



Grant Thornton

**Financial Statements, Supplementary Information  
and Report of Independent Certified Public  
Accountants**

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

**June 30, 2017 and 2016**

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors  
San Francisco State University Foundation

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### 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, 2017 and 2016, 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 net financial position of San Francisco State Foundation (Component Unit of San Francisco State University) as of June 30, 2017 and 2016, 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 8-15 be presented to supplement the financial statements. Such information, although not a required part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. This 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 opinions on the financial statements that collectively comprise the Foundation's financial statements. The supplementary information on pages 30-40 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 15, 2017, 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 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 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 15, 2017



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

The Board of Directors  
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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, financial statements of San Francisco State University Foundation (Component Unit of San Francisco State University) (the Foundation) as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Foundation's financial statements, and have issued our report thereon dated September 15, 2017.

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") to design 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 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. Given these limitations, during our audit we did not identify any deficiencies in the Foundation's internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 determination of financial statement amounts. 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*.

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.

*Grant Thornton LLP*

San Francisco, California  
September 15, 2017

**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, 2017 and 2016.

The San Francisco State University Foundation (the Foundation) presents its management discussion and analysis for fiscal year 2017, with comparative data presented for fiscal years 2016 and 2015. The emphasis of discussions concerning these statements will be for the fiscal years ended June 30, 2017 and 2016 (2017 and 2016, respectively). 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 out 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, 2017 and 2016 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.



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

Management Discussion and Analysis  
(Unaudited)

**Highlights of Financial Operations**

- **Operating revenues and expenses**

In fiscal year 2017, the Foundation hired Cambridge Associates as its new Outsourced Chief Investment Officer (OCIO) to manage its investments and investment managers, assist with revising the Foundation's investment policy statement and report endowment performance to the board of directors.

The Foundation's operating revenue for 2017 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 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 continues to report investment fees separate and not as a component of investment income. The operational expenses for the year were \$887,866, 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 investment fees.

- **Non-operating revenue**

Total non-operating revenue increased in 2017 from 2016 by (65%) due primarily to investment income strong returns in 2017 from the previous year due primarily to the performance of the US equities market.

During 2017, additions to the permanent endowment increased by (212%) from 2016 due to an increase in contributions. Transfers to the University Corporation increased in 2017 (4.5%). 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. During 2017, the Foundation received approximately \$2.4 million from the University. These were endowments previously held by the University.

**Financial Position**

The statements of net position present the financial position of the Foundation at the end of fiscal year 2017 and 2016. The purpose of the statement 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 statement 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 statement of net position provides the overview of the net position (assets minus liabilities) and their availability for expenditures.

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

Management Discussion and Analysis  
(Unaudited)

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), where prudent when carrying 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.

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

**Condensed Statements of Net Position - 2017, 2016, and 2015**

|   | 2017                 | 2016                 | 2015                 |
|---|----------------------|----------------------|----------------------|
| <b>Assets:</b>  |                      |                      |                      |
| Current assets  | \$ 36,680,901        | \$ 23,136,518        | \$ 10,887,167        |
| Noncurrent assets   | 47,187,857           | 49,239,305           | 56,878,766           |
| <b>Total assets</b>   | <b>\$ 83,868,758</b> | <b>\$ 72,375,823</b> | <b>\$ 67,765,933</b> |
| <b>Liabilities:</b>   |                      |                      |                      |
| Current liabilities   | \$ 125,247           | \$ 169,144           | \$ 112,344           |
| <b>Net Position:</b>  |                      |                      |                      |
| Restricted net assets:                                      |                      |                      |                      |
| Nonexpendable - endowments                                  | \$ 52,593,569        | \$ 43,746,989        | \$ 45,238,810        |
| Expendable - scholarships, fellowships and capital projects | 30,397,551           | 27,749,527           | 21,564,852           |
| Unrestricted net assets                                     | 752,391              | 710,163              | 849,927              |
| <b>Total net position</b>                                   | <b>\$ 83,743,511</b> | <b>\$ 72,206,679</b> | <b>\$ 67,653,589</b> |

**Assets**

As of June 30, 2017, total assets increased approximately \$11,542,000 when compared to the prior year. The increase was mainly attributed to an increase in contributions and investment income in 2017. Current assets are primarily comprised of short-term investments, accounts receivables and cash. Accounts receivables decreased by \$13,332 (-22%) during 2017 compared to 2016. The receivables are from the Corporation, a related party, and relate to donations received by the Corporation, which are payable to the Foundation. Cash held increased in 2017 by \$2,547,600 (1751%). The cash fluctuations are attributed to funds held at year-end related to expected disbursements in July of fiscal year 2018. Short-term investments increased \$11,059,454 (48%). The increase was attributed 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  
(Unaudited)**

As of June 30, 2016, total assets increased approximately \$4,609,890 when compared to the prior year. The increase was mainly attributed to an increase in contributions in 2016. Current assets are primarily comprised of short-term investments, accounts receivables and cash. Accounts receivables increased by \$46,115 (71%) during 2016 compared to 2015, the receivable from the Corporation, a related party, mainly related to donations received by the Corporation which are payable to the Foundation and a final adjustment of funds related to the Corporation's prior investment with the Foundation. Cash held, increased in 2016 by \$78,806 (118%). Short-term investments increased \$12,124,557. The increase was attributed to the allocation of the Foundation investment holdings, which is based on maturities at year end.

The Foundation and the Corporation have an ongoing relationship where assets will be transferred between the two organizations throughout the year. The Corporation receives contributions where the allocations are split between the two organizations. In that 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. The Corporation ended its participation with the Foundation in alternative investments as of June 30, 2015. In 2016, the Foundation paid the remaining amount due of \$82,000 to the Corporation for its share of the alternative investments.

**Liabilities**

Accounts payable at June 30, 2017 increased by approximately \$5,400 (5%) as a result mostly of increased related-party transactions to the campus.

Accounts payable at June 30, 2016 increased by approximately \$89,138 (291%) as a result mostly of increased related-party transactions to the campus.

**Net Position**

The Foundation's net position for fiscal year 2017 was \$83,743,511, which is an increase of approximately \$11,536,800 (16%) from the previous year. The overall increase is primarily attributed to increase in contribution revenue and investment income over the previous year.

The Foundation's net position for fiscal year 2016 was \$72,206,678 which is an increase of \$4,553,089 (7%) from the previous year. The overall increase is primarily attributed to increase in contribution revenue over the previous year.

**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.

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

**Management Discussion and Analysis  
(Unaudited)**

The detailed statements of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2017 and 2016 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, 2017, 2016, and 2015**

|  | 2017                 | 2016                | 2015                |
|--|----------------------|---------------------|---------------------|
| <b>Operating Revenues (Expenses):</b>            |                      |                     |                     |
| Revenues   | \$ 1,445,565         | \$ 1,364,592        | \$ 1,425,362        |
| Expenses   | 887,867              | 817,342             | 1,256,434           |
| Operating (loss) income                          | 557,698              | 547,250             | 168,928             |
| <b>Non-operating Revenues (Expenses):</b>        |                      |                     |                     |
| Contributions                                    | 2,943,013            | 6,804,388           | 1,791,571           |
| Endowment management fees                        | (1,445,565)          | (1,363,592)         | (1,420,331)         |
| Investment return                                | 6,722,276            | (448,209)           | 2,119,105           |
| Additions to permanent endowments                | 2,045,425            | 655,881             | 1,546,961           |
| Transfer to the University Corporation, SF State | (1,716,097)          | (1,642,628)         | (1,937,457)         |
| Transfer from the University                     | 2,430,082            | -                   | -                   |
| Total other non-operating revenues (expenses)    | 10,979,134           | 4,005,840           | 2,099,849           |
| <b>Change in Net Position</b>                    | <b>\$ 11,536,832</b> | <b>\$ 4,553,090</b> | <b>\$ 2,268,777</b> |

**REVENUES**

**Operating Revenue**

For the year ending June 30, 2017, total operating revenue was approximately \$1,445,500 which is an increase of approximately \$80,900 (6%) from the prior year.

