

Financial Statements and Report of
Independent Certified Public
Accountants

**San Francisco State University Foundation
(Component Unit of San Francisco State
University)**

June 30, 2020 and 2019

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
San Francisco State University Foundation

Report on the financial statements

We have audited the accompanying financial statements of San Francisco State University Foundation (Component Unit of San Francisco State University) (the "Foundation"), which comprise the statements of net position as of June 30, 2020 and 2019, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

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

Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 San Francisco State University Foundation (Component Unit of San Francisco State University) as of June 30, 2020 and 2019, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis on pages 6-12 be presented to supplement the financial statements. Such information, although not a required part of the financial statement, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing financial statement in an appropriate operational, economic, or historical context. The required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Foundation's financial statements. The supplementary information on pages 30-39 is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary 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. These additional procedures included comparing and reconciling the 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 supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated September 24, 2020, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Grant Thornton LLP

San Francisco, California
September 24, 2020

**San Francisco State University Foundation
(Component Unit of San Francisco State University)**

**MANAGEMENT DISCUSSION AND ANALYSIS
(Unaudited)**

This section of the San Francisco State University Foundation (the "Foundation") annual financial report presents management's discussion and analysis of the financial performance of the Foundation for the fiscal years ended June 30, 2020 and 2019.

The Foundation presents its management discussion and analysis for fiscal year 2020, with comparative data presented for fiscal years 2019 and 2018. The emphasis of the discussions concerning these statements will be on the fiscal years ended June 30, 2020 and 2019. There are three financial statements presented: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows.

The following discussion and analysis is intended to help readers of the Foundation's financial statements to better understand its financial position and operating activities. It should be read in conjunction with, and is qualified in its entirety by, the related financial statements and footnotes. The financial statements, footnotes and this discussion and analysis were prepared by the Foundation and are the responsibility of its management.

The Foundation

The Foundation is a non-profit auxiliary organization of San Francisco State University (the "University") with a 501(c)(3) designation with the Internal Revenue Service. The Foundation's purpose is to provide private financial support to assist the University in meeting its educational mission.

The Business-Type Activity ("BTA") reporting model has been adopted by the California State University ("CSU") system for use by all of its member campuses. The CSU determined the BTA model best represents the combined activities of the CSU and its auxiliary corporations.

Two of the three auxiliary not-for-profit corporations serving the University, of which the Foundation is one, have also adopted the BTA reporting model, primarily for efficiencies gained in combining the three auxiliaries' annual financial statements with the University and ultimately, the combined CSU financial statements.

The Foundation's June 30, 2020 and 2019 financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board ("GASB"). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Highlights of Financial Operations

- **Operating Revenues and Expenses**

In fiscal year 2020, the Foundation continued adding and changing its portfolio mix with recommendations from Cambridge Associates its investment consultant.

The Foundation's operating revenue for 2020 increased from the previous fiscal year. Operating revenue consists primarily of administrative fees earned from the management of the endowments. The fee is determined based on the average quarterly balance of the endowment, which can fluctuate with contributions, endowment payouts, interest/dividends and realized and unrealized income earned. The Foundation also charges an additional fee to the endowments for external investment fees incurred. The Foundation reports investment return net, which includes interest, dividends, realized and unrealized gains (losses) and investment fees. The operational expenses for the year were \$1,157,642, which are primarily composed of the administrative cost for accounting services performed by the University Corporation, San Francisco State (the "Corporation"), Auxiliary Business Services unit, auditing services, legal, professional consultancy and salary reimbursement to the University for University staff, who manage the Foundation.

**San Francisco State University Foundation
(Component Unit of San Francisco State University)**

**MANAGEMENT DISCUSSION AND ANALYSIS – CONTINUED
(Unaudited)**

- **Non-Operating Revenue**

Total non-operating revenue decreased in 2020 from 2019 by 74% due primarily to decrease in contributions in 2020 over the previous fiscal year. Investment earnings were down during the fiscal year over the previous fiscal year though the portfolio was recovering from the steep losses in the first quarter of 2020 due to COVID-19, a global pandemic.

During 2020, additions to the permanent endowment decreased substantially by 87% from 2019 due to receipt of a few major gifts in the prior fiscal year. The Foundation received two major gifts totaling \$50 million in fiscal year 2019. Transfers to the University Corporation increased \$1,941,752 in 2020. The transfers from the endowments are for scholarships, endowed chairs and other programs carried out by the Corporation. These transfers are in accordance with the Foundation's spending policy.

Financial Position

The statements of net position present the financial position of the Foundation at the end of fiscal years 2020 and 2019. The purpose of the statements of net position is to present to the readers of the financial statements a fiscal summary of the Foundation. From the data presented, the readers of the statements of net position are able to determine the assets available to continue the operations of the Foundation. The readers are also able to determine how much the Foundation owes its vendors as well as assessing other liabilities. Finally, the statements of net position provide an overview of the net position (assets minus liabilities) and their availability for expenditures.

Net position is divided into two major categories. The first category is Restricted Assets, which is divided into two categories, Nonexpendable and Expendable. The corpus of nonexpendable restricted resources are available for investment purposes and, in accordance with the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), which calls for using prudent judgment when expending funds to carry out the purpose of the donor. Expendable restricted assets are available for expenditure by the Foundation, but, must be spent for purposes as determined by the donors and /or external entities that have placed time, purpose or legal restrictions on the use of the assets. The final category is Unrestricted Assets that are available to the Foundation for any lawful purpose of the Foundation.

San Francisco State University Foundation
(Component Unit of San Francisco State University)

MANAGEMENT DISCUSSION AND ANALYSIS – CONTINUED
(Unaudited)

The detailed statements of net position are included in the financial statements. A condensed version is shown below:

Condensed Statements of Net Position - 2020, 2019, and 2018

	2020	2019	2018
Assets:			
Current assets	\$ 40,178,462	\$ 55,712,111	\$ 31,251,869
Noncurrent assets	102,806,197	86,457,352	59,718,908
Total assets	\$ 142,984,659	\$ 142,169,463	\$ 90,970,777
Liabilities:			
Current liabilities	\$ 638,573	\$ 108,757	\$ 147,268
Deferred inflows of resources (Note 2)	1,586,837	4,980,222	44,849
Net position:			
Restricted net assets:			
Nonexpendable - endowments	\$ 90,292,454	\$ 85,538,381	\$ 49,116,237
Expendable - scholarships, fellowships and capital projects	39,045,067	44,778,289	35,921,363
Unrestricted net assets	11,421,728	6,763,814	5,741,060
Total net position	140,759,249	137,080,484	90,778,660
Total liabilities, deferred inflows of resources, and net position	\$ 142,984,659	\$ 142,169,463	\$ 90,970,777

Assets

As of June 30, 2020, total assets increased \$815,196 (1%) when compared to the prior year. The increase in 2020 is attributable to investments increasing over the prior year primarily due to recognizing Cryptocurrency sold during the fiscal year. Current assets are primarily comprised of short-term investments, accounts receivables, other assets and cash. Accounts receivables decreased \$36,265 (69%), a result of the Foundation receiving payments timely. Receivables from related parties decreased by \$63,473 (97%) during 2020 compared to 2019. The decrease in the related party receivable is related to a receivable from the Corporation which was received early in fiscal year 2021. The Foundation had other assets in fiscal year 2020, which consist of prepaid expenses paid to the Internal Revenue and Franchise Tax Board for estimated Unrelated Business Income Tax (“UBIT”) cost. Based on the prior fiscal year, the Foundation anticipates having UBIT expenses related to alternative investments held. The Foundation has \$99,276 in prepaid expenses representing a prepayment of potential UBIT to the Internal Revenue and Franchise Tax Board. Cash held decreased in 2020 by \$918,491 (73%). The cash fluctuations are attributed to the Foundation not receiving larger deposits at the fiscal year end in comparison to the prior fiscal year. Short-term investments also decreased by \$14,583,420 (27%) in fiscal year 2020. The decrease in current Investments is related to the allocation of the Foundation investment holdings, which are based on the investment maturities at year-end.

