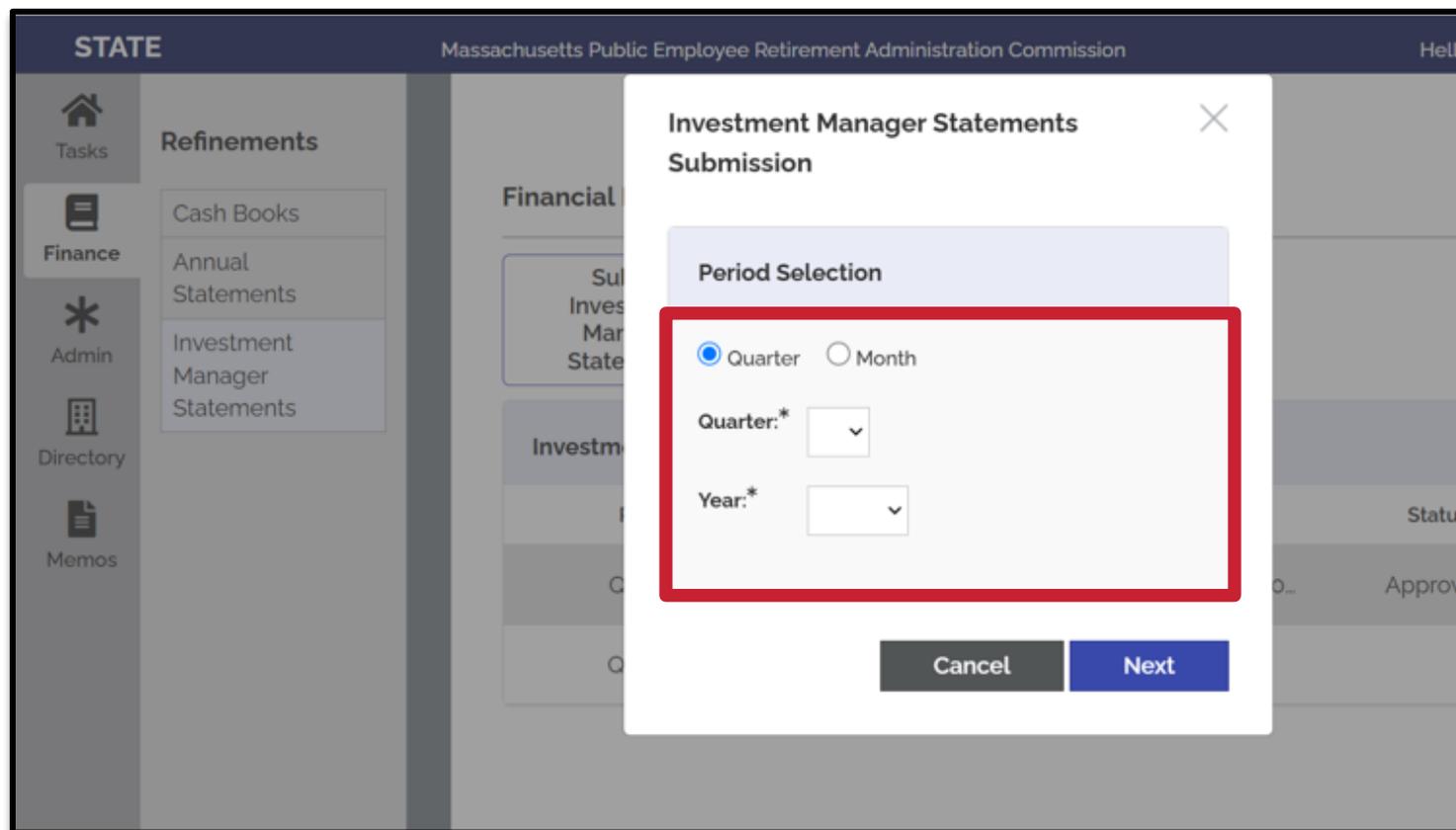
**Investment Manager Statements**

Period	Created	Submitted	Status	Complete
2024 October	12/17/2024	12/17/2024	Approved	12/17/2024
2024 Q3 #01	12/17/2024	12/17/2024	Submitted	
2024 Q3 #02	12/17/2024	12/17/2024	Approved	12/17/2024
2024 Q3 #03	12/17/2024	12/17/2024	Submitted	
2024 Q3 #04	12/18/2024			