For the year ending June 30, 2016, total operating revenue was \$1,364,592 which is a decrease of approximately \$60,770 (-4%) 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  
(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 Service, 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 \$286,600 for fiscal year 2017. For fiscal year 2016, expenses related to accounting services were approximately \$286,400.

**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 \$2,943,000 for the 2017 fiscal year. Contributions decreased in fiscal year 2017 compared to fiscal year 2016 by approximately \$3,861,000 due to primarily to the one large gift of \$5,000,000 that the Foundation received. Though contributions were less in fiscal year 2017, the Foundation continued to receive strong donor support such as \$1,055,000 for the College of Humanities, \$269,000 from Root Revocable, \$170,000 from the estate of Valerie Hashimoto and \$165,900, from the Judith Anne Ott Trust are a few of the notable donations received.

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 approximately \$6,804,388 for the 2016 fiscal year. Contributions significantly increased in fiscal year 2016 compared to fiscal year 2015 due to an increase in temporary endowments. The Foundation received a large gift of \$5,000,000 from a donor to establish a center for Iranian Diaspora Studies.

**Investment Return**

Investment income had a strong rally during fiscal year 2017 over the previous year. Investment returns for the fiscal year was approximately \$6,722,200 with significant earnings compared to last year by \$7,170,400 (1599%). During fiscal year 2017, the market had strong performance in equities and bonds. The Foundation's portfolio consists of 51% equities of which 16% belongs to global equities. International stocks were up 37% for fiscal year 2017. The Foundation paid \$167,945 in taxes associated with Unrelated Business Income Tax (UBIT) as a result of earnings from their alternative investment holdings in March Capital, which invest in real estate. The Foundation has hired Cambridge Associates, as its new OCIO, Cambridge Associates will be guiding and reviewing the Foundation's portfolio, along with the investment committee continuingly looking at investment vehicles that will increase earnings, help reduce the Foundation's exposure to inflation and keep its risks manageable.

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

Management Discussion and Analysis  
(Unaudited)

Investment income decreased during fiscal year 2016 as the market continued contracting from the previous year. Investment returns were negative for the fiscal year approximately \$448,209 which was lower earnings than the last year by \$2,567,314 (121%). During fiscal year 2016, the market was quite volatile over global concerns in Europe with growing concerns over England voting to leave the European Union and China and Japan. The Foundation's portfolio consists of 47% equities of which 25% belongs to global equities. International stocks were down 7.7% for fiscal year 2016. The Foundation continues to manage its portfolio by reviewing and adjusting its investment policy for the types of investment vehicles to invest in that will help to reduce its exposure to interest rates and keep its risks manageable. The Foundation consulted with PFM Asset Management who performed a review and analysis of the Foundation's investment holdings, operating procedures, governance and policies. Through this review, the Foundation issued an RFP seeking an independent investment consultant to come in to manage the Foundation's portfolio, review and update the investment policy and research and select investment managers that fit the Foundation's investments philosophy. This move will bring in professional independent expertise for an endowment with assets over \$70,000,000.

The Foundation's portfolio continues to outperform policy benchmarks. The board continues to monitor investments throughout the year along with the investment managers and adjust targets as well as allocation mix where and when necessary.

**Other Additions and Transfers**

Other additions highlight contributions received for capital projects generally carried out by the University and permanent endowments. 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. Contributions for additions to the permanent endowments increased during fiscal year 2017 by approximately \$1,389,543 (212%). Major contributions were received for creating new endowments for scholarships to support students. The Foundation received approximately \$2,430,000 from the University for endowments which were previously held by the campus. It was determined by the Chancellors Office that these funds would be better managed and administered if held by the auxiliary units. The Foundation was determined to be the appropriate unit at the University to receive the funds. The Foundation transferred approximately \$1,716,000 to the Corporation where the spending accounts related to the endowments are held to cover expenses for scholarships, endowed chairs and projects as stated above.

Contributions for additions to the permanent endowments decreased during fiscal year 2016 by approximately \$891,080 (-58%). Major contributions were received for creating new endowments for scholarships for students.

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

Management Discussion and Analysis  
(Unaudited)

**SIGNIFICANT ITEMS**

Early in fiscal year 2017, after an extensive nationwide search, the investment committee engaged Cambridge Associates as its OCIO. Cambridge Associates has led the Investment Committee through a comprehensive planning process to develop an investment plan for the Foundation, which includes reviewing the financial objectives of the Foundation, its spending policy and investment objectives. Cambridge Associates, in partnership with the Foundation, is now implementing said investment plan. In 2018, the Foundation will engage in a review of one of its endowments. The Foundation's Executive Committee, the University and the donor all agree that a review of the investment and expenditure activity related to this endowment was warranted. The Foundation will work with a private audit firm to conduct this review.

We believe all other significant items have already been disclosed and either 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, 2017 and 2016*

|   | 2017          | 2016          |
|---|---------------|---------------|
| <b>Assets</b>   |               |               |
| <b>Current Assets:</b>  |               |               |
| Cash and cash equivalents   | \$ 2,693,166  | \$ 145,512    |
| Investments, restricted   | 33,939,798    | 22,880,344    |
| Receivable from related parties                                   | 47,937        | 110,662       |
| Total current assets  | 36,680,901    | 23,136,518    |
| <b>Noncurrent Assets:</b>   |               |               |
| Investments, restricted   | 47,187,857    | 49,239,305    |
| Total noncurrent assets   | 47,187,857    | 49,239,305    |
| Total assets  | 83,868,758    | 72,375,823    |
| <b>Deferred Outflows of Resources (Note 2)</b>                    |               |               |
| Total assets and deferred outflows of resources                   | \$ 83,868,758 | \$ 72,375,823 |
| <b>Liabilities</b>  |               |               |
| <b>Current Liabilities:</b>                                       |               |               |
| Accounts payable  | \$ 125,247    | \$ 169,144    |
| Total current liabilities   | 125,247       | 169,144       |
| <b>Deferred Inflows of Resources (Note 2)</b>                     |               |               |
| <b>Net Position:</b>  |               |               |
| Restricted for:   |               |               |
| Nonexpendable - endowments  | 52,593,569    | 43,746,989    |
| Expendable - scholarships, fellowships, capital projects          | 30,397,551    | 27,749,527    |
| Unrestricted  | 752,391       | 710,163       |
| Total net position  | 83,743,511    | 72,206,679    |
| Total liabilities, deferred inflows of resources and net position | \$ 83,868,758 | \$ 72,375,823 |



**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, 2017 and 2016*

|  | 2017                 | 2016                 |
|--|----------------------|----------------------|
| <b>Operating Revenues:</b>                         |                      |                      |
| Administrative fees                                | \$ 1,445,565         | \$ 1,363,592         |
| Other revenues                                     | -                    | 1,000                |
| <b>Total operating revenues</b>                    | <b>1,445,565</b>     | <b>1,364,592</b>     |
| <b>Operating Expenses:</b>                         |                      |                      |
| Management and general                             | 887,867              | 817,342              |
| <b>Total operating expenses</b>                    | <b>887,867</b>       | <b>817,342</b>       |
| <b>Operating income, net</b>                       | <b>557,698</b>       | <b>547,250</b>       |
| <b>Nonoperating Revenues (Expenses):</b>           |                      |                      |
| Contributions                                      | 2,943,013            | 6,804,388            |
| Endowment management fees                          | (1,445,565)          | (1,363,592)          |
| Investment return, net                             | 6,722,276            | (448,209)            |
| <b>Net nonoperating revenues</b>                   | <b>8,219,724</b>     | <b>4,992,587</b>     |
| <b>Income before other additions and transfers</b> | <b>8,777,422</b>     | <b>5,539,837</b>     |
| <b>Other Additions and Transfers:</b>              |                      |                      |
| Additions to permanent endowments                  | 2,045,425            | 655,882              |
| Transfers to the University Corporation, SF State  | (1,716,097)          | (1,642,629)          |
| Transfer received from the University              | 2,430,082            | -                    |
| <b>Total other additions and transfers</b>         | <b>2,759,410</b>     | <b>(986,747)</b>     |
| <b>Change in Net Position</b>                      | <b>11,536,832</b>    | <b>4,553,090</b>     |
| <b>Net Position, beginning of the year</b>         | <b>72,206,679</b>    | <b>67,653,589</b>    |
| <b>Net Position, end of the year</b>               | <b>\$ 83,743,511</b> | <b>\$ 72,206,679</b> |