**San Francisco State University Foundation
(Component Unit of San Francisco State University)**

**MANAGEMENT DISCUSSION AND ANALYSIS – CONTINUED
(Unaudited)**

As of June 30, 2019, total assets increased \$51,198,686 (56%) when compared to the prior year. The increase was primarily attributed to an increase in investments in 2019 as a result of the Foundation receiving two large donations. Current assets are primarily comprised of short-term investments, accounts receivables, other assets and cash. Accounts receivables increased \$1,288 (-2%), as a result of the Foundation recognizing revenue remaining from a trust that the Foundation is a remainder interest beneficiary. Receivables from related parties decreased by \$21,692 (49%) during 2019 compared to 2018. The receivable is from the Corporation, a related party, and relate to donations received, by the Corporation, which are payable to the Foundation. The Foundation had other assets in fiscal year 2019, which consist of prepaid expenses paid to the Internal Revenue and Franchise Tax Board for estimated UBIT cost. Based on the prior fiscal year, the Foundation anticipates having UBIT expenses related to alternative investments held. Cash held increased in 2019 by \$739,251 (143%). The cash fluctuations are attributed to large deposits from the ongoing liquidation of XRP, the large cryptocurrency gift received before June 30, 2019. Foundation for management. Short-term investments increased \$242,299 (1%). The increase was attributed to the allocation of the Foundation investment holdings, which are based on the investment maturities at year-end. For the trailing one year as of June 30,2019, the endowment returned 3.0%, underperforming its policy benchmark's return of 6.1%. This was mainly attributed to the endowment holding more cash as they deployed the Marcus and Larsen gifts. This caused a drag on the portfolio. The Foundation Green Fund for the trailing one year as of June 30, 2019, returned 6.6%, outperforming its policy benchmark return of 5.9%

The Foundation and the Corporation have an ongoing relationship where they transfer funds between the two organizations throughout the year. The Corporation manages the spending accounts that are associated with endowments maintained by the Foundation. The Foundation transfers endowment payouts to the Corporation for the associated spending account or the Corporation may transfer a portion of contributed funds it receives that have a split allocation between the two organizations. In this case, the Corporation would issue a check to the Foundation for its portion as well as contributions that are received by the Corporation that need to be rerouted to the Foundation to record as its contribution.

Liabilities

Accounts payable at June 30, 2020 increased by \$62,959 (133%). This was mainly attributed to processing delays of year-end payments, which were due to an error with the check printer.

Accounts payable at June 30, 2019 decreased by \$48,040 (50%), mostly as a result of decreased related-party transactions to the campus. Current payables also included a related party transaction to the Corporation as part of the ongoing transactions between the two entities.

Deferred inflows of resources was \$1,586,837 in 2020 a substantial decrease over 2019. The decrease is related to liquidating the deferred inflow recorded the previous fiscal year and recording an additional donation of XRP cryptocurrency to make up the short fall related to the \$25 million gift to College of Business in the form of XRP cryptocurrency and cash received in fiscal year 2019. The Foundation deferred inflows also includes a charitable annuity held by the CSU Foundation on behalf of the University. The charitable annuity held by the Foundation is \$47,467 and \$46,964 for fiscal years 2020 and 2019, respectively.

Net Position

The Foundation's net position for fiscal year 2020 is \$140,759,249, which is an increase of \$3,678,765 (3%) from the previous year. The overall increase is primarily attributed to contributions received and investment earnings in fiscal year 2020.

The Foundation's net position for fiscal year 2019 was \$137,080,484, which is an increase of \$46,301,824 (51%) from the previous year. The overall increase is primarily attributed to influx of contribution revenue and investment income.

**San Francisco State University Foundation
(Component Unit of San Francisco State University)**

**MANAGEMENT DISCUSSION AND ANALYSIS – CONTINUED
(Unaudited)**

Results of Operations

The statement of revenues, expenses, and changes in net position presents the Foundation's operating results, as well as the non-operating revenues and expenses. Operating revenues consist primarily of revenue earned from administrative fees. Gifts and investment income are classified, as prescribed by GASB, as net non-operating revenues or expenses. This is an integral component in determining the increase or decrease in net assets.

The detailed statements of revenues, expenses, and changes in net position for the years ended June 30, 2020 and 2019 are included in the financial statements. A condensed version is shown below:

Condensed statements of revenues, expenses, and changes in net position - for the years ended June 30,:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating revenues (expenses):			
Revenues	\$ 2,331,079	\$ 2,034,434	\$ 1,666,641
Expenses	<u>1,157,642</u>	<u>1,158,863</u>	<u>1,065,747</u>
Operating (loss) income	<u>1,173,437</u>	<u>875,571</u>	<u>600,894</u>
Non-operating revenues (expenses):			
Contributions	2,314,254	10,106,627	2,179,377
Endowment management fees	(2,330,966)	(2,032,814)	(1,665,991)
Investment return, net	3,223,389	4,443,850	5,202,168
Additions to permanent endowments	4,752,582	36,420,769	3,462,948
Transfer to the University Corporation, SF State	<u>(5,453,931)</u>	<u>(3,512,179)</u>	<u>(2,744,247)</u>
Total other non-operating revenues (expenses)	<u>2,505,328</u>	<u>45,426,253</u>	<u>6,434,255</u>
Change in net position	<u>\$ 3,678,765</u>	<u>\$ 46,301,824</u>	<u>\$ 7,035,149</u>

REVENUES

Operating Revenue

For the year ended June 30, 2020, total operating revenue was \$2,331,079, which is an increase of \$296,645 (15%) from the prior year.

For the year ended June 30, 2019, total operating revenue was approximately \$2,034,434, which is an increase of approximately \$367,793 (22%) from the prior year.

Administrative fees are the main component of operating revenue earned by the Foundation for management of the endowments. The administrative fee earned is based on the annual 1.25% fee and recoupment of investment fees charged for the external management of the endowment funds. The fees are charged quarterly based on the endowments' calculated quarterly average daily balance per the Foundation's Endowment Establishment & Administration policy, which can fluctuate based on earnings and endowment distributions.

**San Francisco State University Foundation
(Component Unit of San Francisco State University)**

**MANAGEMENT DISCUSSION AND ANALYSIS – CONTINUED
(Unaudited)**

OPERATING EXPENSES

Operating Expenses

Operating expenses are tied to the use of both restricted and unrestricted funds. Use of unrestricted operating funds are primarily for accounting services provided by the Corporation through its unit, Auxiliary Business Services, audit, consulting, legal and insurance expenses. The use of restricted operating funds is from the Foundation's administrative fees charged to the endowments. The expenses related to accounting services were approximately \$254,000 for fiscal years 2020 and 2019.

NON-OPERATING REVENUES AND EXPENSES

Contributions

Contributions are recognized as revenue when they are verifiable, measurable, probable of collection, and the Foundation has met all time and eligibility requirements. Contributions were \$2,314,254 for the 2020 fiscal year. Contributions decreased in fiscal year 2020 compared to fiscal year 2019 by \$7,792,373 (77%) mainly due to contributions decreasing overall in 2020. In fiscal year 2019, the Foundation as part of its comprehensive campaign received two large gifts.

Contributions were \$10,106,627 for the 2019 fiscal year. Contributions increased in fiscal year 2019 compared to fiscal year 2018 by \$7,927,250 (364%) attributed to significant contributions for the College of Liberal and Creative Arts and the Lam Family College of Business. These gifts funded \$1,000,000 for a temporary endowment and approximately \$6,234,000 (received from the cryptocurrency gift) for a temporary endowment respectively.

Investment Return

The Foundation investment income continued to perform well during fiscal year 2020 though investment income decreased over the previous year. Investment returns for the fiscal year was \$3,223,389, a loss of \$1,220,461 compared to last year. During fiscal year 2020, the Foundation investments were performing well through the first two quarters of the fiscal year and saw significant losses through the third quarter as a direct result of the global pandemic COVID-19. The market recovered significantly in the last quarter of the fiscal year to recoup losses from the prior quarter.