# Investment Manager Statements Panel (3)

- Users can select Monthly or Quarterly submissions
- Multiple Quarterly submission can be created
- Submission period should be same as period reflected on statements that will be uploaded





# Troubleshooting in PROSPER



# Need To Send Revised Reporting?

- Each submission for each month is numbered for tracking purposes.
- If there is a submission already created for a month, another submission cannot be created.
- Boards have ability to edit or withdraw a submission at any point **prior** to hitting the submit button. Once submitted, it cannot be edited.
- To submit revised books for a month that has been previously submitted, admin must contact Investment Analyst to have previous submission rejected to allow a new subsequent submission to be created.
- Each subsequent submission will require all 5 core reports to be attached before able to submit.
- Cash Books should be reviewed at monthly board meetings prior to submitting to PERAC.



# What Happens If You're Late?

- If a cash book submission has not been created for a given month prior to the due date, PROSPER will automatically create one for you and it will show up in the “Late” status category of the task bar:

Cashbooks			
	Not Submitted 0	Late 4	Rejected 0

- When submitting books for a month that is late, please upload attachments to the auto-created placeholder under late status.
- Failure to send monthly reporting on time will result in the receipt of late reminders from PERAC.



# What Does PERAC Do With the Cash Books?



# Trial Balance Check

Retirement Board							Cash Receipts Report		04/01/2019 03:28:45 Page: 3	
							Transaction Date Between 02/01/2019 & 02/28/2019		User: [Redacted]	
ID	Transaction Date	DR/CR Acct #	Debit/Credit Account Description		Transaction Description Journal Number/Payor	Debit Amt	Credit Amt			
Records Reported On: 19							887,619.91	887,619.91		

Retirement Board: Trial Balance Monthly Tie-Out Check		
2019	January	February
Prior Month	\$ -	\$ 7,806,135.33
CR	\$ 771,232.64	\$ 887,619.91
CD	\$ 795,165.87	\$ 816,245.05
AJE	\$ 6,239,736.82	\$ 2,935,715.81
Activity Sub-Total	\$ 7,806,135.33	\$ 4,639,580.77
Expected Current Month	\$ 7,806,135.33	\$ 12,445,716.10
Actual Current Month	\$ 7,806,135.33	\$ 12,445,716.10
Difference	\$ -	\$ -

Retirement Board					Trial Balance		06/10/2019 10:58:13 Page: 3	
					For Period 01/01/2019 Through 02/28/2019		User: [Redacted]	
Acct Nbr	Description	Beginning Balance	Debits	Credits	Ending Balance			
9018-0000	International Investments	0.00	0.00	0.00	0.00			
9019-0000	Treasurers Masters Trust	0.00	0.00	0.00	0.00			
9020-0000	*Commission Recapture	0.00	0.00	0.00	0.00			
9021-0000	Poolled Funds (from Sch. 5)	0.00	0.00	0.00	0.00			
9030-0000	*Invest Inc Cred To Members Accts	0.00	0.00	0.00	0.00			
9031-0000	*Invest Inc Credit Annuity Res Fd	0.00	0.00	0.00	0.00			
9032-0000	*Invest Inc Credited Mt Serv Fnd	0.00	0.00	0.00	0.00			
9033-0000	*excess Investment Income	0.00	0.00	0.00	0.00			
9034-0000	*Investment Income to Expense	0.00	0.00	0.00	0.00			
9100-0000	*Pension Paid Subsidiary Control	0.00	0.00	0.00	0.00			
9110-0000	*Invest Inc Subsidiary Control	0.00	0.00	0.00	0.00			
9130-0000	*Invest Inc Subsidiary Control	0.00	0.00	0.00	0.00			
9174-0000	Total Assets @ Mkt	0.00	0.00	0.00	0.00			
9180-0000	Fixed Income Securities @ Mkt	0.00	0.00	0.00	0.00			
9200-0000	*prior Year Due And Accrued	0.00	0.00	0.00	0.00			
9210-0000	*prior Year Due And Accrued	0.00	0.00	0.00	0.00			
9901-0000	Report Information Record	0.00	0.00	0.00	0.00			
9902-0000	Report Information Record	0.00	0.00	0.00	0.00			
9903-0000	Report Information Record	0.00	0.00	0.00	0.00			
9904-0000	Report Information Record	0.00	0.00	0.00	0.00			
9905-0000	Report Information Record	0.00	0.00	0.00	0.00			
9906-0000	Report Information Record	0.00	0.00	0.00	0.00			
9907-0000	Report Information Record	0.00	0.00	0.00	0.00			
9908-0000	Report Information Record	0.00	0.00	0.00	0.00			
9909-0000	Report Information Record	0.00	0.00	0.00	0.00			
9910-0000	Report Information Record	0.00	0.00	0.00	0.00			
9911-0000	Report Information Record	0.00	0.00	0.00	0.00			
Sub Total		0.00	0.00	0.00	0.00			
Grand Total		0.00	12,445,716.10	12,445,716.10	0.00			