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

Statements of Cash Flows

*Years ended June 30, 2017 and 2016*

|  | 2017                | 2016               |
|--|---------------------|--------------------|
| <b>Cash Flows from Operating Activities:</b>                         |                     |                    |
| Receipts from endowment fees   | \$ 1,445,565        | \$ 1,363,592       |
| Payments to suppliers  | (882,371)           | (728,204)          |
| Other receipts   | -                   | 1,000              |
| <b>Net cash provided by operating activities</b>                     | <b>563,194</b>      | <b>636,388</b>     |
| <b>Cash Flows from Noncapital Financing Activities:</b>              |                     |                    |
| Donations received   | 4,988,438           | 7,460,269          |
| Endowment management fees  | (1,445,565)         | (1,363,592)        |
| Transfers to the University Corporation, SF State                    | (1,716,097)         | (1,642,628)        |
| Transfer from the University   | 2,430,082           | -                  |
| <b>Net cash provided by noncapital financing activities</b>          | <b>4,256,858</b>    | <b>4,454,049</b>   |
| <b>Cash Flows from Capital and Related Financing Activities:</b>     |                     |                    |
| Donations received restricted for capital                            | -                   | -                  |
| <b>Net cash provided by capital and related financing activities</b> | <b>-</b>            | <b>-</b>           |
| <b>Cash Flows from Investing Activities:</b>                         |                     |                    |
| Proceeds from sales and maturities of investments                    | 12,991,663          | 33,465,748         |
| Purchase of investments  | (21,986,337)        | (38,029,169)       |
| Investment income (loss)   | 6,722,276           | (448,209)          |
| <b>Net cash used in investing activities</b>                         | <b>(2,272,398)</b>  | <b>(5,011,630)</b> |
| <b>Net Change in Cash and Cash Equivalents</b>                       | <b>2,547,654</b>    | <b>78,807</b>      |
| <b>Cash and Cash Equivalents, beginning of year</b>                  | <b>145,512</b>      | <b>66,705</b>      |
| <b>Cash and Cash Equivalents, end of year</b>                        | <b>\$ 2,693,166</b> | <b>\$ 145,512</b>  |

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

Statements of Cash Flows

*Years ended June 30, 2017 and 2016*

|   | 2017         | 2016           |
|---|--------------|----------------|
| <b>Reconciliation of Operating Income to Net Cash</b>   |              |                |
| <b>Flows Provided by Operating Activities:</b>  |              |                |
| Operating income  | \$ 557,698   | \$ 547,250     |
| Adjustments to reconcile operating income to net cash flows provided by operating activities: |              |                |
| Changes in assets and liabilities:  |              |                |
| Accounts payable  | 5,496        | 89,138         |
| Total adjustments   | 5,496        | 89,138         |
| Net cash provided by operating activities   | \$ 563,194   | \$ 636,388     |
| <b>Supplemental Disclosures of Cash Flow Activity:</b>  |              |                |
| Non-cash activity:  |              |                |
| Donations of stock received   | \$ 503,835   | \$ 5,074,944   |
| Unrealized gain(loss)   | \$ 5,926,991 | \$ (4,561,950) |

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

Notes to Financial Statements  
June 30, 2017 and 2016

**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:**

a. Basis of Presentation

The basic financial statements required by the Governmental Accounting Standards Board (“GASB”), Statement numbers 34, 35 and 63, 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.

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

Notes to Financial Statements  
June 30, 2017 and 2016

**Note 2 - Summary of Significant Accounting Policies, Continued:**

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 twelve 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 twelve 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. As of June 30, 2017 and 2016, the Foundation did not enter into transactions that meet the definition of deferred outflows or inflows of resources.

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.
- ***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, 2017 and 2016, the Foundation maintains operating reserves of \$284,961 and \$351,419, respectively.

b. 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.

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

Notes to Financial Statements  
June 30, 2017 and 2016

**Note 2 - Summary of Significant Accounting Policies, Continued:**

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. Though 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 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, 2017 and 2016, the Foundation maintained balances in excess of the federally insured limits.

c. Related Party Receivable and Payables

Related party receivables and payables include amounts due from the University Corporation, San Francisco State (the "Corporation"). Account receivables are presented net of an allowance for uncollectible accounts. There is no allowance for uncollectible accounts at June 30, 2017 and 2016.

d. 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.

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

Notes to Financial Statements  
June 30, 2017 and 2016

**Note 2 - Summary of Significant Accounting Policies, Continued:**

e. Restricted 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 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.

f. Real Estate Held by Endowments

The Foundation follows GASB 52, *Land and Other Real Estate Held as Investments by Endowments*, and it has been determined to have no material impact to the Foundation.

g. Revenue and Expenses

The Foundation currently has two categories classified as operating revenue. Administrative Fees are costs associated with administering endowments and other revenue.

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).

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.

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

Notes to Financial Statements  
June 30, 2017 and 2016

**Note 2 - Summary of Significant Accounting Policies, Continued:**

h. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

i. 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 \$167,945 and \$0 for unrelated business income in fiscal year 2017 and 2016, respectively, due to Foundation's alternative investments. The open tax years are generally the years ended June 30, 2013 through June 30, 2016 for federal tax purposes and the years ended June 30, 2012 through June 30, 2016 for California tax purposes.

j. 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.



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

Notes to Financial Statements  
June 30, 2017 and 2016

**Note 3 - Investments:**

Investments consist of the following as of June 30, 2017:

|                              | Fair value           | Maturities           |                     |                     |                   |                      |
|------------------------------|----------------------|----------------------|---------------------|---------------------|-------------------|----------------------|
|                              |                      | <1 year              | 1 – 5 years         | 6 – 10 years        | 10+ years         | Other                |
| Local agency investment fund | \$ 6,393,056         | \$ 6,389,056         |                     |                     |                   |                      |
| Broker money market funds    | 16,261,155           | 16,261,155           |                     |                     |                   |                      |
| Treasury securities          | 3,687,554            | 216,916              | \$ 2,286,620        | \$ 1,184,018        |                   |                      |
| Asset-backed securities      | 1,073,199            |                      | 308,565             | 231,609             | \$ 533,025        |                      |
| Municipal securities         | 544,925              | 64,328               | 454,981             | 25,616              |                   |                      |
| Corporate debt securities    | 3,043,314            | 149,431              | 1,194,380           | 1,589,087           | 110,416           |                      |
| Mutual funds                 | 10,854,912           | 10,854,912           |                     |                     |                   |                      |
| Equity securities            | 30,341,769           |                      |                     |                     |                   | \$ 30,341,769        |
| Alternative investments      | 8,927,771            |                      |                     |                     |                   | 8,927,771            |
|                              | <b>\$ 81,127,655</b> | <b>\$ 33,935,798</b> | <b>\$ 4,244,546</b> | <b>\$ 3,030,330</b> | <b>\$ 643,441</b> | <b>\$ 39,269,540</b> |