During fiscal year 2020, global stocks and US stocks generated strong returns for the Foundation's endowment and green fund, the portfolio also received strong returns from alternative investments, real assets, and fixed income. Real assets provided the strongest returns. The Foundation's total portfolio consists of approximately 57% equities of which approximately 16% belongs to global equities. The Foundation owed \$34,259 in taxes associated with UBIT as a result for tax return prepared during the year for fiscal year 2018-2019. The Foundation hired Cambridge Associates in 2018 as its new investment consultant; Cambridge Associates guides and reviews the Foundation's portfolio, continually looking at investment vehicles that will increase earnings, help reduce the Foundation's exposure to inflation and keep its risks manageable. The Foundation's portfolio continues to align with policy benchmarks.

Other Additions and Transfers

Other Additions highlights contributions received for permanent endowments. One of the major gifts received during the year totaled \$3,197,950. This gift is related to the remaining part of the contribution received from the Larsen Gift given in XRP cryptocurrency last fiscal year, which was liquidated. The Foundation received additional XRP to complete the original pledge, as the original contribution of XRP when liquidated did not total the original gift pledge.

**San Francisco State University Foundation
(Component Unit of San Francisco State University)**

**MANAGEMENT DISCUSSION AND ANALYSIS – CONTINUED
(Unaudited)**

The Foundation received two major gifts totaling \$50 million contributed to additions to permanent endowments during fiscal year 2019. The Foundation received \$25 million to benefit the College of Liberal and Creative Arts and \$25 million for the Lam Family College of Business. The permanent endowment funds received \$24 million of the \$25 million contributed for the College of Liberal and Creative Arts. For the cryptocurrency gift of \$25 million benefiting the Lam Family College of Business, the permanent endowment received \$9,163,637, which had been liquidated as of June 30, 2019.

Transfers highlight the funds transferred to related parties to fund campus programs, scholarships, endowed chairs and projects carried out by the University or the Corporation, which are not true operational expenses of the Foundation.

SIGNIFICANT ITEMS

The Foundation welcomed Jeffrey Jackanicz as its new President and CEO towards the end of FY 19-20. With new leadership in place, the Foundation has begun the process of releasing a Request for Proposal to resume its strategic planning efforts. The strategic plan will be a roadmap for the Foundation over the next five (5) years as the Foundation reviews its structure, programs and operations. Topics we intend to cover will include committee structure, maximizing efficiency of administering gifts, and ongoing priorities in building a pipeline of future directors.

Towards, the end of FY19-20, the Foundation was assigned a new investment management team at Cambridge associates. This new team has a deeper bench of experience in socially responsible investing and understands the importance the Foundation places on this area. Early experiences with the new team are promising, and we are pleased to continue working with Cambridge, even as we look to codify and formalize a regular process for assessing our investment advisor.

Finally, we will be conducting a post-campaign analysis in FY 20-21 and beginning the early stages of a planning phase for a new campaign to begin in the next 2-3 years. Standard practice after concluding any comprehensive campaign, such analyses give insight into additional areas of strength or opportunity on which we can further capitalize in a subsequent campaign.

These potentially significant items may have financial impact for the Foundation in the coming fiscal year 2020-2021. We believe all other significant items have already been disclosed and they do not have a significant effect on future operations, or these effects have already been included in the current financial statements.

San Francisco State University Foundation
(Component Unit of San Francisco State University)

STATEMENTS OF NET POSITION

June 30,

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 338,339	\$ 1,256,830
Investments, unrestricted	11,600,091	5,462,132
Investments, restricted	28,118,161	48,839,540
Receivable from related parties	2,293	65,766
Accounts receivable	16,302	52,567
Other assets	103,276	35,276
Total current assets	40,178,462	55,712,111
Noncurrent assets:		
Investments, restricted	101,219,360	81,477,130
Pledge receivables, net	47,467	46,964
Capital assets	1,539,370	4,933,258
Total noncurrent assets	102,806,197	86,457,352
Total assets	142,984,659	142,169,463
Deferred outflows of resources (Note 2)	-	-
Total assets and deferred outflows of resources	\$ 142,984,659	\$ 142,169,463
Liabilities		
Current liabilities:		
Accounts payable	\$ 110,428	\$ 47,469
Payable to San Francisco State University	415,426	-
Payable to the University Corporation, SF State	88,333	45,749
Other liabilities	24,386	15,539
Total current liabilities	638,573	108,757
Deferred inflows of resources (Note 2)	1,586,837	4,980,222
Net position:		
Restricted for:		
Nonexpendable - endowments	90,292,454	85,538,381
Expendable - scholarships, fellowships, capital projects	39,045,067	44,778,289
Unrestricted	11,421,728	6,763,814
Total net position	140,759,249	137,080,484
Total liabilities, deferred inflows of resources and net position	\$ 142,984,659	\$ 142,169,463

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

San Francisco State University Foundation
(Component Unit of San Francisco State University)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Years ended June 30,

	2020	2019
Operating revenues:		
Administrative fees	\$ 2,330,966	\$ 2,032,814
Other revenues	113	1,620
	2,331,079	2,034,434
Operating expenses:		
Management and general	1,157,642	1,158,863
	1,157,642	1,158,863
Operating income, net	1,173,437	875,571
Nonoperating revenues (expenses):		
Contributions	2,314,254	10,106,627
Endowment management fees	(2,330,966)	(2,032,814)
Investment return, net	3,223,389	4,443,850
	3,206,677	12,517,663
Income before other additions and transfers	4,380,114	13,393,234
Other additions and transfers:		
Additions to permanent endowments	4,752,582	36,420,769
Transfers to the University Corporation, SF State	(5,453,931)	(3,512,179)
	(701,349)	32,908,590
Change in net position	3,678,765	46,301,824
Net position, beginning of year	137,080,484	90,778,660
Net position, end of year	\$ 140,759,249	\$ 137,080,484

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

San Francisco State University Foundation
(Component Unit of San Francisco State University)

STATEMENTS OF CASH FLOWS

Years ended June 30,

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Payments to suppliers	\$ (841,347)	\$ (1,197,374)
Other receipts	113	1,620
	<u>(841,234)</u>	<u>(1,195,754)</u>
Cash flows from noncapital financing activities:		
Donations received	1,573,013	46,506,992
Transfers to the University Corporation, SF State	<u>(5,453,931)</u>	<u>(3,512,179)</u>
	<u>(3,880,918)</u>	<u>42,994,813</u>
Cash flows from capital and related financing activities:		
Disposal of capital asset (intangible asset)	<u>4,996,796</u>	<u>-</u>
	<u>4,996,796</u>	<u>-</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	49,751,849	25,394,622
Purchase of investments	(51,704,383)	(69,061,085)
Investment income (loss)	<u>759,399</u>	<u>2,606,655</u>
	<u>(1,193,135)</u>	<u>(41,059,808)</u>
Net change in cash and cash equivalents	(918,491)	739,251
Cash and cash equivalents, beginning of year	<u>1,256,830</u>	<u>517,579</u>
Cash and cash equivalents, end of year	<u>\$ 338,339</u>	<u>\$ 1,256,830</u>
Reconciliation of operating income to net cash		
Flows provided by operating activities:		
Operating income	<u>\$ 1,173,437</u>	<u>\$ 875,571</u>
Adjustments to reconcile operating income to net cash flows used in operating activities:		
Changes in assets and liabilities:		
Accounts payable and other liabilities	316,295	(38,511)
Administrative fees	<u>(2,330,966)</u>	<u>(2,032,814)</u>
Total adjustments	<u>(2,014,671)</u>	<u>(2,071,325)</u>
Net cash used in operating activities	<u>\$ (841,234)</u>	<u>\$ (1,195,754)</u>
Supplemental disclosures of cash Flow activity:		
Non-cash activity:		
Donations of stock received	\$ 232,466	\$ 67,473
Unrealized gain (loss)	\$ 2,344,926	\$ 1,651,927
Contributed intangible asset received	\$ 1,602,908	\$ 4,933,258
Cash paid for income taxes	\$ 68,000	\$ 5,800

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

**San Francisco State University Foundation
(Component Unit of San Francisco State University)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 1 - ORGANIZATION:

The San Francisco State University Foundation (the "Foundation") is a non-profit, tax-exempt California corporation. The Foundation serves as an auxiliary organization of San Francisco State University (the "University"). The Foundation was established in 2007 for the purpose of philanthropy. The Foundation encourages the solicitation and acceptance of private gifts, trusts, and bequests that will help the Foundation in the furtherance of its mission to foster private financial support for the University.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation

The basic financial statements required by the Governmental Accounting Standards Board ("GASB"), Statement numbers 34 and 35, include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. As a component unit of a public institution, the Foundation has chosen to present its basic financial statements using the reporting model for special purpose governments engaged only in business-type activities. This model allows all financial information for the Foundation to be reported in a single column in each of the basic financial statements. In accordance with the business-type activities reporting model, the Foundation prepares its statement of cash flows using the direct method.