# Trial Balance Check Variances:

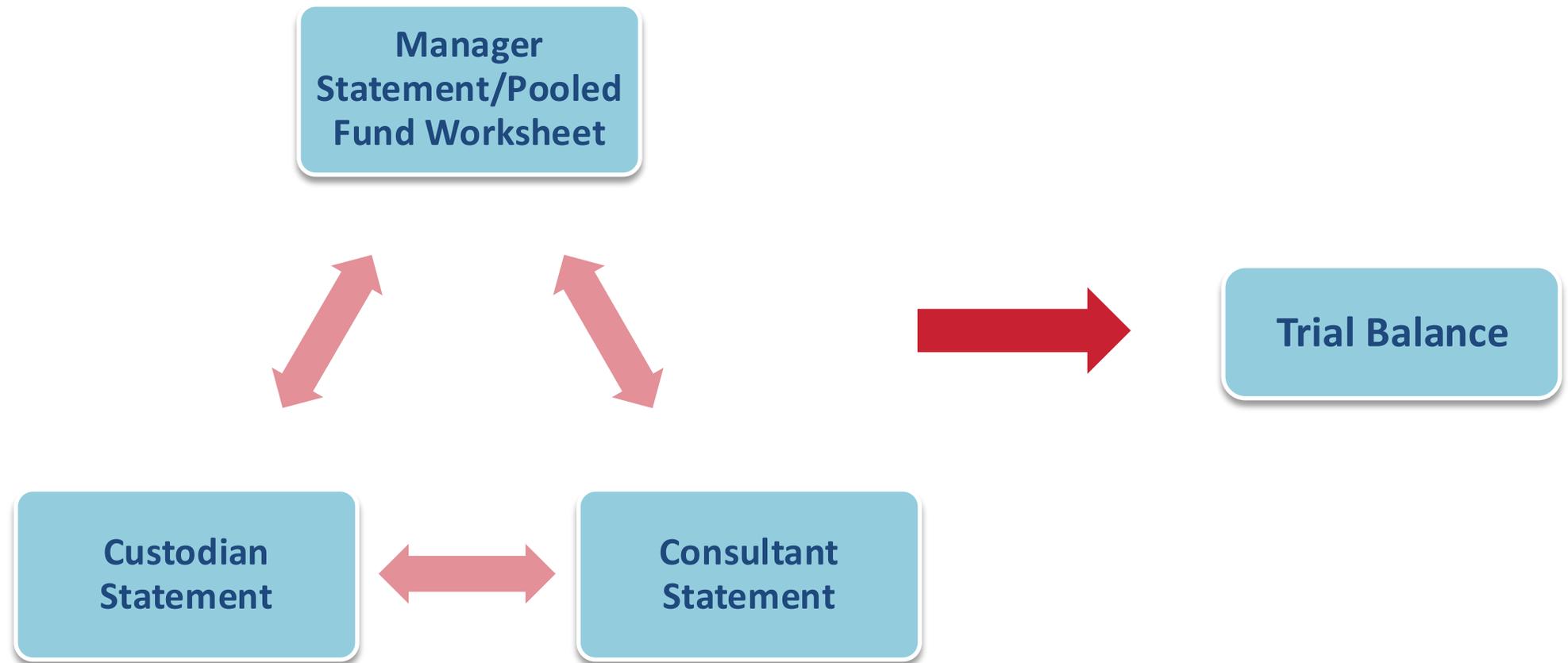
Trial Balance Monthly Check		January	Jan Revs'd	February	March	April	May	June	July	July Revs'd
Prior Month	\$ -	\$ -	\$ 28,281,599.59	\$ 48,404,543.26	\$ 71,955,639.24	\$109,122,092.76	\$128,348,197.18	\$164,186,366.07	\$164,186,366.07	\$ 164,186,366.07
CR	\$ 6,964,414.73	\$ 6,964,414.73	\$ 7,462,173.25	\$ 8,625,433.18	\$ 7,771,177.14	\$ 7,884,182.52	\$ 8,939,653.75	\$ 37,586,218.87	\$ 37,586,218.87	\$ 37,586,218.87
CD	\$ 3,926,547.89	\$ 3,926,547.89	\$ 4,457,108.54	\$ 5,114,534.00	\$ 4,000,782.38	\$ 4,236,825.41	\$ 3,931,594.16	\$ 34,118,928.28	\$ 34,118,928.28	\$ 34,118,928.28
AJE	\$ 699,150.69	\$ 17,390,636.97	\$ 8,203,661.88	\$ 9,811,128.80	\$ 25,394,494.00	\$ 7,105,096.49	\$ 22,966,920.98	\$ 272,911.10	\$ 15,337,263.98	\$ 15,337,263.98
Activity Sub-Total	\$ 11,590,113.31	\$ 28,281,599.59	\$ 20,122,943.67	\$ 23,551,095.98	\$ 37,166,453.52	\$ 19,226,104.42	\$ 35,838,168.89	\$ 71,978,058.25	\$ 87,042,411.13	\$ 87,042,411.13
Expected Current Month	\$ 11,590,113.31	\$ 28,281,599.59	\$ 48,404,543.26	\$ 71,955,639.24	\$109,122,092.76	\$128,348,197.18	\$164,186,366.07	\$236,164,424.32	\$251,228,777.20	\$251,228,777.20
YTD TB Activity	\$ 11,590,113.31	\$ 28,281,599.59	\$ 48,404,543.26	\$ 71,955,639.24	\$109,122,092.76	\$128,348,197.18	\$164,186,366.07	\$251,228,777.20	\$251,228,777.20	\$251,228,777.20
Difference	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,064,352.88	\$ -	\$ -