Investments consist of the following as of June 30, 2016:

|                              | Fair value           | Maturities           |                     |                     |                     |                      |
|------------------------------|----------------------|----------------------|---------------------|---------------------|---------------------|----------------------|
|                              |                      | <1 year              | 1 – 5 years         | 6 – 10 years        | 10+ years           | Other                |
| Local agency investment fund | \$ 4,402,448         | \$ 4,402,448         |                     |                     |                     |                      |
| Broker money market funds    | 6,756,900            | 6,756,900            |                     |                     |                     |                      |
| Treasury securities          | 3,049,190            | 71,929               | \$ 2,268,061        | \$ 709,200          |                     |                      |
| Asset-backed securities      | 2,045,343            | 3,499                | 396,276             | 256,406             | \$ 1,389,162        |                      |
| Municipal securities         | 494,869              | 4,155                | 490,714             |                     |                     |                      |
| Corporate debt securities    | 2,613,560            | 178,800              | 900,060             | 1,354,607           | 100,093             |                      |
| Mutual funds                 | 11,462,612           | 11,462,612           |                     |                     |                     |                      |
| Equity securities            | 26,840,817           |                      |                     |                     |                     | \$ 26,840,817        |
| Alternative investments      | 14,453,910           |                      |                     |                     |                     | 14,453,910           |
|                              | <b>\$ 72,119,649</b> | <b>\$ 22,880,343</b> | <b>\$ 4,135,111</b> | <b>\$ 2,320,213</b> | <b>\$ 1,489,255</b> | <b>\$ 41,294,727</b> |

Investment return for the years ended June 30, 2017 and 2016 consist of the following:

|                                   | 2017                | 2016                |
|-----------------------------------|---------------------|---------------------|
| Interest and dividends            | \$ 1,322,600        | \$ 1,330,774        |
| Realized and unrealized gain/loss | 5,399,676           | (1,778,983)         |
|                                   | <b>\$ 6,722,276</b> | <b>\$ (448,209)</b> |

**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.

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

Notes to Financial Statements  
June 30, 2017 and 2016

**Note 3 - Investments, Continued:**

*Credit risk* - The Foundation's investment policy provides that all investments must be rated at least investment grade by one nationally recognized ratings agency. In the event that an investment falls below investment grade, the manager must notify the Foundation of the downgrade and provide a recommended course of action. Securities rated BBB are limited to 10% of the managers' bond portfolio.

*Concentration of credit risk* - Securities held in any one issuer are limited to 5% of the Foundation's total fixed income holdings. Individual equities are also mandated to be no more than 5% of the stock portfolio. As a result, no one issuer exceeds 5% of the Foundation's total investments.

*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 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 (LAIF)

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 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."

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

Notes to Financial Statements  
June 30, 2017 and 2016

**Note 3 - Investments, Continued:**

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 net asset value (“NAV”) information provided by LAIF.

**Note 4 - Fair Value Measurement:**

At June 30, 2017 and June 30, 2016, the Foundation's investment consist of cash and money market funds of \$16,261,155 and \$6,756,900, respectively, and the following assets which are classified by level within the valuation hierarchy on a recurring basis at June 30:

|                              | 2017          |              |         | NAV           | Total         |
|------------------------------|---------------|--------------|---------|---------------|---------------|
|                              | Level 1       | Level 2      | Level 3 |               |               |
| Local agency investment fund |               |              |         | \$ 6,393,056  | \$ 6,393,056  |
| Treasury securities          | \$ 3,687,554  |              |         |               | 3,687,554     |
| Asset-backed securities      |               | \$ 1,073,199 |         |               | 1,073,199     |
| Municipal securities         |               | 544,925      |         |               | 544,925       |
| Corporate debt securities    |               | 3,043,314    |         |               | 3,043,314     |
| Mutual funds                 | 10,854,912    |              |         |               | 10,854,912    |
| Equity securities            | 26,565,912    | 3,775,857    |         |               | 30,341,769    |
| Alternative Investments      |               |              |         | 8,927,771     | 8,927,771     |
|                              | \$ 41,108,378 | \$ 8,437,295 | \$ -    | \$ 15,320,827 | \$ 64,866,500 |

|                              | 2016          |              |         | NAV           | Total         |
|------------------------------|---------------|--------------|---------|---------------|---------------|
|                              | Level 1       | Level 2      | Level 3 |               |               |
| Local agency investment fund |               |              |         | \$ 4,402,448  | \$ 4,402,448  |
| Treasury securities          | \$ 3,049,190  |              |         |               | 3,049,190     |
| Asset-backed securities      |               | \$ 2,045,343 |         |               | 2,045,343     |
| Municipal securities         |               | 494,869      |         |               | 494,869       |
| Corporate debt securities    |               | 2,613,560    |         |               | 2,613,560     |
| Mutual funds                 | 11,462,612    |              |         |               | 11,462,612    |
| Equity securities            | 23,991,787    | 2,849,030    |         |               | 26,840,817    |
| Alternative Investments      |               |              |         | 14,453,910    | 14,453,910    |
|                              | \$ 38,503,589 | \$ 8,002,802 | \$ -    | \$ 18,856,358 | \$ 65,362,749 |

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

Notes to Financial Statements  
June 30, 2017 and 2016

**Note 5 - Endowments:**

Endowments held and administered by the Foundation at June 30, 2017 are as follows:

|            | Restricted net assets |               | Total         |
|------------|-----------------------|---------------|---------------|
|            | Nonexpendable         | Expendable    |               |
| Endowments | \$ 52,593,569         | \$ 30,397,551 | \$ 82,991,120 |

Endowments held and administered by the Foundation at June 30, 2016 are as follows:

|            | Restricted net assets |               | Total         |
|------------|-----------------------|---------------|---------------|
|            | Nonexpendable         | Expendable    |               |
| Endowments | \$ 43,746,989         | \$ 27,749,527 | \$ 71,496,516 |

The Foundation's endowment policy during fiscal years 2017 and 2016 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 if the particular endowment was not underwater. The Foundation's endowment funds were underwater by \$13,191 and \$69,600 at June 30, 2017 and 2016, 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, 2017 and 2016, the Foundation paid \$312,400 and \$38,853, respectively, to the University and its affiliates for reimbursements and funding for scholarships and capital projects which are fulfilled by the actions of the campus.

During the years ended June 30, 2017 and 2016, the Foundation paid \$2,152,401 and \$2,059,418, 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 \$1,716,097 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 \$324,235 and \$268,622 to the Foundation in 2017 and 2016, respectively.

At June 30, 2017 and 2016, the Foundation recorded receivables from the Corporation totaling \$34,016 and \$49,825, respectively, and payables to the University totaling \$0 and \$155,752, respectively.

During the fiscal year ended June 30, 2017, the Foundation received \$2,430,082 from the University transferring endowments previously held by the campus and a \$100 contribution from the campus.

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

Notes to Financial Statements  
June 30, 2017 and 2016

**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 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 \$1,445,565 and \$1,363,592 were earned by the Foundation during the years ended June 30, 2017 and 2016, respectively. The Foundation administrative fee charged for fiscal year 2017 includes \$515,470 recouped to offset investment management fees. In fiscal year 2016, the Foundation earned \$591,513 to offset investment management fees.

**San Francisco State University Foundation**  
Schedule of Net Position  
June 30, 2017  
(for inclusion in the California State University)