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), as prescribed by GASB. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Generally, grants, contributions and similar items are recognized as revenue as soon as all eligibility requirements have been met.

The Foundation considers assets to be current when they can reasonably be expected, as part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within 12 months of the date of the statement of net position. Liabilities that reasonably can be expected, as part of the Foundation's normal business operations, to be liquidated within 12 months of the date of the statement of net position are considered to be current. All other assets and liabilities are considered to be non-current, with the exception of those amounts that are required to be reported as deferred outflows or inflows of resources. The Foundation follows GASB 63 and 65, which provide guidance for reporting deferred outflows of resources, deferred inflows of resources and net position in a statement of financial position and related disclosures. The standard defines deferred outflows or inflows of resources as transactions that result in the consumption or acquisition of net assets in one period that are applicable to future periods. At June 30, 2020 and 2019, the Foundation had transactions that met the definition of deferred inflows. At June 30, 2020 and 2019 the Foundation reported deferred inflows of \$1,586,837 and \$4,980,222 respectively, associated with the gifts received for which time requirements have not been met.

The Foundation's net position is classified into the following categories:

- Restricted, non-expendable: Net assets subject to externally imposed conditions that the Foundation retains in perpetuity. Net assets in this category consist of endowments;
- Restricted, expendable: Net assets subject to externally imposed conditions that can be fulfilled by the actions of the Foundation or by the passage of time. Net assets in this category also include endowments for capital projects which can be fulfilled by the actions of the University; and

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- Unrestricted: This represents all unrestricted net assets. Unrestricted net assets may be designated for use by management or the Board of Directors. As of June 30, 2020 and 2019, the Foundation maintains operating reserves of \$420,494 and \$351,419, respectively.

Cash and Cash Equivalents

Cash and cash equivalents consist of unrestricted cash, checking accounts, savings accounts and money market funds held outside of investment brokerage accounts with an original maturity date of three months or less.

Custodial credit risk - In the case of bank deposits, this is the risk that in the event of a bank failure, the Foundation's deposits may not be returned. The Foundation does not have a formal policy addressing custodial credit risk for its bank deposits. Although the Foundation is not a government agency, the financial institutions in which the Foundation makes its deposits have collateralized the deposits in accordance with section 53601 et. Seq. of the California Government Code. Wells Fargo is a financial institution whereby the Federal Deposit Insurance Corporation ("FDIC") insures deposits. Deposits of more than the \$250,000 insured amount will be collateralized by the bank by pledging identifiable collateral according to statute. Periodically, as of and throughout the years ended June 30, 2020 and 2019, the Foundation maintained balances in excess of the federally insured limits.

Related Party Receivable and Payables

Related party receivables and payables include amounts due from The University Corporation, San Francisco State (the "Corporation"). Accounts receivable are presented net of an allowance for uncollectible accounts. There is no allowance for uncollectible accounts at June 30, 2020 and 2019.

Investments

Investments are stated at fair value. The Foundation pools available resources into savings, management and investment accounts. Interest and dividends earned are allocated to the respective funds, based on the ratio of a fund's invested resources to the total amount invested.

Investments in alternative investments are based upon fair values of the underlying assets as reported by the entities in their financial statements or as determined by the fund manager. In some cases, the underlying assets are marketable securities with quoted market prices. In other situations, the underlying assets are not marketable and valuations are determined by the fund managers. Due to the inherent uncertainty of valuation of non-marketable and restricted investments, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed and the differences could be material. Additionally, these investments may have liquidity constraints, including lock up periods of a quarter or longer.

Capital Assets

Capital assets includes intangible assets stated at acquisition value. Intangible assets with indefinite useful lives are not amortized. If changes in factors and conditions result in the useful life of an intangible asset no longer being indefinite, the asset will be tested for impairment due to the change in expected duration of the use of the asset has occurred. The carrying value of the intangible asset, if any, following the recognition of any impairment loss will be amortized using the straight-line method in subsequent reporting periods over the remaining estimated useful life of the asset.

The Foundation received an additional contribution in the form of XRP cryptocurrency to cover the shortfall of the original contribution. The Foundation has put a hold on selling the cryptocurrency to date. At June 30, 2020, the Foundation had 8,751,390 units of XRP remaining as an intangible asset. The recorded value was determined based on the expected liquidation value of the XRP according to Yahoo Finance at

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June 30, 2020. The Foundation had intangible assets with an estimated value of \$1,539,370 and \$4,933,258 at June 30, 2020 and 2019 respectively. The amount was also included in the deferred inflow at June 30, 2020. See Note 10.

Endowment Investments

Investments made from donor-restricted endowments are pooled with the Foundation's other investments. Any appreciation of such investments is tracked separately and recorded in restricted net assets. The Uniform Prudent Management of Institutional Funds Act ("UPMIFA") passed in July 2006 and as adopted by California in 2008 authorizes an institution to spend the amount it deems prudent considering the donor's intent, the purposes of the fund and relevant economic factors. According to the Foundation's policy, up to 4% of the earnings may be distributed each year. Earnings available for distribution are identified as interest, dividends and realized gains and losses, net of investment fees, and are calculated quarterly based on the average daily balance of the portfolio.

The Foundation invests these funds to produce current income to meet spending needs and to preserve the real value of the endowment principal. The payout policy objective is interlinked with the investment objectives for the total fund and has been formulated in the context of the overarching goal for prudent management of endowments: to optimize the balance between preserving the real (after inflation) long-term purchasing power of the endowment principal with the need to make annual distributions to campus beneficiaries.

Revenue and Expenses

The Foundation currently has two categories classified as operating revenue: administrative fees, which are costs associated with administering endowments, and other revenue.

The non-operating revenue and expenses category includes revenue from restricted and unrestricted contributions where the restrictions have been met, transfers and expenses related to endowment expendable administrative fees charged per the investment policy. This category also includes investment returns (such as interest, dividends and net realized and unrealized gains and losses).

The other addition and transfers category includes contributions related to capital projects and permanent endowments and transfers related to funds given to the Corporation and the University as a gift.

Use of Estimates

The preparation of financial statements, in conformity with US GAAP, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Foundation is a not-for-profit Foundation and is exempt from federal and state income taxes under provisions of section 501(c)(3) of the Internal Revenue Code and the California Tax Code. Continuance of such exemption is subject to compliance with laws and regulations of the taxing authorities. Certain activities considered unrelated to the tax exempt purposes of the Foundation may generate income that is taxable. The Foundation paid \$38,241 and \$12,259 for unrelated business income in fiscal year 2020 and 2019, respectively, due to Foundation's alternative investments. The open tax years are generally the years ended June 30, 2016 through June 30, 2020 for federal tax purposes and the years ended June 30, 2015 through June 30, 2020 for California tax purposes.

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Fair Value Measurement

The GASB issued Statement No. 72, *Fair Value Measurement and Application* (February 2015). This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.

Level 2 - Inputs (other than quoted market prices included within Level 1) that are observable for the asset/liability, either directly or indirectly.

Level 3 - Unobservable inputs for the asset/liability; used to the extent that observable inputs are not available.

Net Asset Value ("NAV") - the fair value of underlying assets as reported by the entities in their financial statements or as determined by the fund manager. In some cases, the underlying assets are marketable securities with quoted market prices. In other situations, the underlying assets are not marketable, and valuations are determined by the fund managers. Due to the inherent uncertainty of valuation of non-marketable and restricted investments, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material. Additionally, these investments may have liquidity constraints, including lock up periods of a quarter or longer.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and would only be recognized as an inflow of resources (revenue) at that time. The Foundation has two items that qualify for reporting in this category including deferred inflows from charitable gift annuities held by California State University Foundation and an intangible asset in the form of cryptocurrency.