- IF board did not send in revised January and only sent us February... The variance would show up with the February books

Orig. Jan TB	\$ 11,590,113.31
+ Feb Activity	\$ 20,122,943.67
Expected Feb TB	\$ 31,713,056.98
Actual Feb TB	\$ 48,404,543.26
Feb Difference	\$ 16,691,486.28



# Asset Verification & Cross-Comparison





# Tracking Performance & Schedule A:

Annual Statement of the \_\_\_\_\_ Retirement System for the Year Ended December 31, 2021  
Schedule A: Detail of Accounts Receivable and Accounts Payable

Accounts Receivable	Amount	Original Date
4891 Members' Deductions		
4892 Transfers From Other Systems		
4893 Members' Make Up Payments and Redeposits		
4900 Members' Payments from Rollovers		
4898 3(B)(c) Reimbursements from Other Systems		
4899 Received from Commonwealth for COLA and Survivor Benefits		
4894 Pension Fund Appropriation (Current Fiscal Year)		
4894 Pension Fund Appropriation (Previous Fiscal Year)		
4890 Contributions Received from Municipality on Account of Military Service		
4897 Federal Grant Reimbursement		
4895 Pension Reserve Appropriation		
Investments Sold But Funds Not Received (list individually)		
<b>TOTAL RECEIVABLES</b>	<u>To Page 2, Line 20</u>	
<b>Accounts Payable</b>		
5757 Refunds to Members		
5756 Transfers to Other Systems		
5750 Annuities Paid		
5759 Option B Refunds		
5751 Pensions Paid		
5755 3(B)(c) Reimbursements to Other Systems		
5752 COLAs Paid		
5753 Chapter 389 Beneficiary Increase Paid		
5118 Board Members' Stipend		
5119 Staff Salaries		
5120 Benefits		
5304 Management Fees		
5305 Custodial Fees		
5307 Investment Consultant Fees		
5308 Legal Expenses		
5309 Medical Expenses		
5310 Fiduciary Insurance		
5311 Service Contracts		
5312 Rent Expense		
5315 Professional Services		
5320 Education and Training		
5589 Administrative Expenses		
5599 Furniture and Equipment		
5719 Travel Expense		
Investments Purchased But Funds Not Paid (list individually)		
<b>TOTAL PAYABLES</b>	<u>To Page 2, Line 22</u>	

page 8

- Track clearing of accounts receivables and payables from Prior Years Schedule A.
- Review, track, and calculate performance:
  - Monthly
  - Quarterly
  - Annual