|  |               |
|--|---------------|
| Assets:  |               |
| Current assets:  |               |
| Cash and cash equivalents  | \$ 2,693,166  |
| Short-term investments   | 33,939,798    |
| Accounts receivable, net   | 47,937        |
| Leases receivable, current portion   | —             |
| Notes receivable, current portion  | —             |
| Pledges receivable, net  | —             |
| Prepaid expenses and other current assets  | —             |
| Total current assets   | 36,680,901    |
| Noncurrent assets:   |               |
| Restricted cash and cash equivalents   | —             |
| Accounts receivable, net   | —             |
| Leases receivable, net of current portion  | —             |
| Notes receivable, net of current portion   | —             |
| Student loans receivable, net  | —             |
| Pledges receivable, net  | —             |
| Endowment investments  | 47,187,857    |
| Other long-term investments  | —             |
| Capital assets, net  | —             |
| Other assets   | —             |
| Total noncurrent assets  | 47,187,857    |
| Total assets   | 83,868,758    |
| Deferred outflows of resources:  |               |
| Unamortized loss on debt refunding   | —             |
| Net pension liability  | —             |
| Others   | —             |
| Total deferred outflows of resources   | —             |
| Liabilities:   |               |
| Current liabilities:   |               |
| Accounts payable   | 125,247       |
| Accrued salaries and benefits  | —             |
| Accrued compensated absences, current portion                                    | —             |
| Unearned revenue   | —             |
| Capitalized lease obligations, current portion                                   | —             |
| Long-term debt obligations, current portion                                      | —             |
| Claims liability for losses and loss adjustment expenses, current portion        | —             |
| Depository accounts  | —             |
| Other liabilities  | —             |
| Total current liabilities  | 125,247       |
| Noncurrent liabilities:  |               |
| Accrued compensated absences, net of current portion                             | —             |
| Unearned revenue   | —             |
| Grants refundable  | —             |
| Capitalized lease obligations, net of current portion                            | —             |
| Long-term debt obligations, net of current portion                               | —             |
| Claims liability for losses and loss adjustment expenses, net of current portion | —             |
| Depository accounts  | —             |
| Other postemployment benefits obligations  | —             |
| Net pension liability  | —             |
| Other liabilities  | —             |
| Total noncurrent liabilities   | —             |
| Total liabilities  | 125,247       |
| Deferred inflows of resources:   |               |
| Service concession arrangements  | —             |
| Net pension liability  | —             |
| Unamortized gain on debt refunding   | —             |
| Nonexchange transactions   | —             |
| Others   | —             |
| Total deferred inflows of resources  | —             |
| Net Position:  |               |
| Net investment in capital assets   | —             |
| Restricted for:  |               |
| Nonexpendable – endowments   | 52,593,569    |
| Expendable:  |               |
| Scholarships and fellowships   | 22,801,419    |
| Research   | —             |
| Loans  | —             |
| Capital projects   | 7,596,132     |
| Debt service   | —             |
| Others   | —             |
| Unrestricted   | 752,391       |
| Total net position   | \$ 83,743,511 |

**San Francisco State University Foundation**  
Schedule of Revenues, Expenses, and Changes in Net Position  
Year Ended June 30, 2017  
(for inclusion in the California State University)

|  |                      |
|--|----------------------|
| Revenues:  |                      |
| Operating revenues:  |                      |
| Student tuition and fees (net of scholarship allowances of \$_____)                    | \$ —                 |
| Grants and contracts, noncapital:  |                      |
| Federal  | —                    |
| State  | —                    |
| Local  | —                    |
| Nongovernmental  | —                    |
| Sales and services of educational activities   | —                    |
| Sales and services of auxiliary enterprises (net of scholarship allowances of \$_____) | —                    |
| Other operating revenues   | 1,445,565            |
| Total operating revenues   | <u>1,445,565</u>     |
| 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  | 887,867              |
| Depreciation and amortization  | —                    |
| Total operating expenses   | <u>887,867</u>       |
| Operating income (loss)  | <u>557,698</u>       |
| Nonoperating revenues (expenses):  |                      |
| State appropriations, noncapital   | —                    |
| Federal financial aid grants, noncapital   | —                    |
| State financial aid grants, noncapital   | —                    |
| Local financial aid grants, noncapital   | —                    |
| Nongovernmental and other financial aid grants, noncapital                             | —                    |
| Other federal nonoperating grants, noncapital  | —                    |
| Gifts, noncapital  | 2,943,013            |
| Investment income (loss), net  | 6,722,276            |
| Endowment income (loss), net   | —                    |
| Interest expense   | —                    |
| Other nonoperating revenues (expenses)   | (731,580)            |
| Net nonoperating revenues (expenses)   | <u>8,933,709</u>     |
| Income (loss) before other revenues (expenses)   | 9,491,407            |
| State appropriations, capital  | —                    |
| Grants and gifts, capital  | —                    |
| Additions (reductions) to permanent endowments   | 2,045,425            |
| Increase (decrease) in net position  | <u>11,536,832</u>    |
| Net position:  |                      |
| Net position at beginning of year, as previously reported                              | 72,206,679           |
| Restatements   | —                    |
| Net position at beginning of year, as restated   | <u>72,206,679</u>    |
| Net position at end of year  | <u>\$ 83,743,511</u> |

**San Francisco State University Foundation**  
Other Information  
June 30, 2017  
(for inclusion in the California State University)

**1 Noncurrent restricted cash and cash equivalents at June 30, 2017:**

|   |    |   |
|---|----|---|
| Portion of restricted cash and cash equivalents related to endowments | \$ | — |
| All other restricted cash and cash equivalents                        | \$ | — |
| Total restricted cash and cash equivalents                            | \$ | — |

**2.1 Composition of investments at June 30, 2017:**

|  | Current<br>Unrestricted | Current<br>Restricted | Total Current | Noncurrent<br>Unrestricted | Noncurrent<br>Restricted | Total Noncurrent | Total        |
|--|-------------------------|-----------------------|---------------|----------------------------|--------------------------|------------------|--------------|
| State of California Surplus Money Investment Fund (SMIF) | \$ -                    | -                     | -             | -                          | -                        | -                | -            |
| State of California Local Agency Investment Fund (LAIF)  | -                       | 6,393,056             | 6,393,056     | -                          | -                        | -                | 6,393,056    |
| Corporate bonds  | -                       | 149,431               | 149,431       | -                          | 2,893,883                | 2,893,883        | 3,043,314    |
| Certificates of deposit                                  | -                       | -                     | -             | -                          | -                        | -                | -            |
| Mutual funds   | -                       | 10,854,912            | 10,854,912    | -                          | -                        | -                | 10,854,912   |
| Money Market funds                                       | -                       | 16,261,155            | 16,261,155    | -                          | -                        | -                | 16,261,155   |
| Repurchase agreements                                    | -                       | -                     | -             | -                          | -                        | -                | -            |
| Commercial paper   | -                       | -                     | -             | -                          | -                        | -                | -            |
| Asset backed securities                                  | -                       | -                     | -             | -                          | 1,073,199                | 1,073,199        | 1,073,199    |
| Mortgage backed securities                               | -                       | -                     | -             | -                          | -                        | -                | -            |
| Municipal bonds  | -                       | 64,328                | 64,328        | -                          | 480,597                  | 480,597          | 544,925      |
| U.S. agency securities                                   | -                       | -                     | -             | -                          | -                        | -                | -            |
| U.S. treasury securities                                 | -                       | 216,916               | 216,916       | -                          | 3,470,638                | 3,470,638        | 3,687,554    |
| Equity securities  | -                       | -                     | -             | -                          | 30,341,769               | 30,341,769       | 30,341,769   |
| Exchange traded funds (ETFs)                             | -                       | -                     | -             | -                          | -                        | -                | -            |
| Alternative investments:                                 |                         |                       |               |                            |                          |                  |              |
| Private equity (including limited partnerships)          | -                       | -                     | -             | -                          | -                        | -                | -            |
| Hedge funds  | -                       | -                     | -             | -                          | 8,927,771                | 8,927,771        | 8,927,771    |
| Managed futures  | -                       | -                     | -             | -                          | -                        | -                | -            |
| Real estate investments (including REITs)                | -                       | -                     | -             | -                          | -                        | -                | -            |
| Commodities  | -                       | -                     | -             | -                          | -                        | -                | -            |
| Derivatives  | -                       | -                     | -             | -                          | -                        | -                | -            |
| Other alternative investment types                       | -                       | -                     | -             | -                          | -                        | -                | -            |
| Other external investment pools (excluding SWIFT)        |                         |                       |               |                            |                          |                  |              |
| Add description  | -                       | -                     | -             | -                          | -                        | -                | -            |
| Add description  | -                       | -                     | -             | -                          | -                        | -                | -            |
| Add description  | -                       | -                     | -             | -                          | -                        | -                | -            |
| Add description  | -                       | -                     | -             | -                          | -                        | -                | -            |
| Add description  | -                       | -                     | -             | -                          | -                        | -                | -            |
| Add description  | -                       | -                     | -             | -                          | -                        | -                | -            |
| Other major investments:                                 |                         |                       |               |                            |                          |                  |              |
| Add description  | -                       | -                     | -             | -                          | -                        | -                | -            |
| Add description  | -                       | -                     | -             | -                          | -                        | -                | -            |
| Add description  | -                       | -                     | -             | -                          | -                        | -                | -            |
| Add description  | -                       | -                     | -             | -                          | -                        | -                | -            |
| Add description  | -                       | -                     | -             | -                          | -                        | -                | -            |
| Add description  | -                       | -                     | -             | -                          | -                        | -                | -            |
| Total investments  | -                       | 33,939,798            | 33,939,798    | -                          | 47,187,857               | 47,187,857       | 81,127,655   |
| Less endowment investments (enter as negative number)    | -                       | -                     | -             | -                          | (47,187,857)             | (47,187,857)     | (47,187,857) |
| Total investments  | -                       | 33,939,798            | 33,939,798    | -                          | -                        | -                | 33,939,798   |