Reclassifications

Certain reclassifications have been made to the prior year financial statements in order for them to conform to current year presentation. These reclassifications had no effect on the change in net position.

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NOTE 3 - INVESTMENTS:

Investments consist of the following as of June 30, 2020:

	Fair value	Maturities				Other
		<1 year	1 – 5 years	6 – 10 years	10+ years	
Local agency investment fund	\$ 11,910,963	\$ 11,910,963	\$ -	\$ -	\$ -	\$ -
Broker money market funds	3,410,241	3,410,241	-	-	-	-
Treasury securities	2,901,469	-	2,095,598	805,871	-	-
Municipal securities	2,322,265	255,585	893,026	1,173,654	-	-
Corporate debt securities	5,504,713	-	3,277,356	2,227,357	-	-
Mutual funds	21,910,593	21,910,593	-	-	-	-
Equity securities	2,223,893	2,223,893	-	-	-	-
REIT	6,977	6,977	-	-	-	-
Alternative investments	90,746,498	-	-	-	-	90,746,498
	<u>\$ 140,937,612</u>	<u>\$ 39,718,252</u>	<u>\$ 6,265,980</u>	<u>\$ 4,206,882</u>	<u>\$ -</u>	<u>\$ 90,746,498</u>

Investments consist of the following as of June 30, 2019:

	Fair value	Maturities				Other
		<1 year	1 – 5 years	6 – 10 years	10+ years	
Local agency investment fund	\$ 14,904,328	\$ 14,904,328	\$ -	\$ -	\$ -	\$ -
Broker money market funds	11,567,662	11,567,662	-	-	-	-
Treasury securities	4,165,522	463,218	2,773,125	929,179	-	-
Municipal securities	2,033,143	165,065	751,648	1,116,430	-	-
Corporate debt securities	4,248,302	300,247	2,538,422	1,409,633	-	-
Mutual funds	23,458,288	23,458,288	-	-	-	-
Equity securities	3,110,082	3,110,082	-	-	-	-
REIT	332,782	332,782	-	-	-	-
Alternative investments	71,958,693	-	-	-	-	71,958,693
	<u>\$ 135,778,802</u>	<u>\$ 54,301,672</u>	<u>\$ 6,063,195</u>	<u>\$ 3,455,242</u>	<u>\$ -</u>	<u>\$ 71,958,693</u>

Investment return for the years ended June 30, 2020 and 2019 consist of the following:

	2020	2019
Interest and dividends	\$ 1,464,815	\$ 2,395,292
Realized and unrealized gains	2,442,403	2,450,734
Management fees	(683,829)	(402,176)
	<u>\$ 3,223,389</u>	<u>\$ 4,443,850</u>

Interest rate risk - The Foundation mitigates its interest rate risk through the use of professional money managers that use their judgment on the selection of debt securities. The Foundation does not currently have a formal policy on future maturity limitations.

Credit risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to repay the debt security when due. The Foundation's investment policy provides that the fund will be diversified both by

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

asset class (e.g., stocks and bonds) and within asset classes (e.g., within stocks by economic sector, quality, and market capitalization). The purpose of diversification is to enhance prospective returns, lower the volatility of the overall assets, and provide reasonable assurance that no single security or class of securities will have a disproportionate impact on the total portfolio. Federal agency issues, bond funds (bond index funds and intermediate term funds), and money market funds do not have a rating provided by a nationally recognized statistical rating organization.

Concentration of credit risk – Concentration of credit risk of loss is attributed to the magnitude of the investment in a single issuer. The Foundation's investment policy contains no limitations as to how much can be invested with any one issuer. As of June 30, 2020, the Foundation's fixed income investments did not have exposure to any single issuer exceeding 5% of the total endowment portfolio, with the exception of the US Treasury.

Custodial credit risk - Custodial credit risk represents the risk that, in the event of the failure of counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. UBS Financial Services account is insured with a combination of Securities Investor Protection Corporation ("SIPC") and other commercial insurance. SIPC coverage protects customers of a U.S. registered broker-dealer in the event the broker-dealer becomes financially insolvent and cannot return the full value of a customer's securities and cash in the broker-dealer's possession or control. SIPC covers each customer's account up to \$500,000, of which up to \$250,000 may be cash. Excess coverage follows the terms of SIPC coverage but covers each account up to its full net equity value, including all cash balances. UBS Financial Services and certain affiliates have purchased supplemental insurance from London Insurers to augment the SIPC protection. The supplemental policy is subject to policy conditions and limitations and has an aggregate policy limit of \$500,000,000. Within this aggregate policy limit, each separate client has up to \$1,900,000 in protection for cash held in all of the client's accounts. The Foundation does not have a formal policy covering custodial credit risk for its investments.

Local Agency Investment Fund

Under Federal Law, the State of California cannot declare bankruptcy, thereby allowing the Government Code Section 16429.3 to stand. This section states that "moneys placed with the Treasurer for deposit in the Local Agency Investment Fund ("LAIF") by cities, counties, special districts, nonprofit Foundations, or qualified quasi-governmental agencies shall not be subject to either of the following: (a) transfer or loan pursuant to Sections 16310, 16312, or 16313, or (b) impoundment or seizure by any state official or state agency."

During a legislative session, California Government Code Section 16429.4 was added to the LAIF's enabling legislation. The section states that "the right of a city, county, city and county, special district, nonprofit Foundation, or qualified quasi-governmental agency to withdraw its deposited moneys from the LAIF, upon demand, may not be altered, impaired, or denied in any way, by any state official or state agency based upon the state's failure to adopt a State Budget by July 1 of each new fiscal year."

Participating agencies' portions of the fund are held at fair value using NAV information provided by LAIF.

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NOTE 4 - FAIR VALUE MEASUREMENT:

At June 30, 2020 and 2019, the Foundation's investments consist of cash and money market funds of \$3,410,241 and \$11,567,662, respectively, and the following assets which are classified by level within the valuation hierarchy on a recurring basis at June 30:

	2020				Total
	Level 1	Level 2	Level 3	NAV	
Local agency investment fund	\$ -	\$ -	\$ -	\$ 11,910,963	\$ 11,910,963
Treasury securities	2,901,469	-	-	-	2,901,469
Municipal securities	-	2,322,265	-	-	2,322,265
Corporate debt securities	4,743,737	760,976	-	-	5,504,713
Mutual funds	21,910,593	-	-	-	21,910,593
Equity securities	2,223,893	-	-	-	2,223,893
REITS	6,977	-	-	-	6,977
Alternative Investments	-	-	-	90,746,498	90,746,498
	<u>\$ 31,786,669</u>	<u>\$ 3,083,241</u>	<u>\$ -</u>	<u>\$ 102,657,461</u>	<u>\$ 137,527,371</u>

	2019				Total
	Level 1	Level 2	Level 3	NAV	
Local agency investment fund	\$ -	\$ -	\$ -	\$ 14,904,328	\$ 14,904,328
Treasury securities	4,165,522	-	-	-	4,165,522
Municipal securities	123,938	1,909,205	-	-	2,033,143
Corporate debt securities	4,101,405	146,897	-	-	4,248,302
Mutual funds	23,458,288	-	-	-	23,458,288
Equity securities	3,101,567	8,515	-	-	3,110,082
REITS	332,782	-	-	-	332,782
Alternative Investments	-	-	-	71,958,693	71,958,693
	<u>\$ 35,283,502</u>	<u>\$ 2,064,617</u>	<u>\$ -</u>	<u>\$ 86,863,021</u>	<u>\$ 124,211,140</u>