# Translating your Investment Statements into Journal Entries

# Monthly PRIM Statement:

		Debit	Credit
Exchange to/from PRIT Cash:			
1198	PRIT Cash	\$ 65,667,576.31	
1199	PRIT GAA		\$ 65,667,576.31
Monthly PRIM GAA entry:			
1199	PRIT GAA		\$ 582,121,703.08
4821	Investment Income		\$ 52,607,238.44
5304	Management Fees	\$ 4,601,156.49	
4886/4887	Unrealized Gain/Loss	\$ 595,918,452.39	
4884/4885	Realized Gain/Loss	\$ 34,209,332.64	
		\$ 634,728,941.52	\$ 634,728,941.52

- If using sub-accounts, can verify ending balances on GL to Calendar Year to Date balances on statement each month.

 <b>Pension Reserves Investment Management Board</b>			
53 State Street, Suite 600 Boston, Massachusetts 02109		Deborah B. Goldberg, Treasurer and Receiver General, Chair Michael G. Trotsky, CFA, Executive Director and Chief Investment Officer	
<b>State Employees Retirement System</b> General Allocation Account October 01, 2023 to October 31, 2023			
	Month To Date	Fiscal Year To Date	Calendar Year To Date
Your beginning net asset value for the period was:	34,167,715,728.97	34,960,253,645.49	33,182,295,001.37
Your change in investment value for the period was:	(582,121,703.08)	(1,207,907,890.60)	956,571,835.72
Your exchanges from (to) the Cash Fund for the period were:	(65,667,576.31)	(232,419,305.31)	(618,940,387.51)
Your ending net asset value for the period was:	<u>33,519,926,449.58</u>	<u>33,519,926,449.58</u>	<u>33,519,926,449.58</u>
<b>Net Change in Investment Value represents the net change through investment activities as follows:</b>			
Gross Investment Income:	52,607,238.44	282,922,687.64	762,280,830.07
Less Management Fees:	(4,601,156.49)	(49,426,988.92)	(135,994,836.11)
Net Investment Income:	<u>48,006,081.95</u>	<u>233,495,698.72</u>	<u>626,285,993.96</u>
Net Fund Unrealized Gains/Losses:	(595,918,452.39)	(1,536,164,235.11)	41,666,278.39
Net Fund Realized Gains/Losses:	(34,209,332.64)	94,760,645.79	288,619,563.37
Net Change in Investment Value as Above:	<u>(582,121,703.08)</u>	<u>(1,207,907,890.60)</u>	<u>956,571,835.72</u>
As of October 31, 2023 the net asset value of your investment in the PRIT Fund was:			<u>\$33,519,926,449.58</u>



# Investment Related Accounts:

## Asset Accounts:

	<u>Account Number</u>	<u>Account Name</u>	<u>Balance</u>
<b>Assets</b>			
	1170	Equities	Debit
	1172	Pooled Domestic Equity Funds	Debit
	1173	Pooled International Equity Funds	Debit
	1174	Pooled Global Equity Funds	Debit
	1180	Fixed Income Securities	Debit
	1181	Pooled Domestic Fixed Income Funds	Debit
	1182	Pooled International Fixed Income Funds	Debit
	1183	Pooled Global Fixed Income Funds	Debit
	1193	Pooled Alternative Investments	Debit
	1194	Pooled Real Estate Funds	Debit
	1195	Pooled Domestic Balanced Funds	Debit
	1196	Pooled International Balanced Funds	Debit
	1197	Hedge Funds	Debit
	1198	PRIT Cash Fund	Debit
	1199	PRIT General Allocation Account	Debit

## Receipt/Disbursement Accounts:

	<u>Account Number</u>	<u>Account Name</u>	<u>Balance</u>
<b>Receipts &amp; Investment Income</b>			
	4701	Carried Interest Expense	Credit
	4702	Equalization Expenses	Credit
	4703	Miscellaneous Investment Expense	Credit
	4821	Investment Income Received	Credit
	4884	Realized Gain/Profit on Sale of Investments	Credit
	4885	Realized Loss/Loss on Sale of Investments	Debit
	4886	Unrealized Gain/Increase in Market Value of Investment	Credit
	4887	Unrealized Loss/Decrease in Market Value of Investment	Debit
<b>Disbursements</b>			
	5304	Management Fees	Debit
	5305	Custodial Fees	Debit
	5307	Consultant fees	Debit