**2.2 Investments held by the University under contractual agreements at June 30, 2017:**

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2017 : | - | - | - | - | - | - | - |
|---|---|---|---|---|---|---|---|



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|   |                      |
|---|----------------------|
| <b>2.3 Restricted current investments at June 30, 2017 related to:</b>    | <u>Amount</u>        |
| Add description   | \$ 33,939,798        |
| Add description   | -                    |
| Add description   | -                    |
| Add description   | -                    |
| Add description   | -                    |
| Add description   | -                    |
| <b>Total restricted current investments at June 30, 2017</b>              | <u>\$ 33,939,798</u> |
| <b>2.4 Restricted noncurrent investments at June 30, 2017 related to:</b> | <u>Amount</u>        |
| Endowment investment  | \$ 47,187,857        |
| Add description   | -                    |
| Add description   | -                    |
| Add description   | -                    |
| Add description   | -                    |
| Add description   | -                    |
| <b>Total restricted noncurrent investments at June 30, 2017</b>           | <u>\$ 47,187,857</u> |

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**2.5 Fair value hierarchy in investments at June 30, 2017:**

|  | Total             | Fair Value Measurements Using                                  |   |   | Net Asset Value (NAV) |
|--|-------------------|--|---|---|-----------------------|
|  |                   | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |                       |
| State of California Surplus Money Investment Fund (SMIF) | \$ -              | -  | -   | -   | -                     |
| State of California Local Agency Investment Fund (LAIF)  | 6,393,056         | -  | -   | -   | 6,393,056             |
| Corporate bonds  | 3,043,314         | -  | 3,043,314                                     | -   | -                     |
| Certificates of deposit                                  | -                 | -  | -   | -   | -                     |
| Mutual funds   | 10,854,912        | 10,854,912   | -   | -   | -                     |
| Money Market funds                                       | 16,261,155        | 16,261,155   | -   | -   | -                     |
| Repurchase agreements                                    | -                 | -  | -   | -   | -                     |
| Commercial paper   | -                 | -  | -   | -   | -                     |
| Asset backed securities                                  | 1,073,199         | -  | 1,073,199                                     | -   | -                     |
| Mortgage backed securities                               | -                 | -  | -   | -   | -                     |
| Municipal bonds  | 544,925           | -  | 544,925                                       | -   | -                     |
| U.S. agency securities                                   | -                 | -  | -   | -   | -                     |
| U.S. treasury securities                                 | 3,687,554         | 3,687,554  | -   | -   | -                     |
| Equity securities  | 30,341,769        | 26,565,912   | 3,775,857                                     | -   | -                     |
| Exchange traded funds (ETFs)                             | -                 | -  | -   | -   | -                     |
| Alternative investments:                                 |                   |  |   |   |                       |
| Private equity (including limited partnerships)          | 8,927,771         | -  | -   | -   | 8,927,771             |
| Hedge funds  | -                 | -  | -   | -   | -                     |
| Managed futures  | -                 | -  | -   | -   | -                     |
| Real estate investments (including REITs)                | -                 | -  | -   | -   | -                     |
| Commodities  | -                 | -  | -   | -   | -                     |
| Derivatives  | -                 | -  | -   | -   | -                     |
| Other alternative investment types                       | -                 | -  | -   | -   | -                     |
| Other external investment pools (excluding SWIFT)        |                   |  |   |   |                       |
| Add description  | -                 | -  | -   | -   | -                     |
| Add description  | -                 | -  | -   | -   | -                     |
| Add description  | -                 | -  | -   | -   | -                     |
| Add description  | -                 | -  | -   | -   | -                     |
| Add description  | -                 | -  | -   | -   | -                     |
| Add description  | -                 | -  | -   | -   | -                     |
| Other major investments:                                 |                   |  |   |   |                       |
| Add description  | -                 | -  | -   | -   | -                     |
| Add description  | -                 | -  | -   | -   | -                     |
| Add description  | -                 | -  | -   | -   | -                     |
| Add description  | -                 | -  | -   | -   | -                     |
| Add description  | -                 | -  | -   | -   | -                     |
| Add description  | -                 | -  | -   | -   | -                     |
| <b>Total investments</b>                                 | <b>81,127,655</b> | <b>57,369,533</b>  | <b>8,437,295</b>                              | <b>-</b>                                  | <b>15,320,827</b>     |

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3.1 Composition of capital assets at June 30, 2017:

|  | Balance<br>June 30, 2016 | Prior period<br>Adjustments | Reclassifications | Balance<br>June 30, 2016<br>(restated) | Additions | Reductions | Transfers of<br>Completed<br>CWIP | Balance<br>June 30, 2017 |
|--|--------------------------|-----------------------------|-------------------|--|-----------|------------|-----------------------------------|--------------------------|
| Nondepreciable/nonamortizable capital assets:      |                          |                             |                   |  |           |            |                                   |                          |
| Land and land improvements                         | \$ -                     | -                           | -                 | -                                      | -         | -          | -                                 | -                        |
| Works of art and historical treasures              | -                        | -                           | -                 | -                                      | -         | -          | -                                 | -                        |
| Construction work in progress (CWIP)               | -                        | -                           | -                 | -                                      | -         | -          | -                                 | -                        |
| Intangible assets:                                 |                          |                             |                   |  |           |            |                                   |                          |
| Rights and easements                               | -                        | -                           | -                 | -                                      | -         | -          | -                                 | -                        |
| Patents, copyrights and trademarks                 | -                        | -                           | -                 | -                                      | -         | -          | -                                 | -                        |
| Internally generated intangible assets in progress | -                        | -                           | -                 | -                                      | -         | -          | -                                 | -                        |
| Licenses and permits                               | -                        | -                           | -                 | -                                      | -         | -          | -                                 | -                        |
| Other intangible assets:                           |                          |                             |                   |  |           |            |                                   |                          |
| Add description                                    | -                        | -                           | -                 | -                                      | -         | -          | -                                 | -                        |
| Add description                                    | -                        | -                           | -                 | -                                      | -         | -          | -                                 | -                        |
| Add description                                    | -                        | -                           | -                 | -                                      | -         | -          | -                                 | -                        |
| Add description                                    | -                        | -                           | -                 | -                                      | -         | -          | -                                 | -                        |
| Add description                                    | -                        | -                           | -                 | -                                      | -         | -          | -                                 | -                        |
| Total intangible assets                            | -                        | -                           | -                 | -                                      | -         | -          | -                                 | -                        |
| Total nondepreciable/nonamortizable capital assets | -                        | -                           | -                 | -                                      | -         | -          | -                                 | -                        |
| 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, copyright and trademarks                  | -                        | -                           | -                 | -                                      | -         | -          | -                                 | -                        |
| Licenses and permits                               | -                        | -                           | -                 | -                                      | -         | -          | -                                 | -                        |
| Other intangible assets:                           |                          |                             |                   |  |           |            |                                   |                          |
| Add description                                    | -                        | -                           | -                 | -                                      | -         | -          | -                                 | -                        |
| Add description                                    | -                        | -                           | -                 | -                                      | -         | -          | -                                 | -                        |
| Add description                                    | -                        | -                           | -                 | -                                      | -         | -          | -                                 | -                        |
| Add description                                    | -                        | -                           | -                 | -                                      | -         | -          | -                                 | -                        |
| Add description                                    | -                        | -                           | -                 | -                                      | -         | -          | -                                 | -                        |
| Total intangible assets                            | -                        | -                           | -                 | -                                      | -         | -          | -                                 | -                        |
| Total depreciable/amortizable capital assets       | -                        | -                           | -                 | -                                      | -         | -          | -                                 | -                        |
| Total capital assets                               | -                        | -                           | -                 | -                                      | -         | -          | -                                 | -                        |
| Less accumulated depreciation/amortization:        |                          |                             |                   |  |           |            |                                   |                          |
| 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, copyright and trademarks                  | -                        | -                           | -                 | -                                      | -         | -          | -                                 | -                        |
| Licenses and permits                               | -                        | -                           | -                 | -                                      | -         | -          | -                                 | -                        |
| Other intangible assets:                           |                          |                             |                   |  |           |            |                                   |                          |
| Add description                                    | -                        | -                           | -                 | -                                      | -         | -          | -                                 | -                        |
| Add description                                    | -                        | -                           | -                 | -                                      | -         | -          | -                                 | -                        |
| Add description                                    | -                        | -                           | -                 | -                                      | -         | -          | -                                 | -                        |
| Add description                                    | -                        | -                           | -                 | -                                      | -         | -          | -                                 | -                        |
| Total intangible assets                            | -                        | -                           | -                 | -                                      | -         | -          | -                                 | -                        |
| Total accumulated depreciation/amortization        | -                        | -                           | -                 | -                                      | -         | -          | -                                 | -                        |
| Total capital assets, net                          | \$ -                     | -                           | -                 | -                                      | -         | -          | -                                 | -                        |