Alternative Investments Measured at NAV

	Fair Value	Unfunded Commitments	Lock-up	Redemption Frequency (If Currently Eligible)
Equity long/short hedge funds	\$ 1,152,992	-	N/A	25% Calendar Quarter
Hedge funds	43,297,116	-	N/A	50% semi-annually-Daily
Private equity	2,265,809	5,896,804	N/A	25% Calendar Quarter
Global opportunities hedge funds	668,061	-	N/A	Every 36 months on Fiscal Year End on or after Anniversary
Multi-strategy hedge funds	3,552,844	-	30 months	50% semi-annually June/Dec
Private equity/real estate funds	1,645,701	-	N/A	Not redeemable
Commingled fund	36,137,510	-	180 days	Monthly-Daily
Open-ended mutual fund	2,026,465	-	N/A	Daily
Total alternative investments measured at NAV	<u>\$ 90,746,498</u>			

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1. Equity long/short hedge funds. This type includes investments in small cap public companies as a long term and value-added shareholder. This is a hedge fund that invest in both long and short in U.S. common stocks. The fair value for of the investments in this type have been determined using the NAV per share of the investments.
2. Hedge funds. This type of investment vehicle includes 14 hedge funds. These funds invest primarily in securities emerging markets, international equity, global equity and fixed income. The fair values of the investments have been determined using NAV per share (or its equivalent) of the investments. The Gaoling Feeder Fund LTD, one of the investments, valued at \$2,757,756, can be redeemed in part 50% semi-annually in June and December. The fixed income vehicle, Brandywine International, fair value at \$5,738,239, can be redeemed daily with a ten-business day notification.
3. Private equities. This type includes seven private equity funds that invests in technology and healthcare; investment fund interest with underlying strategy in growth equity, venture capital, infrastructure, distressed debt and hedge funds; established and emerging global venture capital funds; and renewable energy and closely related companies or assets, which represent the largest exposure. The nature of the investment in this type is that distributions are received through the liquidation of the underlying assets of the fund.
4. Global opportunities hedge funds. This type includes one hedge fund that hold investments securities in multi-strategy, equity long and short and distressed in the US and foreign issuers. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments. The value of the investment, valued at \$668,061 can redeem all or part of its initial or additional investment, every 36 months on fiscal year end on or after the anniversary.
5. Multi-strategy hedge funds. This type of includes investments in one hedge fund that pursues multiple strategies to diversity risks and reduce volatility which includes credit, long/short equity, merger arbitrage, real estate-related and direct investments. Invests globally in emerging and developed markets. The fair values of the investments in this type have been determined using the NAV per share (or equivalent) of the investments. Investments can be redeemed 50% semi-annually in June and December and requires a 60-day redemption notice.
6. Private equity/real estate funds. This type includes three real estate funds that invest in the U.S. residential and commercial real estate. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. One of the funds has been liquidated but 5% was held back.
7. Commingled funds. This type includes eight funds consisting of assets from blended accounts, which invest in long/short equity. The underlining investments are invested in US stocks, global stocks, international stocks and emerging market stocks. The majority of the funds can be redeemed monthly.
8. Open-ended mutual fund. This type includes two funds consisting of diversified portfolio mutual funds. The funds invest in clean energy, agriculture, and copper. The fair vales for this investment type has been determined by the portfolio's NAV daily.

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NOTE 5 - ENDOWMENTS:

Endowments held and administered by the Foundation at June 30, 2020 are as follows:

	Restricted net assets		Total
	Nonexpendable	Expendable	
Endowments	\$ 90,292,454	\$ 39,045,067	\$ 129,337,521

Endowments held and administered by the Foundation at June 30, 2019 are as follows:

	Restricted net assets		Total
	Nonexpendable	Expendable	
Endowments	\$ 85,538,381	\$ 44,778,289	\$ 130,316,670

The Foundation's endowment policy during fiscal years 2020 and 2019 allowed up to a 4% annual payout based on the quarterly average daily balance of the fund. The 4% annual payout was not changed during the year and disbursements were allowed. The Foundation had endowment funds underwater in the amount of \$176,520 and \$59,946 at June 30, 2020 and 2019, respectively. Underwater is defined as the current endowment value of an endowment gift being less than the value of the original endowment gift.

NOTE 6 - RELATED PARTIES:

During the years ended June 30, 2020 and 2019, the Foundation paid \$136,844 and \$46,561, respectively, to the University for reimbursements and funding for salary reimbursements, cost allocation, other expense reimbursements. During the year ended June 30, 2020, the Foundation received \$26,682 from the University.

During the years ended June 30, 2020 and 2019, the Foundation paid \$5,995,175 and \$4,205,173, respectively, for scholarships, other endowment spendable accounts, donations received by the Foundation that belong to the Corporation, fee for accounting services provided by the Corporation and other various reimbursements to the Corporation. The total paid includes \$5,453,931 paid to the Corporation for funds released from the endowments for scholarships, department chairs and allowable support to the endowments spending accounts managed by the Corporation. The Corporation paid \$107,900 and \$243,330 to the Foundation in 2020 and 2019, respectively.

At June 30, 2020 and 2019, the Foundation recorded receivables from the Corporation totaling \$2,293 and \$65,766, respectively.

NOTE 7 - RISK FINANCING ACTIVITIES:

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 for which the Foundation carries commercial insurance. The Foundation has not had any significant reduction in insurance coverage, and there have been no claims in excess of coverage in any of the past three years.

NOTE 8 - LITIGATION:

From time to time, the Foundation is subject to various claims and legal proceedings covering a range of matters that arise in the ordinary course of its business activities. In the opinion of management, although

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the outcome of any legal proceedings cannot be predicted with certainty, the ultimate liability of the Foundation in connection with its legal proceedings is not expected to have a material adverse effect on the Foundation's financial position and activities.

NOTE 9 - ADMINISTRATIVE FEE:

The Foundation charges an administrative fee of 1.25% annually plus recoupment of investment fees paid to manage the endowment funds. This is calculated on the quarterly average daily balance of all endowments managed by the Foundation per the endowment policy. Administrative fees of 1.25% plus recoupment of external investment fees in the amounts of \$2,330,966 and \$2,032,814 were earned by the Foundation during the years ended June 30, 2020 and 2019, respectively. The Foundation administrative fee charged for fiscal year 2020 includes \$683,829 recouped to offset investment management fees. In fiscal year 2019, the Foundation earned \$402,176 to offset investment management fees.

NOTE 10 - CAPITAL ASSETS:

The following is a roll forward schedule of capital assets for the year ended June 30, 2020:

	<u>June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Transfers</u>	<u>June 30, 2020</u>
Capital assets not being depreciated:					
Intangible assets	\$ 4,933,258	\$ 1,602,908	\$ (4,996,796)	\$ -	\$ 1,539,370

The following is a roll forward schedule of capital assets for the year ended June 30, 2019:

	<u>June 30, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Transfers</u>	<u>June 30, 2019</u>
Capital assets not being depreciated:					
Intangible assets	\$ -	\$ 4,933,258	\$ -	\$ -	\$ 4,933,258

NOTE 11 – SUBSEQUENT EVENTS:

The Foundation has reviewed its financial statements for all subsequent events through September 24, 2020, the date the financial statements were issued. Management continues to evaluate the ongoing impact of the COVID-19 pandemic on higher education and its own operations. Ongoing concerns over the COVID-19 virus could have an impact on the fair value of the Foundation's investments and contribution revenue. Since the outbreak of COVID-19, the markets have experienced significant volatility. In fiscal year 2020, the Foundation's investments dropped significantly. However, as of June 30, 2020, the markets had largely rebounded. Contribution revenue also decreased in 2020 as is typical during times of economic crisis. The specific impact of COVID-19 on these two revenue sources is not readily determinable as the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Board of Directors
San Francisco State University Foundation

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the business-type activities of San Francisco State University Foundation (Component Unit of San Francisco State University) (the Foundation) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated September 24, 2020.

Internal control over financial reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001, that we consider to be a significant deficiency in the Foundation's internal control.

Compliance and other matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Foundation's response to findings

The Foundation's response to our findings, which is described in the accompanying schedule of findings and responses, was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the Foundation's response.