# Private Equity Investments



# Private Equity Expense Accounts (1)

- Carried Interest (4701)
  - Represents incentive allocations paid to the fund's general partner.
  - Debit entry if investment performs well (Credit the Asset)
  - Credit entry if investment performs poorly (Debit the Asset)



## Private Equity Expense Accounts (2)

- Miscellaneous Investment Expenses (4703)
  - Will include all other investment related fees that are not management fees, carried interest, or equalization expense.
    - Trade, professional, and “other” fees.
  - Should always be a Debit

# PE Example 1:



Account Description	Account No.	Debit	Credit
Pooled Alternative Investments	1193	\$ 174,241.00	
Management Fee	5304	\$ 15,720.00	
Realized Loss	4885	\$ 5,280.00	
Investment Income	4821		\$ 31,071.00
Carried Interest	4701		
Unrealized Loss	4887	\$ 46,010.00	
Carried Interest	4701		\$ 210,180.00
To record Q4 adjustment for Terracap			

- If using sub-accounts, ending balance of 1193-Terracap should reflect ending statement market value of \$5,861,055

Statement of Changes in Partner's Capital  
For the Quarter Ended 12/31/2021  
(Unaudited)

	Cost	Fair Value
Partner's Capital as of 10/01/2021	2,985,070	5,686,815
Capital Contributions	-	-
Distributions	-	-
Syndication Costs 4703	-	-
Management Fees 5304	(15,720)	(15,720)
Realized Gain (Loss)	(5,280)	(5,280)
Net Other Income (Expenses) 4821 (4703)	31,071	31,071
Carried Interest Reallocation 4701	-	-
Unrealized Gain (Loss)	-	(46,010)
Partner's Capital as of 12/31/2021 before Provisional Carried Interest Allocation	2,995,140	5,650,875
Provisional Carried Interest Allocation to General Partner 4701	-	210,180
Partner's Capital as of 12/31/2021	2,995,140	5,861,055

# PE Example 2:

Account Description	Account No.	Debit	Credit
Pooled Alternative Investments	1193	\$ 352,353.40	
Management Fee	5304	\$ 14,233.74	
Carried Interest	4701	\$ 39,150.38	
Misc Investment Expense	4703	\$ 1,970.85	
Investment Income	4821		\$ 44,714.17
Realized Gain	4884		\$ 443.89
Unrealized Gain	4886		\$ 281,027.69
Realized Gain(FX)	4884		\$ 20,238.64
Unrealized Gain(FX)	4886		\$ 61,283.98
To record Q3 adjustment for IFM			



IFM Global Infrastructure (US), L.P. Class A Interests		QTD (USD) (Jul-21 - Sep-21)
<i>Limited Partner's Percentage Ownership 0.08%</i>		
<i>A. Capital Account Statement</i>		
<i>A.I NAV Reconciliation and Summary of Fees, Expenses &amp; Incentive Allocation</i>		<i>LP's Allocation</i>
Beginning NAV - Net of Incentive Allocation		7,515,254.52
Contributions - Cash & Non-Cash		0.00
Distributions - Cash & Non-Cash		309,069.82
Redemptions - Cash & Non-Cash		0.00
Total Cash / Non-Cash Flows (contributions, less distributions)		(309,069.82)
Net Operating Income (Expense):		
(Management Fees - Gross of Offsets, Waivers & Rebates): <sup>1</sup>		(14,233.74)
<b>(Accrued Incentive Allocation - Periodic Change) 4701</b>		<b>(39,150.38)</b>
<b>(Partnership Expenses - Total):+ 4703</b>		<b>(1,970.85)</b>
<i>(Partnership Expenses - Accounting, Administration &amp; IT)</i>		0.00
<i>(Partnership Expenses - Audit &amp; Tax Preparatory)</i>		(198.41)
<i>(Partnership Expenses - Legal)</i>		(77.69)
<i>(Partnership Expenses - Professional Fees)</i>		(398.54)
<i>(Partnership Expenses - Organization Costs)</i>		0.00
<i>(Partnership Expenses - Bank Fees)</i>		(430.41)
<i>(Partnership Expenses - Amortisation of Debt Issue Cost)</i>		(204.59)
<i>(Partnership Expenses - Advisor Fees)</i>		0.00
<i>(Partnership Expenses - Other)</i>		(661.21)
Total Offsets to Fees & Expenses (applied during period)		0.00
(Total Management Fees & Partnership Expenses, Net of Offsets & Rebates, Gross of Fee Waiver)		(55,354.97)
Interest Income		44,541.23
Dividend/Distribution Income		80.71
(Interest Expense)		0.00
Other Income		92.23
Total Net Operating Income / (Expense)		<b>(10,640.80)</b>
(Placement Fees)		0.00
Realized Gain / (Loss)		443.89
Change in Unrealized Gain / (Loss)		281,027.69
Realized Gain / (Loss) - FX Derivatives		20,238.64
Change in Unrealized Gain / (Loss) - FX Derivatives		61,283.97
Ending NAV - Net of Incentive Allocation		7,558,538.09
<b>Reconciliation for Accrued Incentive Allocation</b>		
Accrued Incentive Allocation - Starting Period Balance		(85,271.58)
Incentive Allocation - Paid During the Period		0.00
Incentive Allocation - Transfer Out / (Transfer In) During the Period		0.00
Accrued Incentive Allocation - Periodic Change		(39,150.38)
Accrued Incentive Allocation - Ending Period Balance		(124,421.96)
Ending NAV - Gross of Accrued Incentive Allocation		7,682,960.05