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3.2 Detail of depreciation and amortization expense for the year ended June 30, 2017:

|   |             |
|---|-------------|
| Depreciation and amortization expense related to capital assets | \$ -        |
| Amortization expense related to other assets                    | <u>-</u>    |
| Total depreciation and amortization                             | <u>\$ -</u> |

4 Long-term liabilities activity schedule:

|   | Balance<br>June 30, 2016 | Prior period<br>adjustments | Reclassifications | Balance<br>June 30, 2016<br>(restated) | Additions | Reductions | Balance<br>June 30, 2017 | Current<br>portion | Long-term<br>portion |
|---|--------------------------|-----------------------------|-------------------|--|-----------|------------|--------------------------|--------------------|----------------------|
| Accrued compensated absences                                      | \$ -                     | -                           | -                 | -                                      | -         | -          | -                        | -                  | -                    |
| Claims liability for losses and loss adjustment expenses          | -                        | -                           | -                 | -                                      | -         | -          | -                        | -                  | -                    |
| Capitalized lease obligations:                                    |                          |                             |                   |  |           |            |                          |                    |                      |
| Gross balance   | -                        | -                           | -                 | -                                      | -         | -          | -                        | -                  | -                    |
| Unamortized premium / (discount) on capitalized lease obligations | <u>-</u>                 | <u>-</u>                    | <u>-</u>          | <u>-</u>                               | <u>-</u>  | <u>-</u>   | <u>-</u>                 | <u>-</u>           | <u>-</u>             |
| Total capitalized lease obligations                               | <u>-</u>                 | <u>-</u>                    | <u>-</u>          | <u>-</u>                               | <u>-</u>  | <u>-</u>   | <u>-</u>                 | <u>-</u>           | <u>-</u>             |
| Long-term debt obligations:                                       |                          |                             |                   |  |           |            |                          |                    |                      |
| Auxiliary revenue bonds   | -                        | -                           | -                 | -                                      | -         | -          | -                        | -                  | -                    |
| Commercial paper  | -                        | -                           | -                 | -                                      | -         | -          | -                        | -                  | -                    |
| Notes payable related to SRB                                      | -                        | -                           | -                 | -                                      | -         | -          | -                        | -                  | -                    |
| Others: (list by type)  |                          |                             |                   |  |           |            |                          |                    |                      |
| Add description   | -                        | -                           | -                 | -                                      | -         | -          | -                        | -                  | -                    |
| Add description   | -                        | -                           | -                 | -                                      | -         | -          | -                        | -                  | -                    |
| Add description   | -                        | -                           | -                 | -                                      | -         | -          | -                        | -                  | -                    |
| Add description   | -                        | -                           | -                 | -                                      | -         | -          | -                        | -                  | -                    |
| Add description   | <u>-</u>                 | <u>-</u>                    | <u>-</u>          | <u>-</u>                               | <u>-</u>  | <u>-</u>   | <u>-</u>                 | <u>-</u>           | <u>-</u>             |
| Total long-term debt obligations                                  | <u>-</u>                 | <u>-</u>                    | <u>-</u>          | <u>-</u>                               | <u>-</u>  | <u>-</u>   | <u>-</u>                 | <u>-</u>           | <u>-</u>             |
| Unamortized bond premium / (discount)                             | <u>-</u>                 | <u>-</u>                    | <u>-</u>          | <u>-</u>                               | <u>-</u>  | <u>-</u>   | <u>-</u>                 | <u>-</u>           | <u>-</u>             |
| Total long-term debt obligations, net                             | <u>-</u>                 | <u>-</u>                    | <u>-</u>          | <u>-</u>                               | <u>-</u>  | <u>-</u>   | <u>-</u>                 | <u>-</u>           | <u>-</u>             |
| Total long-term liabilities                                       | <u>\$ -</u>              | <u>-</u>                    | <u>-</u>          | <u>-</u>                               | <u>-</u>  | <u>-</u>   | <u>-</u>                 | <u>-</u>           | <u>-</u>             |

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5 Future minimum lease payments - capitalized lease obligations:

|   | Capitalized lease obligations related to SRB |               |                        | All other capitalized lease obligations |               |                        | Total capitalized lease obligations |               |                        |
|---|--|---------------|------------------------|---|---------------|------------------------|-------------------------------------|---------------|------------------------|
|   | Principal Only                               | Interest Only | Principal and Interest | Principal Only                          | Interest Only | Principal and Interest | Principal Only                      | Interest Only | Principal and Interest |
| Year ending June 30:  |  |               |                        |   |               |                        |                                     |               |                        |
| 2018  | -  | -             | -                      | -                                       | -             | -                      | -                                   | -             | -                      |
| 2019  | -  | -             | -                      | -                                       | -             | -                      | -                                   | -             | -                      |
| 2020  | -  | -             | -                      | -                                       | -             | -                      | -                                   | -             | -                      |
| 2021  | -  | -             | -                      | -                                       | -             | -                      | -                                   | -             | -                      |
| 2022  | -  | -             | -                      | -                                       | -             | -                      | -                                   | -             | -                      |
| 2023 - 2027   | -  | -             | -                      | -                                       | -             | -                      | -                                   | -             | -                      |
| 2028 - 2032   | -  | -             | -                      | -                                       | -             | -                      | -                                   | -             | -                      |
| 2033 - 2037   | -  | -             | -                      | -                                       | -             | -                      | -                                   | -             | -                      |
| 2038 - 2042   | -  | -             | -                      | -                                       | -             | -                      | -                                   | -             | -                      |
| 2043 - 2047   | -  | -             | -                      | -                                       | -             | -                      | -                                   | -             | -                      |
| 2048 - 2052   | -  | -             | -                      | -                                       | -             | -                      | -                                   | -             | -                      |
| 2053 - 2057   | -  | -             | -                      | -                                       | -             | -                      | -                                   | -             | -                      |
| 2058 - 2062   | -  | -             | -                      | -                                       | -             | -                      | -                                   | -             | -                      |
| 2063 - 2067   | -  | -             | -                      | -                                       | -             | -                      | -                                   | -             | -                      |
| Total minimum lease payments                                | -  | -             | -                      | -                                       | -             | -                      | -                                   | -             | -                      |
| Less amounts representing interest                          |  |               |                        |   |               |                        |                                     |               | -                      |
| Present value of future minimum lease payments              |  |               |                        |   |               |                        |                                     |               | -                      |
| Unamortized net premium (discount)                          |  |               |                        |   |               |                        |                                     |               | -                      |
| Total capitalized lease obligations                         |  |               |                        |   |               |                        |                                     |               | -                      |
| Less: current portion                                       |  |               |                        |   |               |                        |                                     |               | -                      |
| <b>Capitalized lease obligation, net of current portion</b> |  |               |                        |   |               |                        |                                     |               | <u>\$ -</u>            |