Intended purpose

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



San Francisco, California
September 24, 2020

**San Francisco State University Foundation
(Component Unit of San Francisco State University)**

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2020

Item 2020-001 – Accounting for Earnings on Permanent Endowments

Criteria or specific requirement:

Net assets representing permanent endowments or permanent fund principal are divided into two categories – expendable and nonexpendable. The permanent principal or corpus that must be retained in perpetuity is the nonexpendable portion. Earnings generated by permanent endowments, which can be spent based on the Foundation's endowment policy and donor gift agreements, are the expendable portion.

Condition:

During the audit of the net asset rollforward schedule for the year ended June 30, 2020, it was noted that earnings on permanent endowments were recorded and accumulated in restricted nonexpendable net assets. Consequently, spending based on the Foundation's endowment policy was deducted from restricted nonexpendable net assets. When management further reviewed the Foundation's endowment policy, it was noted that earnings on permanent endowments should be recorded in restricted expendable net assets. Management corrected this by reclassifying the earnings portion of the permanent endowment from nonexpendable net assets to expendable net assets, such that only the permanent principal or corpus remains in nonexpendable net assets.

Context:

Distinction between nonexpendable and expendable net assets is important as nonexpendable net assets represent the permanent principal or corpus that must be retained in perpetuity. Since only earnings on permanent endowments may be spent in accordance with the endowment policy, these earnings should be separately recorded from the permanent principal or corpus as expendable net assets.

Cause:

There is some ambiguity between the Foundation's endowment policy and its gift agreements when considered separately. There was also a difference of interpretation of donor's intention between the finance department and the development department. This led to the Foundation's recognition of the earnings, distributions, and administrative fees generated from the permanent endowments as part of nonexpendable net assets. However, it was determined that earnings, distributions, and administrative fees should be recorded in the restricted expendable net assets category based on the endowment policy.

Effect:

Including earnings on permanent endowments in nonexpendable net assets would result in misrepresentation of the amount that must be held in perpetuity and the amount that can be spent by the Foundation for restricted purposes.

Recommendation:

It is recommended that the Foundation record the earnings on permanent endowment in expendable net assets, separate from the permanent principal or corpus, which is in nonexpendable net assets. A system of accounting must be in place to ensure that earnings are separately tracked and that nonexpendable net assets include only the permanent principal or corpus.

**San Francisco State University Foundation
(Component Unit of San Francisco State University)**

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2020

Views of responsible officials and planned corrective actions:

To avoid a similar issue in the future, management suggests the following:

- Update the endowment policy and gift agreement to ensure that any conflict or confusion of expectations regarding investment earnings, fees and payout, is removed.
- Set up an accounting system to separate the earnings, fees and payout and to record these into restricted expendable net asset position.

San Francisco State University Foundation

SCHEDULE OF NET POSITION

June 30, 2020

(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	\$ 338,339
Short-term investments	39,718,252
Accounts receivable, net	18,595
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	103,276

Total current assets 40,178,462

Noncurrent assets:

Restricted cash and cash equivalents	-
Accounts receivable, net	-
Capital lease receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	47,467
Endowment investments	101,219,360
Other long-term investments	-
Capital assets, net	1,539,370
Other assets	-

Total noncurrent assets 102,806,197

Total assets 142,984,659

Deferred outflows of resources:

Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Others	-

Total deferred outflows of resources \$ -

See accompanying report of independent certified public accountants.

San Francisco State University Foundation

SCHEDULE OF NET POSITION

June 30, 2020

(for inclusion in the California State University)

Liabilities:

Current liabilities:

Accounts payable	\$ 614,187
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenues	-
Capital lease obligations, current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	24,386
Total current liabilities	638,573

Noncurrent liabilities:

Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Capital lease obligations, net of current portion	-
Long-term debt obligations, net of current portion	-
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	-
Net pension liability	-
Other liabilities	-
Total noncurrent liabilities	-

Total liabilities

638,573

Deferred inflows of resources:

Service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	1,586,837
Others	-
Total deferred inflows of resources	1,586,837

Net position:

Net investment in capital assets	-
Restricted for:	
Nonexpendable – endowments	90,292,454
Expendable:	
Scholarships and fellowships	35,495,143
Research	-
Loans	-
Capital projects	3,549,924
Debt service	-
Others	-
Unrestricted	11,421,728
Total net position	\$ 140,759,249

See accompanying report of independent certified public accountants.

San Francisco State University Foundation

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year ended June 30, 2020

(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees, gross	\$ -
Scholarship allowances (enter as negative)	-
Grants and contracts, noncapital:	
Federal	-
State	-
Local	-
Nongovernmental	-
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	-
Scholarship allowances (enter as negative)	-
Other operating revenues	2,331,079
Total operating revenues	2,331,079
Expenses:	
Operating expenses:	
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	-
Institutional support	-
Operation and maintenance of plant	-
Student grants and scholarships	-
Auxiliary enterprise expenses	1,157,642
Depreciation and amortization	-
Total operating expenses	1,157,642
Operating income (loss)	1,173,437
Nonoperating revenues (expenses):	
State appropriations, noncapital	-
Federal financial aid grants, noncapital	-
State financial aid grants, noncapital	-
Local financial aid grants, noncapital	-
Nongovernmental and other financial aid grants, noncapital	-
Other federal nonoperating grants, noncapital	-
Gifts, noncapital	2,314,254
Investment income (loss), net	3,223,389
Endowment income (loss), net	-
Interest expense	-
Other nonoperating revenues (expenses) - excl. interagency transfers	(5,258,826)
Net nonoperating revenues (expenses)	278,817
Income (loss) before other revenues (expenses)	1,452,254
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	2,226,511
Increase (decrease) in net position	3,678,765
Net position:	
Net position at beginning of year, as previously reported	137,080,484
Restatements	-
Net position at beginning of year, as restated	137,080,484
Net position at end of year	\$ 140,759,249

See accompanying report of independent certified public accountants.

San Francisco State University Foundation

OTHER INFORMATION

June 30, 2020

(for inclusion in the California State University)

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments

All other restricted cash and cash equivalents

Noncurrent restricted cash and cash equivalents

Current cash and cash equivalents

Total

-
338,339
\$ 338,339

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Fair Value
Money market funds	\$ 3,410,241		3,410,241
Repurchase agreements			-
Certificates of deposit			-
U.S. agency securities			-
U.S. treasury securities		2,901,469	2,901,469
Municipal bonds	255,585	2,066,680	2,322,265
Corporate bonds		5,504,713	5,504,713
Asset backed securities			-
Mortgage backed securities			-
Commercial paper			-
Mutual funds	21,910,593		21,910,593
Exchange traded funds			-
Equity securities	2,223,893		2,223,893
Alternative investments:			
Private equity (including limited partnerships)			-
Hedge funds			-
Managed futures			-
Real estate investments (including REITs)			-
Commodities			-
Derivatives			-
Other alternative investment		90,746,498	90,746,498
Other external investment pools			-
CSU Consolidated Investment Pool (formerly SWIFT)			-
State of California Local Agency Investment Fund (LAIF)	11,910,963		11,910,963
State of California Surplus Money Investment Fund (SMIF)			-
Other investments:			
REIT	6,977		6,977
			-
			-
			-
			-
Total Other investments	6,977	-	6,977
Total investments	39,718,252	101,219,360	140,937,612
Less endowment investments (enter as negative number)		(101,219,360)	(101,219,360)
Total investments, net of endowments	\$ 39,718,252	-	39,718,252

See accompanying report of independent certified public accountants.

San Francisco State University Foundation

OTHER INFORMATION

June 30, 2020

(for inclusion in the California State University)

2.2 Fair value hierarchy in investments:

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ 3,410,241	3,410,241			
Repurchase agreements	-				
Certificates of deposit	-				
U.S. agency securities	-				
U.S. treasury securities	2,901,469	2,901,469			
Municipal bonds	2,322,265		2,322,265		
Corporate bonds	5,504,713	4,743,737	760,976		
Asset backed securities	-				
Mortgage backed securities	-				
Commercial paper	-				
Mutual funds	21,910,593	21,910,593			
Exchange traded funds	-				
Equity securities	2,223,893	2,223,893			
Alternative investments:					
Private equity (including limited partnerships)	-				
Hedge funds	-				
Managed futures	-				
Real estate investments (including REITs)	-				
Commodities	-				
Derivatives	-				
Other alternative investment	90,746,498				90,746,498
Other external investment pools	-				
CSU Consolidated Investment Pool (formerly SWIFT)	-				
State of California Local Agency Investment Fund (LAIF)	11,910,963				11,910,963
State of California Surplus Money Investment Fund (SMIF)	-				
Other investments:					
REIT	6,977	6,977			
	-				
	-				
	-				
	-				
Total Other investments	\$ 6,977	6,977	-	-	-
Total investments	140,937,612	35,196,910	3,083,241	-	102,657,461

2.3 Investments held by the University under contractual agreements:

	Current	Noncurrent	Total
Investments held by the University under contractual agreements e.g - CSU Consolidated Investment Pool (formerly SWIFT):			\$ -

See accompanying report of independent certified public accountants.