## Private Equity Expense Accounts (3)

- Equalization Expense (4702)
  - Also called “True-Ups”. Represents the adjustment (“equalization”) of incentive fees across all shareholders as if they had all joined a fund on its initial closing date
  - Usually a debit – paid to prior investors if joining a fund after establishment
  - Credit entry if new investors join fund after you - subsequent investors will be paying this equalization expense to you.

# PE Example 3:



Inception to 06/30/2016 Investor Statement

Statement Date: August 31, 2016

Account Number:  
Federal Tax Id:

Investor's Total Subscription Balance \$ 9,611,690.21  
Ownership % of Fund at 06/30/2016 8.99%

		4702				5304					
Date	Description	Cash Received	True-Ups Paid	Subscription Amount	Partnership Income/(Loss)	Management Fees**	Amounts Due to Investor	Amounts Refunded to Investor	Total Account Activity	Cumulative Balance	
01/11/16	Subscription investment	\$ 10,000,000.00	(388,309.79)	9,611,690.21	\$ -	\$ -	\$ -	\$ -	\$ 9,611,690.21	\$ 9,611,690.21	
03/31/16	Allocation of profit/loss for the quarter ended	-	-	-	(134,133.01)	(272,121.56)	-	-	(406,254.57)	9,205,435.64	
06/07/16	GP paid interest	-	-	-	-	-	3,039.59	(3,039.59)	-	9,205,435.64	
06/07/16	True-ups from other investors	-	-	-	-	-	260,032.51	(260,032.51)	-	9,205,435.64	
06/30/16	Allocation of profit/loss for the quarter ended	-	-	-	(12,267.91)	(86,215.62)	-	-	(98,483.53)	9,106,952.11	
Ending balance		\$ 10,000,000.00	\$ (388,309.79)	\$ 9,611,690.21	\$ (146,400.92)	\$ (358,337.18)	\$ 263,072.10	\$ (263,072.10)	\$ 9,106,952.11	\$ 9,106,952.11	

\*\* Management fees recorded in Q2 2016 reflect any changes that may have occurred in your account from inception to 6/30/2016. These changes are a result of the elections that were made earlier this year.

Account Description	Account No.	Debit	Credit
Cash	1040		\$ 10,000,000.00
Pooled RE fund	1194	\$ 9,611,690.21	
Equalization Expense	4702	\$ 388,309.79	
To record initial subscription to Terracap			

Net Asset Value	
6/30/2016	
Fund Fair Value	\$ 110,508,596
Investor Ownership %	8.99%
Investor Fair Value	\$ 9,930,574.30





# References

- [840 CMR 4.0: Financial Operations/Standard Method of Accounting](#)
- [PERAC Memo #12 2024](#) – PERAC Regulations 840 CMR 4.00 and 25.00
- [PERAC Memo #8 2025](#) - Investment Manager Statements via PROSPER
- [How to Complete a Pooled Fund Worksheet](#)



# Contact Information

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