6 Long-term debt obligation schedule

|   | Auxiliary revenue bonds |               |                        | All other long-term debt obligations |               |                        | Total long-term debt obligations |               |                        |
|---|-------------------------|---------------|------------------------|--------------------------------------|---------------|------------------------|----------------------------------|---------------|------------------------|
|   | Principal Only          | Interest Only | Principal and Interest | Principal Only                       | Interest Only | Principal and Interest | Principal Only                   | Interest Only | Principal and Interest |
| Year ending June 30:                                      |                         |               |                        |                                      |               |                        |                                  |               |                        |
| 2018  | \$ -                    | -             | -                      | -                                    | -             | -                      | -                                | -             | -                      |
| 2019  | -                       | -             | -                      | -                                    | -             | -                      | -                                | -             | -                      |
| 2020  | -                       | -             | -                      | -                                    | -             | -                      | -                                | -             | -                      |
| 2021  | -                       | -             | -                      | -                                    | -             | -                      | -                                | -             | -                      |
| 2022  | -                       | -             | -                      | -                                    | -             | -                      | -                                | -             | -                      |
| 2023 - 2027   | -                       | -             | -                      | -                                    | -             | -                      | -                                | -             | -                      |
| 2028 - 2032   | -                       | -             | -                      | -                                    | -             | -                      | -                                | -             | -                      |
| 2033 - 2037   | -                       | -             | -                      | -                                    | -             | -                      | -                                | -             | -                      |
| 2038 - 2042   | -                       | -             | -                      | -                                    | -             | -                      | -                                | -             | -                      |
| 2043 - 2047   | -                       | -             | -                      | -                                    | -             | -                      | -                                | -             | -                      |
| 2048 - 2052   | -                       | -             | -                      | -                                    | -             | -                      | -                                | -             | -                      |
| 2053 - 2057   | -                       | -             | -                      | -                                    | -             | -                      | -                                | -             | -                      |
| 2058 - 2062   | -                       | -             | -                      | -                                    | -             | -                      | -                                | -             | -                      |
| 2063 - 2067   | -                       | -             | -                      | -                                    | -             | -                      | -                                | -             | -                      |
| 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                                     |                         |               |                        |                                      |               |                        |                                  |               | -                      |
| <b>Long-term debt obligations, net of current portion</b> |                         |               |                        |                                      |               |                        |                                  |               | <u>\$ -</u>            |

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**7 Calculation of net position**

**7.1 Calculation of net position - net investment in capital assets**

|   |    |          |
|---|----|----------|
| Capital assets, net of accumulated depreciation         | \$ | -        |
| Capitalized lease obligations, current portion          |    | -        |
| Capitalized lease obligations, net of current portion   |    | -        |
| Long-term debt obligations, current portion             |    | -        |
| Long-term debt obligations, net of current portion      |    | -        |
| Portion of outstanding debt that is unspent at year-end |    | -        |
| Other adjustments: (please list)                        |    |          |
| Add description   |    | -        |
| Add description   |    | -        |
| Add description   |    | -        |
| Add description   |    | -        |
| Add description   |    | -        |
| Add description   |    | -        |
| Net position - net investment in capital asset          | \$ | <u>-</u> |

**7.2 Calculation of net position - restricted for nonexpendable - endowments**

|   |    |                   |
|---|----|-------------------|
| Portion of restricted cash and cash equivalents related to endowments | \$ | -                 |
| Endowment investments   |    | 47,187,857        |
| Other adjustments: (please list)                                      |    |                   |
| Other Restricted Endowments   |    | 5,405,712         |
| Add description   |    | -                 |
| Add description   |    | -                 |
| Add description   |    | -                 |
| Add description   |    | -                 |
| Add description   |    | -                 |
| Add description   |    | -                 |
| Add description   |    | -                 |
| Add description   |    | -                 |
| Add description   |    | -                 |
| Add description   |    | -                 |
| Net position - Restricted for nonexpendable - endowments per SNP      | \$ | <u>52,593,569</u> |

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**8 Transactions with related entities**

|  | <b>Amount</b> |
|--|---------------|
| Payments to University for salaries of University personnel working on contracts, grants, and other programs | \$ 21,000     |
| Payments to University for other than salaries of University personnel                                       | 291,400       |
| Payments received from University for services, space, and programs  | 2,430,182     |
| Gifts-in-kind to the University from discretely presented component units                                    | -             |
| Gifts (cash or assets) to the University from discretely presented component units                           | -             |
| Accounts (payable to) University (enter as negative number)  | -             |
| Other amounts (payable to) University (enter as negative number)   | -             |
| Accounts receivable from University  | -             |
| Other amounts receivable from University   | -             |

**9 Other postemployment benefits obligation (OPEB)**

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

**10 Pollution remediation liabilities under GASB Statement No. 49:**

| <b>Description</b>  |    | <b>Amount</b> |
|---|----|---------------|
| Add description   | \$ | -             |
| Add description   |    | -             |
| Add description   |    | -             |
| Add description   |    | -             |
| Add description   |    | -             |
| Add description   |    | -             |
| Add description   |    | -             |
| Add description   |    | -             |
| Add description   |    | -             |
| Add description   |    | -             |
| Add description   |    | -             |
| Total pollution remediation liabilities                   | \$ | -             |
| Less: current portion                                     |    | -             |
| Pollution remediation liabilities, net of current portion |    | -             |

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**11 The nature and amount of the prior period adjustment(s) recorded to beginning net position**

|  | Net Position<br>Class | Amount<br>Dr. (Cr.) |
|--|-----------------------|---------------------|
| Net position as of June 30, 20PY, as previously reported | \$                    | 72,206,679          |
| Prior period adjustments:                                |                       |                     |
| 1 (list description of each adjustment)                  |                       | -                   |
| 2 (list description of each adjustment)                  |                       | -                   |
| 3 (list description of each adjustment)                  |                       | -                   |
| 4 (list description of each adjustment)                  |                       | -                   |
| 5 (list description of each adjustment)                  |                       | -                   |
| 6 (list description of each adjustment)                  |                       | -                   |
| 7 (list description of each adjustment)                  |                       | -                   |
| 8 (list description of each adjustment)                  |                       | -                   |
| 9 (list description of each adjustment)                  |                       | -                   |
| 10 (list description of each adjustment)                 |                       | -                   |
| Net position as of June 30, 2013, as restated            | \$                    | 72,206,679          |

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

|  | Debit | Credit |
|--|-------|--------|
| Net position class: _____<br>1 (breakdown of adjusting journal entry)  | \$ -  | -      |
| Net position class: _____<br>2 (breakdown of adjusting journal entry)  | -     | -      |
| Net position class: _____<br>3 (breakdown of adjusting journal entry)  | -     | -      |
| Net position class: _____<br>4 (breakdown of adjusting journal entry)  | -     | -      |
| Net position class: _____<br>5 (breakdown of adjusting journal entry)  | -     | -      |
| Net position class: _____<br>6 (breakdown of adjusting journal entry)  | -     | -      |
| Net position class: _____<br>7 (breakdown of adjusting journal entry)  | -     | -      |
| Net position class: _____<br>8 (breakdown of adjusting journal entry)  | -     | -      |
| Net position class: _____<br>9 (breakdown of adjusting journal entry)  | -     | -      |
| Net position class: _____<br>10 (breakdown of adjusting journal entry) | -     | -      |





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