San Francisco State University Foundation
OTHER INFORMATION
 June 30, 2020
 (for inclusion in the California State University)

3.1 Composition of capital assets:

	Balance June 30, 2019	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2019 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2020
Non-depreciable/Non-amortizable capital assets:					\$				\$
Land and land improvements					-				-
Works of art and historical treasures					-				-
Construction work in progress (CWIP)					-				-
Intangible assets:					-				-
Rights and easements					-				-
Patents, copyrights and trademarks					-				-
Intangible assets in progress (PWIP)					-				-
Licenses and permits					-				-
Other intangible assets:					-				-
Cryptocurrency	4,933,258				4,933,258	1,602,908	(4,996,796)		1,539,370
	-				-				-
	-				-				-
Total Other intangible assets	4,933,258	-	-	-	4,933,258	1,602,908	(4,996,796)	-	1,539,370
Total intangible assets	4,933,258	-	-	-	4,933,258	1,602,908	(4,996,796)	-	1,539,370
Total non-depreciable/non-amortizable capital	\$ 4,933,258	-	-	-	\$ 4,933,258	1,602,908	(4,996,796)	-	\$ 1,539,370
Depreciable/Amortizable capital assets:									
Buildings and building improvements					-				-
Improvements, other than buildings					-				-
Infrastructure					-				-
Leasehold improvements					-				-
Personal property:					-				-
Equipment					-				-
Library books and materials					-				-
Intangible assets:					-				-
Software and websites					-				-
Rights and easements					-				-
Patents, copyrights and trademarks					-				-
Licenses and permits					-				-
Other intangible assets:					-				-
					-				-
					-				-
					-				-
					-				-
					-				-
					-				-
Total Other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	-	-	-	-	-	-	-	-	-
Total capital assets	\$ 4,933,258	-	-	-	\$ 4,933,258	\$ 1,602,908	(4,996,796)	-	\$ 1,539,370
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
Buildings and building improvements					-				-
Improvements, other than buildings					-				-
Infrastructure					-				-
Leasehold improvements					-				-
Personal property:					-				-
Equipment					-				-
Library books and materials					-				-
Intangible assets:					-				-
Software and websites					-				-
Rights and easements					-				-
Patents, copyrights and trademarks					-				-
Licenses and permits					-				-
Other intangible assets:					-				-
					-				-
					-				-
					-				-
					-				-
					-				-
					-				-
Total Other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets, net	\$ 4,933,258	-	-	-	\$ 4,933,258	1,602,908	(4,996,796)	-	1,539,370

See accompanying report of independent certified public accountants.

San Francisco State University Foundation

OTHER INFORMATION

June 30, 2020
(for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense:
Depreciation and amortization expense related to capital assets \$ -
Amortization expense related to other assets -
Total depreciation and amortization \$ -

4 Long-term liabilities:

	Balance June 30, 2019	Prior Period Adjustments/Reclassifications	Balance June 30, 2019 (Restated)	Additions	Reductions	Balance June 30, 2020	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ -	-	-	-	-	\$ -	-	\$ -
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations:								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
Total capital lease obligations	\$ -	-	-	-	-	-	-	-
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	\$ -	-	-	-	-	\$ -	-	-
4.2 Commercial paper	-	-	-	-	-	-	-	-
4.3 Notes payable (SRB related)	-	-	-	-	-	-	-	-
4.4 Others:	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total others	-	-	-	-	-	-	-	-
Sub-total long-term debt	\$ -	-	-	-	-	\$ -	-	-
4.5 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
Total long-term debt obligations	-	-	-	-	-	-	-	-
Total long-term liabilities	\$ -	-	-	-	-	\$ -	-	\$ -

See accompanying report of independent certified public accountants.

San Francisco State University Foundation

OTHER INFORMATION

June 30, 2020
(for inclusion in the California State University)

5 Capital lease obligations schedule:

	Capital lease obligations related to SRB			All other capital lease obligations			Total capital lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026 - 2030	-	-	-	-	-	-	-	-	-
2031 - 2035	-	-	-	-	-	-	-	-	-
2036 - 2040	-	-	-	-	-	-	-	-	-
2041 - 2045	-	-	-	-	-	-	-	-	-
2046 - 2050	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum lease payments	\$ -	-	-	-	-	-	-	-	-
Less: amounts representing interest									-
Present value of future minimum lease payments									-
Unamortized net premium/(discount)									-
Total capital lease obligations									-
Less: current portion									-
Capital lease obligations, net of current portion									\$ -

6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026 - 2030	-	-	-	-	-	-	-	-	-
2031 - 2035	-	-	-	-	-	-	-	-	-
2036 - 2040	-	-	-	-	-	-	-	-	-
2041 - 2045	-	-	-	-	-	-	-	-	-
2046 - 2050	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum payments	\$ -	-	-	-	-	-	-	-	-
Less: amounts representing interest									-
Present value of future minimum payments									-
Unamortized net premium/(discount)									-
Total long-term debt obligations									-
Less: current portion									-
Long-term debt obligations, net of current portion									-

See accompanying report of independent certified public accountants.

San Francisco State University Foundation

OTHER INFORMATION

June 30, 2020
(for inclusion in the California State University)

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	71,747
Payments to University for other than salaries of University personnel	65,097
Payments received from University for services, space, and programs	26,682
Gifts-in-kind to the University from discretely presented component units	
Gifts (cash or assets) to the University from discretely presented component units	
Accounts (payable to) University	(415,426)
Other amounts (payable to) University	
Accounts receivable from University	
Other amounts receivable from University	

8 Restatements

Provide a detailed breakdown of the journal entries (at the financial statement line items level) booked to record each restatement:

Restatement #	Enter transaction description	Debit/(Credit)
Restatement #1	<input type="text" value="Enter transaction description"/>	
		-
Restatement #2	<input type="text" value="Enter transaction description"/>	
		-

See accompanying report of independent certified public accountants.

San Francisco State University Foundation

OTHER INFORMATION

June 30, 2020
(for inclusion in the California State University)

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	-	-	-	-	-	-	-	-
Research	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-
Academic support	-	-	-	-	-	-	-	-
Student services	-	-	-	-	-	-	-	-
Institutional support	-	-	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	-	-	-	-
Auxiliary enterprise expenses	-	-	-	-	-	1,157,642	-	1,157,642
Depreciation and amortization	-	-	-	-	-	-	-	-
Total operating expenses	\$ -	-	-	-	-	1,157,642	-	1,157,642

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)

Deferred outflows - net pension liability

Deferred outflows - net OPEB liability

Deferred outflows - others:

Sales/intra-entity transfers of future revenues

Gain/loss on sale leaseback

Loan origination fees and costs

Change in fair value of hedging derivative instrument

Irrevocable split-interest agreements

Total deferred outflows - others

Total deferred outflows of resources

-
\$ -

2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements

Deferred inflows - net pension liability

Deferred inflows - net OPEB liability

Deferred inflows - unamortized gain on debt refunding(s)

Deferred inflows - nonexchange transactions

1,586,837

Deferred inflows - others:

Sales/intra-entity transfers of future revenues

Gain/loss on sale leaseback

Loan origination fees and costs

Change in fair value of hedging derivative instrument

Irrevocable split-interest agreements

Total deferred inflows - others

Total deferred inflows of resources

-
\$ 1,586,837

See accompanying report of independent certified public accountants.